Prospectus

Incitec Pivot Limited
ABN 42 004 080 264

Prospectus for the 5 for 13 non-renounceable Entitlement Offer of approximately 468 million New Shares at an Offer Price of $2.50 per New Share.

This Prospectus is an important document and requires your immediate attention. If you are an Eligible Shareholder you should read this Prospectus in its entirety before deciding whether to accept the Entitlement Offer of New Shares in Incitec Pivot. If you do not understand any part of this Prospectus, or are in any doubt as to how to deal with it or your Entitlement, you should consult your stockbroker, accountant or other professional adviser.

THIS DOCUMENT MAY NOT BE DISTRIBUTED INTO THE UNITED STATES OR TO ANY U.S. PERSON, AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), EXCEPT ACCOMPANIED BY THE INSTITUTIONAL OFFERING MEMORANDUM AND TO A LIMITED NUMBER OF QUALIFIED INSTITUTIONAL BUYERS, AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT, AND ELIGIBLE UNITED STATES FUND MANAGERS AS PART OF THE INSTITUTIONAL ENTITLEMENT OFFER (AS DEFINED HEREIN).

Incitec Pivot

CREDIT SUISSE

UBS

Important Information

This Prospectus relates to the 5 for 13 Entitlement Offer of New Shares by Incitec Pivot. This Prospectus is dated 12 November 2008 and a copy was lodged with ASIC on that date. The Expiry Date of this Prospectus is the date that is 13 months after the date of this Prospectus. No New Shares will be issued on the basis of this Prospectus after the Expiry Date. Incitec Pivot will apply within seven days of the date of this Prospectus for quotation of the New Shares on ASX. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus.

This Prospectus is important and requires your immediate attention. You should read the entire Prospectus carefully before deciding whether to invest in New Shares. In particular you should consider the risk factors that could affect the performance of Incitec Pivot or the value of an investment in Incitec Pivot, some of which are outlined in section 6. However, the information provided in this Prospectus is not investment advice or financial product advice and has been prepared without taking into account your individual investment objectives, financial situation, tax position or needs.

Before deciding whether to apply for New Shares, you should consider whether the New Shares are a suitable investment for you in light of your own investment objectives, financial situation, tax position and particular needs and having regard to the merits or risks involved. If, after reading this Prospectus, you have any questions about the Retail Entitlement Offer you should contact your stockbroker, accountant or other professional adviser. The potential tax effects of the Entitlement Offer will vary between investors. A summary of the potential Australian tax implications for Eligible Retail Shareholders is set out in section 9. However, this summary does not take into account any of your individual circumstances, and you should satisfy yourself of any possible tax consequences of the Entitlement Offer by consulting your own professional tax adviser. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

The past performance of the price of Shares or other securities in Incitec Pivot provides no guidance or indication as to how the price of Shares, including New Shares, will perform in the future. Entitlements are not transferable. If you decide not to take up all or part of your Entitlement to subscribe for New Shares, a number of New Shares, equivalent to the balance of your Entitlement, may be sold to other Eligible Retail Shareholders who subscribe for New Shares in excess of their Entitlement (see section 2.10 for more information) or sold in the market. You will not receive any value in respect of Entitlements that you do not take up or are not eligible to receive. Please carefully read and follow the instructions in section 3 of this Prospectus and on the accompanying Entitlement and Acceptance Form when subscribing for New Shares.

Prospectus Availability

Eligible Retail Shareholders will receive a copy of this Prospectus together with an accompanying personalised Entitlement and Acceptance Form. Eligible Retail Shareholders can obtain a copy of this Prospectus during the Offer Period (free of charge) from Incitec Pivot's website at www.incitecpivot.com.au or by calling the Incitec Pivot Entitlement Offer Information Line on 1300 305 840 from within Australia or +61 2 8280 7700 if calling from outside Australia between 8:30am and 5:30pm Monday to Friday during the Offer Period. Shareholders in other jurisdictions (including the United States) are not entitled to access a copy of the Prospectus on Incitec Pivot's website. Persons who access the electronic version of this Prospectus on Incitec Pivot's website should ensure they download and read the entire Prospectus. The electronic version of the Prospectus on Incitec Pivot's website will not include an Entitlement and Acceptance Form.

Any references to documents located on Incitec Pivot's website are provided for convenience only, and none of the documents or other information contained on Incitec Pivot's website are incorporated by reference into this Prospectus. Neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent to persons in the United States or that are, or are acting on behalf of or for the account or benefit of, a U.S. Person, or otherwise be distributed in the United States.

New Zealand

This Prospectus contains an offer to Eligible Retail Shareholders in Australia or New Zealand of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. The New Shares being offered under this Prospectus are being offered to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). No member of the public in New Zealand may accept the offer made under this Prospectus except in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Prospectus is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (or any other relevant New Zealand law). This Prospectus may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Other Foreign Jurisdictions

This Prospectus has been prepared to comply with the requirements of the securities laws of Australia. This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the New Shares or otherwise permit a public offering of the New Shares in any jurisdiction other than Australia or New Zealand. In particular, you should read section 3.3 carefully which sets out details of the selling restrictions in relation to New Shares issued in connection with the Offer.

This Prospectus does not constitute an offer of securities in the United States or to, or for the account of, any U.S Persons. The distribution of this Prospectus outside Australia may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Incitec Pivot disclaims all liability to such persons. This Prospectus may not be distributed to, or relied upon by, persons in the United States or who are U.S. Persons unless accompanied by the institutional offering memorandum as part of the Institutional Entitlement Offer. By returning a completed Entitlement and Acceptance Form, or making a payment of the Application Monies for New Shares by BPAY®, you will be taken to have given the representations and warranties set out in section 3.3 and represented and warranted that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

Neither the New Shares nor the Entitlements have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of, a U.S. Person, except in a transaction exempt from the registration requirements of the U.S. Securities Act and applicable United States state securities laws. The Offer is not being extended to any Shareholder outside of Australia or New Zealand, other than Eligible Institutional Shareholders and to certain Institutional Investors as part of the Institutional Entitlement Offer. This Prospectus does not constitute an offer of securities in the United States or to any U.S. Person or to any person acting for the account or benefit of a U.S. Person.

The return of a duly completed Entitlement and Acceptance Form or payment of the Application Monies for New Shares by BPAY® will be taken by Incitec Pivot to constitute a representation and warranty made by the applicant to Incitec Pivot that there has been no breach of such laws.

See section 3.3 for further details.

Future Performance and Forward-Looking Statements

Except as required by law, and then only to the extent required by law, neither Incitec Pivot nor any other person warrants the future performance of Incitec Pivot, the Shares or any return on any investment made by you under this Prospectus. The pro-forma financial information provided in this Prospectus is for illustrative purposes only and does not represent a forecast or expectation by Incitec Pivot as to its future financial performance.

This Prospectus contains forward-looking statements that, despite being based on Incitec Pivot's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Incitec Pivot and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions include but are not limited to the risks outlined in section 6.

Forward-looking statements include those containing such words as "anticipate", "estimate", "expect", "plan", "intend", "aim", "seek", "believe", "should", "will", "may" or similar expressions.

Preparation of Financial Information

Incitec Pivot publishes its financial statements in Australian dollars with a financial year end of 30 September. A reference to $, or cents in this Prospectus is to Australian currency unless otherwise indicated. The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Disclaimer of Representations

You should rely only on the information in this Prospectus. No person is authorised to provide any information or to make any representation in connection with the Entitlement Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by Incitec Pivot, the Joint Lead Managers and Underwriters or their respective Related Bodies Corporate in connection with the Entitlement Offer.

Definitions and Abbreviations

Some words and expressions used in this Prospectus have defined meanings, which are explained in the Glossary at the end of this Prospectus. All references to time in the Prospectus are references to the local time in Melbourne Australia, unless otherwise noted.

Photographs and Diagrams

The assets or products or services depicted in photographs and diagrams in the Prospectus may not be assets or products or services provided by Incitec Pivot. Diagrams and maps in this Prospectus are provided for illustrative purposes only and are not to scale.

Enquiries

If you are an Eligible Retail Shareholder and have questions about the Entitlement Offer, please contact your stockbroker, accountant, lawyer or other professional adviser. If you have any questions in relation to the calculation of your Entitlement, how to complete your Entitlement and Acceptance Form or how to take up your Entitlement you can call the Incitec Pivot Entitlement Offer Information Line on 1300 305 840 from within Australia or +61 2 8280 7700 if calling from outside Australia between 8.30am and 5.30pm Monday to Friday during the Offer Period.

Privacy

Please read the privacy statements in section 10.13. By submitting the Entitlement and Acceptance Form in or accompanying this Prospectus or making a payment of the Application Monies by BPAY®[1], you consent and agree to the matters outlined in section 3.1.

(1) Registered to BPAY Pty Ltd (ABN 69 079 137 518)

Table of Contents

Letter from the Chairman

12 November 2008

Dear Shareholder,

On behalf of the Board of Incitec Pivot, I am pleased to invite you to participate in this Offer which provides you with the opportunity to subscribe for Incitec Pivot Shares at an issue price of $2.50 per New Share. The Offer Price represents a 36.6% discount to Incitec Pivot's closing price on ASX on 10 November 2008(1) and a 29.5% discount to the Theoretical ex-entitlement price. The Offer enables Eligible Shareholders to acquire 5 New Shares for every 13 Shares held as at 7.00pm on 14 November 2008.

The acquisition of Dyno Nobel, which completed in June 2008, has substantially diversified Incitec Pivot's business and elevated its market position in Australia and internationally. Incitec Pivot now has extensive operations in Australia and the United States and, to a lesser extent, in Canada and Mexico. With a portfolio of recognised brands, Incitec Pivot ranks, by both market share and volume, as the leading supplier of fertilisers in eastern Australia, as well as being the leading supplier of industrial explosives products and services in North America.

In the year to 30 September 2008, Incitec Pivot produced record results, with NPAT(2) of $614.3 million and dividends per share of 29.7 cents. Strong long-term industry and business fundamentals are expected to remain intact despite the currently challenging trading and economic conditions.

Through the Entitlement Offer, Incitec Pivot is seeking to raise up to approximately $1,170 million, comprising up to $819 million from an Institutional Entitlement Offer and up to $351 million from the Retail Entitlement Offer which will be open from 17 November 2008 to 5.00pm on 4 December 2008.

The proceeds from the Entitlement Offer will provide Incitec Pivot with the funds, in conjunction with other committed financings, to refinance the Bridge Facility. This will also provide Incitec Pivot with the financial flexibility to pursue its planned growth projects while maintaining financial discipline and its strong credit profile.

Eligible Retail Shareholders are encouraged to invest through the Entitlement Offer to fully participate in Incitec Pivot's future performance. As the Entitlement Offer is non-renounceable, Entitlements are not tradeable and Eligible Retail Shareholders who do not participate in the Entitlement Offer will not receive any value for their Entitlement and their percentage shareholding may be diluted.

This Prospectus sets out further details of the Entitlement Offer. You should read the entirety of this Prospectus carefully and consider, in particular, the risk factors set out in section 6 before deciding whether to take up your Entitlement. If you have any questions about the Entitlement Offer, please call the Incitec Pivot Entitlement Offer Information Line on 1300 305 840 (within Australia) or +61 2 8280 7700 (outside Australia) between 8:30am and 5:30pm Monday to Friday during the Offer Period.

On behalf of the Board of Incitec Pivot, I thank you for your continued support as an Incitec Pivot shareholder and commend this Entitlement Offer to you.

Yours sincerely,

John C. Watson.

John C Watson, AM
Chairman

(1) This is the closing price of Incitec Pivot shares on the last day of trading before the announcement of the Entitlement Offer less the final dividend of 19.5 cents per share, as New Shares issued under the Entitlement Offer will not qualify for the dividend.

(2) Including individual material items.

Summary of the Entitlement Offer and Key Dates

Key Entitlement Offer Statistics

Offer Price	$2.50 per New Share
Entitlement	5 New Shares for every 13 Shares held at 7:00pm on the Record Date

	New Shares	$ million
Institutional Entitlement Offer	328 million	$819
Retail Entitlement Offer	140 million	$351
Total Entitlement Offer	468 million	$1,170

Key Dates(1)

Event	Date
Offer Period	12 November 2008 to 4 December 2008
Record Date for the Entitlement Offer	7:00pm on 14 November 2008
Institutional Entitlement Offer period	12 November 2008 to 13 November 2008
Retail Entitlement Offer opens	17 November 2008
Dispatch of Prospectus and Entitlement and Acceptance Forms	By 19 November 2008
Settlement of the Institutional Entitlement Offer	21 November 2008
Allotment of New Shares under the Institutional Entitlement Offer ("Institutional Allotment Date")	24 November 2008
New Shares under the Institutional Entitlement Offer commence trading	24 November 2008
Retail Entitlement Offer closes ("Closing Date")	5:00pm on 4 December 2008
Settlement of the Retail Entitlement Offer	15 December 2008
Allotment of New Shares under the Retail Entitlement Offer ("Final Allotment Date")	16 December 2008
Dispatch of Transaction Confirmation Statements	18 December 2008
New Shares under the Retail Entitlement Offer commence trading on a normal settlement basis	19 December 2008

(1) These dates are subject to change and are indicative only. Incitec Pivot in conjunction with the Joint Lead Managers and Underwriters reserves the right to amend this indicative timetable including, subject to the Corporations Act and Listing Rules, to extend the latest date for receipt of Applications either generally or in particular cases or to cancel the Entitlement Offer without prior notice. All references to time in this Prospectus are references to the local time in Melbourne, Australia.

What should you do?

This Prospectus contains important information in relation to the Entitlement Offer. You should read it carefully and in its entirety, including section 6 which identifies the key risks associated with an investment in Incitec Pivot. If you are in doubt as to the course of action you should follow, you should seek appropriate professional advice before making an investment decision. If you are an Eligible Retail Shareholder, you may either take up all or some of your Entitlement or decline to take up your Entitlement (refer to section 3 for more details).

Investment HIGHLIGHTS

Incitec Pivot

A Leading Chemicals Manufacturer with Strong Market Positions

Incitec Pivot is a leading chemicals company with nitrogen-based manufacturing at its core. Incitec Pivot has strong market positions in its key end markets:

No.1	Supplier of fertilisers in eastern Australia
No.1	Supplier of industrial explosives products and services in North America
No.2	Supplier of industrial explosives products and services in Australia

Incitec Pivot has manufacturing operations in Australia, the United States, Canada and Mexico:

- manufacturing facilities located in close proximity to key demand centres, being the eastern Australian fertilisers market and the Australian and North American industrial explosives markets
- fertiliser business underpinned by integrated manufacturing facilities and access to low cost raw materials:
  - Phosphate Hill facility has the benefit of Incitec Pivot's own phosphate rock deposit, a competitive long-term gas supply agreement and sulphuric acid supplied by Incitec Pivot's own manufacturing facility
  - Gibson Island facility has the benefit of competitive long-term gas supply agreements
- wide range of industrial explosives products supported by ammonium nitrate manufacturing facilities and the ability to manufacture initiating systems

Key end markets for Incitec Pivot products

● Manufacturing facilities[1]
● Third-party ammonium nitrate supply agreement

North America

Australia

Source: Incitec Pivot.
(1) Includes the Moranbah Project which is currently under construction.

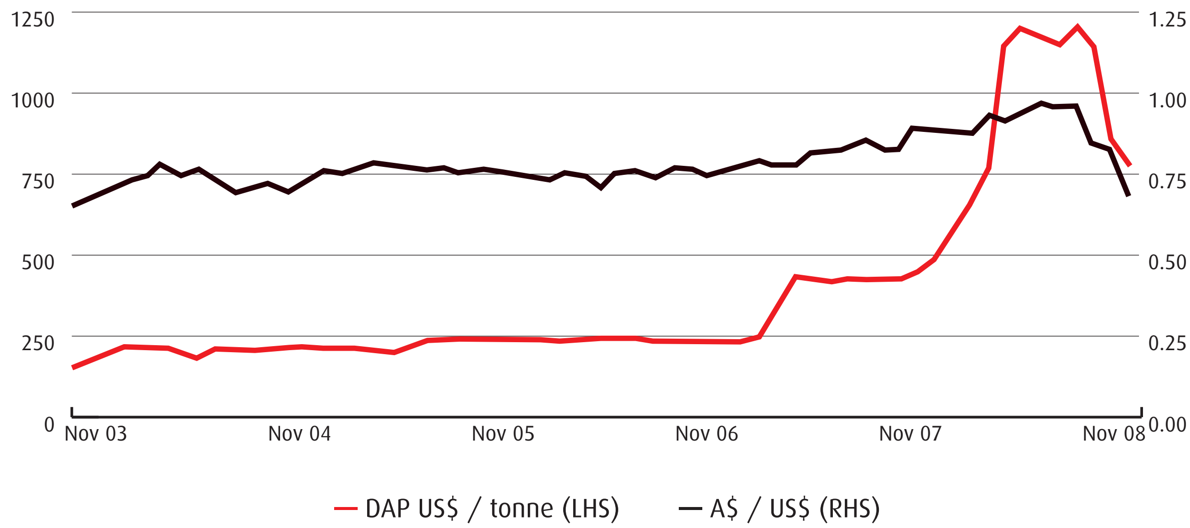
Strong Long-Term Industry Fundamentals

- Continuing demand for fertilisers based on world demand for food, fibre, feed and fuel:
  - Population growth and changes in diet in many developing economies are driving demand
  - Increased planting of fertiliser intensive crops driven by demand for bio-fuels
  - Declining area of arable land per capita
- Pricing of ammonium phosphate fertilisers is also supported by:
  - Few significant phosphate rock or DAP capacity additions before 2012 having been announced
  - Incitec Pivot's lower production costs relative to non-integrated producers that do not have their own phosphate rock deposit
- Demand for explosives is underpinned by the volume of production of key bulk commodities, such as iron ore and coal, which tends to be less volatile than prices for these bulk commodities

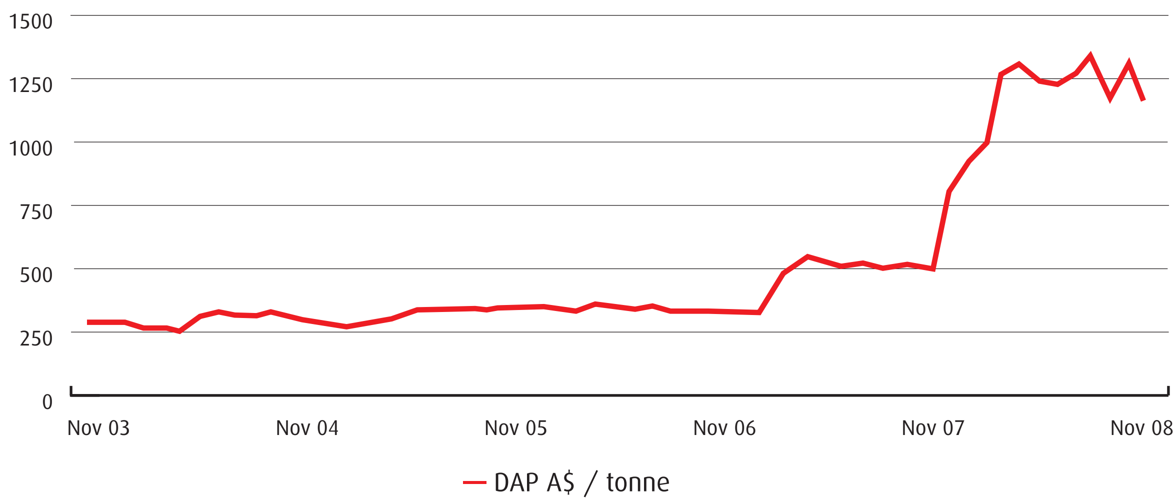
Current Pricing Environment

- Incitec Pivot sells the majority of its fertilisers in Australian dollars
- Over the past two years, Incitec Pivot has realised strong Australian dollar fertiliser prices
- The recent decline in U.S. dollar denominated DAP prices has to some degree been mitigated by the depreciation of the Australian dollar
- A range of factors affect the relationship between DAP prices and the A$/US$ exchange rate and therefore this offsetting relationship may not continue

Drivers of realised price – US$ DAP and A$/US$



Drivers of realised price – A$ DAP(1)



Source: Incitec Pivot for US$ DAP, New York Federal Reserve noon buying rate for A$/US$.
Note: Data as at 7 November 2008.
(1) Calculated as the monthly U.S. dollar DAP price divided by the A$/US$ exchange rate.

Diversified Business Profile

Following the acquisition of Dyno Nobel, Incitec Pivot has a more diversified business profile:

Product Range

- Range of fertiliser products and related services
- Range of explosives products, initiating systems and related services

Geographic Exposures

- Manufacturing facilities located across Australia and North America providing base from which to access international markets
- Extensive distribution network for fertilisers across eastern Australia and for explosives across North America and Australia
- Equity investments in Australia, China, South Africa, and Malaysia

Business Drivers

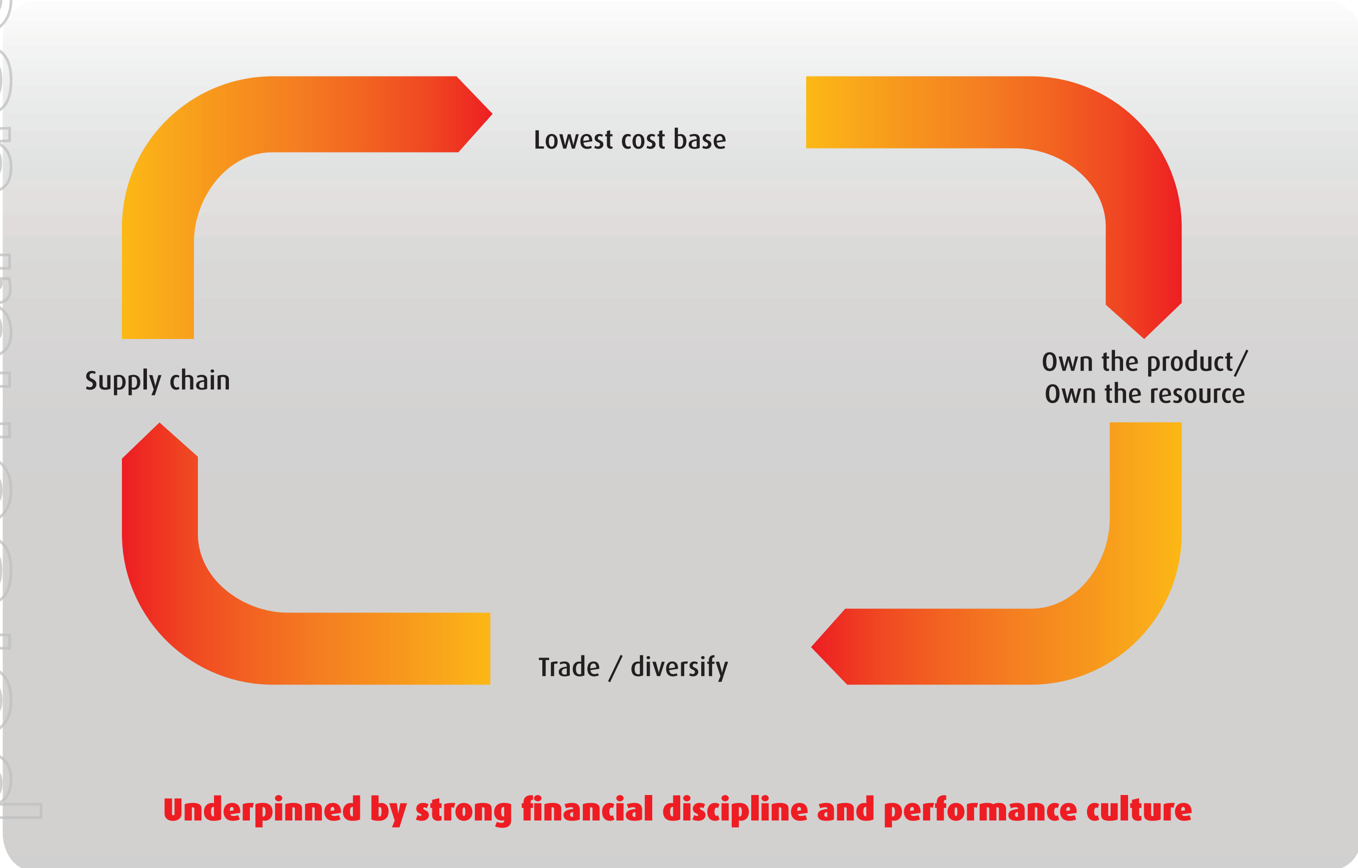
- Range of business drivers:
  - Australian Fertilisers: Local and global demand for fertilisers
  - North American Explosives: Thermal coal operations in United States (particularly from the Powder River Basin) and mining operations in Canada
  - Australian Explosives: Pilbara iron ore operations and east coast coal mining

Organic Growth Opportunities

Incitec Pivot is pursuing a range of organic growth opportunities which are expected to further drive earnings:

- Project Velocity business efficiency program is expected to deliver significant EBITDA benefits over the next three years
- Construction of the Moranbah ammonium nitrate complex is on track with full commercial operation scheduled for the first quarter of 2011
- Debottlenecking projects at Phosphate Hill and Gibson Island facilities are expected to increase capacity, with completion scheduled for 2010

Corporate strategy

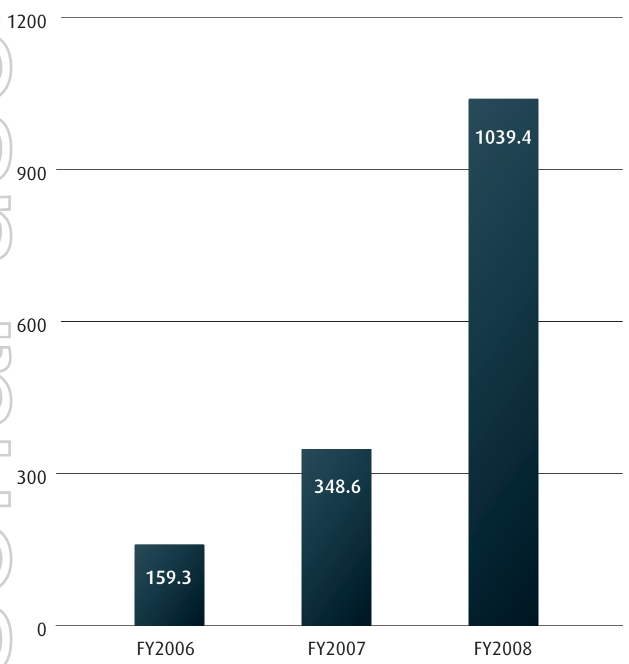


Track Record of High Earnings Growth

Incitec Pivot has historically had strong financial performance driven by favourable end-market dynamics and pursuit of strategic growth opportunities as well as cost savings initiatives. This strong financial performance has translated into strong dividend returns.

