

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 2012	31 March 2011
----------------------	---------------

Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the half-year ended 31 March 2012

\$Amill

Revenues from ordinary activities	up	9%	to	1,548.2
Profit for the financial half-year	down	13%	to	143.5
Net profit for the financial half-year	down	13%	to	143.5
Dividends		Amount per security cents		Franked amount per security at 30% tax cents
Current Period				
Interim dividend		3.30		1.65
Previous corresponding period				
Interim dividend		3.30		0.00
Year end dividend - 2011				
Final dividend		8.20		0.00
Record date for determining entitlements to the interim dividend:		24 May 2012		
Payment date of interim dividend:		3 July 2012		

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.54	\$0.45

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.

Incitec Pivot Limited did not have conduit foreign income during the half year ended 31 March 2012 (2011: Nil).

Half Year Financial Report

Contents

Directors' Report	3
Lead Auditor's Independence Declaration	5
Consolidated Income Statement	6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Cash Flows	9
Consolidated Statement of Changes in Equity	10
Notes to the half year Consolidated 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 2012 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.
R McGrath BTP(Hons), MASc, GAICD	Appointed as a director on 15 September 2011.
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 Incitec Pivot Limited and its controlled entities (collectively 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 2012 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 2012.

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 cursive script that reads "John C. Watson".

John C Watson, AM
Chairman

Dated at Melbourne the 11th day of May 2012

The Board of Directors
Incitec Pivot Limited
Level 8, 28 Freshwater Place
SOUTHBANK VIC 3006

11 May 2012

Dear Board Members,

Auditors Independence Declaration to Incitec Pivot Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Incitec Pivot Limited.

As lead audit partner for the review of the half year financial statements of Incitec Pivot Limited for the half year ended 31 March 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully,



DELOITTE TOUCHE TOHMATSU



Tom Imbesi
Partner
Chartered Accountants

Consolidated Income Statement

For the half-year ended 31 March 2012

	Notes	Consolidated	
		March 2012 \$mill	March 2011 \$mill
Revenue	(4)	1,548.2	1,424.4
Financial and other income	(4)	20.3	15.4
Operating expenses			
Changes in inventories of finished goods and work in progress		85.2	267.0
Raw materials and consumables used and finished goods purchased for resale		(752.4)	(814.0)
Employee expenses		(271.8)	(270.0)
Depreciation and amortisation expense		(76.4)	(74.7)
Financial expenses		(30.8)	(32.5)
Purchased services		(79.7)	(68.2)
Repairs and maintenance		(58.7)	(55.2)
Outgoing freight		(143.4)	(108.2)
Lease payments - operating leases		(32.3)	(33.0)
Share of profit on equity accounted investments		8.5	11.1
Asset write-downs, clean-up and environmental provisions		(2.9)	(8.0)
Other Expenses		(26.9)	(29.3)
		(1,381.6)	(1,215.0)
Profit before income tax		186.9	224.8
Income tax expense		(47.1)	(58.3)
Profit for the half-year		139.8	166.5
- Attributable to members of Incitec Pivot Limited		143.5	165.6
- Attributable to non-controlling members		(3.7)	0.9
		cents	cents
Earnings per share			
Basic earnings per share	(7)	8.8	10.2
Diluted earnings per share	(7)	8.8	10.2

The Consolidated Income Statement should be read in conjunction with the Notes to the half year Consolidated Financial Report set out on pages 11 to 20.

Consolidated Statement of Comprehensive Income

For the half-year ended 31 March 2012

	Consolidated	
	March 2012	March 2011
	\$mill	\$mill
Profit for the half-year	139.8	166.5
Other comprehensive income / (expense)		
Cash flow hedging reserve		
Changes in fair value of cash-flow hedges	49.2	80.2
(Profit) / loss in cash-flow hedges transferred to Income Statement	(11.5)	(36.2)
Income tax on movements in the cash-flow hedging reserve	(11.2)	(13.1)
	26.5	30.9
Fair value reserve		
Change in fair value of equity instruments	(4.7)	(6.7)
Income tax on change in fair value of equity instruments	1.4	2.0
	(3.3)	(4.7)
Foreign currency translation reserve		
Exchange differences on translation of foreign operations	(129.3)	(186.3)
Net gain on hedge of net investment	45.6	20.8
Income tax on movements in foreign currency translation reserve	0.5	(6.2)
	(83.2)	(171.7)
Actuarial gains on defined benefit plans		
Actuarial gains on defined benefit plans	14.8	23.4
Income tax on actuarial gains on defined benefit plans	(5.7)	(9.0)
	9.1	14.4
Total other comprehensive expense	(50.9)	(131.1)
Total comprehensive income	88.9	35.4
Total comprehensive income / (expense) attributable to:		
Shareholders of Incitec Pivot Limited	92.6	34.5
Minority interest	(3.7)	0.9

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the half year Consolidated Financial Report set out on pages 11 to 20.

