

Appendix 4D

Half-Year report

Incitec Pivot Limited

Incitec Pivot Limited
ABN 42 004 080 264

Financial half-year ended
(‘current period’)

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

31 March 2011

31 March 2010

Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the half-year ended 31 March 2011

\$Amill

Revenues from ordinary activities	up	15%	to	1,424.4
Profit for the financial half-year	up	25%	to	165.6
Net profit for the financial half-year	up	25%	to	165.6
Dividends				
Current Period				
Interim dividend		3.3		0.0
Previous corresponding period				
Interim dividend		1.8		0.0
Year end dividend - 2010				
Final dividend		6.0		0.0
Record date for determining entitlements to the interim dividend:		19 May 2011		
Payment date of interim dividend:		5 July 2011		

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.45	\$0.27

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

Contents

Directors' Report	3
Lead Auditor's Independence Declaration	5
Income Statement	6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Cash Flows	9
Statement of Changes in Equity	10
Notes to the Half-Year Financial Report	11
1 Basis of preparation	11
2 Summary of accounting policies	11
3 Segment report	12
4 Revenue and other income	15
5 Individually material items	16
6 Investments accounted for using the equity method	17
7 Earnings per share (EPS)	18
8 Interest bearing liabilities	19
9 Dividends	20
10 Contingencies	20
11 Events subsequent to reporting date	20
Directors' Declaration	21
Independent Review Report to the Members of Incitec Pivot Limited	22

Directors' Report

The directors of Incitec Pivot Limited present their report together with the financial report for the Half-Year ended 31 March 2011 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 LLB	Appointed as a director on 19 December 2008.
P V Brasher BEc (Hons), FCA	Appointed as a director on 29 September 2010.
Executive directors	
J E Fazzino BEc (Hons), FCPA Managing Director & Chief Executive Officer	Appointed as a director on 18 July 2005 and appointed Managing Director & CEO on 29 July 2009.

Review of operations

A review of the operations of the Group 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

The Directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2011 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' Report (continued)

Lead Auditor's Independence Declaration

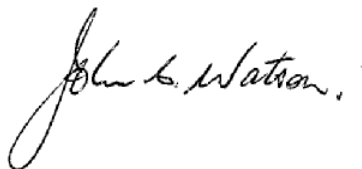
The lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the Half-Year ended 31 March 2011.

Rounding

The Group 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

A handwritten signature in black ink, appearing to read 'John C. Watson'.

John C Watson, AM
Chairman

Dated at Melbourne the 6th day of May 2011



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 2011 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.

A handwritten signature of 'KPMG' in black ink, written in a cursive, stylized font.

KPMG

A handwritten signature of 'Suzanne Bell' in black ink, written in a cursive, stylized font.

Suzanne Bell
Partner

Melbourne
6 May 2011

Income Statement

For the half-year ended 31 March 2011

		Consolidated	
		March	March
		2011	2010
	Notes	\$mill	\$mill
Revenue	(4)	1,424.4	1,236.4
Financial and other income	(4)	15.4	10.6
Operating expenses			
Changes in inventories of finished goods and work in progress		267.0	15.6
Raw materials and consumables used and finished goods purchased for resale		(814.0)	(494.6)
Employee expenses		(270.0)	(233.9)
Depreciation and amortisation expense		(74.7)	(66.5)
Financial expenses		(32.5)	(32.9)
Purchased services		(68.2)	(81.9)
Repairs and maintenance		(55.2)	(54.1)
Outgoing freight		(108.2)	(79.7)
Lease payments - operating leases		(33.0)	(29.8)
Share of profit on equity accounted investments		11.1	14.3
Asset write-downs, clean-up and environmental provisions		(8.0)	(3.5)
Other Expenses		(29.3)	(21.6)
		(1,215.0)	(1,068.6)
Profit before income tax		224.8	178.4
Income tax expense		(58.3)	(46.3)
Profit for the half-year		166.5	132.1
- Attributable to members of Incitec Pivot Limited		165.6	132.4
- Attributable to non-controlling members		0.9	(0.3)
		cents	cents
Earnings per share			
Basic earnings per share from continuing operations	(7)	10.2	8.2
Diluted earnings per share from continuing operations	(7)	10.2	8.2

The Income Statement should be read in conjunction with the Notes to the Half-Year Financial Report set out on pages 11 to 20.