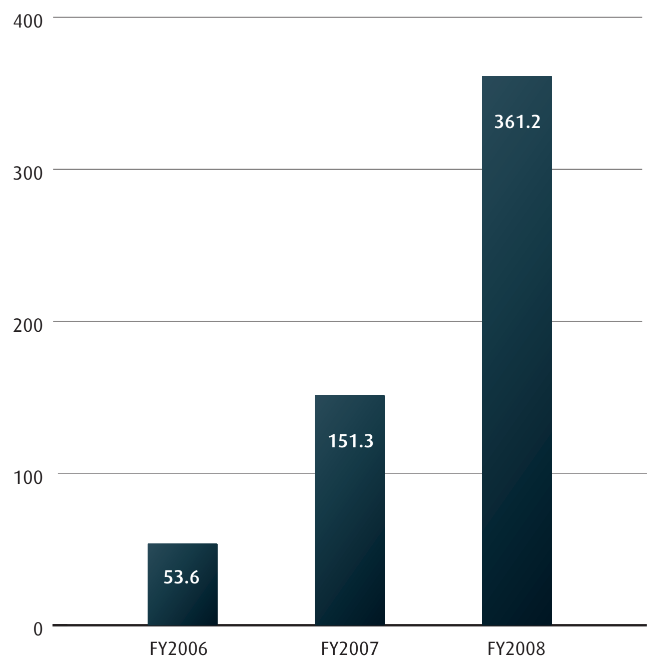
EBITDA(1)(2)

(A$ millions. Year ended 30 September)



Total dividends declared(3)

(A$ millions. Year ended 30 September)



Source: Incitec Pivot.

(1) EBITDA for FY2008 includes $109.5 million contribution from Dyno Nobel, which represents the period following Incitec Pivot's acquisition of Dyno Nobel on 16 June 2008, before individually material items.

(2) EBITDA includes profit from equity accounted investments. EBITDA is not a measure of or a defined term of financial performance, liquidity or value under A-IFRS or U.S. GAAP. EBITDA as presented in this Prospectus may not be comparable to similarly titled measures for other companies.

(3) FY2008 dividends declared comprise $340.2 million of dividends and $21 million distributed to shareholders of Dyno Nobel by way of the acquisition conversion ratio adjustment.

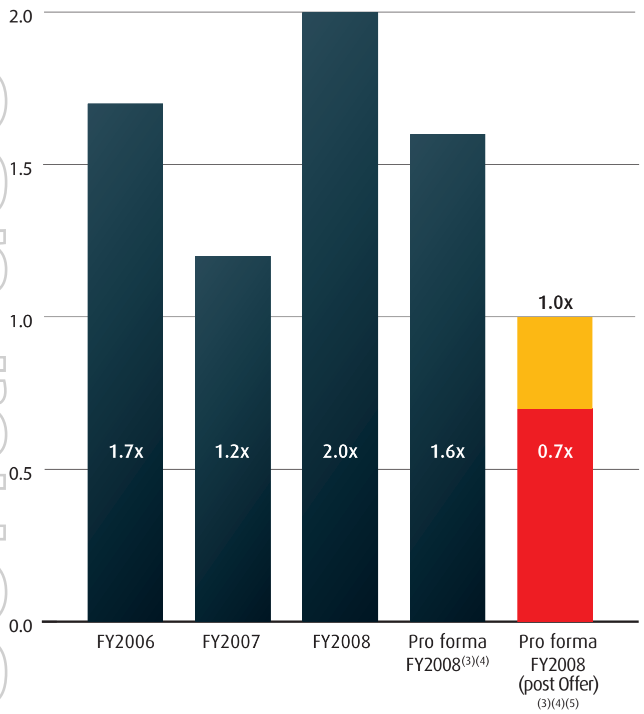
Track Record of Financial Discipline and Commitment to Credit Profile

Incitec Pivot's management team has a strong track record of financial discipline and while Incitec Pivot does not have a formal credit rating it seeks to maintain financial metrics which it believes to be consistent with an investment grade credit profile.

Incitec Pivot expects the Entitlement Offer will enhance its financial position and provide it with flexibility to continue to pursue its growth strategy.

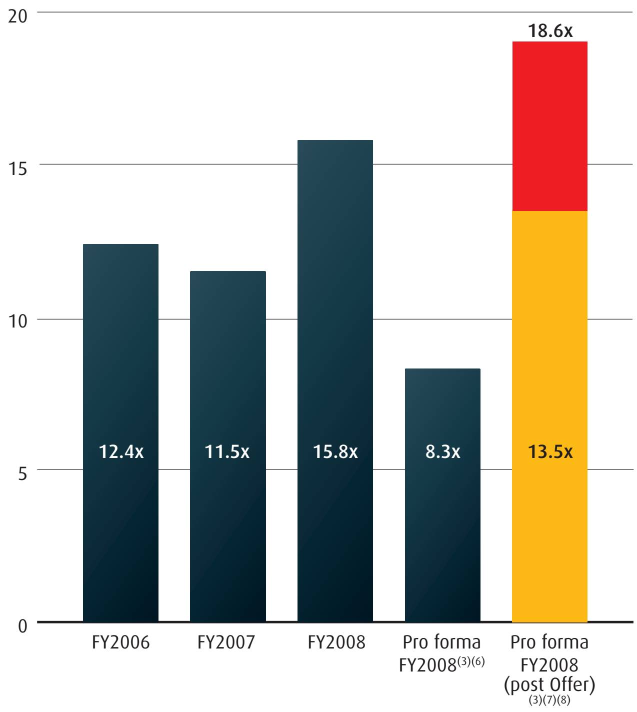
Gearing: Net debt (1) / EBITDA(2)

(Year ended 30 September)



Interest Cover: EBITDA / Interest expense(2)

(Year ended 30 September)



Historical | Assuming Retail Entitlement Offer is fully subscribed | Assuming no subscription received under Retail Entitlement Offer

(1) Net debt reflects interest bearing liabilities less cash and cash equivalents.
(2) EBITDA includes profit received from equity accounted investments and excludes individually material items. EBITDA is not a measure of or defined term of financial performance, liquidity or value under A-IFRS or U.S. GAAP. EBITDA and related data as presented in this Prospectus may not be comparable to similarly titled measures for other companies.
(3) Pro forma FY2008 EBITDA assumes a full-year contribution from Dyno Nobel as though Incitec Pivot acquired Dyno Nobel on 1 October 2007 as set out in section 5.2, and is based on actual underlying Dyno Nobel results.
(4) Pro forma FY2008 net debt reflects actual historical interest bearing liabilities of $2,510.0 million as at 30 September 2008, offset by cash and cash equivalents of $479.7 million as at 30 September 2008.
(5) Pro forma FY2008 net debt (assuming the Retail Entitlement Offer has been fully subscribed) has been adjusted to reflect the application of estimated gross proceeds of approximately $1,170.4 million, offset by estimated transaction costs of approximately $43.4 million. Pro forma FY2008 net debt (assuming no subscription received under the Retail Entitlement Offer) has been adjusted to reflect the application of estimated gross proceeds of approximately $819.3 million from the Institutional Entitlement Offer offset by estimated transaction costs of approximately $33.7 million.
(6) Pro forma FY2008 EBITDA interest cover ratio assumes a pro forma full-year interest cost of $149.7 million, which includes the impact of the Dyno Nobel acquisition as though it had taken place on 1 October 2007, as set out in section 5.2.
(7) Pro forma FY2008 EBITDA interest cover ratio (assuming the Retail Entitlement Offer has been fully subscribed) assumes that the entire estimated net proceeds of approximately $1,127.0 million have been used to repay the Bridge Facility with an interest saving at the rate of 7.38% per annum, which represents the effective interest rate in the year to 30 September 2008.
(8) Pro forma FY2008 EBITDA interest cover ratio (assuming no subscription received under the Retail Entitlement Offer) assumes that the entire estimated net proceeds of approximately $785.6 million have been used to repay the Bridge Facility with an interest rate saving at the rate of 7.38% per annum, which represents the effective interest rate in the year to 30 September 2008.

Proven and Experienced Management Team

Growth through acquisitions and capacity expansion

2003	Merger with Incitec Fertilizers Limited and subsequent listing on ASX
2006	Acquisition of Southern Cross Fertilisers
2007	Rebuild of Gibson Island nitrogen facility
2008	Acquisition of Dyno Nobel Completion of Cheyenne ammonium nitrate facility upgrade project
Current	Construction of Moranbah ammonium nitrate complex Debottlenecking of Gibson Island nitrogen facility and Southern Cross Fertilisers phosphate facility

Delivery of integration benefits

Merger with Incitec Fertilizers Limited in June 2003 generated significant synergies

Successful integration of Southern Cross Fertilisers

Delivery of business efficiencies

Project Tardis has delivered significant business efficiency benefits and Incitec Pivot management expects it to continue to deliver such benefits

Project Velocity business efficiency program is expected to deliver significant EBITDA benefits

Opportunity to Increase your Investment in Incitec Pivot on Attractive Terms

- The Offer Price represents a 36.6% discount to Incitec Pivot's closing price on ASX on 10 November 2008(1) and a 29.5% discount to the Theoretical ex-entitlement price
- Eligible Shareholders do not have to pay any brokerage or commission to subscribe for New Shares

(1) This is the closing price of Incitec Pivot shares on the last day of trading before the announcement of the Entitlement Offer less the final dividend of 19.5 cents per share, as New Shares issued under the Entitlement Offer will not qualify for the dividend.

Summary of Key Risks

In addition to normal risks affecting any listed equity investment, an investment in New Shares is subject to risks associated with Incitec Pivot's business. These key risks should be considered before applying for New Shares. Further details regarding these risks, and certain other risks which may affect Incitec Pivot or an investment in Incitec Pivot are set out in section 6 of this Prospectus.

Key risks include the following:

Risks related to Incitec Pivot's Business

- Incitec Pivot's financial performance relies on the prices it can achieve for its fertiliser and explosives products, and any material and sustained product price deterioration could adversely affect Incitec Pivot's business and financial performance
- Incitec Pivot's revenues are exposed to variations in demand for fertiliser and industrial explosives products, and any sustained reduction in demand could have an adverse effect on Incitec Pivot's business and financial performance
- Appreciation or depreciation of the Australian dollar against the U.S. dollar may materially affect Incitec Pivot's financial performance
- Incitec Pivot may experience difficulties in fully realising the expected benefits of Project Velocity
- Adverse weather conditions can materially impact the performance of Incitec Pivot
- Incitec Pivot faces operational risks associated with the manufacture of fertilisers, ammonium nitrate, industrial chemicals and industrial explosives
- Incitec Pivot may not be able to obtain adequate financing to fund its capital expenditure program as planned
- Major projects may not be commissioned on time or the construction cost may exceed current estimates
- Operational hazards associated with the manufacture of fertilisers, ammonium nitrate and industrial explosives, including equipment breakdowns, computer malfunctions, energy or water disruptions, natural disasters, sabotage and terrorist attacks may materially affect Incitec Pivot's operations and performance
- A shortage of skilled labour or loss of key personnel could disrupt Incitec Pivot's business operations or adversely affect Incitec Pivot's business and financial performance
- Legal or other claims may materially affect Incitec Pivot's business
- Incitec Pivot is dependent on the availability and affordability of transportation to deliver its products to market
- Increased competition may adversely affect Incitec Pivot's financial performance

Regulatory Risks

- Incitec Pivot's operations are subject to increasingly extensive environmental laws, regulations and policies, compliance with which imposes substantial obligations on Incitec Pivot and violations of which could result in penalties and other liabilities, including clean-up costs and remediation
- Incitec Pivot's operations may be exposed to changes in governmental laws, regulations and policies

General Risks

- The future price of Incitec Pivot's shares is subject to the uncertainty of equity market conditions
- Incitec Pivot's future financial performance is subject to the volatility of the economy
- Incitec Pivot's ability to raise funds for future refinancing or future growth opportunities
- Incitec Pivot is exposed to interest rate fluctuations
- Incitec Pivot's business is exposed to variable insurance market conditions

Section 1

Questions & Answers

Incitec Pivot

1. Questions and answers

1.1. Answers to key questions about the Entitlement Offer

Question	Answer	Where to find more information
The Entitlement Offer		
What is the Entitlement Offer?	The Entitlement Offer is a non-renounceable pro rata entitlement offer made to Eligible Shareholders. The Entitlement Offer comprises two parts: ■ the Institutional Entitlement Offer; and ■ the Retail Entitlement Offer.	Section 2
What is the purpose of the Entitlement Offer?	Incitec Pivot had intended to raise approximately US$500 million in the U.S. debt capital markets, which, in conjunction with other committed financings, would have provided sufficient funding to complete the refinancing of the Bridge Facility. However this has been prevented by the current dislocation in the credit markets. There is no certainty as to when Incitec Pivot will be able to access these markets and achieve appropriate terms and conditions. Accordingly, the proceeds of the Entitlement Offer will provide Incitec Pivot with the funds, in conjunction with other committed financings, to complete the refinancing of the Bridge Facility. This will provide Incitec Pivot with the flexibility to pursue its planned growth projects.	Section 2
What are the reasons for the chosen structure of the Entitlement Offer?	The Board believes that the structure of the Entitlement Offer provides a number of benefits to Incitec Pivot and Shareholders as a whole: ■ as the Entitlement Offer is a pro-rata entitlement offer, Eligible Shareholders have the opportunity to participate in the Offer. If an Eligible Shareholder takes up their Entitlement in full, their percentage shareholding in Incitec Pivot should not be diluted (unless Top-Up Shares are issued), and in certain circumstances, it may increase following the issue of all New Shares under the Entitlement Offer; ■ Eligible Shareholders do not have to pay any brokerage or other transaction costs to subscribe for New Shares; and ■ Eligible Retail Shareholders have the benefit of knowing the outcome of the Institutional Entitlement Offer before deciding whether or not to take up their Entitlement under the Retail Entitlement Offer. Eligible Shareholders should note that the Entitlement Offer is non-renounceable and if Eligible Shareholders do not take up their Entitlement, their percentage shareholding in Incitec Pivot may be reduced following the issue of all the New Shares under the Entitlement Offer. Eligible Shareholders will not receive any amounts in respect of Entitlements that they do not take up.	Section 2
How much is Incitec Pivot seeking to raise through the Entitlement Offer?	Incitec Pivot is seeking to raise up to $1,170 million under the Entitlement Offer before expenses, comprising an Institutional Entitlement Offer of up to $819 million and a Retail Entitlement Offer of up to $351 million.	Section 2
What is the Entitlement Offer Price?	$2.50 per New Share. This represents a discount of: ■ 36.6% discount to Incitec Pivot's closing price[1] on ASX on 10 November 2008; and ■ 29.5% discount to the Theoretical ex-entitlement price.	Section 2
What are the significant risks associated with an investment in New Shares in Incitec Pivot?	The key risks associated with an investment in New Shares are described in section 6. Before making an investment decision you should read the entire Prospectus and carefully consider these risk factors.	Section 6

1. This is the closing price of Incitec Pivot shares on the last day of trading before the announcement of the Entitlement Offer less the final dividend of 19.5 cents per share, as New Shares issued under the Entitlement Offer will not qualify for the dividend.

Question	Answer	Where to find more information
Participation in the Retail Entitlement Offer		
Who is an Eligible Retail Shareholder for the Retail Entitlement Offer?	Eligible Retail Shareholders are those persons who: ■ are registered as Incitec Pivot Shareholders as at 7:00pm on the Record Date; ■ have a registered address in Australia or New Zealand; ■ are not in the United States and are not U.S. Persons or acting for the account or benefit of a U.S. Person; ■ are not Eligible Institutional Shareholders or Ineligible Institutional Shareholders; and ■ are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.	Section 2
What is my Entitlement?	Each Eligible Shareholder is entitled to subscribe for 5 New Shares for every 13 Shares held by the Eligible Shareholder on the Record Date. Eligible Shareholders can also subscribe for New Shares in excess of their Entitlement. However, no Eligible Shareholder is assured of being allocated any New Shares in excess of their Entitlement. If you are an Eligible Retail Shareholder, your Entitlement is set out on your personalised Entitlement and Acceptance Form accompanying this Prospectus. If you are an Eligible Retail Shareholder and you did not receive your personalised Entitlement and Acceptance Form you should call the Incitec Pivot Entitlement Offer Information Line on 1300 305 840 from within Australia or +61 2 8280 7700 if calling from outside Australia between 8:30am and 5:30pm Monday to Friday during the Offer Period to find out your Entitlement and be sent your personalised Entitlement and Acceptance Form.	Entitlement and Acceptance Form
What can I do with my Entitlement?	There are a number of things you can do with your Entitlement. You can either: ■ accept your Entitlement in full; ■ accept your Entitlement in full and apply for New Shares in excess of your Entitlement; ■ accept part of your Entitlement and reject the balance; or ■ not accept your Entitlement. Entitlements cannot be traded on ASX or any other exchange, nor can they be otherwise transferred. If you do not accept your Entitlement in full or are an Ineligible Shareholder, your percentage Shareholding in Incitec Pivot will be reduced following the issue of the New Shares under the Entitlement Offer.	Section 3
What do I do if I want to accept my Entitlement?	If you wish to accept all or any part of your Entitlement you should: ■ complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on the Entitlement and Acceptance Form; ■ attach payment for the full amount payable ($2.50 multiplied by the number of New Shares applied for) to the Entitlement and Acceptance Form; and ■ return the Entitlement and Acceptance Form and Application Monies to the Share Registry. Alternatively you may elect to pay the Application Monies by BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. In this case you do not need to submit an Entitlement and Acceptance Form but will be taken to have made the statements on the Entitlement and Acceptance Form.	Section 3

Question	Answer	Where to find more information
What do I do if I want to accept my Entitlement and apply for New Shares in excess of my Entitlement?	Subject to the Listing Rules, Incitec Pivot may offer you the opportunity to subscribe for New Shares in excess of your Entitlement. If you wish to accept all of your Entitlement and apply for New Shares in excess of your Entitlement, you should: ■ complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on the Entitlement and Acceptance Form; ■ attach payment for the full amount payable ($2.50 multiplied by the number of New Shares applied for) to the Entitlement and Acceptance Form; and ■ return the Entitlement and Acceptance Form and Application Monies to the Share Registry. Alternatively you may elect to pay by BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. In this case you do not need to submit an Entitlement and Acceptance Form but will be taken to have made the statements on the Entitlement and Acceptance Form. There is no guarantee that you will be allocated all or any of the New Shares you have applied for in excess of your Entitlement. The number, if any, of New Shares you will be issued in excess of your Entitlement will depend on demand for New Shares from other Eligible Retail Shareholders. If you are allotted less than the number of New Shares you applied for, you will receive a refund cheque for the relevant amount of Application Monies (without interest) not applied towards the issue of New Shares, as soon as practicable after the Closing Date.	Section 3
What do I do if I don't want to accept any of my Entitlement?	If you do not wish to accept any part of your Entitlement, you should do nothing. If you do nothing, then the number of New Shares under your Entitlement will be offered for subscription to Eligible Retail Shareholders who subscribe for New Shares in excess of their Entitlement. If there is not sufficient demand for New Shares from Eligible Retail Shareholders who applied for New Shares in excess of their Entitlement, then the Retail Entitlement Offer will lapse in respect of those New Shares for which there is no demand (unless Incitec Pivot and the Joint Lead Managers and Underwriters agree other arrangements). You should note that if you do not take up your Entitlement, you will not receive any amounts in respect of your Entitlement.	Section 3
What happens if I am an Ineligible Retail Shareholder?	If you are an Ineligible Retail Shareholder you will be sent a letter telling you so. The New Shares that would have been offered to you had you been an Eligible Retail Shareholder may be offered to other Eligible Retail Shareholders who subscribe for New Shares in excess of their Entitlement. As the Entitlement Offer is non-renounceable, you will not be paid any money for the New Shares that would have been offered to you had you been an Eligible Retail Shareholder. You should note that your percentage Shareholding in Incitec Pivot will be reduced following the issue of the New Shares under the Entitlement Offer.	
Will my shareholding in Incitec Pivot be diluted?	If you do not take up your Entitlement or take up less than your full Entitlement, or if you are ineligible to take up your Entitlement, there may be a reduction in your percentage shareholding in Incitec Pivot following the issue of the New Shares under the Entitlement Offer. If you take up your Entitlement in full, your percentage shareholding in Incitec Pivot should not be diluted (unless Top-Up Shares are issued), and in certain circumstances, may increase following the issue of the New Shares under the Entitlement Offer.	
Can I trade my Entitlement?	No. Entitlements cannot be traded on ASX or any other exchange, nor can they be privately transferred.	

Question	Answer	Where to find more information
Information about Incitec Pivot and the financial effect of the Entitlement Offer		
What is Incitec Pivot's dividend policy?	The Board regularly reviews the payment of dividends in light of the earnings, cash flow and franking credit position of the Company. Incitec Pivot's current dividend policy is to pay out between 55 and 65% of NPAT. The continuation of this policy is dependent upon market conditions, Incitec Pivot's capital needs and other factors.	
Is the Entitlement Offer underwritten?	The Institutional Entitlement Offer is underwritten. The Retail Entitlement Offer is not underwritten.	Section 2, 10
What is the financial impact of the Entitlement Offer on Incitec Pivot?	The financial effect of the Entitlement Offer on Incitec Pivot is shown in the consolidated historical pro forma balance sheet in section 5.	Section 5
Other information about the Offer		
What are the rights and liabilities attaching to the New Shares issued under the Entitlement Offer?	New Shares issued under the Entitlement Offer will be issued with the same rights and liabilities as existing Shares except that New Shares issued under the Entitlement Offer will not be entitled to receive the dividend to be paid in respect of the six months ended 30 September 2008. See section 10.4 for further details.	Section 10
What are the expenses of the Entitlement Offer?	Assuming the Retail Entitlement Offer is fully subscribed, the expenses associated with the Entitlement Offer are expected to be approximately $43 million and will be paid out of the proceeds of the Entitlement Offer.	Section 10
Can the Entitlement Offer be withdrawn?	Yes. The Directors reserve the right to withdraw the Entitlement Offer and this Prospectus at any time, subject to the Corporations Act, the Listing Rules and other applicable laws. If the Entitlement Offer is withdrawn, Incitec Pivot will refund Application Monies (without interest) in respect of New Shares which have not yet been issued in accordance with the Corporations Act.	Section 2
What are the taxation implications of the Entitlement Offer?	A summary of the general Australian taxation implications for Eligible Retail Shareholders is set out in section 9. The discussion is in general terms only and is not intended to provide specific advice in relation to circumstances of any particular Shareholder. Eligible Retail Shareholders should seek their own taxation advice before deciding how to deal with their Entitlements.	Section 9
How can further information be obtained?	You should read this Prospectus in its entirety and carefully, including the risk factors set out in section 6. Eligible Retail Shareholders can obtain more information by: ■ contacting their stockbroker, accountant or other professional adviser; or ■ by calling the Incitec Pivot Entitlement Offer Information Line on 1300 305 840 from within Australia or + 61 2 8280 7700 if calling from outside Australia between 8:30am and 5:30pm Monday to Friday during the Offer Period.	

Section 2

Details of the Entitlement Offer

Incitec Pivot

2. Details of the Entitlement Offer

2.1. Purpose of the Entitlement Offer and Use of Proceeds

Incitec Pivot is seeking to raise between $819 million and $1,170 million before expenses through the Entitlement Offer. The final amount raised will depend on the extent to which the Retail Entitlement is subscribed. Incitec Pivot expects expenses relating to the Entitlement Offer to be approximately $45 million, assuming the Retail Entitlement Offer is fully subscribed.

In September 2008, Incitec Pivot intended to raise approximately US$500 million in the U.S. debt capital markets, which, in conjunction with other committed financings, would have provided funding sufficient to complete the refinancing of the Bridge Facility. However, this has been prevented by the current dislocation in the credit markets. There is no certainty as to when Incitec Pivot will be able to access these markets and achieve appropriate terms and conditions.

The principal purpose of the Entitlement Offer is to provide Incitec Pivot with sufficient funding, in conjunction with other committed financings, to refinance the $2.4 billion Bridge Facility entered into on 21 May 2008 to fund the cash component of the Dyno Nobel acquisition and to provide Incitec Pivot with the flexibility to pursue its planned growth projects.

Incitec Pivot intends to repay the Bridge Facility over time, up until the maturity date on 20 May 2009, in accordance with its terms, with the next payment due on 25 November 2008, using a portion of the proceeds of this Entitlement Offer and other committed financings.

2.2. Structure of the Entitlement Offer

The Entitlement Offer is structured as a non-renounceable Entitlement Offer of approximately 468 million New Shares at an Offer Price of $2.50 per share. Under the Entitlement Offer, Incitec Pivot seeks to raise gross proceeds of up to $1,170.4 million. Each Eligible Shareholder is invited to subscribe for 5 New Shares for every 13 Shares held by the Eligible Shareholder at 7.00pm on the Record Date.

The Entitlement Offer is non-renounceable, which means that the Entitlements are non-transferable and cannot be sold or traded, and Shareholders will not receive any value in respect of Entitlements which they do not take up or which they are ineligible to receive.

The Entitlement Offer comprises two parts.

1. **Institutional Entitlement Offer**—Eligible Institutional Shareholders are invited to take up all or part of their Entitlement, or apply for New Shares in excess of their Entitlement. In addition, under the Institutional Entitlement Offer, New Shares equivalent to the number not taken up by Eligible Institutional Shareholders (and potentially some New Shares expected to be not taken up by Eligible Retail Shareholders), together with any New Shares that would have been offered to Ineligible Institutional Shareholders if they had been eligible to participate in the Institutional Entitlement Offer, will be offered to Eligible Institutional Shareholders who apply for New Shares in excess of their Entitlements, and to certain other Institutional Investors.
2. **Retail Entitlement Offer**—Eligible Retail Shareholders are being sent this Prospectus together with a personalised Entitlement and Acceptance Form and are required to decide whether or not they will take up all or part of their Entitlement. In addition, Eligible Retail Shareholders can also subscribe for New Shares in excess of their Entitlement. The Retail Entitlement Offer closes on the Closing Date, being 4 December 2008.

2.2.1. Institutional Entitlement Offer

Eligible Institutional Shareholders are invited to choose to accept all or part of their Entitlement or apply for New Shares in excess of their Entitlement. In addition, under the Institutional Entitlement Offer, New Shares equivalent to the number not taken up by Eligible Institutional Shareholders (and potentially some New Shares expected to be not taken up by Eligible Retail Shareholders), together with any New Shares that would have been offered to Ineligible Institutional Shareholders had they been eligible to participate in the Institutional Entitlement Offer, will be offered to Eligible Institutional Shareholders who applied for New Shares in excess of their Entitlements and to certain other Institutional Investors.