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	Consolidated	
		March 2012 \$mill	September 2011 \$mill
Current assets			
Cash and cash equivalents		40.3	379.7
Trade and other receivables		398.3	451.9
Inventories		577.8	477.9
Other assets		48.9	31.2
Other financial assets		43.1	40.8
Assets classified as held for sale		3.9	6.5
Total current assets		1,112.3	1,388.0
Non-current assets			
Trade and other receivables		23.0	16.1
Other assets		50.7	17.5
Other financial assets		46.9	52.9
Investments accounted for using the equity method		287.9	257.1
Property, plant and equipment		2,443.2	2,283.3
Intangible assets		2,782.8	2,942.3
Deferred tax assets		18.9	44.7
Total non-current assets		5,653.4	5,613.9
Total assets		6,765.7	7,001.9
Current liabilities			
Trade and other payables		672.7	875.1
Interest bearing liabilities	(8)	105.6	95.7
Other financial liabilities		0.1	0.6
Provisions		85.1	98.3
Current tax liabilities		11.4	93.5
Total current liabilities		874.9	1,163.2
Non-current liabilities			
Trade and other payables		261.8	281.9
Interest bearing liabilities	(8)	1,569.0	1,472.8
Other financial liabilities		1.0	2.9
Provisions		64.3	63.8
Deferred tax liabilities		235.5	195.3
Retirement benefit obligation		91.2	115.3
Total non-current liabilities		2,222.8	2,132.0
Total liabilities		3,097.7	3,295.2
Net assets		3,668.0	3,706.7
Equity			
Issued capital		3,265.9	3,265.9
Reserves		(246.8)	(192.8)
Retained earnings		647.6	628.6
Minority interest		1.3	5.0
Total equity		3,668.0	3,706.7

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the half year Consolidated Financial Report set out on pages 11 to 20.

Consolidated Statement of Cash Flows

For the half-year ended 31 March 2012

	Notes	Consolidated	
		March 2012 \$mill Inflows/ (Outflows)	March 2011 \$mill Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		1,754.9	1,595.4
Payments to suppliers and employees		(1,823.2)	(1,524.8)
Interest received		3.3	3.7
Financial expenses paid		(15.7)	(19.1)
Other revenue received		8.7	10.1
Income taxes (paid)/received		(55.3)	20.0
Net cash flows from operating activities		(127.3)	85.3
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(266.8)	(302.0)
Payments for purchase of investments		(34.0)	-
Proceeds from sale of property, plant and equipment		7.5	3.5
Repayment of loans to equity-accounted investees		5.0	-
Proceeds/(payments) on settlement of net investment hedge derivatives		29.2	(20.6)
Net cash flows from investing activities		(259.1)	(319.1)
Cash flows from financing activities			
Repayments of borrowings	(8)	(35.8)	(91.2)
Proceeds from borrowings	(8)	218.1	510.0
Payments of borrowing costs		-	(8.8)
Realised market value gains/(losses) on cross currency swaps		-	(8.0)
Dividends paid	(9)	(133.6)	(97.7)
Net cash flows from financing activities		48.7	304.3
Net increase / (decrease) in cash and cash equivalents held		(337.7)	70.5
Cash and cash equivalents at the beginning of the half-year		379.7	48.7
Effect of exchange rate fluctuation on cash and cash equivalents held		(1.7)	(2.7)
Cash and cash equivalents at the end of the half-year		40.3	116.5

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the half year Consolidated Financial Report set out on pages 11 to 20.