Statement of Comprehensive Income

For the half-year ended 31 March 2011

	Consolidated	
	March 2011	March 2010
		Restated*
	\$mill	\$mill
Profit for the half-year	166.5	132.1
Other comprehensive income / (expense)		
Cash flow hedging reserve		
Changes in fair value of cash-flow hedges	80.2	(0.1)
(Profit) / loss in cash-flow hedges transferred to Income Statement	(36.2)	3.3
Income tax on movements in the cash-flow hedging reserve	(13.1)	(4.3)
	30.9	(1.1)
Fair value reserve		
Change in fair value of assets held as available for sale	(6.7)	(10.1)
Income tax on change in fair value of assets held as available for sale	2.0	3.0
	(4.7)	(7.1)
Foreign currency translation reserve		
Exchange differences on translation of foreign operations	(186.3)	(71.7)
Net gain on hedge of net investment	20.8	-
Income tax on net gain on hedge of net investment	(6.2)	-
	(171.7)	(71.7)
Actuarial gains on defined benefit plans		
Actuarial gains on defined benefit plans	23.4	-
Income tax on actuarial gains on defined benefit plans	(9.0)	-
	14.4	-
Total other comprehensive expense	(131.1)	(79.9)
Total comprehensive income	35.4	52.2
Total comprehensive income / (expense) attributable to:		
Shareholders of Incitec Pivot Limited	34.5	52.5
Minority interest	0.9	(0.3)

*Comparative information has been restated as referred to in the 30 September 2010 Annual Financial Report.

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 20.

Statement of Financial Position

As at 31 March 2011

		Consolidated	
		March	September
	Notes	2011	2010
		\$mill	\$mill
Current assets			
Cash and cash equivalents		116.5	48.7
Trade and other receivables		409.2	443.8
Inventories		606.3	336.5
Other assets		56.1	36.2
Other financial assets		148.2	111.6
Assets classified as held for sale		10.4	9.1
Total current assets		1,346.7	985.9
Non-current assets			
Trade and other receivables		15.4	15.3
Other assets		20.6	2.5
Other financial assets		14.5	28.7
Investments accounted for using the equity method		250.3	256.5
Property, plant and equipment		2,005.4	1,844.1
Intangible assets		2,815.6	3,002.6
Deferred tax assets		83.9	173.9
Total non-current assets		5,205.7	5,323.6
Total assets		6,552.4	6,309.5
Current liabilities			
Trade and other payables		728.3	697.1
Interest bearing liabilities	(8)	98.6	108.5
Other financial liabilities		-	1.7
Provisions		78.8	82.2
Current tax liabilities		59.9	25.1
Total current liabilities		965.6	914.6
Non-current liabilities			
Trade and other payables		322.6	378.3
Interest bearing liabilities	(8)	1,373.7	1,037.3
Other financial liabilities		19.8	-
Provisions		72.4	82.6
Deferred tax liabilities		177.8	190.1
Retirement benefit obligation		64.4	95.3
Total non-current liabilities		2,030.7	1,783.6
Total liabilities		2,996.3	2,698.2
Net assets		3,556.1	3,611.3
Equity			
Issued capital		3,265.9	3,265.9
Reserves		(129.6)	7.0
Retained earnings		418.6	336.3
Minority interest		1.2	2.1
Total equity		3,556.1	3,611.3

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 20.

Statement of Cash Flows

For the half-year ended 31 March 2011

	Notes	Consolidated	
		March 2011 \$mill Inflows / (Outflows)	March 2010 \$mill Inflow s / (Outflow s)
Cash flows from operating activities			
Receipts from customers		1,595.4	1,414.5
Payments to suppliers and employees		(1,524.8)	(1,316.1)
Interest received		3.7	1.4
Financial expenses paid		(19.1)	(22.8)
Other revenue received		10.1	9.1
Income taxes received/(paid)		20.0	(6.9)
Net cash flows from operating activities		85.3	79.2
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(302.0)	(88.7)
Payments for purchase of investments		-	(3.9)
Proceeds from sale of property, plant and equipment		3.5	1.8
Payments on settlement of net investment hedge derivatives		(20.6)	-
Net cash flows from investing activities		(319.1)	(90.8)
Cash flows from financing activities			
Repayments of borrowings		(91.2)	(1,206.4)
Proceeds from borrowings		510.0	1,003.5
Payments of borrowing costs		(8.8)	(8.3)
Realised market value gains/(losses) on cross currency swaps		(8.0)	174.0
Dividends paid	(9)	(97.7)	-
Net cash flows from financing activities		304.3	(37.2)
Net increase / (decrease) in cash and cash equivalents held		70.5	(48.8)
Cash and cash equivalents at the beginning of the half-year		48.7	125.2
Effect of exchange rate fluctuation on cash and cash equivalents held		(2.7)	0.3
Cash and cash equivalents at the end of the half-year		116.5	76.7

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 20.