A total of 328 million New Shares are expected to be allocated to Eligible Institutional Shareholders under the Institutional Entitlement Offer to raise approximately $819 million. The Institutional Entitlement Offer is underwritten by the Joint Lead Managers and Underwriters.

Eligible Institutional Shareholders are Institutional Shareholders as at the Record Date to whom the Joint Lead Managers and Underwriters make an offer on behalf of Incitec Pivot under the Institutional Entitlement Offer (whether or not they accepted that offer) or a nominee for such an Institutional Shareholder in respect of New Shares held for such an Institutional Shareholder.

Additionally, certain Institutional Investors who are not Shareholders will be invited by Incitec Pivot, including through the Joint Lead Managers and Underwriters acting on behalf of Incitec Pivot, to subscribe for New Shares.

Settlement of the Institutional Entitlement Offer is expected to occur on 21 November 2008. Allotment of New Shares under the Institutional Entitlement Offer is expected to occur on the Institutional Allotment Date, being 24 November 2008. Normal settlement trading is expected to commence on 24 November 2008.

2.2.2. Retail Entitlement Offer

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders of approximately 140 million New Shares at the Offer Price of $2.50 per New Share.

2.2.2.1. Who are Eligible Retail Shareholders?

Eligible Retail Shareholders are those Shareholders who:

- are registered as Shareholders at 7:00pm on the Record Date, being 14 November 2008;
- have a registered address in Australia or New Zealand;
- are not in the United States and are not U.S. Persons or acting for the account or benefit of a U.S. Person;
- have not received an invitation to participate in the Institutional Entitlement Offer (including directly as or through a nominee), and are not Ineligible Institutional Shareholders; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

By returning a completed Entitlement and Acceptance Form, or making a payment of the Application Monies by BPAY®, persons claiming to be Eligible Retail Shareholders will be taken to have represented and warranted that they satisfy each of the above criteria. Incitec Pivot reserves the right to reject any application that it believes comes from a person who is not an Eligible Retail Shareholder (or who does not provide substantial information as referred to in section 2.10).

Incitec Pivot, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder and therefore able to participate in the Retail Entitlement Offer, or an Ineligible Retail Shareholder and therefore unable to participate in the Retail Entitlement Offer. Incitec Pivot disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

The Retail Entitlement Offer is not being extended to any Shareholder whose registered address is outside Australia or New Zealand, or who is a person in the United States or who is, or is acting for the account or benefit, of a U.S. Person.

It is the responsibility of each Applicant to ensure compliance with the laws of any country relevant to their Application.

The foreign selling restrictions under the Retail Entitlement Offer summarised in section 3.3 apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Retail Shareholder. Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia or New Zealand are responsible for ensuring that accepting the Retail Entitlement Offer does not breach securities laws in the relevant overseas jurisdictions.

2.2.2.2. Applications under the Retail Entitlement Offer

Each Eligible Retail Shareholder is entitled to apply for 5 New Shares for every 13 Shares held by the Eligible Retail Shareholder at 7:00pm on the Record Date. The amount of their Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus. In calculating Entitlements, fractional entitlements have been rounded up to the nearest whole number.

The Offer Price is $2.50 per New Share for Eligible Retail Shareholders. This is the same price paid for New Shares by Eligible Institutional Shareholders under the Institutional Entitlement Offer. This is payable on applying for your Entitlement.

Eligible Retail Shareholders may apply for all of their Entitlement, part of their Entitlement or none of their Entitlement. The Entitlements are personal and cannot be traded, transferred, assigned or otherwise dealt with.

Eligible Retail Shareholders also have the opportunity to apply for New Shares in excess of their Entitlement. These New Shares may be sourced from Entitlements not taken up by other Eligible Retail Shareholders. There is no guarantee that Eligible Retail Shareholders who apply for New Shares in excess of their Entitlement will be allocated all or any of the New Shares applied for in excess of their Entitlement. The number, if any, of New Shares Eligible Retail Shareholders may be issued in excess of their Entitlement will depend on demand for New Shares from other Eligible Retail Shareholders.

Eligible Retail Shareholders may accept the Retail Entitlement Offer in full or in part by returning their Entitlement and Acceptance Form and payment to the Registry (by cheque, bank draft or money order) or by BPAY® payment instruction, by no later than 5.00pm on the Closing Date (that being 4 December 2008).

Incitec Pivot reserves the right to extend the Closing Date without notice, subject to the Corporations Act, the Listing Rules and other applicable laws. For Eligible Retail Shareholders who do not accept the Retail Entitlement Offer in full by the Closing Date, the Offer will lapse in respect of those New Securities which they did not accept (unless Incitec Pivot and the Joint Lead Managers and Underwriters agree other arrangements) and their proportion of ownership of Incitec Pivot may be diluted.

2.2.2.3. Allotment of New Shares under the Retail Entitlement Offer

New Shares under the Retail Entitlement Offer will be allotted on the Final Allotment Date (that being 16 December 2008).

No certificates will be issued in respect of the New Shares. Following allotment, Shareholders will receive a Transaction Confirmation Statement which sets out the number of New Shares allotted to them.

Applicants may call the Share Registry after the Final Allotment Date on 1300 554 474 (within Australia) or +61 2 8280 7111 (outside Australia) between 8.30am and 5.30pm Monday to Friday to seek confirmation of their allocation.

2.3. Underwriting of the Institutional Entitlement Offer

The Institutional Entitlement Offer is being fully underwritten by the Joint Lead Managers and Underwriters. This means that the Joint Lead Managers and Underwriters will subscribe at the Offer Price for any New Shares that are not subscribed for by Shareholders or new investors under the Institutional Entitlement Offer. The Retail Entitlement Offer is not underwritten. A summary of the terms and conditions of the Underwriting Agreement is set out in section 10.5.

2.4. Withdrawal of the Entitlement Offer

The Directors reserve the right to withdraw the Entitlement Offer and this Prospectus at any time, in which case Incitec Pivot will refund Application Monies in accordance with the Corporations Act and without interest.

2.5. Ranking of New Shares

Each New Share will be issued fully paid. From the date of issue, they will rank equally with existing Shares. Eligible Shareholders who acquire New Shares under the Entitlement Offer will not be eligible to participate in the 19.5 cents per Share final dividend for the 6 months ended 30 September 2008, scheduled to be paid on 2 December 2008. Details of the rights and liabilities attaching to the New Shares are set out in section 10.4.

2.6. ASX quotation and trading of New Shares

Application for quotation of the New Shares on ASX will be made no later than seven days after the date of this Prospectus. Subject to approval being granted, trading of the New Shares is expected to commence on a normal settlement basis within three business days of the relevant Allotment Date.

If ASX does not grant permission for official quotation of the New Shares within three months after the date of this Prospectus, none of the New Shares offered under the Entitlement Offer will be issued, unless ASIC grants Incitec Pivot an exemption permitting the issue.

Transaction Confirmation Statements are expected to be dispatched to Eligible Retail Shareholders on 18 December. It is the responsibility of each Applicant to confirm their holding before trading in new Shares. Any Applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. Incitec Pivot and the Joint Lead Managers and Underwriters disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Incitec Pivot, the Share Registry or the Joint Lead Managers and Underwriters.

2.7. CHESS

The New Shares will participate from the date of commencement of quotation in CHESS. The New Shares must be held in uncertificated form (i.e. no share certificate will be issued) on CHESS sub-register under sponsorship of a participant (usually a broker) or on the issuer-sponsored sub-register. Arrangements can be made at any subsequent time to convert your holding from the issuer-sponsored sub-register to CHESS sub-register or vice versa by contacting your sponsoring participant.

2.8. Application Monies and interest

Application Monies received from an Applicant will, until the New Shares in respect of the Application Monies are issued, be held by Incitec Pivot in a trust account. If you are allotted less than the number of New Shares you applied for, you will receive a refund cheque for the relevant amount of Application Monies (without interest) not applied towards the issue of New Shares, as soon as practicable after the Closing Date.

Incitec Pivot reserves the right to cancel the Entitlement Offer at any time, in which case all Application Monies will be refunded without interest.

To the fullest extent permitted by law, each Applicant agrees that such Application Monies shall not bear or earn interest for the Applicant, irrespective of whether or not all or any of the New Shares applied for by the Applicant are issued to the Applicant, and that any interest earned on Application Monies held by Incitec Pivot shall be the property of Incitec Pivot.

2.9. Allocation policy

All Eligible Retail Shareholders will be allocated New Shares applied and paid for up to their Entitlement. Under the Retail Entitlement Offer, all New Shares not taken up by Eligible Retail Shareholders will lapse or otherwise be allocated at the discretion of the Joint Lead Managers and Underwriters, in consultation with Incitec Pivot.

Under the Institutional Entitlement Offer, New Shares not taken up by Eligible Institutional Shareholders may be allocated to:

- Other Eligible Institutional Shareholders wishing to subscribe for more than their Entitlement; and
- Institutional Investors.

Incitec Pivot and the Joint Lead Managers and Underwriters reserve the right to reject any Application. The Directors of Incitec Pivot reserve the right to issue any New Shares not taken up under the Offer to other investors, at their discretion.

2.10. Reconciliation, Top-Up Shares and the rights of Incitec Pivot and the Joint Lead Managers and Underwriters

The Entitlement Offer is a complex process and in some instances investors may believe that they will own more Shares in Incitec Pivot on the Record Date than they actually will. This results in reconciliation issues. Reconciliation issues may also arise if New Shares not expected to be taken up in the Retail Entitlement Offer are issued in the Institutional Entitlement Offer but then Eligible Retail Shareholder demand exceeds expectations. If reconciliation issues occur, it is possible that Incitec Pivot may need to issue a small quantity of Top-Up Shares to ensure all Eligible Shareholders receive their full Entitlement.

The price at which any Top-Up Shares are issued will be the Entitlement Offer Price.

The Company reserves the right to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated, or if they fail to provide information requested to substantiate their claims.

Without limiting the foregoing, if any Eligible Institutional Shareholder (or person claiming to be an Eligible Institutional Shareholder) under the Institutional Entitlement Offer subscribes for a greater number of New Shares than their Entitlement at the Record Date then, at the absolute discretion of Incitec Pivot and the Joint Lead Managers and Underwriters, the relevant person may be required to transfer to the Joint Lead Managers and Underwriters the number of New Shares oversubscribed at the Entitlement Offer Price. If necessary, the relevant person will be required to remit existing Shares held by them or to purchase Shares on market to meet this obligation. The relevant person will bear any and all losses caused by the overstatement of their holding and any actions they are required to take with respect to this overstatement.

By applying under the Institutional Entitlement Offer, those applying irrevocably acknowledge and agree to do the above as required by Incitec Pivot or the Joint Lead Managers and Underwriters in their absolute discretion. Those applying acknowledge that there is no time limit on the ability of Incitec Pivot or the Joint Lead Managers and Underwriters to require any of the actions set out above.

2.11. Taxation

Taxation implications will vary depending upon the specific circumstances of individual Eligible Retail Shareholders. Investors should obtain their own professional advice in order to determine the particular taxation treatment which will apply to them. Section 9 contains a summary of the taxation implications for Australian Eligible Retail Shareholders.

2.12. Disclaimers

Incitec Pivot and the Joint Lead Managers and Underwriters disclaim all liability (to the maximum extent permitted by law) in respect of the determination as to whether a Shareholder is an Eligible Retail Shareholder, an Eligible Institutional Shareholder, an Ineligible Retail Shareholder or an Ineligible Institutional Shareholder.

Section 3

Actions Required by Eligible Retail Shareholders

Incitec Pivot

3. Actions required by Eligible Retail Shareholders

Before taking any action in relation to the Entitlement Offer, Eligible Retail Shareholders should read this Prospectus in its entirety, particularly noting section 6 (Key Risk Factors) and section 9 (Taxation Implications). If you are an Eligible Retail Shareholder, you may either:

- accept all or some of your Entitlement;
- accept your Entitlement in full and apply for New Shares in excess of your Entitlement; or
- decline to accept your Entitlement by doing nothing.

The Offer will lapse in respect of any New Shares you have not applied for under the Retail Entitlement Offer by 5.00pm on the Closing Date. A number of New Shares equal to the number of New Shares not taken up under your Entitlement (together with any New Shares that would have been offered to Ineligible Retail Shareholders if they had been eligible to participate in the Retail Entitlement Offer) will be offered for subscription to Eligible Retail Shareholders who subscribe for New Shares in excess of their Entitlement (or may be issued in the Institutional Entitlement Offer). If there is not sufficient demand for New Shares from Eligible Retail Shareholders who applied for New Shares in excess of their Entitlement, then the Retail Entitlement Offer will lapse in respect of those New Shares for which there is no demand (unless the Joint Lead Managers and Underwriters and Incitec Pivot agree other arrangements).

The percentage holding of Eligible Retail Shareholders who do not accept or who partially accept the Offer may be reduced as a result of the Offer. If you are an Ineligible Retail Shareholder, you may not accept any of, or do anything in relation to, your Entitlement. As a result, your percentage holding in Incitec Pivot may be reduced.

3.1. How to accept some or all of your Entitlement, and apply for New Shares in excess of your Entitlement and make payment

Eligible Retail Shareholders may only apply for New Shares under the Retail Entitlement Offer by using the personalised Entitlement and Acceptance Form accompanying this Prospectus or by making a BPAY® payment in accordance with the instructions set out on the Entitlement and Acceptance Form.

The Closing Date for receipt by the Share Registry of valid Applications is 5.00pm on 4 December 2008. Eligible Retail Shareholders should return their completed Entitlement and Acceptance Form and their cheque, bank draft or money order for the relevant Application Monies, or pay those Application Monies by BPAY® payment and ensure it is received in cleared funds before that time.

Cheques, bank drafts or money orders must be:

- in Australian currency drawn on an Australian branch or a financial institution for the amount required to pay for the New Shares applied for on the Entitlement and Acceptance Form; and
- made payable to "Incitec Pivot Limited" and crossed "Not Negotiable".

Cash payments will not be accepted.

Payment by BPAY® must be in accordance with the instructions on the personalised Entitlement and Acceptance Form. The biller code and reference number appears on that form.

You must check the processing cut off time for BPAY® transactions with your bank, credit union or building society as it may be earlier than 5pm on the Closing Date.

If you pay by BPAY® and do not pay for your full Entitlement, the remaining Entitlement will be treated as not having been taken up.

Eligible Retail Shareholders are not required to submit a completed Entitlement and Acceptance Form if they pay their Application Monies by BPAY® but are taken to make the statements on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms, together with cheques, bank drafts or money orders can be sent to the Share Registry using the reply paid envelope enclosed with this Prospectus. If mailed in Australia, no postage stamp is required.

Alternatively, completed Entitlement and Acceptance Forms, together with cheques, bank drafts or money orders, can be sent or delivered to the Share Registry at:

Postal address:	Hand deliveries:
Incitec Pivot Entitlement Offer c/o Link Market Services Limited Reply Paid 3560 Sydney, NSW, 2001 AUSTRALIA	Incitec Pivot Entitlement Offer Link Market Services Limited Level 12, 680 George Street Sydney, NSW, 2000 AUSTRALIA

3.2. What to do if you do not wish to accept any of your Entitlement

If you do not wish to accept any part of your Entitlement, you should do nothing.

3.3. Treatment of foreign shareholders

3.3.1. General

This Prospectus is being sent to Eligible Retail Shareholders on the register as at 7.00pm on the Record Date with registered addresses in Australia and New Zealand. This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. By submitting the Entitlement and Acceptance Form in or accompanying this Prospectus or by making a payment of Application Monies by BPAY® you represent and warrant that there has been no breach of such laws.

The distribution of this Prospectus outside of Australia and New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Incitec Pivot disclaims all liabilities to such persons. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how they should proceed. Eligible Shareholders who hold Shares on behalf of persons who are not resident in Australia or New Zealand are responsible for ensuring that taking up New Shares under the Offer does not breach the selling restrictions set out in this Prospectus or otherwise violate the securities laws in the relevant overseas jurisdictions.

No action has been taken to register or qualify this Prospectus, the New Shares or the Offer, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia and New Zealand.

3.3.2. New Zealand

This Prospectus is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (or any other relevant New Zealand law). This Prospectus may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain. Securities are offered to the public of New Zealand under this Prospectus in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

3.3.3. Ineligible Retail Shareholders

Incitec Pivot is of the view that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders, having regard to:

- the number of Ineligible Retail Shareholders;
- the number and value of the New Shares which would be offered to Ineligible Retail Shareholders if they were Eligible Retail Shareholders; and
- the cost of complying with the legal requirements, and requirements of the regulatory authorities, in the respective overseas jurisdictions.

Accordingly, the Retail Entitlement Offer is not being extended to any Shareholders with a registered address outside of Australia and New Zealand. Incitec Pivot will send all Ineligible Retail Shareholders details of the Retail Entitlement Offer and advise that Incitec Pivot is not extending the Retail Entitlement Offer to Ineligible Retail Shareholders.

Section 4

Overview of Incitec Pivot

Incitec Pivot

4. Overview of Incitec Pivot

4.1. Introduction

Incitec Pivot is a leading chemicals company focused on nitrogen-based manufacturing at its core. Incitec Pivot is a manufacturer and distributor of fertilisers and, following its recent acquisition of Dyno Nobel in June 2008, industrial explosives and related products and services. Incitec Pivot has extensive operations in Australia and the United States and to a lesser extent in Canada and Mexico, including over 20 manufacturing plants, numerous distribution centres and well-established channels to market. Incitec Pivot had an equity market capitalisation of approximately $5.0 billion as at 10 November 2008. Incitec Pivot has approximately 5,000 employees worldwide[1].

Incitec Pivot ranks by both market share and volume as the:

- No. 1 supplier of fertilisers in eastern Australia;
- No. 1 supplier of industrial explosives products and services in North America; and
- No. 2 supplier of industrial explosives products and services in Australia.

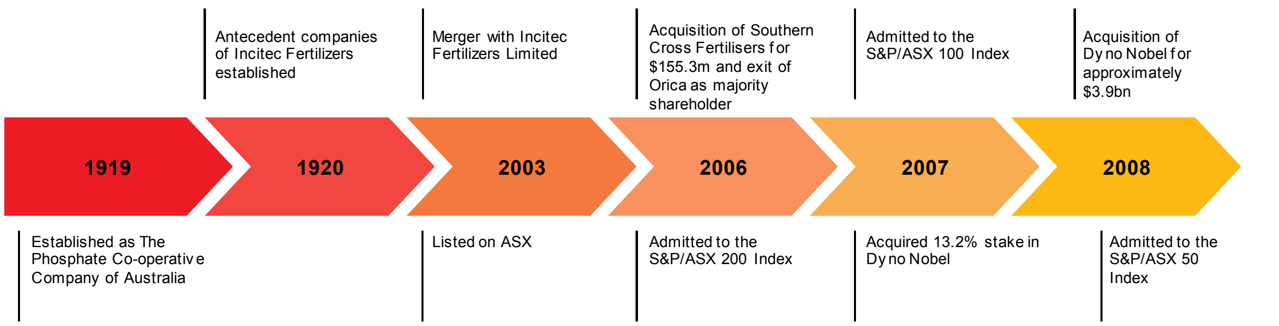
Incitec Pivot's key fertiliser products include ammonium phosphates (MAP and DAP), urea, SSP, anhydrous ammonia and sulphate of ammonia. Incitec Pivot's key industrial explosives products include ammonium nitrate, initiating systems, bulk and packaged explosives and related products and services. For an overview of the fertiliser and industrial explosives industries, including the customary uses for these products, refer to the Appendix.

4.1.1. History and Evolution

Incitec Pivot's corporate history extends back to 1919 when it was established as The Phosphate Co-operative Company of Australia. In recent years, Incitec Pivot has undergone three company-transforming transactions:

- In 2003, Incitec Pivot listed on ASX following its merger with Incitec Fertilizers Limited;
- In 2006, Incitec Pivot acquired Southern Cross Fertilisers which included the Phosphate Hill and Mt Isa facilities; and
- In 2008, Incitec Pivot substantially expanded its business through the acquisition of an industrial explosives business, Dyno Nobel.

History and evolution



Dyno Nobel Acquisition

In August 2007, Incitec Pivot acquired a 13.2% interest in Dyno Nobel. On 11 March 2008, Incitec Pivot and Dyno Nobel entered into a Scheme Implementation Agreement. The Scheme Implementation Agreement was amended on 2 April 2008 to allow Incitec Pivot Bidco, a member of the Group, to acquire shares in Dyno Nobel which Incitec Pivot did not already own, by way of schemes of arrangement. The acquisition completed on 16 June 2008. The approximate consideration for the acquisition totalled $3.9 billion[2], consisting of $0.3 billion for the original 13.2% interest acquired in August 2007, a Share issue of $1.9 billion, cash consideration of $0.5 billion and assumed debt of $1.2 billion. The proceeds of a $2.4 billion, 364-day multi-currency acquisition Bridge Facility, were used to fund the cash consideration for the Dyno Nobel acquisition, refinance existing debt facilities of Incitec Pivot and Dyno Nobel, redeem Dyno Nobel Step-up Preference Securities and pay certain transaction costs and expenses in connection with the Dyno Nobel acquisition.

Incitec Pivot's management believes the acquisition of Dyno Nobel was a key strategic growth step for Incitec Pivot, positioning it as a leading chemicals company specialising in the manufacture and distribution of fertilisers, industrial explosives and related products

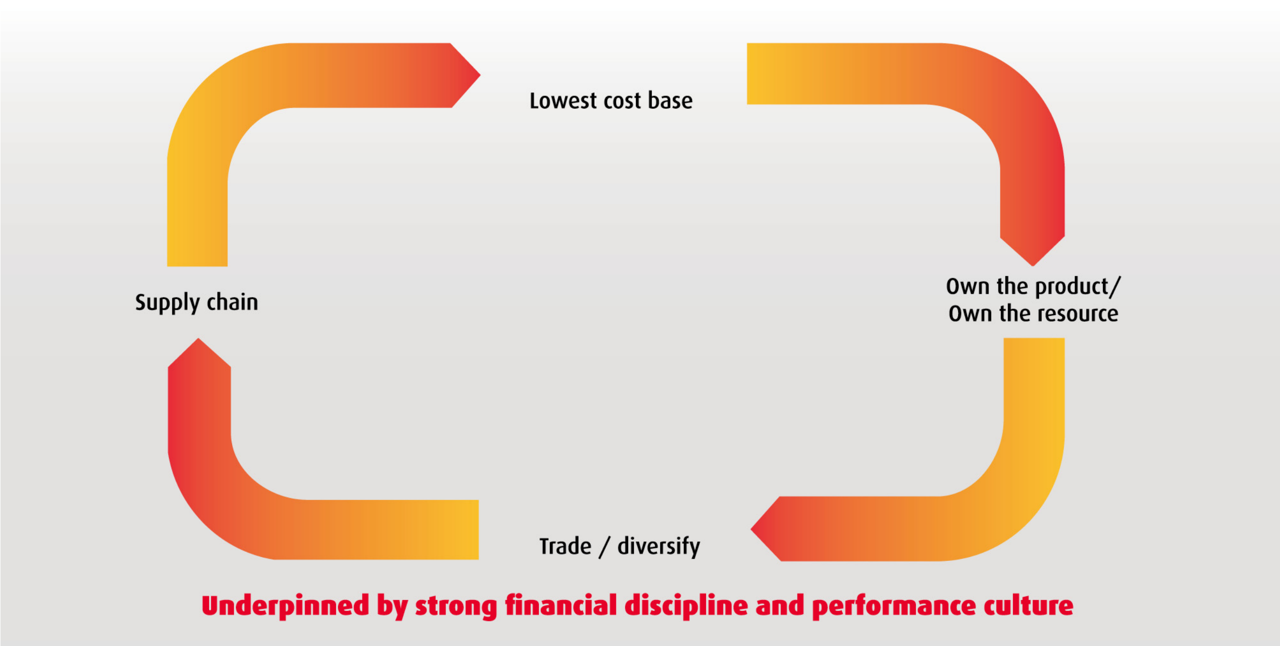
1. Includes both full-time equivalent employees and fixed-term contractors.
2. Refer to section 5.2 for further details regarding the financial treatment of the Dyno Nobel acquisition and its impact on Incitec Pivot's consolidated financial statements.

and services. Dyno Nobel is a natural fit with Incitec Pivot's fertiliser business as both Incitec Pivot and Dyno Nobel are nitrogen-based chemicals manufacturing companies with common underlying chemicals manufacturing processes and raw material inputs.

4.1.2. Incitec Pivot Strategy

Incitec Pivot aims to generate competitive returns for its Shareholders through a business strategy based on four key principles. Incitec Pivot believes the interaction of these four key principles creates a perpetual cycle; scale creates the opportunity for further efficiencies which in turn generate potential growth opportunities. The key principles and their interaction are illustrated in the following diagram.

Corporate strategy



4.1.3. Lowest Cost Base

Incitec Pivot engages in a continuous drive for high productivity, greater efficiency and cost control in its business. Project Tardis, Incitec Pivot's initial business efficiency program launched in 2005, has been embedded throughout Incitec Pivot's operations. Following the acquisition of Dyno Nobel, Incitec Pivot implemented Project Velocity, a further business efficiency program. For further detail regarding Project Tardis and Project Velocity refer to sections 4.3.4 and 4.3.5.

4.1.4. Own the Product / Resource

One of Incitec Pivot's core competencies is low-cost manufacturing, particularly in relation to nitrogen chemistry. Incitec Pivot's manufacturing assets underpin its downstream distribution and trading activities. Further, securing favourable long-term raw material supplies and ownership of underlying resources will position Incitec Pivot to capture additional benefits. Examples of this principle are the acquisition of Southern Cross Fertilisers in 2006 and Dyno Nobel in 2008.

4.1.5. Trade / Diversify

Incitec Pivot intends to grow and expand its trading business, Southern Cross International, by developing domestic, regional and global trading in Incitec Pivot's manufactured fertiliser products and those sourced from other manufacturers. The trading business adds value to Incitec Pivot by generating sales revenue, sourcing cost-competitive raw materials and fertiliser products and through the diversification of Incitec Pivot's customer base. The acquisition of Dyno Nobel has enabled Incitec Pivot to further diversify its geographic, product and end-market exposures.

4.1.6. Supply chain

Incitec Pivot strives to optimise its logistics and distribution operations to improve its cost base and drive long-term financial gains. This supply chain focus has enabled Incitec Pivot to achieve significant improvements in trade working capital since 2005 through various initiatives including inventory management improvement projects.