Consolidated Statement of Changes in Equity

For the half-year ended 31 March 2012

Consolidated	Cash flow		Share-based payments reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Minority interest	Total Equity
	Issued capital	hedging reserve							
	\$mill	\$mill							
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
Balance at 1 October 2011	3,265.9	(10.5)	11.9	(189.9)	(4.3)	628.6	3,701.7	5.0	3,706.7
Total comprehensive income for the period	-	26.5	-	(83.2)	(3.3)	152.6	92.6	(3.7)	88.9
Dividends paid	-	-	-	-	-	(133.6)	(133.6)	-	(133.6)
Share-based payment transactions									
Option expense	-	-	6.0	-	-	-	6.0	-	6.0
Balance at 31 March 2012	3,265.9	16.0	17.9	(273.1)	(7.6)	647.6	3,666.7	1.3	3,668.0

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the half year Consolidated 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 fair value of shares treated as options and of rights recognised as an employee expense over the relevant vesting period and transactions associated with the 2009/12, 2010/13 and 2011/14 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 Consolidated Income Statement 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

The fair value reserve represents the cumulative net change in the fair value of equity instruments.

Minority interest

Represents a 35% outside equity interest in Quantum Fertilisers Limited, a Hong Kong based fertiliser marketing company.

Notes to the half year Consolidated Financial Report

For the half-year ended 31 March 2012

1. Basis of preparation

Incitec Pivot Limited (the 'Company') is a company incorporated and domiciled in Australia. This half year Consolidated Financial Report includes the financial statements of the Company and its subsidiaries (collectively the 'Group') and the Group's interest in associates, as at and for the half year ended 31 March 2012.

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 Level 8, 28 Freshwater Place, Southbank Victoria 3006, Australia.

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

This half year Consolidated Financial Report does not include all the notes of the type normally included in the Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 September 2011 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure obligations set out in the ASX listing rules.

This half year Consolidated Financial Report was approved by the Board of directors on 11 May 2012.

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 Consolidated Financial Report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated. The half year Consolidated 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 Consolidated Financial Report are the same as those applied by the Group in its Annual Financial Report as at and for the year ended 30 September 2011.

The principal Australian Accounting standards and interpretations that became effective since 30 September 2011 are:

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB1, AASB7, AASB101, AASB134 and Interpretation 13]; and
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB1 & AASB 7].

The adoption of these standards did not have a significant impact on the Group's results in the current and/or prior year.

There were no standards and interpretations impacting the Group that were issued during the six months to 31 March 2012 available for early adoption.

Notes to the half year Consolidated Financial Report

For the half-year ended 31 March 2012

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. 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 Single Super Phosphate, Urea and Ammonia. 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. SCI also has a 65% share of the Hong Kong marketing company, Quantum Fertilisers Limited and operates an Industrial Chemicals business.

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 (USA, Canada, Mexico and Chile) and Turkey, 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 businesses and costs associated with the Group's Business Excellence ("BEx") improvement initiatives.

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.

Notes to the half year Consolidated Financial Report

For the half-year ended 31 March 2012

3. Segment report (continued)

(d) Reportable segments

31 March 2012	IPF \$mill	SCI \$mill	Elim \$mill	Total Fertilisers \$mill	DNAP \$mill	DNA \$mill	Elim \$mill	Total Explosives \$mill	Corp/Group Elim \$mill	Consolidated Group \$mill
Sales to external customers	442.0	362.3	(97.2)	707.1	285.6	570.5	(13.7)	842.4	(1.3)	1,548.2
Share of profits in associates and joint ventures accounted for by the equity method	-	-	-	-	3.5	5.0	-	8.5	-	8.5
Earnings before interest, related income tax expense, depreciation and amortisation and individually material items	17.9	78.0	(4.4)	91.5	106.4	117.1	(1.0)	222.5	(23.2)	290.8
Depreciation and amortisation	(15.7)	(14.9)	-	(30.6)	(10.4)	(34.6)	-	(45.0)	(0.8)	(76.4)
Earnings before interest, related income tax expense and individually material items	2.2	63.1	(4.4)	60.9	96.0	82.5	(1.0)	177.5	(24.0)	214.4
Net Interest expense										(27.5)
Income tax expense										(47.1)
Profit after tax (excluding individually material items)										139.8
Non-controlling interest										3.7
Individually material items										-
Profit after tax (attributable to members of Incitec Pivot Limited)										143.5

31 March 2011	IPF \$mill	SCI \$mill	Elim \$mill	Total Fertilisers \$mill	DNAP \$mill	DNA \$mill	Elim \$mill	Total Explosives \$mill	Corp/Group Elim \$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
Non-controlling interest										(0.9)
Individually material items										(13.0)
Profit after tax (attributable to members of Incitec Pivot Limited)										165.6