Statement of Changes in Equity

For the half-year ended 31 March 2011

Consolidated	Issued capital	Cash flow hedging reserve	Share based payments reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Minority interest	Restated* total Equity
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Restated balance at 1 October 2009	3,217.8	(10.6)	(7.0)	113.9	22.8	2.7	3,339.6	-	3,339.6
Sale of share capital to minority interest holder	-	-	-	-	-	-	-	0.4	0.4
Total comprehensive income for the period	-	(1.1)	-	(71.7)	(7.1)	132.4	52.5	(0.3)	52.2
Dividends paid	-	-	-	-	-	(37.1)	(37.1)	-	(37.1)
Shares issued during the period	37.0	-	-	-	-	-	37.0	-	37.0
Share-based payment transactions									
Dividends received as loan repayment	-	-	0.1	-	-	-	0.1	-	0.1
Option expense	-	-	1.4	-	-	-	1.4	-	1.4
Deferred tax on share based payments	-	-	0.2	-	-	-	0.2	-	0.2
Loan repayments	-	-	1.7	-	-	-	1.7	-	1.7
Balance at 31 March 2010	3,254.8	(11.7)	(3.6)	42.2	15.7	98.0	3,395.4	0.1	3,395.5
Balance at 1 October 2010	3,265.9	20.2	(0.8)	(22.2)	9.8	336.3	3,609.2	2.1	3,611.3
Total comprehensive income for the period	-	30.9	-	(171.7)	(4.7)	180.0	34.5	0.9	35.4
Dividends paid	-	-	-	-	-	(97.7)	(97.7)	(1.8)	(99.5)
Share-based payment transactions									
Dividends received as loan repayment	-	-	0.1	-	-	-	0.1	-	0.1
Option expense	-	-	3.9	-	-	-	3.9	-	3.9
Loan repayments	-	-	4.9	-	-	-	4.9	-	4.9
Balance at 31 March 2011	3,265.9	51.1	8.1	(193.9)	5.1	418.6	3,554.9	1.2	3,556.1

*Comparative information has been restated as referred to in 30 September 2010 Annual Financial Report.

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 20.

Cash flow hedging reserve

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

Share-based payments reserve

The share-based payments reserve comprises 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 and of rights 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 portion of the reserve is recognised in the Income Statement when the foreign operation is disposed of.

It is also used to record gains and losses on hedges of net investments in foreign operations.

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.

Minority interest

During the prior year, the Group sold a 35% interest in Quantum Fertilisers Limited, a Hong Kong based Fertiliser trading company.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

1. Basis of preparation

Incitec Pivot Limited ('the Company' or 'Incitec Pivot') is a Company domiciled in Australia. The Half-Year Financial Report of the Company as at and for the six months ended 31 March 2011 comprises the Company and its controlled entities (collectively the "Group"). Interests in jointly controlled entities and associates are equity accounted (recorded as investments accounted for using the equity method) and are not part of the Group. The Annual Financial Report of the Group is available on Incitec Pivot's website, www.incitecpivot.com.au, or upon request from the Company's registered office at 70 Southbank Boulevard, Southbank Victoria 3006, Australia.

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 2010 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure obligations of the ASX listing rules.

This Half-Year Financial Report was approved by the Board of directors on 6 May 2011.

The Group 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 Group in this Half-Year Financial Report are the same as those applied by the Group in its Annual Financial Report as at and for the year ended 30 September 2010.

The principal Australian Accounting standards and interpretations that have been adopted since 30 September 2010 are:

- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions
- AASB 124 Related Party Disclosures (December 2009) (Revised).

The early adoption of AASB 124 will result in disclosure of transactions between joint ventures and associates of the Group in the Annual Financial Report. There is no impact on the Half-Year Financial Report upon adoption of these standards.