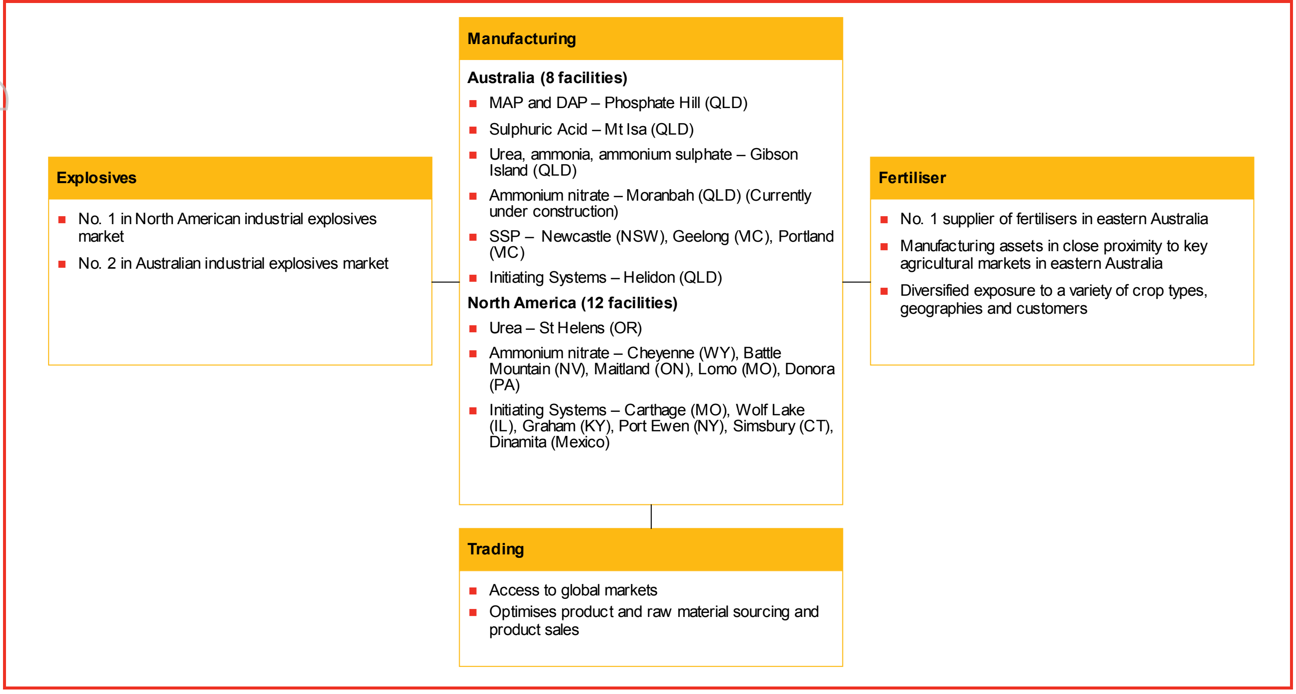
4.1.7. Company Overview

Incitec Pivot has four core business platforms:

- **Manufacturing** – The manufacturing business manufactures fertilisers, ammonium nitrate and industrial explosives and has plants in Australia, the United States, Canada and Mexico. Incitec Pivot also has joint venture interests and investments in manufacturing operations located in Australia, South Africa, Malaysia, China and Turkey;
- **Fertiliser** – The fertiliser business distributes and markets fertiliser products through an extensive distribution network in eastern Australia, together with associated support services including agronomy, account management and customer services;

- **Explosives –** The explosives business distributes and markets industrial explosives products, together with related products and services, account management and customer services; and
- **Trading –** The trading business procures and sells products manufactured by Incitec Pivot and third parties, both domestically and internationally. The trading business also procures raw materials for Incitec Pivot's manufacturing business.

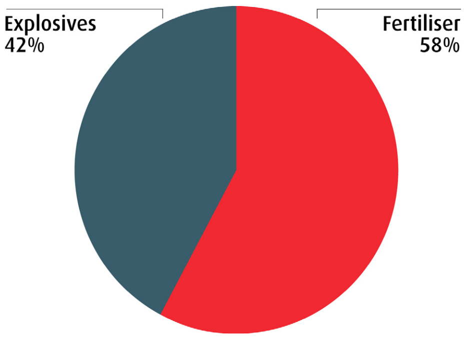
Business structure



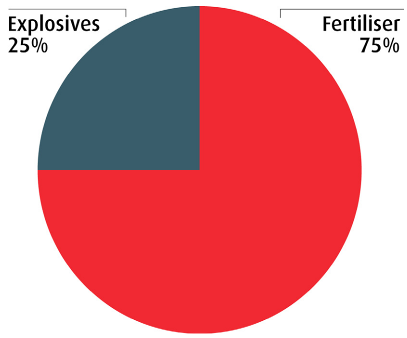
Source: Incitec Pivot.

The following diagrams show Incitec Pivot's earnings by reporting segment:

2008 pro forma revenue[1] by reporting segment



2008 pro forma EBITDA[2][3] by reporting segment



Source: Incitec Pivot.

(1) Pro forma revenue reflects revenue by reporting segments as though the acquisition of Dyno Nobel took place on 1 October 2007. The statutory accounts for the year ended 30 September 2008 only reflects Dyno Nobel revenues from 16 June 2008, being the date of acquisition.

(2) Pro forma EBITDA reflects EBITDA by reporting segment as though the acquisition of Dyno Nobel took place on 1 October 2007. The statutory accounts for the year ended 30 September 2008 only reflects Dyno Nobel EBITDA from 16 June 2008, being the date of acquisition.

(3) EBITDA includes profit from equity accounted investments. EBITDA is not a measure of or defined term of financial performance, liquidity or value under A-IFRS or U.S. GAAP. EBITDA as presented in this Prospectus may not be comparable to similarly titled measures for other companies.

4.2. Principal Activities of Incitec Pivot

4.2.1. Manufacturing

Incitec Pivot has manufacturing operations in Australia, the United States, Canada and Mexico.

Incitec Pivot is the No. 1 supplier of fertilisers in eastern Australia and is the only manufacturer of ammonium phosphates and urea in Australia. In North America, Incitec Pivot has six plants manufacturing products such as ammonium nitrate and urea. Incitec Pivot is also constructing a wholly-owned and fully integrated ammonium nitrate manufacturing facility at Moranbah, Australia.

Incitec Pivot also operates an initiating systems manufacturing network of seven plants in Canada, the United States, Mexico and Australia.

Incitec Pivot's joint venture entities manufacture ammonium nitrate in Australia, detonators in South Africa and Malaysia and industrial explosives in Turkey. In addition, Incitec Pivot has an investment in a China-based industrial explosives manufacturer.

4.2.1.1. Manufacturing – Australia

In FY2008, Incitec Pivot had an annual nameplate manufacturing capacity in Australia totalling approximately 2.4 million tonnes of fertilisers[1].

Facility / Location	Products	Production volume FY2008	FY2007	FY2006	Nameplate capacity[2]	Key inputs
Phosphate Hill, Queensland	■ MAP / DAP	847,251	978,134	864,343	970,000	■ Phosphate rock ■ Sulphuric acid ■ Natural gas
Mt Isa, Queensland	■ Sulphuric acid	931,231	1,067,765	928,609	1,000,000	■ Sulphur dioxide ■ Sulphur
Gibson Island, Queensland	■ Urea	213,413	215,587	277,388	280,000	■ Natural gas/coal seam methane gas
	■ Ammonia	280,294	241,460	289,528	300,000	
	■ Ammonium sulphate	184,511	189,586	209,373	200,000	
Newcastle, NSW	■ SSP	176,623	108,823	146,215	250,000	■ Phosphate rock ■ Sulphuric acid
Geelong, Victoria	■ SSP	388,423	329,098	324,496	450,000	■ Phosphate rock ■ Sulphuric acid
Portland, Victoria	■ SSP	198,952	152,929	129,185	250,000	■ Phosphate rock ■ Sulphuric acid

Source: Incitec Pivot.

Note: Volumes in tonnes. The Phosphate Hill and Mt Isa facilities were acquired by Incitec Pivot as part of its acquisition of Southern Cross Fertilisers on 1 August 2006. Information concerning these facilities before Incitec Pivot acquired Southern Cross Fertilisers has been based on pre-existing records of Southern Cross Fertilisers, and Incitec Pivot takes no responsibility for their accuracy or completeness and has performed no independent investigation in respect of those records. Actual production volumes may differ from nameplate capacity due to a variety of factors, many of which are outside Incitec Pivot's control, including scheduled or unscheduled shutdowns and demand factors.

(1) Sulphuric acid is a key input to DAP and MAP production and has not been included as fertiliser production capacity. Some of the ammonia production is used as a key input to urea production and has not been included as fertiliser production capacity.

(2) Nameplate capacity is based on the installed design capacity of the facility, taking into account scheduled lifecycle maintenance plans.

Incitec Pivot's manufacturing in Australia is supported by competitively-priced long-term gas supply contracts, low cost sulphuric acid manufacturing and ownership of a major phosphate rock deposit at Phosphate Hill.

Phosphate Hill and Mt Isa

Incitec Pivot produces DAP and MAP at its Southern Cross Fertilisers' facility at Phosphate Hill, North West Queensland.

The Phosphate Hill ammonium phosphate plant has a nameplate capacity of approximately 970,000 tonnes, and is located approximately 900km west of Townsville, where Incitec Pivot operates export and warehouse facilities. Phosphate Hill is a high-quality and low-cost manufacturing operation, with its own phosphate rock deposit. Southern Cross Fertilisers also has a competitively priced long-term natural gas supply agreement, which is priced in Australian dollars, to support its ammonia production.

Complementing Phosphate Hill, Incitec Pivot operates a large sulphuric acid manufacturing plant at Mt Isa, approximately 160km north of Phosphate Hill. Sulphuric acid is an essential ingredient in the manufacture of ammonium phosphates and Incitec Pivot has the benefit of a competitively priced long-term sulphur dioxide supply agreement.

As such, Phosphate Hill is competitively well positioned compared to other manufacturers of DAP and MAP that are non-integrated with respect to their raw material inputs or that otherwise do not have access to low cost raw materials.

In calendar year 2009, Incitec Pivot has scheduled a 25-day major maintenance shutdown for the Phosphate Hill facility at an estimated capital cost of $35 million. Major maintenance shutdowns are usually conducted every three years at Phosphate Hill and catalyst screening every two years at the Mt Isa sulphuric acid plant.

Gibson Island

Incitec Pivot produces ammonia, urea and ammonium sulphate at Gibson Island, Brisbane in south-east Queensland. The Gibson Island plant has a nameplate capacity of approximately 300,000 tonnes of ammonia, 280,000 tonnes of urea and 200,000 tonnes of ammonium sulphate. The Gibson Island plant is located in close proximity to its domestic end markets, which helps to enhance distribution and reduce logistics costs. In addition, production costs are underpinned by competitive long-term gas supply agreements priced in Australian dollars.

Geelong, Portland and Newcastle

Incitec Pivot is a major manufacturer of SSP in Australia. It has three SSP plants located at:

- Geelong, Victoria, with a nameplate capacity of approximately 450,000 tonnes;
- Portland, Victoria, with a nameplate capacity of approximately 250,000 tonnes; and
- Newcastle, New South Wales, with a nameplate capacity of approximately 250,000 tonnes. Incitec Pivot plans to close this facility by September 2009, as previously announced. Refer to section 4.8.3 for further details.

4.2.1.2. Manufacturing – North America

In North America, Incitec Pivot manufactures a range of industrial chemicals, including products such as ammonium nitrate prill and solution and urea.

Ammonium nitrate facilities

Incitec Pivot's ammonium nitrate facilities utilise natural gas and ammonia as raw materials to create ammonium nitrate. Prilled ammonium nitrate and ammonium nitrate solution are the key raw material inputs used to create explosives such as ANFO and emulsion (water-resistant explosives for use primarily in boreholes). In the United States and Canada, Incitec Pivot produces ammonium nitrate at five manufacturing plants, as well as urea and UAN fertilisers at St Helens and Cheyenne facilities. In North America, Incitec Pivot secures natural gas and ammonia feedstock under short and medium–term contracts from a range of industry participants. The following table shows certain information regarding Incitec Pivot's North American ammonium nitrate facilities.

Facility / Location	Products	Production volume			Nameplate capacity[1]	Key inputs
		FY2008	FY2007	FY2006		
United States						
Cheyenne, Wyoming	Ammonium nitrate prill	202,710	219,969	219,927	520,000[2]	Natural gas; Ammonia
	Ammonium nitrate solution	98,754	86,580	75,682		
	Urea	53,382	52,250	54,597		
	UAN	60,605	46,738	29,996		
Louisiana, Missouri	Ammonium nitrate prill	247,029	268,553	251,868	270,000	Ammonia
	Ammonium nitrate solution	76,437	66,097	58,997		
	Specialty acid	40,836	42,951	44,576		
Donora, Pennsylvania	Ammonium nitrate prill	137,462	134,526	135,474	140,000	Ammonia
	Ammonium nitrate solution	15,115	16,702	18,354		
Battle Mountain, Nevada	Ammonium nitrate prill	139,679	139,710	139,335	140,000	Ammonia
	Ammonium nitrate solution	15,513	15,071	14,378		
St Helens, Oregon	Urea	116,645	108,698	102,508	95,000	Natural gas
	UAN	67,290	66,596	63,696		
Canada						
Maitland, Ontario[3]	Ammonium nitrate prill	123,488	94,981	n.a.	180,000	Ammonia
	Nitric acid	98,498	97,694	n.a.		
	Ammonium nitrate solution	46,733	28,872	n.a.		

Source: Incitec Pivot.

Note: Volumes in short tons.
These facilities were acquired by Incitec Pivot as part of its acquisition of Dyno Nobel in 2008. Information concerning the facilities before Incitec Pivot acquired Dyno Nobel has been based on the pre-existing records of Dyno Nobel, and Incitec Pivot takes no responsibility for their accuracy or completeness and has performed no independent investigation of those records.

(1) Represents capacity to manufacture ammonium nitrate or ammonium nitrate equivalent. Nameplate capacity is based on the installed design capacity of the facility, taking into account scheduled lifecycle maintenance plans. Actual production volumes may differ from nameplate capacity due to a variety of factors, many of which are outside Incitec Pivot's control, including scheduled or unscheduled shutdowns and demand factors.

(2) Cheyenne's nameplate capacity was expanded in 2008 from approximately 320,000 to approximately 520,000 short tons of ammonium nitrate solution.

(3) FY2007 represents a 9 month period only.

4.2.1.3. Initiating Systems Manufacturing

Initiating systems are products used to initiate the detonation of explosives materials in a safe and controlled manner. Incitec Pivot is one of a small number of companies with the capability to manufacture an extensive range of initiating systems. This capability enables Incitec Pivot to provide a comprehensive service to industrial explosives customers. Initiating systems are generally technically advanced and represent a value-add product for Incitec Pivot's explosives business.

Incitec Pivot manufactures and assembles most of its initiating systems products in-house. Incitec Pivot operates six facilities in North America involved in the manufacture and assembly of initiating systems, as well as one facility in Australia:

- United States – Simsbury, CT; Wolf Lake, IL; Graham, KY; Port Ewen, NY; and Carthage, MO;
- Mexico – Dinamita; and
- Australia – Helidon, Queensland.

4.2.1.4. Other Investments

Through the Dyno Nobel acquisition, Incitec Pivot acquired the following strategic equity interests:

- 50.0% interest in QNP, an Australian manufacturer of ammonium nitrate at Moura, Queensland. CSBP holds the remaining 50% interest;
- 29.9% interest in Fabchem China Ltd, a China-based explosives manufacturer;
- 50.0% interest in Sasol Dyno Nobel Pty Limited, a South African initiating systems manufacturer;
- 50.0% interest in DetNet South Africa (Pty) Ltd, a South African manufacturer of electronic detonators;
- 50.0% interest in Tenaga Kimai Ensign-Bickford Sdn Bhd, a Malaysian manufacturer of non-electric detonators; and
- 50.0% interest in NitroMak, a Turkish manufacturer and supplier of bulk and packaged explosives and initiating systems. Under the acquisition agreement for NitroMak, the final tranche (US$36.0 million) of the consideration (US$40.0 million) is payable at any time before 1 January 2009 and is to be satisfied by the issue of Shares.

4.2.2. Fertilisers

4.2.2.1. Overview

Incitec Pivot is the largest fertiliser distributor in Australia, with an extensive distribution network throughout eastern Australia complementing its manufacturing assets. The combination of these distribution assets, Incitec Pivot's extensive field sales force and high-quality products and services gives Incitec Pivot a leading position in the fertilisers market in eastern Australia and a secure outlet for much of its manufactured product.

Incitec Pivot's fertiliser products are used in a variety of agricultural sectors including cropping, pasture, sugar, cotton and horticulture.

4.2.2.2. Products and Services

Incitec Pivot supplies a range of fertiliser products and provides fertiliser-related support services including:

- Phosphate-fertilisers: MAP, DAP and SSP;
- Nitrogen-fertilisers: urea, anhydrous ammonia and ammonium sulphate;
- Potassium fertilisers: MOP and potassium sulphate; and
- Support services: agronomy, account management and customer service.

Incitec Pivot sells its fertiliser products in Australia under wholly-owned brands, including SuPerfect, Boosta, Nutrient Advantage, Liquifert, Granam, and Big N.

Examples of Incitec Pivot's fertiliser brands

Note: SuPerfect, Liquifert, Big N, GranAm and Nutrient Advantage are registered Australian trademarks of Incitec Pivot. Boosta is a trade mark of Incitec Pivot.

4.2.2.3. Storage and Distribution

Incitec Pivot's fertiliser distribution network is supported by 12 bulk storage facilities, which are located in close proximity to port facilities in eastern Australia. Bulk storage facilities are used to store and blend fertiliser products prior to despatch.

4.2.2.4. Customers

Incitec Pivot distributes fertiliser products mostly through:

- independent dealers or agents, which are primarily small-to medium-sized businesses and represent Incitec Pivot's largest channel to market; and
- large agricultural distributors such as Elders and Landmark.

In Tasmania, Incitec Pivot does not use these channels and sells its fertiliser products directly to end customers.

Fertilisers are international commodity products, with pricing mostly denominated in U.S. dollars. Given Australia is a significant importer of fertilisers, Australian fertiliser prices are largely referenced to international prices. The majority of Incitec Pivot's Australian fertiliser sales are priced on this basis, in Australian dollars, and are made under Incitec Pivot's standard terms of sale which provide for 30-day payment terms. Incitec Pivot generally supplies fertiliser free-on-truck from its distribution facilities. Incitec Pivot's largest customer accounted for approximately 15% of fertiliser sales in FY2008.

In any year, variations in weather in Australia, including rainfall, can impact Incitec Pivot's Australian fertiliser sales. However, Incitec Pivot believes such impacts are partially mitigated by the geographic, product and customer diversity of Incitec Pivot's fertiliser business. In addition, in periods of low seasonal demand in Australia, manufactured product is sold internationally by Incitec Pivot's trading business. Refer to sections 5.4.3 and 6.2 for further detail regarding Incitec Pivot's trading business and the impact of weather variations on Incitec Pivot's business.

4.2.3. Explosives

4.2.3.1. Overview

Incitec Pivot established its explosives business through the acquisition of Dyno Nobel in June 2008. Incitec Pivot is a leading supplier of industrial explosives and related products and services. Incitec Pivot holds a strong market position in North America and Australia, which are among the largest markets for industrial explosives in the world.

In North America, Incitec Pivot sources the majority of its ammonium nitrate requirements from its own manufacturing facilities. The remaining ammonium nitrate requirements are purchased from third-party suppliers.

In Australia, Incitec Pivot sources the majority of its ammonium nitrate requirements from CSBP. Additional ammonium nitrate requirements are purchased from other Australian manufacturers, including QNP, as well as overseas suppliers.

4.2.3.2. Products and Services

The explosives business supplies a wide range of industrial explosives products and related services:

- ammonium nitrate products – ammonium nitrate prill and solution, ANFO, bulk emulsion and watergel;
- initiating systems – electric, non-electric and electronic detonators as well as detonating cord, boosters and accessories;
- packaged explosives products – dynamites, packaged emulsions, watergels and ANFO; and
- distribution and services – delivery and storage of explosives, shot design, drilling, shot loading, blast initiation and analysis, as well as product training for customers' personnel.

Incitec Pivot markets its industrial explosives products under brands including Dyno Nobel, Digishot, Smartshot, Nonel, dBX, dnX and Titan.

Examples of Incitec Pivot's industrial explosives brands

Note: Under contractual arrangements Dyno Nobel is restricted from using the brands Dyno Nobel and Nonel in Scandanavia, Europe, the Middle East and Africa until 30 November 2010.

4.2.3.3. Research and Technology

A key aspiration of Incitec Pivot is to be recognised by its customers as a leader in industrial explosives technology. Current research and technology activities include:

- enhancing existing core technologies and developing new technologies;
- supporting current products and improving manufacturing and cost efficiencies; and
- addressing safety and environmental issues.

Incitec Pivot operates research and technology centres in North America and Australia, with each facility specialising in a particular aspect of the industrial explosives production and supply chain.

4.2.3.4. Distribution

For FY2008, approximately 80% of the revenue for the explosives business was generated by sales in North America, with the majority of the balance contributed by sales in the Asia-Pacific region.

Distribution – North America

In North America, Incitec Pivot sells its explosives products primarily through five distribution channels:

- Retail – operates its own retail outlets, including approximately 48 sites in North America, which sell directly to end-users;
- Wholesale: joint ventures – Incitec Pivot has interests in nine joint venture distributors which handle a wide range of products and services sourced from Incitec Pivot and other manufacturers;
- Wholesale: independents – sales to independent distributors not affiliated with any explosive manufacturer;
- Private label – products sold to other industry participants who typically brand them with their own labels; and
- International – export sales to international customers.

In North America, Incitec Pivot operates a fleet of bulk explosives vehicles with the capability to mix and sensitise explosives on site. In addition, Incitec Pivot's in-house logistics operation has a fleet of vehicles specifically constructed for the transport of explosives. Incitec Pivot also has access to 16 bulk emulsion facilities through its joint venture distributors.

While Incitec Pivot's sales and operating expenses in North America are denominated in U.S. dollars, Incitec Pivot reports its financial statements in Australian dollars. Therefore, earnings, assets and liabilities in Australian dollar terms are subject to fluctuation depending on A$/US$ exchange rates.

Distribution – Asia Pacific

In the Asia-Pacific region, Incitec Pivot's industrial explosives products are mostly manufactured in Australia and primarily distributed through direct sales to large industrial customers. Incitec Pivot also sells industrial explosives products to other countries in the Asia-Pacific region, including Indonesia and Papua New Guinea.

In Australia, Incitec Pivot operates a fleet of bulk explosives vehicles with the capability to mix and sensitise explosives on site. However, in most cases, the transportation of ammonium nitrate and bulk emulsion from manufacturing plants to customer sites has been sub-contracted to specialised transportation providers.

Incitec Pivot owns five bulk emulsion facilities in the Asia-Pacific region, three in Australia (Warkworth, NSW, Moura, Queensland and Columbia, Western Australia) and one each in Indonesia (Lati) and Papua New Guinea.

4.2.3.5. Customers

Customers – North America

In North America, Incitec Pivot's explosives customer base is diverse in number, industry and geographic location. Incitec Pivot's key end markets include quarry and construction, coal and metals mining, and the seismic industry. Incitec Pivot's management estimates that the Company's top 10% (by number) of explosives customers in the United States represented approximately 75% of revenue derived in this region in FY2007. Peabody Energy Corporation, one of the world's major coal companies, is Incitec Pivot's largest explosives customer in North America based on of revenue in FY2007.

Incitec Pivot has a number of long-term supply and service contracts with large mining companies and distributors in North America. These contracts vary from agreements to supply ammonium nitrate prill to large mining customers, to full service outsourcing contracts, where the customer is charged per cubic metre of rock fragmented. The remaining arrangements are largely spot or short-term supply agreements. Incitec Pivot limits its exposure to the movements of ammonia and natural gas prices by entering into arrangements to sell ammonium nitrate products at a formula price, where pricing is either linked to price indices of ammonia or natural gas, which are primary raw materials for ammonium nitrate production, or is automatically adjusted in accordance with Incitec Pivot's raw material costs. In FY2008, approximately 70% of Incitec Pivot's explosives volume sold in North America used such a formula-based approach.

Customers – Asia Pacific

In the Asia-Pacific region, Incitec Pivot sells the majority of its explosives products directly to large customers. The majority of revenue from the Asia-Pacific region is derived from operations in Australia. The balance of the sales represent primarily sales in Indonesia and Papua New Guinea.

In Australia, Incitec Pivot's top five explosives customers are globally significant coal, iron ore and gold mining companies. Sales to these customers represented approximately 60% of revenue for the explosives business in the Asia-Pacific region in FY2008. Incitec Pivot typically enters into long-term agreements with these customers to supply a variety of ammonium nitrate based explosives, initiating systems products and related services. The pricing terms in these customer contracts are typically structured to mirror the price adjustment index formulae in the underlying ammonium nitrate or natural gas supply contracts.

4.2.4. Trading

Incitec Pivot's trading business, Southern Cross International, markets Incitec Pivot's manufactured products, procures and sells products manufactured by other fertiliser manufacturers and procures raw materials for Incitec Pivot's manufacturing plants. Southern Cross International is focused on sales to Australian distributors and importers of fertilisers and exports to countries in the Asia-Pacific region, India, Pakistan and Latin America.

In FY2008, Southern Cross International sold approximately 430,000 tonnes of fertiliser products and generated approximately $294 million of Incitec Pivot's total sales revenues.

The trading business adds value to Incitec Pivot by generating income from sales of manufactured and third-party fertiliser products, sourcing cost-competitive raw materials and diversifying Incitec Pivot's customer base. Southern Cross International facilitates Incitec Pivot's ability to export manufactured products during times of lower demand in Australia.

4.3. Major Projects

4.3.1. Moranbah Project

Dyno Nobel previously began development of a project at Moranbah in central Queensland, which was suspended due to project delays and difficulty in reliably forecasting project costs. Post-acquisition, Incitec Pivot evaluated a different project plan which management believes will give greater clarity and certainty in relation to completion costs and the level of risk/reward with the United Group Alliance, as described below.

On 28 July 2008, Incitec Pivot announced its plan to proceed with the construction of a fully integrated ammonium nitrate manufacturing complex at Moranbah that is designed to have an annual nameplate capacity of 330,000 tonnes.

The facility is designed to incorporate ammonia, nitric acid and ammonium nitrate production, providing a fully integrated manufacturing operation from gas through to the finished product, ammonium nitrate. As such, the plant will be less susceptible to the volatility associated with sourcing feedstock ammonia.