Notes to the half year Consolidated Financial Report

For the half-year ended 31 March 2012

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 2012	Australia \$mill	USA \$mill	Canada \$mill	Turkey \$mill	Other/Elim \$mill	Consolidated \$mill
Revenue from external customers	932.2	392.8	108.8	38.6	75.8	1,548.2
Non-current assets other than financial instruments and deferred tax assets	3,346.7	1,973.4	54.9	126.7	92.3	5,594.0

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

30 September 2011	Australia \$mill	USA \$mill	Canada \$mill	Turkey \$mill	Other/Elim \$mill	Consolidated \$mill
Non-current assets other than financial instruments and deferred tax assets	3,170.2	2,074.8	54.8	129.6	97.0	5,526.4

Notes to the half year Consolidated Financial Report

For the half-year ended 31 March 2012

4. Revenue and other income

	Consolidated	
	March 2012	March 2011
	\$mill	\$mill
Revenue		
External sales	1,548.2	1,424.4
Total revenue	1,548.2	1,424.4
Other income		
Interest income	3.3	2.7
Other income	11.2	10.2
From outside operating activities		
Net gain/(loss) on sale of property, plant and equipment	5.8	2.5
Total financial and other income	20.3	15.4

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 and the Australian wet season in Queensland.

The following table presents selected results for the Group for the 12 months ended 31 March 2012 and 31 March 2011.

	Consolidated	
	March 2012	March 2011
	\$mill	\$mill
Revenue from ordinary activities		
Fertilisers	2,281.1	1,492.6
Explosives	1,749.0	1,627.1
Total revenue from ordinary activities	4,030.1	3,119.7
Profit from ordinary activities before interest and related income tax		
Fertilisers	371.3	366.1
Explosives	399.3	355.9
Corporate	(57.8)	(30.0)
Total profit from ordinary activities before interest and related income tax	712.8	692.0

Notes to the half year Consolidated Financial Report

For the half-year ended 31 March 2012

5. Individually material items

	March 2012			Consolidated		
	Gross \$mill	Tax \$mill	Net \$mill	Gross \$mill	Tax \$mill	Net \$mill
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)
employee redundancies and allowances	-	-	-	(1.2)	0.4	(0.8)
Total business restructuring - Dyno Nobel Integration	-	-	-	(8.2)	2.9	(5.3)
Business restructuring costs - Manufacturing and Distribution ⁽²⁾						
restructuring and other direct costs	-	-	-	(9.0)	2.7	(6.3)
employee redundancies and allowances	-	-	-	(2.0)	0.6	(1.4)
Total business restructuring - Manufacturing and Distribution	-	-	-	(11.0)	3.3	(7.7)
Individually material items attributable to members of Incitec Pivot Limited	-	-	-	(19.2)	6.2	(13.0)

- (1) Following the acquisition of Dyno Nobel Limited (now known as Dyno Nobel Pty 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) The impact of the Global Financial Crisis resulted in the Group changing its strategy in how it manages its manufacturing and distribution assets. The Group changed from a growth focus to a maintenance focus which has resulted in a restructuring of manufacturing and distribution operations leading to redundancies, termination of capital projects and exiting / idling certain sites (Cockle Creek, Geelong, Maitland, Port Ewen and Battle Mountain).

Notes to the half year Consolidated Financial Report

For the half-year ended 31 March 2012

6. Investments accounted for using the equity method

Name of Entity	Principal Activity	Ownership Interest March 2012	Ownership Interest September 2011	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
Newfoundland Hard-Rok Inc.	Delivery of explosives and related products	50%	50%	Canada
Dyno Nobel 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 (2)
Denesoline Western Explosives Inc.	Delivery of explosives and related products	49%	49%	Canada (3)
Queensland Nitrates Pty Ltd	Production of ammonium nitrate	50%	50%	Australia (4)
Queensland Nitrates Management Pty Ltd	Management services	50%	50%	Australia (4)
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 Kirnia Ensign-Bickford Sdn Bhd	Manufacture of explosive accessories	50%	50%	Malaysia
Sasol Dyno Nobel (Pty) Ltd	Distribution of detonators	50%	50%	South Africa (4)
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%	25%	Canada
Maine Drilling & Blasting Inc	Drilling and blasting service provider	49%	0%	USA (5)

(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) Due to legal requirements in the Canadian Northwest Territories, the Group cannot own more than 49% of the shares in Qaaqtuq Dyno Nobel Inc. However, under the joint venture agreement, the Group is entitled to 75% of the profit of Qaaqtuq Dyno Nobel Inc.