The following standards and interpretations were available for early adoption but have not been applied by the Group in the Half-Year Financial Report:

- AASB 9 *Financial Instruments* simplifies the classification of financial assets into those to be carried at amortised cost, and those to be carried at fair value. It also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets. AASB 9 is applicable for annual reporting periods beginning on or after 1 July 2013. The Group has not yet determined the potential impact of the standard.
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]* increases the disclosure requirements for transactions involving transfers of financial assets. This amendment is applicable for annual reporting periods beginning on or after 1 July 2011. The Group has not yet determined the potential impact of the amendment.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

3. Segment report

(a) Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Group's Executive Team in assessing performance and in determining the allocation of resources.

The operating segments are identified by management and are based on the market and region in which product is sold or services are provided. Discrete financial information about each of these operating businesses is reported to the Executive Team on at least a monthly basis.

(b) Description of operating segments

Fertilisers:

Incitec Pivot Fertilisers (IPF): manufactures and distributes fertilisers in Eastern Australia. The products that IPF manufactures include Ammonia, Urea 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, is a distributor of its manufactured fertiliser product to wholesalers in Australia (including IPF) and the export market and operates an Industrial Chemicals business. SCI also has a 65% share of the Hong Kong trading company, Quantum Fertilisers Limited.

Fertilisers Elimination (Elim): represents the elimination of profit in stock arising from SCI sales to IPF.

Explosives:

Dyno Nobel Americas (DNA): principal activity is the manufacture and sale of industrial explosives and related products and services to the mining, quarrying and construction industries in the Americas, and the manufacture and sale of Agricultural chemicals.

Dyno Nobel Asia Pacific (DNAP): principal activity is the manufacture and sale of industrial explosives and related products and services to the mining industry in the Asia Pacific region.

Explosives Eliminations (Elim): represents eliminations of profit in stock arising from DNA sales to DNAP.

(c) Accounting policies and inter-segment transactions

Corporate (Corp):

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

Inter-entity sales are recognised based on an arm's length transfer price. The price aims to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

Note that comparatives have been restated to separate corporate costs.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

3. Segment report (continued)

(d) Reportable segments

31 March 2011	IPF \$mill	SCI \$mill	Elim \$mill	Total Fertilisers \$mill	DNAP \$mill	DNA \$mill	Elim \$mill	Total Explosives \$mill	Corp \$mill	Consolidated Group \$mill
Sales to external customers	423.4	340.4	(110.9)	652.9	234.1	550.1	(12.7)	771.5	-	1,424.4
Share of profits in associates and joint ventures accounted for by the equity method	-	-	-	-	3.8	7.3	-	11.1	-	11.1
Earnings before interest, related income tax expense, depreciation and amortisation and individually material items	62.2	123.9	(19.5)	166.6	89.6	103.3	-	192.9	(11.0)	348.5
Depreciation and amortisation	(13.5)	(14.5)	-	(28.0)	(9.8)	(36.2)	-	(46.0)	(0.7)	(74.7)
Earnings before interest, related income tax expense and individually material items	48.7	109.4	(19.5)	138.6	79.8	67.1	-	146.9	(11.7)	273.8
Net Interest expense										(29.8)
Income tax expense										(64.5)
Profit after tax (excluding individually material items)										179.5
Individually material items										(13.0)
Profit after tax										166.5

31 March 2010	IPF \$mill	SCI \$mill	Elim \$mill	Total Fertilisers \$mill	DNAP \$mill	DNA \$mill	Elim \$mill	Total Explosives \$mill	Corp \$mill	Consolidated Group \$mill
Sales to external customers	379.1	279.9	(111.1)	547.9	238.1	473.6	(23.2)	688.5	-	1,236.4
Share of profits in associates and joint ventures accounted for by the equity method	-	-	-	-	6.1	8.2	-	14.3	-	14.3
Earnings before interest, related income tax expense, depreciation and amortisation and individually material items	66.4	78.7	(18.4)	126.7	85.0	91.8	0.5	177.3	(7.4)	296.6
Depreciation and amortisation	(14.9)	(4.9)	-	(19.8)	(9.8)	(35.8)	-	(45.6)	(1.1)	(66.5)
Earnings before interest, related income tax expense and individually material items	51.5	73.8	(18.4)	106.9	75.2	56.0	0.5	131.7	(8.5)	230.1
Net Interest expense										(31.2)
Income tax expense										(52.7)
Profit after tax (excluding individually material items)										146.2
Individually material items										(14.1)
Profit after tax										132.1

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

3. Segment report (continued)

(e) Geographical 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 segments, segment revenue is based on the geographical location of the entity making the sale. Assets are based on the geographical location of the assets.