Gas will be supplied to the manufacturing facility from local coal seam methane fields under a long-term contract, priced in Australian dollars with annual price escalation in line with the Australian CPI. With the benefit of this gas contract, the Moranbah Project is expected to be a cost competitive manufacturer of ammonium nitrate.

The Moranbah Project has an estimated capital cost of $935 million, comprising $683 million for construction, $28 million in start-up costs and $224 million in commissioning costs, project management and key engineering resources. The Moranbah Project will be based in the heart of Australia's largest metallurgical coal region and in close proximity to some of the largest coal mines in Australia. As such, Incitec Pivot believes the Moranbah Project is well-positioned to capitalise on anticipated demand for ammonium nitrate from these coal projects, as well as new coal projects and brownfield expansions in the region.

Incitec Pivot, through its wholly-owned subsidiary, Dyno Nobel Moranbah, has entered into a project construction agreement with the United Group Alliance. The project agreement is based on a cost reimbursable model incorporating a risk-reward regime whereby cost overruns or savings above a $10 million threshold are shared equally between Incitec Pivot and the United Group Alliance, subject to a cap as described in section 10.6.1.

The Moranbah Project is expected to expand Incitec Pivot's core nitrogen manufacturing capability with a world-scale manufacturing plant. The successful implementation of the Moranbah Project is expected to enhance Incitec Pivot's position in the Australian industrial explosives market.

The Moranbah Project is currently on track for mechanical completion scheduled in the first quarter of 2010 and beneficial operation in the first quarter of 2011. Approximately 39% of the Moranbah Project's annual capacity is committed to three foundation customers in the form of prilled ammonium nitrate. Incitec Pivot expects that products representing a further 10% of annual capacity of the project will be sold to Incitec Pivot's fertiliser business. The balance of production will either be sold under contract or on the spot market.

4.3.2. Cheyenne Upgrade Project

In mid-2008, Incitec Pivot completed a major expansion of its Cheyenne, Wyoming, ammonium nitrate complex in the United States, and its new nitric acid and ammonium nitrate plants recently commenced production. Additional ammonium nitrate solution produced at the Cheyenne plant will primarily be sold into the agricultural market. This project has increased Cheyenne's annual nameplate capacity for ammonium nitrate solution from approximately 320,000 to approximately 520,000 short tons at a capital cost of US$106 million.

4.3.3. Debottlenecking Projects

Southern Cross Fertilisers Debottlenecking

Incitec Pivot plans to complete a minor debottlenecking of the Phosphate Hill manufacturing facility, which is expected to increase the facility's annual nameplate capacity for ammonium phosphates from approximately 970,000 tonnes to approximately 1,010,000 tonnes. The estimated capital cost for this project is $26 million and Incitec Pivot expects completion during 2010.

Gibson Island Debottlenecking

Incitec Pivot plans to complete a minor debottlenecking of the Gibson Island facility, which is expected to increase the facility's annual urea nameplate capacity from approximately 300,000 tonnes to approximately 340,000 tonnes. The estimated capital cost for this project is approximately $20 million and Incitec Pivot expects completion by early 2010.

QNP Debottlenecking

QNP, a 50.0% owned joint venture between Incitec Pivot and CSBP, is currently undertaking a debottlenecking project at its Moura plant which is designed to deliver an incremental 30,000 tonnes of ammonium nitrate nameplate capacity. Completion of the QNP debottlenecking project is targeted for January 2009. The estimated capital cost for this project is approximately $23 million and is being funded by QNP.

4.3.4. Project Tardis

Project Tardis, Incitec Pivot's business efficiency program launched in 2005, has been embedded throughout Incitec Pivot's fertiliser business and has become a core competency. Incitec Pivot's continuous business efficiency improvements are driven through the individual management of specific projects overseen by Incitec Pivot's project office which provides a disciplined and focused approach. Project Tardis was based on five key principles: (i) overhead reduction; (ii) plant efficiency; (iii) cost to serve; (iv) supply chain optimisation; and (v) asset efficiency/optimisation. The manufacturing efficiency improvements undertaken at Gibson Island as part of the planned maintenance shutdown in 2007, which improved gas efficiency at the plant and expanded output at the plant, are an example of a Project Tardis initiative. The Project Tardis business efficiency project has delivered significant efficiency benefits through the implementation of numerous projects over the period from 2005 to 2008.

4.3.5. Project Velocity

Following the acquisition of Dyno Nobel, Incitec Pivot has launched Project Velocity, another business efficiency program intended to optimise the operational and financial performance of the merged Group, including the explosives business. The implementation of Project Velocity is based on the same principles applied for Project Tardis. Incitec Pivot's management believes that Project Velocity will generate significant earnings and cash benefits over the next three years.

4.4. Employee Relations

Incitec Pivot employs approximately 5,000 full-time equivalent employees and fixed-term contractors. Incitec Pivot believes its employees are key contributors to its success. Incitec Pivot recognises that a committed, well-led workforce operating in a culture that values performance is fundamental to the achievement of business goals and therefore to sustainable business performance. The workforce at a number of Incitec Pivot's manufacturing facilities are partially unionised. Incitec Pivot does not currently have any material disputes or bargaining circumstances involving its employees or labour unions.

Incitec Pivot seeks to implement policies and practices that enhance its standing as a preferred employer, improve its ability to attract and retain good employees and assist employees in achieving performance excellence. Incitec Pivot's goal is to create a powerful, distinctive and appealing employment brand that is in itself a sustainable resource.

Incitec Pivot values diversity and is committed to maintaining a work environment free from harassment and discrimination. Incitec Pivot is committed to operating to the highest standards of ethical behaviour and honesty and with full regard for the safety and health of its employees, contractors, customers, the wider community and the environment.

4.5. Superannuation

Incitec Pivot is a sponsoring employer of the Incitec Pivot Employees Superannuation Fund, a defined benefit superannuation fund consisting of a defined contribution section of membership as well as a defined benefit section.

As at 30 September 2008, Incitec Pivot had $64.5 million (present value) of defined benefit obligations funded by $62.5 million of assets. Employer contributions for the year ended 30 September 2008 totalled $1.2 million. As at 30 September 2008, there was a net pension deficit. The size of the deficit did not require actions by Incitec Pivot.

Incitec Pivot has also assumed responsibility for Dyno Nobel's defined benefit superannuation plans. Dyno Nobel operates a number of defined benefit plans to provide benefits for employees and their dependents on retirement disability or death. In North America, several defined benefit pension plans are in operation.

As at 30 September 2008, Dyno Nobel had US$178.6 million (present value) of defined benefit obligations funded by US$127.0 million of assets, representing a net deficit of US$51.6 million. At the time of the completion of the Dyno Nobel acquisition, the deficit was US$21.8 million. However, due to the deterioration of global stock markets in recent months, the deficit has widened by US$29.8 million during the period since acquisition until 30 September 2008.

4.6. Corporate Governance

Incitec Pivot's Shares are listed on ASX. The Board is committed to achieving and demonstrating the highest standards of corporate governance, and has adopted necessary policies and procedures.

The Board has implemented, and operates in accordance with, corporate governance policies which reflect the ASX Recommendations.

The Board continues to review Incitec Pivot's corporate governance framework and practices to ensure they meet the interests of shareholders. Incitec Pivot is currently undertaking a further review of its policies and procedures to ensure compliance with the revised ASX Recommendations, the Corporate Governance Principles and Recommendations, which became effective for Incitec Pivot for its financial year commencing 1 October 2008. The review will also help to ensure that Incitec Pivot's corporate governance framework is appropriate given its increased capitalisation and expanded operations following the acquisition of Dyno Nobel.

The Board considers that the Company was compliant with the ASX Recommendations during the three years ended 30 September 2008. Incitec Pivot's corporate governance framework, including summaries or copies of the charters, policies and codes can be found on its website, www.incitecpivot.com.au. Any reference to documents located on Incitec Pivot's website are provided for convenience only, and none of the documents or other information contained on Incitec Pivot's website are incorporated by reference into this Prospectus.

4.7. Risk Management and Insurance

Risk management practice underpins the execution of Incitec Pivot's strategy and performance. Incitec Pivot has established controls that are designed to safeguard Incitec Pivot's business interests and ensure the integrity of its reporting and it has implemented mechanisms which are designed to ensure that risks are identified and appropriate actions are taken to mitigate those risks. Following the Dyno Nobel acquisition, Incitec Pivot is now implementing its risk management practices across the Dyno Nobel business. Deloitte Touche Tohmatsu provides internal audit services and this brings a continuous and disciplined approach to key risk management, control and governance processes.

The Board reviews the effectiveness of the internal control and risk management systems on an ongoing basis, and monitors risk management through the Audit and Risk Management Committee. The Audit and Risk Management Committee of the Board also periodically reviews Incitec Pivot's internal audit plans, internal audit reports, adequacy of the internal controls and risk management practices generally. The internal and external auditors, the Managing Director & Chief Executive Officer and the Finance Director & Chief Financial Officer are invited to attend Audit and Risk Management Committee meetings. The Audit and Risk Management Committee regularly meets with the internal and external auditors without management being present. Among other matters, the Audit and Risk Management Committee specifically:

- receives reports from management concerning Incitec Pivot's risk management principles and policies, assesses and manages business, financial and operational risks;
- receives reports on and oversees credit, market, balance sheet and operating risks and monitors implications of new and emerging risks, organisational change and major initiatives and also monitors resolution of significant risk exposures and risk events;

- oversees compliance with applicable laws relating to the operation of Incitec Pivot's business; and
- monitors the insurance strategy of Incitec Pivot and recommends approval or variation of insurance policies.

Refer to note 32 of Incitec Pivot's financial report for the year ended 30 September 2008 for more information on Incitec Pivot's financial risk management.

4.7.1. Foreign Exchange Risk Management

Incitec Pivot is exposed to foreign exchange movements on sales and purchases denominated, either directly or indirectly, in foreign currencies. Where these exposures are significant and cannot be eliminated by varying relevant contractual terms or other business arrangements, formal hedging strategies are implemented within policy guidelines. Incitec Pivot's formal hedging strategies involve collating and consolidating exposures centrally, and hedging specific exposures, after taking into account offsetting exposures, by entering into derivatives contracts with counterparties in the international financial markets. The derivative instruments used for hedging purchase and sales exposures include option contracts and, for short-term committed exposures, forward contracts.

In addition, Incitec Pivot has foreign operations whose net assets are translated to Australian dollars for financial reporting purposes. Accordingly, the Australian dollar value of those foreign operation net assets varies according to changes in exchange rates. Incitec Pivot hedges some of these exposures by borrowing some of its funding requirements in foreign currencies (to date, U.S. dollars), partially mitigating this risk. Despite this hedging, residual foreign currency risks remain.

4.7.2. Interest Rate Risk Management

Incitec Pivot is exposed to interest rate risks on the majority of its outstanding interest-bearing liabilities and investments. The majority of Incitec Pivot's borrowings are at variable rates, which exposes Incitec Pivot to interest rate risks. Incitec Pivot currently has no interest rate swaps in place.

4.7.3. Credit Risk Management

Credit risk represents the risk of loss that would be incurred when a counterparty fails to meet its obligations under a contract or arrangement. Incitec Pivot's major exposure to credit risk arises from trade receivables, which is managed as follows:

- payment terms are generally 30 days from the end of the invoicing month in Australia and 30 days from invoice date in the United States;
- a risk assessment process is used for all accounts, with a stop credit process for exceeding credit limits and for long overdue accounts. Interest may be charged where the terms of repayment exceed agreed terms; and
- extended term sales are largely made on a non-recourse basis to financial institutions prepared to carry the risk, for specifically approved customers.

Credit risk also arises from financial counterparties such as banks with which Incitec Pivot has undrawn committed facilities, deposits, or financial derivatives that are in-the-money.

This risk is managed by operating within Board established policies designed to spread the risk to the extent practicable and to restrict exposure to financial counterparties with a relatively better credit risk profile.

4.7.4. Insurance

Incitec Pivot maintains a number of insurance policies designed to address key risks identified in its risk management process. The most significant policies relate to the risk of operational shutdown of its key manufacturing facilities, public liability, and personal injury claims.

Policy limits and deductibles are maintained at levels that Incitec Pivot considers appropriate for the industries and markets in which it operates.

Incitec Pivot's global insurance policies have been expanded to cover Dyno Nobel's operations. Local Dyno Nobel policies have also been maintained where appropriate.

4.8. Health, Safety, Environment and Community

4.8.1. Overview

Incitec Pivot is subject to safety, health and environmental laws and regulations governing its manufacturing processes, facilities and operations in the jurisdictions in which it operates. Such laws and regulations address, among other things:

- air emissions;
- waste water discharges;
- the generation, handling, storage, transportation, treatment and disposal of chemicals, materials and waste;
- the supply, import, export, manufacturing, storage and transport of explosives products and services; and
- workplace conditions and employee exposure to hazardous substances.

Incitec Pivot has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, Incitec Pivot has made and expects to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations.

The Board has adopted a Health, Safety, Environment and Community Policy which demonstrates Incitec Pivot's commitment to its corporate values of Zero Harm for Everyone, Everywhere and Caring for the Community and our Environment. The Board has also established a Health, Safety, Environment and Community Committee which assists the Board in its oversight of health, safety, environment and community matters arising out of its business.

4.8.2. Health and Safety

With respect to its internal management of health and safety responsibilities, the Company has implemented a management system to identify, implement and follow standards, processes and procedures for safe operations. Following the acquisition of Dyno Nobel, Incitec Pivot is undertaking a review of its systems, including those in relation to safety and health management.

Incitec Pivot believes it complies in all material respects with all safety and health laws and regulations applicable to the jurisdictions in which it operates and is implementing its management system, safety and health incidences may occur which give rise to costs and/or legal proceedings. Incitec Pivot invests significantly in health and safety practices to foster a safety-minded culture to manage health and safety risks and is committed to:

- providing a safe and healthy working environment for its employees, contractors and visitors;
- establishing and maintaining safety and health standards and systems in accordance with relevant industry standards and regulatory requirements;
- identifying and assessing hazards to safety and health, and controlling them as part of an integral risk management process; and
- requiring each employee and contractor to comply with relevant legislation and health and safety management standards and requirements.

Incitec Pivot experienced a fatal incident in 2006, and Dyno Nobel experienced a fatal incident in 2007 and two in January 2008. Investigations into the cause of the fatalities have been undertaken and appropriate actions have been implemented in response. (Refer to "Key risk factors – Risks relating to Incitec Pivot's business: Incitec Pivot faces operational risks associated with the manufacture of fertilisers and industrial explosives" and "Further legal or other claims may materially affect Incitec Pivot's business" in section 6 of this Prospectus).

4.8.3. Environment and Community

Incitec Pivot has a continuous approach to its management of environmental matters, focusing on environmental monitoring, research and development, as well as site rehabilitation and remediation. Under its Health, Safety, Environment and Community Policy, Incitec Pivot is committed to conserving environmental resources and minimising the potential adverse impacts on the environment arising from its operations. In particular, Incitec Pivot is committed to:

- conducting its operations in compliance with all relevant environmental licences and regulations;
- promoting the efficient use of water and energy with a view to minimising impact on the environment;
- striving to be a valued corporate citizen in the communities in which it operates; and
- respecting its neighbours, their values and cultural heritage, and being considerate to others when conducting its operations.

By their nature, the manufacture of fertilisers and explosives and the products themselves have the potential to create environmental obligations, for example, soil and groundwater contamination. Incitec Pivot is addressing a number of contamination issues caused by its operations historically, as well as issues inherited from predecessors or neighbouring activities. Incitec Pivot may be required to undertake remediation activities in the future in addition to those activities currently undertaken, of which there are three which are material and for which financial provisions have been made:

- Parafield Gardens, South Australia, in respect of which Incitec Pivot entered into a voluntary arrangement with the relevant regulatory authority to investigate and remediate land and groundwater contamination arising from a prior company's operations. The soil remediation is complete and the land rehabilitated, with ongoing groundwater monitoring in place.
- Wallaroo, South Australia, in respect of which Incitec Pivot commenced the treatment of contaminated groundwater in 2005 to remove contaminants arising from smelter operations by former site owners.
- Newcastle, New South Wales, in respect of which Incitec Pivot announced in 2006 its plans to close the plant at this site by September 2009 to enable Incitec Pivot to undertake remediation of the site to meet its environmental obligations. Incitec Pivot made a post tax provision of $22.0 million for the costs of dismantling the plant and remediating the site. Incitec Pivot's remediation activities are being undertaken in conjunction with a neighbouring site as the two sites are to be redeveloped.

Further to the Company's commitment to Caring for the Community and our Environment, Incitec Pivot has introduced a number of initiatives with the aim of reducing its environmental impact. These initiatives include the development and rollout of a detailed environmental reporting system to capture its energy, waste and water consumption, as well as plans, in Australia, to reduce the consumption of potable water.

Refer to section 6 for a discussion of certain risks to Incitec Pivot associated with potential environment regulation and liabilities.

4.9. Litigation

Incitec Pivot from time to time is involved in claims and litigation arising in the ordinary course of business, such as contractual disputes, product liability, property damage, health and safety and environmental claims. In February 2008, the Australian Senate formed the Select Committee on Agricultural and Related Industries, with the purpose of enquiring into the implications for Australian farmers of the pricing and supply arrangements in the Australian and global chemical and fertiliser markets. As a fertiliser manufacturer and distributor, Incitec Pivot may be impacted by the outcome of this enquiry. Incitec Pivot has made a voluntary submission to the Select Committee and a presentation at a hearing held in July 2008. The Select Committee is due to announce its findings by 5 December 2008. Further, the ACCC recently undertook a review of fertiliser prices in Australia. The ACCC provided its report to the Australian Federal Government's Minister for Competition Policy and Consumer Affairs on 31 July 2008. The ACCC concluded in the report that significant increases in fertiliser prices in Australia in 2007 and early 2008 were mainly attributable to rapidly increasing global fertiliser prices. The ACCC also noted that it had not been provided with any evidence suggesting a likely breach of the Trade Practices Act by any participant in the Australian fertiliser industry.

Refer to section 6 for a discussion of certain risks relating to Incitec Pivot, including potential litigation risks.

Section 5

Financial Information

Incitec Pivot

5. Financial information

5.1. Selected historical financial and operating information for Incitec Pivot

The selected consolidated financial information set out below for each of the years ended 30 September 2006, 2007 and 2008 has been extracted from the audited consolidated financial statements and notes to those statements of Incitec Pivot for such years. The financial information contained in this Prospectus should also be read in conjunction with, and is qualified by reference to, such consolidated financial statements and related notes. The financial information contained in this Prospectus should also be read together with the discussion of critical accounting policies contained in notes 1 and 2 to Incitec Pivot's consolidated financial statements for the year ended 30 September 2008, the key risk factors set out in section 6 and other information contained in this Prospectus. Consistent with market practice in Australia, Incitec Pivot's consolidated financial information has been prepared in accordance with the recognition and measurement principles prescribed by A-IFRS and the historical consolidated financial statements and related notes of Incitec Pivot have been lodged with ASX and can be obtained from Incitec Pivot's website. References to Incitec Pivot's website or ASX's website are provided for convenience only, and none of the documents or other information on Incitec Pivot's website or ASX's website have been incorporated by reference into this Prospectus.

	Year ended 30 September		
	2008	2007	2006
		(A$ millions)	
Income Statement			
Revenue	2,918.2	1,373.2	1,111.2
Other and financial income	17.5	34.6	14.9
Operating expenses			
Changes in inventories of finished goods and work in progress	243.7	(59.7)	4.0
Raw materials and consumables used and finished goods purchased for resale	(1,478.1)	(575.2)	(724.5)
Employee expenses	(259.8)	(119.3)	(91.1)
Depreciation and amortisation expense	(70.3)	(36.1)	(33.1)
Financial expenses	(95.2)	(34.1)	(14.9)
Purchased services	(165.9)	(78.0)	(58.2)
Repairs and maintenance	(67.7)	(49.7)	(33.8)
Outgoing freight	(140.6)	(123.6)	(40.1)
Lease payments – operating leases	(36.2)	(29.4)	(13.9)
Profit on equity accounted investments	6.7	-	-
Asset write-downs, clean-up and environmental provisions	(5.0)	(4.2)	(35.4)
Other expenses	(17.0)	(10.8)	(25.8)
	(2,085.4)	**(1,120.1)**	**(1,066.8)**
Profit before income tax	**850.3**	**287.7**	**59.3**
Income tax expense	(236.0)	(82.4)	(12.6)
Profit for the financial year	**614.3**	**205.3**	**46.7**

	As at 30 September		
	2008	2007	2006
		(A$ millions)	
Balance sheet			
Current assets:			
Cash and cash equivalents	479.7	218.3	161.7
Trade and other receivables	625.3	167.4	121.3
Other financial assets	30.3	292.1	2.0
Inventories	676.6	221.7	300.6
Other assets	51.7	4.5	8.9
Assets classified as held for sale	4.8	5.0	2.9
Total current assets	**1,868.4**	**909.0**	**597.4**
Non-current assets:			
Trade and other receivables	2.3	0.4	0.3
Investments accounted for using the equity method	311.2	-	-
Other financial assets	0.6	1.6	-
Property, plant and equipment	1,689.2	502.1	441.1
Intangible assets	3,856.2	193.7	196.2
Deferred tax assets	311.6	28.6	68.6
Retirement benefit surplus	-	2.7	-
Other assets	0.1	1.2	0.9
Total non-current assets	**6,171.2**	**730.3**	**707.1**
Total assets	**8,039.6**	**1,639.3**	**1,304.5**
Current Liabilities:			
Trade and other payables	1,132.0	281.4	283.1
Interest bearing liabilities	2,238.8	-	7.1
Other financial liabilities	16.2	9.1	5.7
Current tax liabilities	180.4	35.1	19.2
Provisions	88.6	31.2	48.2
Total current liabilities	**3,656.0**	**356.8**	**363.3**
Non-current liabilities:			
Trade and other payables	474.5	52.8	64.0
Interest-bearing liabilities	271.2	630.0	430.0
Deferred tax liabilities	333.4	-	-
Retirement benefit obligation	66.8	-	3.4
Other financial liabilities	-	-	1.8
Provisions	90.8	64.7	62.0
Total non-current liabilities	**1,236.7**	**747.5**	**561.2**
Total liabilities	**4,892.7**	**1,104.3**	**924.5**
Net assets	**3,146.9**	**535.0**	**380.0**
Equity:			
Issued Capital	2,267.7	360.8	360.8
Reserves	353.8	17.7	(5.8)
Retained earnings	525.4	156.5	25.0
Total Equity	**3,146.9**	**535.0**	**380.0**

	Year ended 30 September		
	2008	2007	2006
	(A$ millions) Inflow / (Outflow)		
Statement of cash flows			
Cash flows from operating activities:			
Receipts from customers	2,911.1	1,332.1	1,181.6
Payments to suppliers and employees	(1,957.7)	(1,015.2)	(969.7)
Interest received	14.9	4.5	1.5
Financial expenses paid	(77.1)	(30.4)	(12.0)
Rental income	-	0.1	0.1
Other revenue received	7.7	5.9	0.2
Income taxes paid	(76.3)	(37.8)	(12.9)
Net cash flows from operating activities	**822.6**	**259.2**	**188.8**
Cash flows from investing activities:			
Payments for property, plant and equipment and intangibles	(227.4)	(91.6)	(28.0)
Payments for purchase of subsidiary, net of cash acquired	(526.4)	-	(155.3)
Payments for purchase of share in joint ventures and associates	(11.6)	-	-
Payments for purchase of investments	(48.4)	(257.0)	-
Proceeds from sale of investments	-	-	21.8
Proceeds from sale of property, plant and equipment	9.8	28.7	6.6
Net cash flows from investing activities	**(804.0)**	**(319.9)**	**(154.9)**
Cash flows from financing activities:			
Repayments of borrowings	(1,569.0)	(182.1)	(89.2)
Proceeds from borrowings	2,395.3	375.0	430.0
Payment of borrowing cost	(7.7)	-	-
Payments on step-up preference securities	(345.0)	-	-
Payment of distributions to SPS	(13.8)	-	-
Share issuance cost paid	(2.0)	-	-
Payments for share buy-back transaction	-	-	(174.5)
Dividends paid	(219.3)	(75.6)	(41.9)
Net cash flows from financing activities	**238.5**	**117.3**	**124.4**
Net increase in cash and cash equivalents	**257.1**	**56.6**	**158.3**
Cash and cash equivalents at the beginning of the financial year	**218.3**	**161.7**	**3.4**
Effect of exchange rate fluctuation on cash and cash equivalents held	**4.3**	**-**	**-**
Cash and cash equivalents at end of the financial year	**479.7**	**218.3**	**161.7**

5.2. Summary pro forma financial performance

On 16 June 2008, Incitec Pivot Bidco, a member of the Group, acquired the remaining 86.8% of shares in Dyno Nobel which Incitec Pivot did not already hold pursuant to schemes of arrangement. Thus, for the purposes of Incitec Pivot's consolidated historical financial statements, Dyno Nobel has been included only for the portion of the 2008 financial year beginning on 16 June 2008 for the year ended 30 September 2008 and has not been reflected in any prior periods. The summary pro forma financial information presented below and in note 28 to Incitec Pivot's financial report for the year ended 30 September 2008 has been prepared to present the pro forma financial performance of the operations of Incitec Pivot and Dyno Nobel combined as though the Dyno Nobel acquisition had occurred on 1 October 2007.

Prior to Incitec Pivot's acquisition, Dyno Nobel had a financial year ending 31 December, and no audited financial statements have been published for Dyno Nobel for any period subsequent to the financial year ended 31 December 2007. The pro forma statement of financial performance has been prepared in order to provide investors an indication of the scale and size of Incitec Pivot after the Dyno Nobel acquisition on a full year basis. Such pro forma statement does not necessarily illustrate the financial results that would have occurred had the acquisition occurred on 1 October 2007 nor does it present the likely effect of the acquisition on earnings and earnings per share in future periods.

The pro forma income statement has been derived from the underlying books and records of Dyno Nobel in respect of the year ended 31 December 2007 and the period ended 16 June 2008 that were prepared in accordance with the recognition and measurement principles of A-IFRS. The pro forma income statement has been prepared by combining the fertiliser segment result for the year ended 30 September 2008 with pro forma Dyno Nobel financial performance based on the financial and accounting records of Dyno Nobel's management.