(3) Due to legal requirements in the Canadian Northwest Territories, the Group cannot own more than 49% of the shares in Denesoline Western Explosives Inc. However, under the joint venture agreement, the Group is entitled to 95% of the profit of Denesoline Western Explosives Inc.

(4) 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 2012 has been used.

(5) A 49% interest in Maine Drilling and Blasting Inc was acquired in December 2011.

Notes to the half year Consolidated Financial Report

For the half-year ended 31 March 2012

7. Earnings per share (EPS)

	March 2012 Cents per share	March 2011 Cents per share
Basic earnings per share	8.8	10.2
Diluted earnings per share	8.8	10.2

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	March 2012 \$mill	March 2011 \$mill
Profit attributable to ordinary shareholders for basic and diluted earnings	143.5	165.6

	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	1,628,730,107	1,628,730,107

Notes to the half year Consolidated Financial Report

For the half-year ended 31 March 2012

8. Interest bearing liabilities

	Consolidated	
	March 2012 \$mill	September 2011 \$mill
Current		
Secured		
bank loans		
participation facilities	78.0	77.0
Unsecured		
bank loans	16.5	9.6
jointly controlled entities and associates	11.1	9.1
	105.6	95.7
Non-current		
Secured		
bank loans		
participation facilities	83.1	114.1
lease liability	0.1	0.1
Unsecured		
fixed interest rate bonds	1,282.2	1,358.6
bank facility	203.6	-
	1,569.0	1,472.8

The following current and non-current interest bearing liabilities were issued and repaid during the six months ended 31 March 2012:

	Fixed Interest Rate Bonds \$mill	Bank Facility \$mill	Participation Facilities \$mill	Other Loans - Joint Ventures & Associates \$mill	Other \$mill	Total \$mill
Balance at 1 October 2011	1,358.6	-	191.1	9.1	9.7	1,568.5
Proceeds from borrowings	-	203.2	-	2.4	12.5	218.1
Repayments of borrowings	-	-	(30.2)	-	(5.6)	(35.8)
Foreign Exchange Movement	(75.6)	-	-	(0.4)	-	(76.0)
Fair Value Adjustment	(3.0)	-	-	-	-	(3.0)
Funding Costs	2.2	0.4	0.2	-	-	2.8
Balance at 31 March 2012	1,282.2	203.6	161.1	11.1	16.6	1,674.6

During the half year ended 31 March 2012, the Group did not undertake any new financing activities.

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.

The Group entered into the following Interest Rate Swaps to receive fixed interest and pay floating interest:

- 5 year US\$500.0m Interest Rate Swap entered into during December 2010.
- 8.5 year US\$300.0m Interest Rate Swap, which commenced in June 2011.
- 1 year US\$300.0m Interest Rate Swap entered into during October 2011.

Bank Facility

The Bank Facility is a 3 year revolving facility that may be drawn in either AUD or USD. It has a facility limit of A\$900.0m (2011: A\$1,080.0m) with a maturity date of 4 April 2014. At 31 March 2012, the balance was drawn in AUD.

Participation Facilities

The Participation Facilities mature in June 2013 and September 2014. The carrying amount of the facilities is \$161.1m and 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 Consolidated Financial Report

For the half-year ended 31 March 2012

9. Dividends

	March 2012 \$mill	March 2011 \$mill
Dividends paid or declared in the half-year ended 31 March were:		
Ordinary Shares		
Final dividend of 6.0 cents per share, unfranked, paid 17 December 2010	-	97.7
Final dividend of 8.2 cents per share, unfranked, paid 16 December 2011	133.6	-
Total ordinary share dividends paid	133.6	97.7

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, 50% franked at the 30% corporate tax rate, payable on 3 July 2012. 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 2011.

11. Events subsequent to reporting date

The Directors have not become aware of any significant matter or circumstance that has arisen since 31 March 2012, 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 2012 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 11th day of May 2012

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

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 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 consolidated entity's financial position as at 31 March 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the 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.

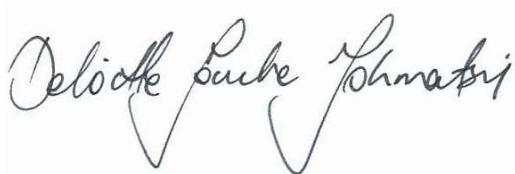
Auditor's Independence Declaration

In conducting our review, 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.

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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Tom Imbesi
Partner
Chartered Accountants
Melbourne, 11 May 2012