31 March 2011	Australia \$mill	USA \$mill	Canada \$mill	Turkey \$mill	Other/Elim \$mill	Consolidated \$mill
Revenue from external customers	870.8	384.4	103.7	36.8	28.7	1,424.4
Non-current assets other than financial instruments and deferred tax assets	2,842.5	1,962.1	80.4	137.9	84.4	5,107.3

31 March 2010	Australia \$mill	USA \$mill	Canada \$mill	Turkey \$mill	Other/Elim \$mill	Consolidated \$mill
Revenue from external customers	775.7	339.6	101.4	-	19.7	1,236.4

30 September 2010	Australia \$mill	USA \$mill	Canada \$mill	Turkey \$mill	Other/Elim \$mill	Consolidated \$mill
Non-current assets other than financial instruments and deferred tax assets	2,702.5	2,115.4	80.0	146.2	76.9	5,121.0

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

	March 2011 \$mill	March 2010 \$mill
4. Revenue and other income		
Revenue		
External sales	1,424.4	1,236.4
Total revenue	1,424.4	1,236.4
Other income		
Interest income	2.7	1.7
Other income	10.2	9.2
From outside operating activities		
Net gain/(loss) on sale of property, plant and equipment	2.5	(0.3)
Total financial and other income	15.4	10.6

Seasonality of operations

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

The following table presents selected results for the Group for the 12 months ended 31 March 2011 and 31 March 2010.

	March 2011 \$mill	March 2010 \$mill
Revenue from ordinary activities		
Fertilisers	1,492.6	1,442.1
Explosives	1,627.1	1,505.2
Total revenue from ordinary activities	3,119.7	2,947.3
Profit from ordinary activities before interest and related income tax		
Fertilisers	366.1	252.1
Explosives	355.9	306.5
Corporate	(30.0)	(25.0)
Total profit from ordinary activities before interest and related income tax	692.0	533.6

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

	Gross \$mill	March 2011 Tax \$mill	Net \$mill	Gross \$mill	March 2010 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 Group:						
Business restructuring costs - Dyno Nobel Integration ⁽¹⁾						
restructuring and other direct costs	(7.0)	2.5	(4.5)	(4.9)	1.6	(3.3)
employee redundancies and allowances	(1.2)	0.4	(0.8)	(3.6)	1.3	(2.3)
Total business restructuring - Dyno Nobel Integration	(8.2)	2.9	(5.3)	(8.5)	2.9	(5.6)
Business restructuring costs - Manufacturing and Distribution ⁽²⁾						
restructuring and other direct costs	(9.0)	2.7	(6.3)	(7.3)	2.1	(5.2)
employee redundancies and allowances	(2.0)	0.6	(1.4)	(4.7)	1.4	(3.3)
Total business restructuring - Manufacturing and Distribution	(11.0)	3.3	(7.7)	(12.0)	3.5	(8.5)
Individually material items attributable to members of Incitec Pivot Limited	(19.2)	6.2	(13.0)	(20.5)	6.4	(14.1)

(1) 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.

(2) Reflects the ongoing costs associated with site closures from 2009.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