Dyno Nobel contributed revenues of $570.9 million and EBIT including individually material items of $58.5 million for the period 16 June 2008 to 30 September 2008. If the acquisition had occurred on 1 October 2007, Incitec Pivot management estimates that consolidated revenue and consolidated NPAT including individually material items of the consolidated Group for the year ended 30 September 2008 would have been $4,064.4 million and $601.2 million, respectively. The table below summarises the pro forma consolidated revenue and profit for the period as if the acquisition had occurred on 1 October 2007:

Summary Pro Forma Income Statement

	Year ended 30 September 2008			
	Fertilisers (Actual)	**Dyno Nobel (Pro Forma)**	**Consolidation Adjustments**	**Consolidated (Pro Forma)**
	(A$ millions)			
Total sales revenue	2,347.5	1,717.1	(0.2)	4,064.4
Profit before depreciation, amortisation, interest, related income tax expense and individually material items	940.9	307.4	(11.0)	1,237.3
Depreciation & Amortisation	(40.3)	(114.9)	-	(155.2)
Profit from ordinary activities before interest, related income tax expense and individually material items	900.6	192.5	(11.0)	1,082.1
Individually material items before income tax expense	(17.2)	(65.8)	-	(83.0)
Profit before interest and related income tax expense	883.4	126.7	(11.0)	999.1
Financial expenses (net)				(164.4)
Profit before income tax				834.7
Income tax expense				(233.5)
Profit for the financial year				**601.2**

5.2.1. Notes to the Summary Pro Forma Income Statement

The fertilisers column represents the actual financial performance of Incitec Pivot's business for the year ended 30 September 2008, as disclosed in the segment disclosure in note 3 to the Incitec Pivot financial report for the year ended 30 September 2008.

Dyno Nobel pro-forma results were determined as follows:

(1) Results for the period ended 30 September 2008 were taken from Dyno Nobel's unaudited management accounts and translated from U.S. dollars to Australian dollars at the average exchange rate for the year.

(2) Certain individually material items were excluded from the pro forma accounts for the period prior to the acquisition (16 June 2008), including costs related to acquisition defence ($39.9 million) and fair market value adjustments ($408.1 million). Fair market value adjustments booked prior to the acquisition included the writedown of capital expenditure on the Moranbah Project to its realisable value after it was abandoned by Dyno Nobel in December 2007 ($293.5 million), fixed asset impairment ($38.8 million) and revaluation of investments to their market value ($16.5 million).

(3) The impact of fair value adjustments booked on acquisition were then applied to the result, to reflect the impact this would have had if the acquisition had occurred on 1 October 2007. This resulted in the following adjustments:
   - An increase in Profit before depreciation, amortisation, interest, related income tax expense and individually material items due to the offset of losses incurred on unfavourable contracts; and
   - An increase in Depreciation & amortisation to reflect re-valued Property, plant and equipment and intangibles recognised on acquisition.

(4) Net financial expenses were increased to reflect the higher interest expense that the combined business would have incurred if the funding arrangement that was in place during the period since acquisition had been in place for the entire year.

(5) Income tax expense was calculated based on the revised results pro forma for Dyno Nobel's full year contribution using an estimated effective tax rate of 35% for the period.

Consolidation entries reflect the elimination of transactions that occurred between the businesses since the acquisition date. There were no inter-company transactions between the parties prior to acquisition that required elimination.

5.3. Management's discussion and analysis of financial condition and results of operations

Prospective investors should read the following discussion and analysis of Incitec Pivot's financial condition and results of operations in conjunction with Incitec Pivot's consolidated historical financial statements and accompanying notes. The presentation in this section contains forward-looking statements that involve risks, uncertainties and assumptions. Incitec Pivot's actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set out in the "Important Information" section containing the cautionary note regarding forward-looking statements and section 6 of this Prospectus.

5.3.1. Overview

Incitec Pivot is a leading chemicals company focused on nitrogen-based manufacturing of fertiliser, ammonium nitrate and industrial explosives products. Incitec Pivot also operates a trading business through Southern Cross International, a wholly owned subsidiary that trades both Incitec Pivot and third-party products and undertakes the procurement of raw materials for the fertiliser and explosives businesses. In recent years, Incitec Pivot has undergone three company-transforming events. In 2003, Incitec Pivot listed on ASX following its merger with Incitec Fertilizers Limited, creating a larger and more geographically diverse company. In 2006, Incitec Pivot acquired Southern Cross Fertilisers from subsidiaries of BHP Billiton Ltd. This acquisition included the Mt Isa sulphuric acid plant and Phosphate Hill operations in Queensland, which produce sulphuric acid and ammonium phosphate fertilisers respectively. On 16 June 2008, Incitec Pivot completed its acquisition of Dyno Nobel, a manufacturer and distributor of industrial explosives and related products, and services to the mining, quarrying and construction industries, primarily in North America and Australia. The manufacture of both Incitec Pivot's and Dyno Nobel's products involves nitrogen-based chemical manufacturing processes, with commonalities in underlying chemical processes and raw material inputs. As a result of this acquisition, Incitec Pivot now has a common manufacturing core with related fertiliser, explosives and trading businesses.

5.3.2. Dyno Nobel Acquisition

In August 2007, Incitec Pivot acquired a 13.2% interest in Dyno Nobel. On 11 March 2008, Incitec Pivot and Dyno Nobel entered into a Scheme Implementation Agreement. The Scheme Implementation Agreement was amended on 2 April 2008 to allow Incitec Pivot Bidco, a member of the Group, to acquire shares in Dyno Nobel which Incitec Pivot did not already own, by way of schemes of arrangement. The acquisition completed on 16 June 2008. The approximate consideration for the acquisition totalled $3.9 billion, consisting of $0.3 billion for the original 13.2% interest in Dyno Nobel acquired in August 2007, a Share issue of $1.9 billion, cash consideration of $0.5 billion and assumed debt of $1.2 billion. The proceeds of a $2.4 billion, 364-day multi-currency acquisition Bridge Facility, were used to refinance this assumed debt, refinance Incitec Pivot's existing debt, to fund the cash component of the consideration and other costs and expenses as described below in section 5.8.1. As at 30 September 2008 $2,147 million of the Bridge Facility was drawn.

After the acquisition was finalised, Incitec Pivot completed an assessment and valuation exercise that identified and attributed value to Dyno Nobel's tangible assets and intangible assets. In accordance with A-IFRS, the identified tangible and intangible assets were recognised on Incitec Pivot's balance sheet as at 30 September 2008 at their fair values. Incitec Pivot expects that gains will be realised from the business improvement project, Project Velocity. Project Velocity was put in place to achieve cost and other efficiencies to improve the financial performance of the explosives business. For a discussion of the key factors affecting Incitec Pivot's explosives business, see section 6.

5.3.3. Reporting Segments

For the year ended 30 September 2007, Incitec Pivot operated in one business and geographic segment in which the principal activities were the manufacture, trading and distribution of fertiliser and chemicals in one geographic location, Australia. Following the acquisition of Dyno Nobel, Incitec Pivot reassessed the segments in which the combined business operates and, in the accounts for the financial year ended 30 September 2008, began reporting using two business segments: (1) fertilisers, which includes the manufacture, trading and distribution of fertilisers and chemicals and consists of Incitec Pivot's business prior to the Dyno Nobel acquisition, and (2) explosives, which includes the manufacture and sale of industrial explosives and related products and services to mining, quarrying and construction industries and consists of Dyno Nobel's business prior to its acquisition. Incitec Pivot also now reports two geographical segments, Asia Pacific and North America.

5.4. Key Factors Affecting Incitec Pivot's Fertiliser Business

Below is a brief discussion of the key factors affecting Incitec Pivot's fertilisers business segment. See section 6 for a discussion of certain risks to Incitec Pivot associated with these key factors and others that affect Incitec Pivot's business.

5.4.1. Fluctuation in Fertiliser Prices

Incitec Pivot's fertiliser segment's revenue varies according to the prices achieved for its fertiliser products, in particular DAP and urea, which are determined by market forces based on global supply of and demand for these commodities. Australia, Incitec Pivot's major market for both its own fertiliser products and third-party products sourced through its trading business, is a net importer of fertiliser products, with imports representing the majority of Australian consumption of fertilisers. As a result, Australia is an import parity market for fertilisers, with the price for DAP and urea set based on international benchmarks such as Tampa, Florida (for DAP) and Middle East Granular Urea (for urea).

In 2008, global fertiliser prices were at record levels, with Incitec Pivot's realised prices for DAP increasing from US$364 per tonne in 2007 to US$921 per tonne in 2008 and realised prices for urea increasing from US$264 per tonne in 2007 to US$456 per tonne in 2008. The increased prices largely reflected strong demand for agricultural inputs resulting from rises in soft commodity prices as well as a shortage of fertiliser products globally. In the end of the third quarter and continuing into the fourth quarter of calendar year 2008, ammonium phosphate demand has fallen in tandem with a pullback in soft commodity prices. As a result, global fertiliser prices have fallen and several fertiliser producers have responded by taking capacity off-line. As at 7 November 2008, the spot prices for DAP and urea were US$800 per tonne and US$262 per tonne, respectively.

The majority of Incitec Pivot's sales are based on spot market prices with limited minimum quantity contracts for supply with Australian purchasers. These minimum quantity contracts are referenced to import parity pricing with an Australian dollar cost base.

Based on Incitec Pivot's average realised A$/US$ exchange rate of 0.953 and average realised DAP price of US$921 per tonne for FY2008, a US$10 increase or decrease in DAP price would result in a $9.4 million impact on EBIT (assuming 900,000 tonnes of production). Based on Incitec Pivot's average realised A$/US$ exchange rate of 0.953 and average realised urea price of US$456 per tonne for FY2008 US$10 increase or decrease in urea prices would result in a $4.5 million impact on EBIT (assuming 430,000 tonnes of production).

Additionally, the costs of the raw materials, in particular phosphate rock, can affect the selling price of fertilisers. Supply of the raw inputs of phosphate based fertiliser is highly concentrated, with the majority of traded phosphate rock provided by five international producers, largely in the Middle East and North Africa.

See section 6 for a discussion of certain risks to Incitec Pivot associated with fertiliser price fluctuations.

5.4.2. Foreign Currency Exchange Rate

Incitec Pivot reports its financial statements in Australian dollars, and is exposed to risk based on foreign exchange rate movements. Sales revenue in Australian dollar terms is subject to fluctuation based on foreign currency exchange rates, as a large proportion of Incitec Pivot's sales are denominated, either directly or indirectly, in foreign currencies, primarily U.S. dollars. For the year ended 30 September 2008, approximately half of Incitec Pivot's fertiliser revenue was denominated in U.S. dollars or other foreign currencies, leaving Incitec Pivot exposed to currency risk based on an appreciating Australian dollar in respect of translation of its U.S. dollar revenue.

Additionally, Incitec Pivot has foreign operations with non-Australian dollar functional currencies. In particular, the explosives business remains predominantly a functional U.S. dollar business, with the earnings, assets and liabilities of the non-Australian dollar functional currency explosives operations translated to Australian dollars for inclusion in the consolidated financial statements. Thus, following the acquisition of Dyno Nobel, Incitec Pivot has an increased translation risk, and a movement in the Australian dollar against the U.S. dollar will affect the Australian dollar financial performance of the business.

Over the past year, the A$/US$ exchange rate has varied greatly, as shown in the following table.

Month	High	Low
November 2007	0.9369	0.8698
December 2007	0.8867	0.8557
January 2008	0.8981	0.8654
February 2008	0.9463	0.8934
March 2008	0.9411	0.8958
April 2008	0.9488	0.9067
May 2008	0.9644	0.9338
June 2008	0.9610	0.9342
July 2008	0.9797	0.9415
August 2008	0.9317	0.8553
September 2008	0.8441	0.7831
October 2008	0.7937	0.6073

Source: The buying rate at noon in New York City for cable transfers payable in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York.

In 2008, Incitec Pivot realised an average A$/US$ exchange rate of 0.953 compared with an average A$/US$ exchange rate of 0.813 in 2007. At Incitec Pivot's average realised A$/US$ exchange rate of 0.953 and average realised DAP price of US$921 per tonne and average realised urea price of US$456 per tonne for the year ended 30 September 2008, every one cent movement in the A$/US$ exchange rate represented a $14.1 million impact on Incitec Pivot's EBIT.

Whilst Incitec Pivot's foreign currency exposures are significant and cannot be eliminated, Incitec Pivot engages in transactional hedging with respect to committed outflows and inflows when an exposure exists and is of a known quantity. The derivative instruments used for hedging purchase and sales exposures include forward contracts for some short-term exposures and bought options. To the extent practicable, Incitec Pivot also manages the impact of balance sheet currency risk by borrowing in the same currency as its net foreign assets. These borrowings are generally held within Incitec Pivot's foreign subsidiaries, thereby resulting in a reduction of the overall net assets translated.

See section 6.2 for a discussion of certain risks to Incitec Pivot associated with exchange rate fluctuations.

5.4.3. Climatic and Seasonal Impacts

Incitec Pivot's fertiliser business performance is related to global agriculture dynamics, which in turn is subject to weather patterns, climatic conditions and the resultant fluctuations in the magnitude and timing of demand for fertiliser products. Due to Incitec Pivot's distribution network and trading business, depending on patterns of demand, Incitec Pivot will either sell its fertiliser products domestically in Australia or export them to the global market. Historically, Australia is a net importer of fertiliser products.

Subject to demand, Incitec Pivot achieves relatively more favourable revenues from its sales of fertiliser products within the Australian domestic market versus exports due to the proximity of its production to Australian markets and its ability to utilise its own distribution channels. Strong Australian domestic demand also allows Incitec Pivot to provide additional product through its trading business, which realises revenues on its imports of third-party fertiliser products to distribute to the domestic market.

Severe drought conditions in eastern Australia over the past several years have resulted in a contraction of the east coast Australian fertiliser market between 2003 and 2008. This has had a negative impact on market volume for fertiliser sales in Incitec Pivot's domestic fertiliser business. As Incitec Pivot does not generally make downward adjustments in the output of its manufacturing facilities in response to reductions in Australian domestic demand, the result of decreased demand in Australia has meant that Incitec Pivot diverts larger portions of its production to export markets where returns are less favourable. Continuation of the drought has the potential to impact nutrient carry-over, water allocations, sub-soil moisture, farmer confidence and farmer cash flow, which, in turn, has the potential to cause difficult trading conditions in Incitec Pivot's domestic fertiliser distribution business and resultant diversions of Incitec Pivot's fertiliser production to less attractive export markets. To the extent decreased demand in the Australian domestic market continues, Incitec Pivot will continue to be impacted by a reduction in the proportion of its product it will sell domestically.

See section 6.2 for a discussion of certain risks to Incitec Pivot associated with adverse weather conditions.

5.4.4. Diversification through Trading Business

Incitec Pivot believes the expansion of its trading business, Southern Cross International, allows it greater optionality to react to industry demand. With respect to imports to Australia, because Australia is a net importer of fertiliser products, product often has to be sourced several months ahead of time. Based on the geography of demand and Southern Cross International's relationships with buyers in different locations, if, at the time of a shipment, the level of demand in certain markets, such as Australia, is down, Incitec Pivot is generally able to divert shipments to other markets, such as India or Pakistan (however returns are less favourable).

See section 6.2 for a discussion of certain risks to Incitec Pivot associated with fluctuations in demand for Incitec Pivot's products.

5.5. Key Factors Affecting Incitec Pivot's Explosives Business

The following is a brief discussion of the key factors affecting Incitec Pivot's explosives business and financial performance. Incitec Pivot's explosives business consist of the assets of Dyno Nobel, primarily the manufacture and sale of industrial explosives products. Incitec Pivot's acquisition of Dyno Nobel was completed on 16 June 2008. Thus, for the purposes of Incitec Pivot's financial results, the historical impact of the explosives business is only included for the period beginning on 16 June 2008 for the year ended 30 September 2008 and is not reflected in any prior historical periods.

See section 6.2 for a discussion of certain risks to Incitec Pivot associated with these key factors and others that affect Incitec Pivot's business.

5.5.1. Demand Fluctuations Based on Mining, Quarrying and Construction Sector Growth or Contraction

Incitec Pivot's explosives business is closely tied to conditions in the mining, quarrying and construction industries, primarily in North America and Australia. Fluctuations in growth in these sectors impact on the demand for Incitec Pivot's explosives products, and often operate in tandem with increases or decreases in hard commodity prices. These fluctuations impact more significantly on the volume of explosives products required by Incitec Pivot's customers rather than prices that Incitec Pivot achieves in its sales.

The majority of Incitec Pivot's explosives products are sold into North America, in particular, the United States, usually under three to ten year minimum quantity take-or-pay contracts. Prices for these contracts are generally set with reference to an agreed price that rises and falls within a range based on changes in input costs. Customers often have the option to purchase amounts over the minimum quantity on the agreed terms up to a quantity ceiling above which Incitec Pivot has the ability to negotiate a price based on current market conditions.

In North America in 2007 and 2008, demand in the quarries and construction segment sharply declined as the U.S. residential housing market experienced a sharp decline. Demand for coal in the western United States remained positive, as did demand in the metals mining segment. Any softening of these markets has the potential to impact on demand for Incitec Pivot's explosives products. Incitec

Pivot's explosives business in North America has some capacity to manufacture nitrogen-based fertiliser products in substitution for explosives products during periods of reduced demand.

See section 6.2 for a discussion of certain risks to Incitec Pivot associated with fluctuations in demand for Incitec Pivot's products.

5.5.2. Business Improvement and Efficiency Gains

Following the acquisition of Dyno Nobel, Incitec Pivot launched Project Velocity with the goal of increasing the profitability and efficiency of the explosives business. The project, which is expected to be completed over the next three years, targets significant efficiency benefits and involves initiatives across five streams. These streams include: (1) overhead reduction – restructuring and rationalisation of the North American business and integration of the corporate office into Incitec Pivot, (2) plant efficiency – optimisation of global manufacturing, (3) cost to serve – addressing unprofitable contracts, logistics optimisation and sales force effectiveness, (4) global supply chain optimisation – implementation of sales and operations planning process across Dyno Nobel and (5) asset efficiency/optimisation – review of non-core and surplus assets.

Project Velocity follows on from the Project Tardis efficiency project, a cost efficiency project undertaken by Incitec Pivot with respect to its fertiliser business, which was completed in 2008 and achieved significant benefits.

See section 6.2 for a discussion of certain risks to Incitec Pivot associated with difficulties in fully realising the expected benefits of Project Velocity

5.6. Summary of Critical Accounting Estimates and Judgments

In preparing its financial statements, Incitec Pivot makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on Incitec Pivot and are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant likelihood of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed in note 2 to Incitec Pivot's consolidated financial statements for the year ended 30 September 2008.

5.7. Consolidated Results of Operations for Incitec Pivot Limited

The Dyno Nobel acquisition was completed on 16 June 2008. Thus, for the purposes of the following discussion of historical results, the explosives business is only included beginning on 16 June 2008 for the year ended 30 September 2008 and is not reflected in any prior historical periods.

5.7.1. Comparison of the Financial Years Ended 30 September 2008 and 2007

Revenue and Income

Revenue. Revenue increased by $1,545.0 million, or 112.5%, from $1,373.2 million in 2007 to $2,918.2 million in 2008. This increase was due primarily to higher realised prices for Incitec Pivot's fertiliser products in 2008 as well as the acquisition of Dyno Nobel on 16 June 2008 and its contribution to external sales. Of Incitec Pivot's total external sales of $2,918.2 million in 2008, $2,347.5 million, or 80.4%, was derived from fertilisers and $570.9 million, or 19.6%, was derived from the partial year contribution of the Dyno Nobel business. This represented an increase in external sales revenue derived from fertilisers of $974.3 million, or 71.0%, from $1,373.2 million in 2007 to $2,347.5 million in 2008. This increase was due primarily to higher realised fertiliser prices across both Southern Cross International and the Australian fertiliser business. The average realised fertiliser price increased to $705 per tonne in 2008 from $434 per tonne in 2007 reflecting higher global fertiliser prices net of the impact of the strengthened Australian dollar. Average DAP price achieved increased 153% to US$921 per tonne in 2008 from $364 per tonne in 2007. Australian dollar-denominated gains from these price increases were partly offset by adverse foreign currency movements, with an average realised A$/US$ exchange rate of 0.953 in 2008 compared to 0.813 in 2007.

Of Incitec Pivot's total external sales revenue of $2,918.2 million in 2008, $1,320.5 million, or 45.3%, was derived from Australian fertiliser distribution, $621.0 million, or 21.3%, was derived from Southern Cross International, $294.0 million, or 10.1% was derived from trade, $112.0 million, or 3.8%, was derived from industrial chemicals and $570.9 million, or 19.6% was derived from explosives. Of Incitec Pivot's total external sales revenue of $1,373.2 million in 2007, $867.2 million, or 63.2%, was derived from fertiliser distribution business, $325.0 million, or 23.7% was derived from Southern Cross Fertilisers, $81.0 million, or 5.9%, was derived from industrial chemicals and $100.0 million, or 7.3% was derived from trade sales. Sales volumes for fertiliser distribution increased by 144 kilotonnes, or 7.7% from 1,868 in 2007 to 2,012 kilotonnes in 2008, while external sales volumes for Southern Cross International decreased by 43 kilotonnes, or 7.3%, from 588 kilotonnes in 2007 to 545 kilotonnes in 2008, industrial chemicals increased by 18 kilotonnes, or 5.5%, from 325 kilotonnes in 2007 to 343 kilotonnes in 2008 and sales volumes for the trading business increased 46 kilotonnes, or 12%, from 384 kilotonnes in 2007 to 430 kilotonnes in 2008.

Other Income. Other Income decreased $17.1 million from $34.6 million in 2007 to $17.5 million in 2008. This decrease was due primarily to the non-recurrence of a one-off income stream in 2007 of $13.5 million attributable to the sale and leaseback of Big N distribution assets (Incitec Pivot's ammonia line-haul fleet).

Operating Expenses

Operating Expenses. Operating Expenses increased $965.3 million, or 86.2%, from $1,120.1 million in 2007 to $2,085.4 million in 2008. This increase was primarily due to $494.9 million of operating expenses attributable to the inclusion of Dyno Nobel for the partial year and higher prices paid by Incitec Pivot for imported fertiliser products sourced through its trading business consistent with the general increase in global fertilisers prices.

Changes in Inventories of Finished Goods and Work in Progress. Inventories of manufactured finished goods and work in progress on hand at year end increased to $243.7 million in 2008 compared to a decrease of $59.7 million in 2007 – a net difference of $303.4 million. This largely reflects the timing of exports from Southern Cross International. Variations in stocks on hand at any given time is consistent with Incitec Pivot's strategy of balancing timing of sales and shipments based on current market pricing and the costs involved with holding stock in warehouses.

Raw Materials and Consumables Used and Finished Goods Purchased for Resale expensed to the Income Statement. Raw Materials and Consumables Used and Finished Goods Purchased for Resale increased $902.9 million, or 157%, from $575.2 million in 2007 to $1,478.1 million in 2008. This increase was primarily due to the higher prices paid by Incitec Pivot for imported fertiliser products sourced through its trading business as a result of the general increase in global fertiliser prices and higher prices for certain raw material inputs, in particular for phosphate rock.

Employee Expenses. Employee expenses increased $140.5 million, or 117.8%, from $119.3 million in 2007 to $259.8 million in 2008. This increase was primarily attributable to the part year inclusion of Dyno Nobel.

Depreciation and Amortisation Expense. Depreciation and amortisation expenses increased $34.2 million, or 94.7%, from $36.1 million in 2007 to $70.3 million in 2008. $30 million of this increase was attributable to the part year inclusion in 2008 of Dyno Nobel (including depreciation changes in connection with acquisition purchase price accounting).

Financial Expenses. Financial Expenses increased $61.1 million, or 179.2%, from $34.1 million in 2007 to $95.2 million in 2008. This increase reflects the cost of additional borrowings used to finance the acquisition of Dyno Nobel.

Purchased Services. Purchased services increased $87.9 million, or 112.7%, from $78.0 million in 2007 to $165.9 million in 2008. This increase was primarily due to the partial year inclusion of Dyno Nobel costs in 2008 and reflects outsourced services provided to the explosives business, including customer service activities and freight and logistics.

Repairs and Maintenance. Repairs and maintenance increased $18.0 million, or 36.2%, from $49.7 million in 2007 to $67.7 million in 2008 due to additional repairs and maintenance to Dyno Nobel facilities and sites.

Outgoing Freight. Outgoing freight increased $17.0 million, or 13.8%, from $123.6 million in 2007 to $140.6 million in 2008. This increase was primarily due to the part year inclusion of Dyno Nobel in 2008.

Lease Payments – Operating Leases. Lease payments – operating leases increased $6.8 million, or 23.1%, from $29.4 million in 2007 to $36.2 million in 2008. This increase was primarily due to leasing expenses resulting from the sale and leaseback of Big N assets in 2008, which were not incurred in 2007, and the part year inclusion of Dyno Nobel.

Profit on Equity Accounted Investments. Incitec Pivot recorded a profit of $6.7 million on share equity accounted investments in 2008, as compared to nil in 2007. This profit was attributable to the part year inclusion of Incitec Pivot's share of profit from the various Dyno Nobel joint ventures.

Asset Write-downs, Clean-up and Environmental Provisions. Asset Write-downs, Clean-up and Environmental Provisions increased $0.8 million, or 19.0%, from $4.2 million in 2007 to $5.0 million in 2008.

Other Expenses. Other Expenses increased $6.2 million, or 57.4%, from $10.8 million in 2007 to $17.0 million in 2008. This increase was primarily due to additional other expenses related to sundry items in connection with the part year inclusion of Dyno Nobel.

Profit for the year

Profit for the year increased $409.0 million, or 199.2%, from $205.3 million in 2007 to $614.3 million in 2008, predominantly due to the increased contribution of sales revenues from the fertilisers business as a result of higher realised fertiliser prices. Individually material items after tax in 2008 included expenses of $22.6 million for business restructuring relating to the integration of Dyno Nobel, a tax expense of $13.0 million on the intra-group sale of Dyno Nobel Nitrogen Inc. undertaken as part of the restructuring activities, and an expense of $4.1 million for the partial write-off of borrowing costs associated with the portion of the Bridge Facility refinanced during the year.

Individually material items after tax in 2007 included a one-off gain on the sale and leaseback of Incitec Pivot's ammonia line-haul fleet of $9.5 million and expenses of $6.5 million for business restructuring costs.

5.7.2. Comparison of the Financial Years Ended 30 September 2007 and 2006

The Southern Cross Fertilisers acquisition was completed on 1 August 2006. As such, for the purposes of the following discussion of historical results, contributions from Southern Cross Fertilisers have been included only for the portion of the year beginning on 1 August 2006 for the year ended 30 September 2006 and has not been reflected for any prior historical periods.

Revenue and Income

Revenue. External sales revenue increased by $262.0 million, or 23.6%, from $1,111.2 million in 2006 to $1,373.2 million in 2007. This increase was due primarily to a full year contribution of $325.0 million from Southern Cross International in 2007, compared to its part year contribution of $54.9 million in 2006 following its acquisition and higher realised prices for fertiliser products, offset by reductions in domestic fertiliser sales volumes of 15.3% attributable to drought conditions in eastern Australia. Of Incitec Pivot's total external sales revenue of $1,373.2 million in 2007, $867.2 million, or 63.1%, was derived from fertiliser distribution, $325.0 million or 23.7%, was derived from Southern Cross International, $81.0 million, or 5.9%, was derived from industrial chemicals and $100.0 million, or 7.3% was derived from trade sales. Of Incitec Pivot's total external sales revenue of $1,111.2 million in 2006, $904.3 million, or 81.4%, was derived from fertiliser distribution, $54.9 million, or 4.9% was derived from Southern Cross Fertilisers, $77.0 million, or 6.9%, was derived from industrial chemicals and $75.0 million, or 6.7% was derived from trade sales. Sales volumes for fertiliser distribution decreased by 338 kilotonnes, or 15.3%, from 2,206 kilotonnes in 2006 to 1,868 kilotonnes in 2007, while sales volumes for industrial chemicals increased by 27 kilotonnes, or 9.1%, from 298 kilotonnes in 2006 to 325 kilotonnes in 2007 and sales volumes for the trade business increased 736 kilotonnes, or 311.9%, from 236 kilotonnes in 2006 to 972 kilotonnes in 2007.

Other Income. Other Income including individually material items increased $19.7 million, or 132.2%, from $14.9 million in 2006 to $34.6 million in 2007. This increase was due primarily to a one-off $13.5 million revenue from earnings attributable to the sale and leaseback of Big N assets (Incitec Pivot's ammonia line-haul fleet).

Operating Expenses

Operating expenses increased $53.3 million, or 5.0%, from $1,066.8 million in 2006 to $1,120.1 million in 2007. Most of the increase was attributable to a full year of Southern Cross Fertilisers versus a part year inclusion in 2006, offset by reduced costs derived from the Project Tardis efficiency project.

Changes in Inventories of Finished Goods and Work in Progress. Inventories of Finished Goods and Work in Progress on hand at year end were $63.7 million, lower than in 2006, reflecting lower manufactured stock on hand at year end in 2007. Variations in stocks on hand at any given time is consistent with Incitec Pivot's strategy of balancing timing of sales and shipments based on current market pricing and the costs involved with holding stock in warehouses.

Raw Materials and Consumables Used and Finished Goods Purchased for Resale expensed to the Income Statement. Raw Materials and Consumables Used and Finished Goods Purchased for Resale decreased $149.3 million, or 20.6%, from $724.5 million in 2006 to $575.2 million in 2007. This decrease was primarily due to the acquisition in 2006 of Southern Cross Fertilisers, which resulted in product being manufactured internally rather than purchased from external suppliers.

Employee Expenses. Employee Expenses (including individually material items) increased $28.2 million, or 31.0%, from $91.1 million in 2006 to $119.3 million in 2007. This increase was primarily due to costs associated with business restructuring expenses in connection with Project Tardis and the full year inclusion of Southern Cross Fertilisers in 2007 as compared to a part year in 2006.

Depreciation and Amortisation Expense. Depreciation and Amortisation Expenses increased $3.0 million, or 9.1%, from $33.1 million in 2006 to $36.1 million in 2007. This increase was primarily due to depreciation charges following the full year inclusion of Southern Cross Fertilisers.

Financial Expenses. Financial Expenses increased $19.2 million, or 128.9%, from $14.9 million in 2006 to $34.1 million in 2007. This increase reflects higher costs following the acquisition of Southern Cross Fertilisers in 2006 and the buy back of Orica's 13.5% holding of Incitec Pivot's shares in the last quarter of 2006.

Purchased Services. Purchased Services (including individually material items) increased $19.8 million, or 34.0%, from $58.2 million in 2006 to $78.0 million in 2007. This increase was primarily due to the full year inclusion in 2007 of costs relating to the extraction of phosphate rock at Southern Cross Fertilisers' Phosphate Hill plant and other service contracts for the operation.

Repairs and Maintenance. Repairs and Maintenance increased $15.9 million, or 47.0%, from $33.8 million in 2006 to $49.7 million in 2007. This increase was primarily due to the full year inclusion in 2007 of Southern Cross Fertilisers.

Outgoing Freight. Outgoing Freight increased $83.5 million, or 208.2%, from $40.1 million in 2006 to $123.6 million in 2007. This increase was primarily due to the full year inclusion in 2007 of Southern Cross Fertilisers, which uses rail to transport product to its export and warehouse facilities at Townsville.

Lease Payments – Operating Leases. Lease Payments – Operating Leases increased $15.5 million, or 111.5%, from $13.9 million in 2006 to $29.4 million in 2007. This increase was primarily attributable to the full year inclusion of Southern Cross Fertilisers and related increase in the amount of equipment procured through operating leases and the partial year inclusion of leasing costs in connection with the 2007 sale and leaseback of Big N assets.

Asset Write-downs, Clean-up and Environmental Provisions. Asset Write-downs, Clean-up and Environmental Provisions (including individually material items) decreased $31.2 million, or 88.1%, from $35.4 million in 2006 to $4.2 million in 2007. This decrease was primarily due to the non-recurrence of a number of individually material items occurring in 2006, including $3.5 million for the closure of ammonium phosphate production at Kooragang Island and $22.0 million provision in connection with the closure and remediation of the Newcastle SSP plant scheduled for 2009.

Other Expenses. Other Expenses (including individually material items) decreased $15.0 million, or 58.1%, from $25.8 million in 2006 to $10.8 million in 2007. This decrease was primarily a result of reductions in costs related to the Project Tardis efficiency project.

Profit for the year

Profit for the year increased $158.6 million, or 339.6%, from $46.7 million in 2006 to $205.3 million in 2007, mainly due to a full year inclusion of Southern Cross Fertilisers, benefits from Project Tardis, plus benefits from higher fertiliser prices offset in part by the higher average Australian dollar exchange rate. In addition, these increases were partially offset by the negative impact of Australian drought conditions on sales volumes and product mixes sold and reduced manufacturing margins during the Gibson Island planned maintenance shutdown.

Individually material items after tax in 2007 included a one-off gain on the sale and leaseback of Incitec Pivot's ammonia line-haul fleet of $9.5 million and expenses of $6.5 million for business restructuring costs. Individually material items after-tax in 2006 totalled a net loss of $36.1 million primarily related to a provision for the closure and remediation of the Newcastle SSP plant planned for September 2009 of $22.0 million.

5.7.3. Cash Flows

Comparison of 2008 and 2007

Net operating cash flows

In 2008, net operating cash flows increased $563.4 million, or 217.4%, from $259.2 million in 2007 to $822.6 million in 2008. The increase was primarily due to positive movements in (i) EBITDA of $690.8 million, or 198.2%, from $348.6 million in 2007 to $1,039.4 million in 2008 and (ii) a reduction in trade working capital in the fertiliser business resulting in a cash inflow of $47.4 million consistent with Incitec Pivot's improvement in trade working capital management. These items were partially offset primarily by adverse movements in (i) net interest payments of $36.3 million, or 140.1%, from $25.9 million in 2007 to $62.2 million in 2008, reflecting increased debt following the acquisition of Dyno Nobel, (ii) tax payments of $38.5 million, or 101.9%, up from $37.8 million in 2007 to

$76.3 million in 2008 due to earnings improvements in 2008, (iii) business integration and restructuring costs of $32.6 million, or 110.5% from $29.5 million in 2007 to $62.1 million in 2008, primarily relating to integrating and restructuring the Dyno Nobel business, and (iv) environmental and site clean up expenditure of $11.1 million, or 181.9%, from $6.1 million in 2007 to $17.2 million in 2008 due to expenditures in connection with environmental remediation.

<u>Net investing cash flows</u>

Net investing cash outflows increased $484.1 million, or 151.3%, from $319.9 million in 2007 to $804.0 million in 2008, as a result of (i) $563.5 million in outflows in connection with the acquisition of Dyno Nobel, (ii) an increase in fertiliser business net capital expenditure of $10.3 million, or 16.4%, from $62.9 million in 2007 to $73.2 million in 2008, (iii) explosives business net capital expenditure of $144.4 million compared to nil in 2007, and (iv) other investments of $22.9 million, from nil in 2007.

The increase in fertiliser business net investing cashflow of $10.3 million, or 16.4%, from $62.9 million in 2007 to $73.2 million in 2008 was due to an increase of $11.0 million, or 35.8%, in sustenance expenditure from $30.7 million in 2007 to $41.7 million in 2008, Project Tardis supply chain expenditure of $8.0 million in 2008 compared to nil in 2007 and a decrease in proceeds from surplus asset sales of $18.9 million, or 65.9%, from $28.7 million in 2007 to $9.8 million in 2008. These increased outflows were offset by a decrease in plant shut down expenditure of $14.1 million, or 33.5%, from $42.1 million in 2007 to $28.0 million in 2008 and a decrease in growth expenditure of $13.5 million, or 71.9%, from $18.8 million in 2006 to $5.3 million in 2007.

The main components of the $144.4 million explosives business investing net capital expenditure comprised $47.7 million on sustenance expenditure, growth capital expenditure of $81 million on the Moranbah Project and growth expenditure of $15.7 million for the balance of Cheyenne liquid fertiliser facility.

The $22.9 million expenditure on investments consisted of a $11.3 million investment in Carbon Energy Limited, a $4.6 million deposit for participation in the NitroMak explosives joint venture in Turkey and $7 million for the acquisition of an interest in FabChem, China.

<u>Net financing cash flows</u>

Net financing cash flows was an inflow of $238.5 million in 2008 compared to a $117.3 million inflow in 2007. Dividends paid of $219.3 million were $143.7 million higher than 2007 of $75.6 million. Repayment of the Dyno Nobel step-up preference securities and final distribution was $358.8 million compared to nil in 2007. Net borrowing inflows increased $633.4 million as compared to 2007 and costs on equity raisings in 2008 were $9.7 million compared to nil in 2007.

Comparison of 2007 and 2006

<u>Net operating cash flows</u>

Net operating cash inflows increased $70.4 million, or 37.4%, in 2007 from $188.8 million in 2006 to $259.2 million in 2007. The increase was due to an increase in EBITDA of $189.3 million, or 118.8%, to $348.6 million in 2007 from $159.3 million in 2006 and reduced environmental and site clean up expenditure of $5.0 million, or 45.0%, from $11.1 million in 2006 compared to $6.1 million in 2007. These operating cash inflows were offset primarily by (i) an increase in interest payments of $15.4 million, or 146.7%, from $10.5 million in 2006 to $25.9 million in 2007, reflecting higher net debt balances throughout the year following the acquisition of Southern Cross Fertilisers and Incitec Pivot's buy back of its shares from Orica, (ii) an increase in tax paid of $24.9 million, or 193.0%, from $12.9 million in 2006 to $37.8 million in 2007, reflecting earnings improvements from 2006 to 2007, (iii) a reduction in trade working capital inflows of $33.7 million in 2007 compared to $95.8 million in 2006, and (iv) increases in business integration and restructuring costs of $11.8 million, or 66.7%, from $17.7 million in 2006 to $29.5 million in 2007 relating primarily to Project Tardis.

<u>Net investing cash flows</u>

Net investing cash outflows increased $165.0 million, or 106.5%, from $154.9 million in 2006 to $319.9 million in 2007 predominantly due to the purchase of a 13.2% strategic investment in Dyno Nobel for $256 million (inclusive of transaction costs), the non-recurrence of $21.8 million in gains realised on the sale of shares in the Queensland Gas Company Limited in 2006 and increased capital expenditure of $63.6 million, or 227.1%, from $28.0 million in 2006 to $91.6 million in 2007, largely as a result of $42.1 million in Gibson Island planned shutdown costs in 2007. These outflows were partially offset by the non-recurrence of the $155.3 million investment in Southern Cross Fertilisers in 2006 and an increase in proceeds from asset sales of $22.1 million, or 33.5%, from $6.6 million in 2006 to $28.7 million in 2007.

<u>Net financing cash flows</u>

Net financing cash flows was an inflow of $117.3 million compared to an inflow in 2006 of $124.4 million, a difference of $7.1 million. The decrease in cash inflow in 2007 comprised a lower level of net inflows from borrowings of $147.9 million (mainly due to the acquisition of Southern Cross Fertilisers in 2006) and an increase in dividends paid of $33.7 million, offset by the non-repeat of the share buy back of $174.5 million made in 2006.

5.8. Liquidity and Capital Resources

5.8.1. Sources and Uses of Liquidity

Incitec Pivot's primary source of liquidity is funds generated from operations. As at 30 September 2008, Incitec Pivot had approximately $479.7 million in cash and cash equivalents and $2,510.0 million of interest bearing liabilities, together a net debt position of $2,030.3 million. Due primarily to fluctuations in the A$/US$ exchange rate and to a lesser extent movements in working capital, net debt increased to $2,573.1 million as at 31 October, 2008. Incitec Pivot's current borrowings consist of a Bridge Facility entered into in connection with the Dyno Nobel acquisition, a finance lease arrangement of $333 million and a Syndicated Bank Facility of $1,680 million (see section 5.8.2 for a description of these facilities). At 30 September 2008, Incitec Pivot had $1,680 million of funds that were committed but undrawn under the Syndicated Bank Facility. However, under the terms of the Bridge Facility, any amounts raised in excess of $100 million are required to be applied against the Bridge Facility, with limited exceptions.

Incitec Pivot intends to repay the Bridge Facility over time, until the maturity date on 20 May 2009, in accordance with its terms, using a portion of the proceeds of this Entitlement Offer and other committed financing.

Incitec Pivot expects future primary liquidity needs to include (i) interest costs, (ii) capital expenditures and (iii) operational expenditures. During the last three financial years, cash flows from operations have been the primary source of funding for liquidity needs and distributions. Incitec Pivot expects to supplement its funding as may be required with capital markets debt, bank borrowing and/or lease transactions depending on market conditions. Accordingly, Incitec Pivot expects that its short, medium and long term funding will be sufficient to satisfy the requirements of the business.

The Debt Facilities Summary below presents Incitec Pivot's borrowings as at 30 September 2008. These facilities and loans contain representations and warranties, financial covenants, undertakings and other terms and conditions customarily found in financing agreements of this kind.

5.8.2. Debt Facilities Summary

The table below summarises Incitec Pivot's debt facilities at 30 September 2008.

Facility	Total Facility	Amount Drawn	Maturity
Bridge Facility[1]	2,400	2,147	20 May 2009
Syndicated Bank Facility	1,680	-[2]	17 September 2011
Finance Lease Arrangement	333	333	6 August 2013

(1) The undrawn amount on the Dyno Nobel Bridge is no longer available for drawdown.

(2) Refer to "– Bridge Facility" below for information about drawdown of this facility subsequent to 30 September 2008.

Bridge Facility

The Bridge Facility is a 364-day multi-currency acquisition bridge facility entered into by Incitec Pivot on 21 May 2008. In connection with the acquisition of Dyno Nobel, Incitec Pivot drew down US$1,581.1 million in U.S. dollars (equivalent to approximately $1,680 million in Australian dollars based on the A$/US$ exchange rate of 0.94) and approximately $300 million in Australian dollars under this facility. These proceeds were used to fund the cash consideration for the Dyno Nobel acquisition, refinance existing debt facilities of Incitec Pivot and Dyno Nobel, redeem Dyno Nobel step-up preference securities and pay certain transaction costs and expenses in connection with the Dyno Nobel acquisition. In August 2008, Incitec Pivot applied a portion of the net proceeds of the financing leases (described below) to repay Australian drawings under the Bridge Facility.

As at 30 September 2008, the total amount drawn under the Bridge Facility was $2,147 million, comprising approximately US$1,580 million in U.S. dollars and $170 million in Australian dollars (the latter representing additional amounts re-drawn for working capital purposes).

On 15 October 2008, Incitec Pivot drew down a portion of its Syndicated Bank Facility to repay part of the Bridge Facility. The remainder of the Syndicated Bank Facility is expected to be drawn down on 25 November 2008, which is the next payment date under the Bridge Facility. By 25 November 2008, Incitec Pivot expects to have applied the equivalent of US$1,100 million of proceeds from the Syndicated Bank Facility to repay the Bridge Facility.

Incitec Pivot has entered into cross currency swaps on the amount to be repaid under the Bridge Facility on 25 November 2008 which have the effect of locking in a A$/US$ exchange rate of approximately 0.68 on this amount.

Following the repayment on 25 November 2008, Incitec Pivot expects there will be approximately US$500 million outstanding under the Bridge Facility. Incitec Pivot has entered into cross currency swaps with respect to all but approximately US$150 million of this outstanding amount. These swaps have the effect of locking in a A$/US$ exchange rate of approximately 0.68 on this amount.

The cross currency swaps discussed above have the following maturity profile:

- US$395 million due May 2009
- US$300 million due December 2009
- US$100 million due April 2010
- US$312 million due May 2010
- US$318 million due December 2010

Incitec Pivot expects to settle these swaps from one, or a combination of, the following sources.

- U.S. dollar funds generated from its U.S. dollar based operating cashflows;
- U.S. dollar based debt capital market transactions; and
- rolling the swaps to later maturity dates.

On the maturity dates of these cross currency swaps, if Incitec Pivot is unable to settle or roll over these swaps using one of the mechanisms described above, Incitec Pivot will need to buy any U.S. dollar shortfall at spot prices.

Incitec Pivot intends to repay the remaining amount under the Bridge Facility over time, until the final maturity date on 20 May 2009, in accordance with its terms, using a portion of the proceeds of this Entitlement Offer and other committed financing.

The Bridge Facility contains an interest step-up provision whereby the interest rate payable on the outstanding principal amount increases on each of 21 November 2008 and 21 February 2009.

For more information on the Bridge Facility, see section 10.6.2.

Syndicated Bank Facility

The Syndicated Bank Facility is a three-year Australian dollar-denominated unsecured bank facility entered into by Incitec Pivot on 17 September 2008. The total amount that can be drawn under the Syndicated Bank Facility is $1,680 million, which will be drawn down in full and applied to replace the majority of the Bridge Facility on 25 November 2008, the next payment date under the Bridge Facility. The Syndicated Bank Facility is revolving in nature with any repayments made during the life of the loan remaining available for future drawings up until the final maturity date of 17 September 2011. Eleven major international and Australian banks have participated in the Syndicated Bank Facility with individual participation levels ranging from $50 million to $250 million. This facility contains representations and warranties, undertakings and other terms and conditions customarily found in financing agreements of this kind, including financial covenants with respect to Incitec Pivot's gearing ratio (gross debt to EBITDA), interest cover ratio and consolidated net worth.

Additionally, the facility contains customary conditions to draw downs, which include representations and warranties, including that the business of Incitec Pivot has not suffered a material adverse effect.

For more information on the Syndicated Bank Facility, refer to section 10.6 "Material Contracts".

Finance lease arrangement

Incitec Pivot entered into a financing arrangement on 6 August 2008, with respect to plant and equipment at the Phosphate Hill manufacturing facility. The financing is structured as a finance lease and provides $333 million in secured financing. Under the arrangement, certain assets operated by Southern Cross Fertilisers at Phosphate Hill were sold and leased back for a period of five years. Incitec Pivot has exclusive possession, access to and use of the assets for the lease term. The facility is denominated in Australian dollars and has a fixed nominal interest rate for the term of the facility.

At the end of the lease term, Incitec Pivot is authorised to dispose of the Phosphate Hill assets pursuant to a sales agency agreement. This authorisation includes the right to market and choose the purchaser of the assets. The proceeds of this financing have been applied to partially pay down the Bridge Facility.

For more information on the finance lease arrangement, refer to section 10.6.4.

Profile of Contractual Obligations

The following table sets forth the maturity profile of Incitec Pivot's long-term debt and other contractual obligations as at 30 September 2008:

	Total A$m	< 1 Year A$m	1-5 Years A$m	> 5 Years A$m
Debt Obligations				
Bridge Facility	2,147	2,147	0	0
Syndicated Bank Facility(1)	0	0	0	0
Finance lease arrangement	333	66	267	0
Other Bank Loans and overdrafts (including loans for Joint Ventures and associates)	30	26	4	0
Total Debt Obligations	2,510	2,239	271	0
Other Contractual Obligations				
Capital Expenditure Commitments(2)	45	45	0	0
Lease Commitments (Non-cancellable operating leases)	202	43	96	63
Long-term Executory Contracts for payments to suppliers(3)	390(3)	99	115	176
Employee Benefits	38	25	13	0
Restructuring and Rationalisation	24	14	10	0
Environmental	78	32	46	0
Asset Retirement Obligation	8	3	5	0
Other provisions	32	16	16	0
Total other contractual obligations	817(3)	277	301	239
Total	3,327(3)	2,516	572	239

(1) The Syndicated Bank Facility will be fully drawn with proceeds being used to repay the Bridge Facility.

(2) No amounts in respect of the Moranbah Project are included in this amount, as amounts are only required to be paid under the contract as work is completed rather than on fixed dates. The Moranbah Project has an estimated capital cost of $935 million, comprising $683 million for construction, $28 million in start-up costs and $224 million in commissioning costs, project management and key engineering resources. As at 30 September 2008, Incitec Pivot had expended approximately $81.0 million in capital expenditure in connection with the Moranbah Project. The remainder of the amount is expected to be spent over the course of fiscal years 2009 to 2010, with expected mechanical completion in the first quarter of calendar year 2010 and beneficial operation in the first quarter of calendar year 2011.

(3) This total includes $67 million attributable to the fees that would be payable under contracts related to the Moranbah Project should these contracts be terminated.

5.9. Trade Working Capital

Trade working capital includes current trade debtors, inventories and current trade creditors (adjusted for any accrued interest). Trade working capital was $153.1 million, $121.3 million, $310.0 million as at 30 September 2006, 2007 and 2008, respectively. The $31.8 million decrease between 2006 and 2007 primarily resulted from a $53.5 million favourable movement attributable to Incitec Pivot's business (ex-Southern Cross Fertilisers) resulting from improvements in supply chain efficiencies realised as part of Project Tardis, which reduced Incitec Pivot's investment in trade working capital, offset by a $21.7 million adverse movement associated with an increase in the value of stock on hand at year end mainly attributable to higher fertiliser prices. The $188.7 million adverse movement between 2007 and 2008 is primarily attributable to the first year inclusion of Dyno Nobel.

Inventory movements can significantly affect Incitec Pivot's working capital as market considerations can result in delayed sales revenues. Incitec Pivot's trade working capital varies from year to year primarily based on the level of global fertiliser prices.

Variations in stocks on hand at any given time is consistent with Incitec Pivot's strategy of balancing timing of sales and shipments based on current market pricing and the costs involved with holding stock in warehouses.

5.10. Capital Expenditures

Management determines the level of capital expenditure on a year to year basis. Incitec Pivot's capital expenditures were $21.4 million, $62.9 million and $217.6 million for 2006, 2007 and 2008 respectively. The increase of $154.7 million from $62.9 in 2007 to $217.6 million in 2008 reflects an increase in the fertiliser business net capital expenditure of $10.3 million and $144.4 million for the explosives business. Significant differences in net capital expenditure in the fertiliser business in 2008 include Project Tardis supply chain expenditure of $8.0 million compared to nil in 2007, an increase of $11.0 million expenditure on sustenance capital from $30.7 million in 2007 to $41.7 million in 2008, a decrease in proceeds from surplus asset sales of $18.9 million from $28.7 million in 2007 to $28.0 million in 2008, and a reduction in capital growth projects of $13.5 million from $18.8 million in 2007 to $5.3 million in 2008.

The main components of the $144.4 million explosives business net capital expenditure in 2008 comprised $47.7 million on sustenance expenditure, and growth capital of $81.0 million on the Moranbah Project and $15.7 million for the balance of the Cheyenne liquid fertiliser facility.

The significant increase in the fertiliser business net capital expenditure of $41.5 million from $21.4 million in 2006 to $62.9 million in 2007 is primarily due to an increase of $33.1 million relating to plant shutdown expenditure from $9.0 million in 2006 to $42.1 million in 2007 and an increase of $17.5 million in sustenance capital from $13.2 million in 2006 to $30.7 million in 2007.

On 28 July 2008, Incitec Pivot announced it would proceed with the construction of an ammonium nitrate manufacturing plant at Moranbah in Central Queensland at a total cost of $935 million. As at 30 September 2008, Incitec Pivot had spent $81 million in capital expenditure on the Moranbah Project and anticipates that the remaining capital expenditure will be spread relatively evenly over the expected 30 month period prior to beneficial operation. As a result, Incitec Pivot expects its capital expenditure to be materially higher in 2009 than in 2008, given the expected capital expenditure for the Moranbah Project as well as Incitec Pivot's sustenance capital expenditure requirements.

5.11. Off-balance Sheet Arrangements

Incitec Pivot has no material off-balance sheet arrangements other than the operating lease arrangements described in note 30 to Incitec Pivot consolidated financial statements for the year ended 30 September 2008.

As at 30 September 2008, Incitec Pivot had no material unrecognised financial assets and liabilities.

5.12. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk that changes in commodity prices, foreign exchange rates and interest rates will affect Incitec Pivot's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Incitec Pivot transacts in derivative instruments in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board. For further information on Incitec Pivot's financial risk management and derivative instruments held as at 30 September 2008, see note 32 to Incitec Pivot's financial report for the year ended 30 September 2008.

5.13. Unaudited pro forma balance sheet

The pro-forma balance sheet has been prepared for illustrative purposes to show the impact on the historical balance sheet of the proceeds of the Entitlement Offer and Incitec Pivot's proposed use of the net proceeds (but is not represented as being indicative of Incitec Pivot's views on its future financial position and/or performance).

The following table also illustrates, Incitec Pivot's debt and shareholders' equity as at 30 September 2008, and Incitec Pivot's debt and shareholders' equity as at 30 September 2008 on an adjusted basis, after giving effect to the receipt of the net proceeds from the Entitlement Offer and the application of those net proceeds, as if the issuance and repayment had occurred on 30 September 2008.