6. Investments accounted for using the equity method

Name of Entity	Principal Activity	Ownership Interest March 2011	Ownership Interest September 2010	Country of incorporation
Jointly controlled entities				
Alpha Dyno Nobel Inc	Delivery of explosives and related products	50%	50%	USA
Boren Explosives Company Inc.	Delivery of explosives and related products	50%	50%	USA
Buckley Powder Company	Delivery of explosives and related products	51%	51%	USA (1)
IRECO Midwest, Inc.	Delivery of explosives and related products	50%	50%	USA
Wampum Hardware Company	Delivery of explosives and related products	50%	50%	USA
Pepin-IRECO, Inc.	Delivery of explosives and related products	50%	50%	USA
Midland Powder Company	Delivery of explosives and related products	50%	50%	USA
Mine Equipment & Mill Supply Co.	Delivery of explosives and related products	50%	50%	USA
Controlled Explosives Inc.	Delivery of explosives and related products	50%	50%	USA
Western Explosives Systems Company	Delivery of explosives and related products	50%	50%	USA
DetNet Detonadores Electronico Limitada	Delivery of explosives and related products	0%	50%	Chile
Newfoundland Hard-Rok Inc.	Delivery of explosives and related products	50%	50%	Canada
Dyno Labrador Inc.	Delivery of explosives and related products	50%	50%	Canada
Quantum Explosives Inc.	Delivery of explosives and related products	50%	50%	Canada
Dene Dyno Nobel Inc.	Delivery of explosives and related products	49%	49%	Canada
Qaaqtuq Dyno Nobel Inc.	Delivery of explosives and related products	49%	49%	Canada
Queensland Nitrates Pty Ltd	Production of ammonium nitrate	50%	50%	Australia (2)
Queensland Nitrates Management Pty Ltd	Management services	50%	50%	Australia (2)
DetNet International Limited	Distribution of electronic detonators	50%	50%	Ireland
DetNet South Africa (Pty) Ltd	Development, manufacture and supply of electronic detonators	50%	50%	South Africa
DNEX Mexico, S. De R.L. de C.V	Mexican investment holding company	49%	49%	Mexico
Explosivos De La Region Lagunera, S.A. de C.V.	Distribution of explosives and related products	49%	49%	Mexico
Explosivos De La Region Central, S.A. de C.V.	Distribution of explosives and related products	49%	49%	Mexico
Nitroexplosivos de Ciudad Guzman, S.A. de C.V.	Distribution of explosives and related products	49%	49%	Mexico
Explosivos Y Servicios Para La Construccion, S.A. de C.V.	Distribution of explosives and related products	49%	49%	Mexico
Tenaga Kimia Ensign-Bickford Sdn Bhd	Manufacture of explosive accessories	50%	50%	Malaysia
Sasol Dyno Nobel (Pty) Ltd	Distribution of detonators	50%	50%	South Africa (2)
Associates				
Labrador Maskua Ashini Ltd	Delivery of explosives and related products	25%	25%	Canada
Fabchem China Ltd	Manufacture of commercial explosives	30%	30%	Singapore
Valley Hydraulics Ltd	Delivery of explosives and related products	25%	25%	Canada
Apex Construction Specialties Ltd	Delivery of explosives and related products	25%	25%	Canada
Warex Corporation	Delivery of explosives and related products	25%	25%	USA
Warex LLC	Delivery of explosives and related products	25%	25%	USA
Innu Namesu Ltd	Delivery of explosives and related products	25%	0%	Canada (3)

(1) Due to the contractual and decision making arrangement between the shareholders of the entities, despite the legal ownership exceeding 50%, this entity is not considered to be a subsidiary.

(2) These jointly controlled entities have a 30 June year end. For the purpose of applying the equity method of accounting, the financial information through to 31 March 2011 has been used.

(3) Company incorporated in Canada since 30 September 2010.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

	Notes	March 2011 Cents per share	March 2010 Cents per share
7. Earnings per share (EPS)			
Basic earnings per share			
including individually material items		10.2	8.2
excluding individually material items		11.0	9.0
Diluted earnings per share			
including individually material items		10.2	8.2
excluding individually material items		11.0	9.0
		Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share		1,628,730,107	1,619,569,865
		\$mill	\$mill
Profit attributable to ordinary shareholders		165.6	132.4
Reconciliation of earnings used in the calculation of basic and diluted earnings per share excluding individually material items			
Profit attributable to ordinary shareholders		165.6	132.4
Add back individually material items after income tax	(5)	13.0	14.1
Profit attributable to ordinary shareholders excluding individually material items		178.6	146.5

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

8. Interest bearing liabilities

	March 2011			September 2010		
	Current	Non-current	Total	Current	Non-current	Total
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Fixed interest rate Bonds	-	1,225.6	1,225.6	-	804.7	804.7
Syndicated Facility	-	-	-	-	51.4	51.4
Participation Facilities	79.9	148.0	227.9	75.5	179.5	255.0
Inventory Finance Facility	-	-	-	10.3	-	10.3
Lease Liability	-	0.1	0.1	0.2	1.7	1.9
Other bank loans	9.4	-	9.4	12.5	-	12.5
Other loans - Joint Ventures and associates	9.3	-	9.3	10.0	-	10.0
Total	98.6	1,373.7	1,472.3	108.5	1,037.3	1,145.8

The following current and non-current interest bearing liabilities were issued and repaid during the six months ended 31 March 2011:

	Fixed Interest Rate Bonds	Syndicated Facility	Inventory Finance Facility	Participation Facilities	Other	Total
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Balance at 1 October 2010	804.7	51.4	10.3	255.0	24.4	1,145.8
Draw n Down	509.7	-	-	-	0.3	510.0
Repayments	-	(51.4)	(10.3)	(27.1)	(2.4)	(91.2)
Foreign Exchange Movement	(74.5)	-	-	-	(3.5)	(78.0)
Fair Value Adjustment	(6.6)	-	-	-	-	(6.6)
Funding Costs	(7.7)	-	-	-	-	(7.7)
Balance at 31 March 2011	1,225.6	-	-	227.9	18.8	1,472.3

During the half year ended 31 March 2011, the Group undertook a number of financing activities:

- In December 2010 the Group completed a US\$500.0m 5 year bond issuance in the US 144A / Regulation S debt capital market. The bond is denominated in USD, has a fixed rate semi-annual coupon of 4% and matures in December 2015. The proceeds of this funding will be used to reduce future reliance on bank funding.
- The Inventory Finance Facility was cancelled.

Significant terms and conditions

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

Fixed Interest Rate Bonds

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

- US\$800.0m 10 year bond denominated in USD, with a fixed rate semi-annual coupon of 6%, maturing in December 2019.
- US\$500.0m 5 year bond denominated in USD, with a fixed rate semi-annual coupon of 4%, maturing in December 2015.

During December 2010 the Group entered into a 5 year US\$500m Interest Rate Swap to receive fixed interest and pay floating interest. In January 2011 the Group entered into a 8.5 year US\$300m Interest Rate Swap, starting in June 2011, to receive fixed interest and pay floating interest.

Syndicated Facility

The Syndicated Facility was a 3 year revolving facility that could be drawn in either AUD or USD. It had a facility limit of A\$1,080.0m (2009: A\$1,680.0m) with a maturity date of 4 October 2011.

Since 31 March 2011, the Syndicated Facility has been cancelled and replaced by a new A\$900.0m 3 year Syndicated Facility, maturing in April 2014. The terms and conditions of the new facility are principally the same as the previous agreement.

Participation Facilities

The Participation Facilities mature in June 2013 and September 2014. The carrying amount of the facilities are secured against certain assets operated by Southern Cross Fertilisers Pty Ltd. The facilities are denominated in AUD and have fixed nominal interest rates of 8.93% and 9.63% respectively for the term of the facilities.

Notes to the Half-year Financial Report

For the half-year ended 31 March 2011

	March 2011 \$mill	March 2010 \$mill
9. Dividends		
Dividends paid or declared in the half-year ended 31 March were:		
Ordinary Shares		
Final dividend of 2.3 cents per share ⁽¹⁾ , unfranked, paid 18 December 2009	-	37.1
Final dividend of 6.0 cents per share, unfranked, paid 17 December 2010	97.7	-
Total ordinary share dividends paid	97.7	37.1

⁽¹⁾ A Dividend Reinvestment Plan, which was fully underwritten, was in operation.

Subsequent event

Since the end of the Half-Year, the Directors have determined to pay the following dividend:

Ordinary shares

Interim dividend of 3.3 cents per share, unfranked, payable on 5 July 2011. The total dividend payment will be \$53.7 million.

The financial effect of this dividend has not been recognised in the Half-Year Financial Report and will be recognised in subsequent Financial Reports.

10. Contingencies

There have been no significant changes to other contingent liabilities disclosed at 30 September 2010.

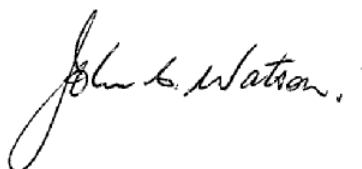
11. Events subsequent to reporting date

The Directors have not become aware of any significant matter or circumstance that has arisen since 31 March 2011, that has affected or may affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years, which has not been covered in this report.

Directors' Declaration

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 20, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 31 March 2011 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 the 6th day of May 2011



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 statement of financial position as at 31 March 2011, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 March 2011 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 Group's financial position as at 31 March 2011 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



Suzanne Bell
Partner

Melbourne
6 May 2011