This table should be read in conjunction with the consolidated financial statements, including the notes thereto, and other information contained in this Prospectus. The financial information contained in this section is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

Incitec Pivot unaudited pro forma consolidated balance sheet as at 30 September 2008

A$ millions	Incitec Pivot (Actual)	Pro forma adjustments for Institutional Entitlement Offer (Unaudited)	Incitec Pivot pro forma (post Institutional Entitlement offer assuming full Institutional Entitlement Offer subscription) (Unaudited)	Pro forma adjustments for Retail Entitlement offer (assuming full Retail Entitlement Offer subscription) (Unaudited)	Incitec Pivot pro forma (post Entitlement Offer assuming full Retail Entitlement Offer subscription) (Unaudited)
Current assets					
Cash and cash equivalents	479.7		479.7		479.7
Trade and other receivables	625.3		625.3		625.3
Inventories	676.6		676.6		676.6
Other financial assets	30.3		30.3		30.3
Other assets	51.7		51.7		51.7
Fixed assets classified as held for sale	4.8		4.8		4.8
Total current assets	1,868.4	–	1,868.4	–	1,868.4
Non-current assets			–		–
Trade and other receivables	2.3		2.3		2.3
Investments accounted for using the equity method	311.2		311.2		311.2
Other financial assets	0.6		0.6		0.6
Property, plant & equipment	1,689.2		1,689.2		1,689.2
Intangible assets	3,856.2		3,856.2		3,856.2
Deferred tax assets	311.6		311.6		311.6
Other assets	0.1		0.1		0.1
Total non-current assets	6,171.2	–	6,171.2	–	6,171.2
Total assets	**8,039.6**	–	**8,039.6**	–	**8,039.6**
Current liabilities			–		–
Trade and other payables	1,132.0		1,132.0		1,132.0
Interest-bearing liabilities	2,238.8	(785.6)	1,453.2	(341.4)	1,111.8
Other financial liabilities	16.2		16.2		16.2
Current tax liabilities	180.4		180.4		180.4
Provisions	88.6		88.6		88.6
Total current liabilities	3,656.0	(785.6)	2,870.4	(341.4)	2,529.0
Non-current liabilities			–		–
Trade and other payables	474.5		474.5		474.5
Interest-bearing liabilities	271.2		271.2		271.2
Deferred tax liabilities	333.4		333.4		333.4
Retirement benefit obligations	66.8		66.8		66.8
Provisions	90.8		90.8		90.8
Total non-current liabilities	1,236.7	–	1,236.7	–	1,236.7
Total liabilities	**4,892.7**	**(785.6)**	**4,107.1**	**(341.4)**	**3,765.7**
Net assets	**3,146.9**	785.6	**3,932.5**	341.4	**4,273.9**
Equity			–		–
Issued capital	2,267.7	785.6	3,053.3	341.4	3,394.7
Reserves	353.8		353.8		353.8
Retained earnings	525.4		525.4		525.4
Total equity	**3,146.9**	785.6	**3,932.5**	341.4	**4,273.9**

Using a portion of proceeds of this Entitlement Offer and other committed financings, Incitec Pivot intends to repay the Bridge Facility over time, until the maturity date on 20 May 2009 in accordance with its terms. Notwithstanding that a portion of the net proceeds may be held in cash until repayment of the Bridge Facility, the unaudited pro forma balance sheet above assumes proceeds are fully applied to the Bridge Facility as at 30 September 2008. The following adjustments have been made to the historical consolidated balance sheet of Incitec Pivot as at 30 September 2008 to reflect the anticipated impact of the Entitlement Offer had it taken place on that date:

- pro forma adjustments with respect to proceeds: The Institutional Entitlement Offer is underwritten while the Retail Entitlement Offer is not. For the purpose of preparing the unaudited pro forma historical balance sheet, the pro forma adjustments assume the gross proceeds from the underwritten Institutional Entitlement Offer to be $819.3 million. Based on an analysis of Incitec Pivot's share register as at 10 November 2008 it has been assumed for purposes of the pro forma balance sheet that shareholders holding 70% of existing Shares would participate in the Institutional Entitlement Offer, with the remaining 30% participating in the Retail Entitlement Offer. The actual net proceeds of the Institutional Entitlement Offer and the Retail Entitlement Offer will not be known until completion of the Entitlement Offer;
- pro forma Adjustments for Institutional Entitlement Offer: The pro forma balance sheet assumes that proceeds of the Institutional Entitlement Offer would be $819.3 million, offset by estimated transaction costs of approximately $33.7 million, and that such proceeds (net of transaction costs) have been applied to repaying the Bridge Facility as at 30 September 2008; and
- pro forma Adjustments for Retail Entitlement Offer (assuming full subscription): The pro forma balance sheet assumes that the maximum proceeds of the Retail Entitlement Offer of approximately $351 million have been raised, offset by estimated transaction costs of approximately $9.7 million and that the proceeds from the Retail Entitlement Offer (net of transaction costs) have been applied to repay the Bridge Facility as at 30 September 2008. The Retail Entitlement Offer is not underwritten. Should the Retail Entitlement Offer be undersubscribed, the pro forma adjustments for the Retail Entitlement Offer should be adjusted accordingly.

5.14. Pro forma credit statistics

The following table sets out Incitec Pivot's key credit metrics pro forma to give effect to the Entitlement Offer. This table should be read in conjunction with the consolidated financial statements, including the notes thereto, and other information contained in this Prospectus.

Summary Pro Forma Credit Metrics

	Year ended 30 September 2008		
(A$ millions)	**Consolidated Pro forma**	**Adjusted for Entitlement Offer excluding Retail Entitlement Offer**	**Adjusted for Entitlement Offer**
EBITDA [1][2]	1,237	1,237	1,237
Net debt [3][4][5]	2,030	1,244	903
Net debt / EBITDA	1.6x	1.0x	0.7x
EBITDA interest cover [6][7][8]	8.3x	13.5x	18.6x

(1) EBITDA includes profit received from equity accounted investments and excludes individually material items. EBITDA is not a measure of or defined term of financial performance, liquidity or value under A-IFRS or U.S. GAAP. EBITDA and related data as presented in this Prospectus may not be comparable to similarly titled measures for other companies.

(2) Pro forma FY2008 EBITDA assumes a full-year contribution from Dyno Nobel as though Incitec Pivot acquired Dyno Nobel on 1 October 2007 as set out in section 5.2, and is based on actual underlying Dyno Nobel results.

(3) Net debt reflects actual historical interest bearing liabilities less cash and cash equivalents.

(4) Pro forma FY2008 net debt reflects interest bearing liabilities of $2,510.0 million as at 30 September 2008, offset by cash and cash equivalents of $479.7 million as at 30 September 2008.

(5) Pro forma FY2008 net debt (assuming the Retail Entitlement Offer has been fully subscribed) has been adjusted to reflect the application of gross proceeds of approximately $1,170.4 million offset by estimated transaction costs of approximately $43.4 million. Pro forma FY2008 net debt assuming no subscription received under the Retail Entitlement Offer has been adjusted to reflect the application of estimated gross proceeds of approximately $819.3 million from the Institutional Entitlement Offer offset by estimated transaction costs of approximately $33.7 million.

(6) Pro forma FY2008 EBITDA interest cover ratio assumes a pro forma full year interest cost of $149.7 million which includes the impact of the Dyno Nobel acquisition as though it had taken place on 1 October 2007, as set out in section 5.2.

(7) Pro forma FY2008 EBITDA interest cover ratio (assuming the Retail Entitlement Offer has been fully subscribed) assumes that the entire estimated net proceeds of approximately $1,127.0 million have been used to repay the Bridge Facility with an interest rate saving at the rate of 7.38% per annum which represents the effective interest rate in the year to 30 September 2008.

(8) Pro forma FY2008 EBITDA interest cover assuming no subscription received under the Retail Entitlement Offer assumes that net proceeds of $785.6 million have been used to repay the Bridge Facility with an interest rate saving at the rate of 7.38% per annum which represents the effective rate of interest in the year to 30 September 2008.

Section 6

Key Risk Factors

Incitec Pivot

6. Key Risk Factors

6.1. Introduction

A number of risks and uncertainties, which are both specific to Incitec Pivot and of a more general nature, may affect the business, financial condition and results of operations of Incitec Pivot, the value of its Shares and its funding requirements. You should carefully consider the following risk factors, as well as the other information in this Prospectus, and consult your financial and legal advisers before deciding whether to invest in the New Shares.

The risks and uncertainties described below are not the only ones facing Incitec Pivot. Additional risks and uncertainties that Incitec Pivot is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Incitec Pivot's business, financial condition and results of operations.

6.2. Risks related to Incitec Pivot's Business

Incitec Pivot's financial performance relies on the prices it can achieve for its fertiliser and explosives products, and any material and sustained product price deterioration could adversely affect Incitec Pivot's business and financial performance

Incitec Pivot's financial performance relies on the sale of its fertiliser and explosives products to a variety of customers under a range of sales contracts and through various distribution channels. Prices may fall as a result of a number of factors beyond Incitec Pivot's control: increased global supply, decreased demand, changes in currency exchange rates, general economic conditions and other factors. Any significant decline in the prices of Incitec Pivot's products could have a material adverse effect on its business.

Fertilisers are internationally traded products, with pricing based on international benchmarks. The majority of Incitec Pivot's sales are based on spot market prices with limited minimum quantity contracts. In addition, the raw materials used to produce fertilisers and explosives, including phosphate rock and natural gas, are internationally priced materials. Although prices for fertilisers have experienced significant increases over the past two years due to increased global demand, the current financial crisis may lead to an economic downturn that could reduce demand for fertilisers and lead to softening prices. For example, in the end of the third quarter and continuing into the fourth quarter of 2008, ammonium phosphate demand has fallen in tandem with a pullback in soft commodity prices and as a result, global fertiliser prices have fallen.

As fertilisers are internationally traded products, the fertiliser prices that Incitec Pivot is able to realise are affected by global supply and demand forces as well as fluctuations in foreign currency exchange rates, particularly the exchange rate between the Australian dollar and the U.S. dollar. For more detail, refer to "Appreciation or depreciation of the Australian dollar against the U.S. dollar may materially affect Incitec Pivot's financial performance" below.

Explosives products, particularly ammonium nitrate-based explosives, are affected more directly by supply and demand dynamics in industrial explosives markets. Although prices for industrial explosives products have, however, experienced significant growth in 2007 and 2008, due to increased demand for construction and hard commodities such as iron ore and coal, there can be no assurance that such demand will continue. The current financial crisis may lead to an economic downturn which in turn could reduce demand for industrial explosives and lead to softening prices.

Incitec Pivot's revenues are exposed to variations in demand for fertiliser and industrial explosives products, and any sustained reduction in demand could have an adverse effect on Incitec Pivot's business and financial performance

Demand for Incitec Pivot's industrial explosives products arises from a variety of end markets, particularly the quarry and construction sector and the coal and metals mining sector. Fluctuations in growth in these sectors affect the demand for Incitec Pivot's explosives products, and often operate in tandem with increases or decreases in hard commodities prices. The United States residential housing market has experienced a sharp decline impacting on explosive volume demand in the quarry and construction industry.

Incitec Pivot's fertiliser products are sold principally to the Australian domestic market, with additional sales made internationally. The demand for fertiliser is seasonal and subject to variation due to global variations in demand for crops, climate conditions, rural incomes, world commodity prices and types of crops planted. Any sustained downturn in the demand for fertiliser products may have a material adverse effect on Incitec Pivot's business, financial condition and results of operations.

Incitec Pivot operates across a range of geographies, including North America, Australia and the Asia Pacific region. A downturn in any of Incitec Pivot's end markets may have an adverse impact on the financial performance of, and growth outlook for, Incitec Pivot.

Appreciation or depreciation of the Australian dollar against the U.S. dollar may materially affect Incitec Pivot's financial performance

The A$/US$ exchange rate has fluctuated significantly over the last few months from near parity in July 2008 to a rate of approximately US$0.70. Incitec Pivot reports its financial statements in Australian dollars, and is exposed to translation risk based on foreign exchange rate movements for both the income statement and balance sheet. Reported sales revenue in Australian dollar terms is subject to fluctuation, as a large proportion of Incitec Pivot's sales are denominated, either directly or indirectly, in foreign currencies, (primarily U.S. dollars). For the year ended 30 September 2008, approximately half of Incitec Pivot's fertiliser revenue was denominated in U.S. dollars or other foreign currencies, leaving Incitec Pivot exposed to currency risk based on an appreciating Australian dollar in respect of translation of its U.S. dollar earnings. Although in recent months decreases in fertiliser prices have been partially offset by the effect of a declining Australian dollar (against the U.S. dollar), it is expected that the A$/US$ exchange rate will continue to fluctuate and no assurance can be given that such movements will continue to have a mitigating effect on decreases of fertiliser prices in the future. In addition, Incitec Pivot also borrows funds in U.S. dollars and the Australian dollar equivalent of these borrowings will fluctuate with the exchange rate.

While Incitec Pivot engages in some hedging of this exposure, it is still exposed to movements in the exchange rate. Additionally, Incitec Pivot cannot be assured of the rate at which it will be able to hedge foreign exchange exposures in the future or that its hedging transactions will be effective.

Incitec Pivot may experience difficulties in fully realising the expected benefits of Project Velocity

Incitec Pivot acquired Dyno Nobel in June 2008 and launched Project Velocity, a business efficiency project intended to optimise the operational and financial performance of the merged Group.

Although Incitec Pivot expects Project Velocity to result in increased efficiencies, it is also possible that the project will result in operational difficulties that require significant management, financial or personnel resources that would otherwise be available for ongoing business needs. It is also possible that Project Velocity will not be completed on schedule or within the budgeted costs or that it will not deliver the benefits that Incitec Pivot anticipates.

Adverse weather conditions can materially impact the performance of Incitec Pivot

In regard to Incitec Pivot's fertiliser business, weather, particularly rainfall, is a key factor for determining the timing and production of crops, which drives fertiliser demand and sales. While Incitec Pivot partially manages this risk through a geographically diverse sales base designed to minimise the impact of regional droughts and other adverse weather conditions, any prolonged adverse weather conditions could impact the future profitability and prospects of Incitec Pivot. For instance, severe drought conditions in eastern Australia over the past several years have resulted in a contraction of the east coast Australian fertiliser market between 2003 and 2008. This has had a negative impact on the market volume for fertiliser sales by Incitec Pivot's Australian fertiliser business.

Incitec Pivot faces operational risks associated with the manufacture of fertilisers, ammonium nitrate, industrial chemicals and industrial explosives

Any operational disruption may materially affect Incitec Pivot's business revenue.

Incitec Pivot is exposed to operational risks associated with the manufacture, distribution and storage of fertilisers, ammonium nitrate, industrial chemicals and industrial explosives. These risks include the need for timely and economic supply of adequate raw materials (especially natural gas, ammonia, phosphate rock, sulphur, sulphur dioxide and sulphuric acid), energy, water and labour, the ongoing availability and efficient use of plants and production machinery and the retention of permits and licences required to run the business. Additionally, Incitec Pivot's facilities, particularly ammonia, sulphuric acid and phosphoric acid plants, operate in corrosive environments and can be susceptible to technical failures in chemical processes. Incitec Pivot's operations are also subject to hazards inherent in fertiliser, ammonium nitrate and industrial explosives manufacturing, which could cause personal injury and loss of life, severe damage to property and equipment and environmental damage. These hazards include explosions, fires, other industrial incidents and chemical spills and other discharges or releases of toxic or hazardous substances.

Any interruption to Incitec Pivot's operations including planned and unplanned outages or losses of permits or licenses to operate due to governmental intervention may result in lost production and materially impact Incitec Pivot's financial performance. In addition, industrial disruptions, work stoppages and accidents in the course of operations may result in production losses. Delays may negatively affect Incitec Pivot's operations and financial performance.

Incitec Pivot may not be able to obtain adequate financing to fund its capital expenditure program in the planned timeframe

Incitec Pivot's fertiliser and explosives businesses require ongoing capital expenditure. Incitec Pivot historically has financed its working capital requirements and capital expenditures through a combination of cashflows from operating activities and borrowings. As at 30 September 2008, Incitec Pivot had net debt of $2,030.3 million.

There can be no assurance that Incitec Pivot will generate sufficient operating cashflow or obtain adequate financing on reasonable terms to fund its planned capital expenditures. If Incitec Pivot is not able to obtain adequate financing for its working capital requirements and capital expenditures, it may experience liquidity difficulties and may have to suspend or abandon some of its planned capital expenditures, including production facility upgrades or debottlenecking, which could have a material adverse effect on its business, financial condition and prospects.

Major projects may not be commissioned on time or the construction cost may exceed current estimates

In July 2008, Incitec Pivot approved the construction of the Moranbah Project, which is an ammonium nitrate manufacturing facility at Moranbah, central Queensland at a current estimated cost of $935 million. Currently the project is on schedule to be completed by its planned beneficial operation date in early 2011. However, factors such as construction cost overruns, the unavailability of critical plant items (including compressor equipment and engineering technology), technical difficulties and industrial action may impact the project being completed within the anticipated timeframe and/or total estimated construction cost. Any material increase in the capital cost of the Moranbah Project, or delay in its completion, may have an adverse impact on the business, financial condition and results of operations of Incitec Pivot.

Incitec Pivot is undertaking debottlenecking projects at its Phosphate Hill and Gibson Island facilities, both of which are expected to be completed in calendar year 2010. Factors such as labour disputes, delays in delivery of necessary equipment from suppliers, technical difficulties and cost overruns could impact the projects being completed on time. There can be no assurance that these projects will be completed on time or within budget or that their anticipated benefits will materialise.

Operational hazards associated with the manufacture of fertilisers, ammonium nitrate and industrial explosives, including equipment breakdowns, computer malfunctions, energy or water disruptions, natural disasters, sabotage and terrorist attacks may materially affect Incitec Pivot's operations and performance

Incitec Pivot's information, manufacturing and distribution systems are vulnerable to unforeseen human error, equipment breakdowns, energy or water disruptions, natural disasters, sabotage, terrorist attacks and other events, which may disrupt Incitec Pivot's operations and materially affect its financial performance. In addition, any loss from such events may not be recoverable, in whole or in part, under Incitec Pivot's insurance policies.

A shortage of skilled labour or loss of key personnel could disrupt Incitec Pivot's business operations or adversely affect Incitec Pivot's business and financial performance

Incitec Pivot's manufacturing plants require skilled operators, drawn from a range of disciplines, trades and vocations. In recent years, Australia has experienced relatively low unemployment and a shortage of skilled labour, principally due to unprecedented demand for employees and contractors in the resources sector associated with the large number of new mining projects. Incitec Pivot may experience difficulties in finding and retaining skilled employees needed to perform essential functions. The mining industry may aggressively bid for labour which could cause a shortage of operators for Incitec Pivot or put increased pressure on wages, which could increase Incitec Pivot's operating costs. Even when new operators are hired, it may take a considerable period of training before they possess the skills required to work effectively. Inability to recruit, train, retain or motivate employees could adversely affect Incitec Pivot's business, financial condition and results of operations.

Incitec Pivot's future success will also depend in substantial part on the continued service of Incitec Pivot's senior management. The loss of the services of one or more of Incitec Pivot's key personnel could impede execution of Incitec Pivot's business strategy and result in reduced profitability. Competition for qualified personnel is intense. Incitec Pivot cannot guarantee that it will be able to retain its key personnel or that it will be able to attract, assimilate or retain qualified personnel in the future. If Incitec Pivot is unsuccessful in its efforts in this regard, it could have an adverse effect on Incitec Pivot's business, financial condition and results of operations.

Legal or other claims may materially affect Incitec Pivot's business

Incitec Pivot is exposed to potential legal and other claims or disputes in the course of its business, including contractual disputes, property damage and personal liability claims, with respect to its operations and in relation to the operations of the businesses that it has acquired. It may also have exposure to claims in connection with its various joint venture interests in the explosives manufacturing and distribution facilities.

In particular, some of Incitec Pivot's operations are hazardous and, as occupational health and safety is a key risk area in the manufacture of fertiliser products and industrial explosives, such operations could expose Incitec Pivot to significant health and safety claims, as well as claims related to alleged environmental damage. There are risks associated with such activities, such as operational hazards caused by circumstances beyond Incitec Pivot's control, as well as the inherently dangerous nature of manufacturing, maintenance and distribution work involving fertiliser and explosives production and distribution.

Incitec Pivot is dependent on the availability and affordability of transportation to deliver its products to market

Incitec Pivot is dependent on roadways, railways, ports and ocean-going vessels to deliver its products to its customers, and supply its plants with raw materials. Any unavailability or increased cost of transportation, including those caused by weather-related problems (for example, the inability to transport raw materials and finished products to and from Phosphate Hill, Queensland, due to damage caused to road and rail infrastructure by extreme weather events in 2008), infrastructure damage, strikes, lock-outs, fuel shortages or other events, could impair Incitec Pivot's ability to supply its products to its customers, or Incitec Pivot's customers' desire to purchase products from Incitec Pivot. This could have a material adverse effect on Incitec Pivot's business, financial condition and results of operations.

Increased competition may adversely affect Incitec Pivot's financial performance

The domestic and international fertiliser and industrial explosive industries are highly competitive. The actions of competitors of Incitec Pivot or entry of new competitors may result in loss of sales and market share which could adversely affect Incitec Pivot's financial performance.

6.3. Regulatory Risks

Incitec Pivot's operations are subject to increasingly extensive environmental laws, regulations and policies, compliance with which imposes substantial obligations on Incitec Pivot and violations of which could result in penalties and other liabilities, including clean-up costs and remediation

Incitec Pivot's business is subject to environmental laws and regulations that require specific operating licences and impose various requirements and standards. The application of (or changes to) these laws and regulations, or changes to operating licence conditions, may have a detrimental effect on Incitec Pivot's operations and financial performance, including requirements to carry out environmental remediation.

Incitec Pivot owns several properties that are known to require material remediation. The expected pro forma cost of these remediation activities, with respect to those sites for which there are remediation plans, have been provided for in Incitec Pivot's financial statements in accordance with A-IFRS. However, there can be no guarantee that all environmental issues and contingent liabilities have been identified or that Incitec Pivot's environmental costs provision will be sufficient to cover all of its potential liabilities.

In addition, as Incitec Pivot's business involves working with chemicals and other hazardous substances, it is subject to spills, discharges or other releases of hazardous substances in the environment. Violations of environmental and health and safety laws can result in substantial penalties including, in severe cases, facility shutdowns.

Incitec Pivot's operations may be exposed to changes in governmental laws, regulations and policies

Changes in federal or state government legislation, regulations or polices in any of the countries in which Incitec Pivot operates may adversely impact on Incitec Pivot's business, financial condition and results of operations. For instance, Incitec Pivot, as a significant manufacturer, may be affected by the impact of future carbon trading or carbon tax regimes or future regulation of carbon emissions, together with any other legislative requirements relating to climate change or associated issues. In particular, the Australian government has indicated that a carbon emissions trading scheme could be implemented as soon as 2010. In July 2008 the Australian Government released a discussion paper outlining its preliminary policies and proposals and has solicited comments on these proposals with the aim of releasing a final policy proposal in 2009. The final policy is expected to form the basis of formal legislation to be proposed to the Australian legislature. Although the precise terms of any potential legislation are unclear, in particular, what industries will be covered by the potential legislation and whether certain trade exposed industries will qualify for certain exemptions, these regulatory mechanisms may be either voluntary or mandatory and could materially impact Incitec Pivot's operations, directly or indirectly.

Additionally, future governmental regulations could restrict the use of certain fertilisers or explosives. Likewise, governments could impose additional limitations on the use, manufacture, sale, transportation or distribution of explosives or fertilisers as a matter of public safety and thereby affect Incitec Pivot's business, results of operation and prospects.

6.4. General Risks

The future price of Incitec Pivot's shares is subject to the uncertainty of equity market conditions.

There are general risks associated with an investment in the share market. Such risks may affect the value of Incitec Pivot shares. The value of Shares may rise above or fall below the Offer Price, depending on the financial condition and operating performance of Incitec Pivot as well as the price of Incitec Pivot's fertiliser and industrial explosives products. Further, broader market factors affecting the price of Shares are unpredictable and may be unrelated or disproportionate to the financial or operating performance of the Company. Such factors may include the economic conditions in Australia and overseas, investor sentiment in the local and international stock markets, consumer sentiment, changes in fiscal, monetary, regulatory and other government policies, global political and economic stability, interest and inflation rates and foreign exchange rates. Recent turmoil in global credit markets has negatively affected economies across the globe and led to increased volatility in stock markets, including ASX. Continued volatility in global markets could negatively impact the value of Incitec Pivot's shares.

Incitec Pivot's future financial performance is subject to the volatility of the economy.

Changes in the economic climate in which the Group operates may adversely impact the financial performance of the Company. In particular, a sustained downturn in the global, North American or Australian economy may adversely impact Incitec Pivot's overall performance. Further, external factors (such as economic conditions in Australia and overseas, interest and inflation rates, employment levels, investor and consumer sentiment in local and international stock markets, monetary policy and geo-political conditions) over which Incitec Pivot has no control, may impact the value of Incitec Pivot shares or the performance and profitability of the Company.

Incitec Pivot's ability to raise funds for future refinancing or future growth opportunities

Incitec Pivot's ability to raise funds on favourable terms for future refinancing, for example, relating to the Syndicated Bank Facility which matures in September 2011, or for growth opportunities depends on a number of factors, including general economic conditions, political, capital and credit market conditions and the reputation, performance and financial strength of Incitec Pivot's business. These factors could increase the cost of funding or reduce the availability of funding, as well as increasing Incitec Pivot's refinancing risk for its debt facilities.

Incitec Pivot is exposed to interest rate fluctuations

The financial performance of Incitec Pivot is affected by fluctuations in interest rates. Incitec Pivot may manage its interest rate risk by using interest rate swaps and options. There can be no assurance that Incitec Pivot will successfully manage its interest rate risk or that changes in interest rates will not have a material adverse effect on the business, financial condition or results of operations of Incitec Pivot.

Incitec Pivot's business is exposed to variable insurance market conditions

Although Incitec Pivot maintains insurance policies on its facilities and businesses, not all risks are insured or insurable. Due to changeable insurance market conditions, Incitec Pivot cannot be certain that adequate and commercially reasonable insurance coverage for potential losses and liabilities will be available in the future. If Incitec Pivot experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses and/or liabilities to third parties.

Section 7

Directors and Management

Incitec Pivot

7. Directors and Management

7.1. Board of Directors

John Watson, AM MAICD Non-Executive Chairman *Appointed as a Non-Executive Director in December 1997 and as Chairman in January 1998*	Mr. Watson is the Chairman of Tasman Farms Ltd and Governor of Van Diemen's Land Company, a director of Tassal Group Ltd, Councillor of the Royal Agricultural Society of Victoria and a member of the Rabobank Food and Agribusiness Advisory Board for Australia and New Zealand. Mr. Watson is a past Deputy President of the National Farmers' Federation, former Chairman of PrimeSafe and a former non-executive director of Rural Press Ltd. Mr. Watson was the Chairman of the Export Wheat Commission, which was replaced by a new authority, Wheat Exports Australia, on 1 July 2008. In 2004, Mr. Watson was awarded a Membership in the Order of Australia for services to the agricultural and food production sectors.
Brian Healey FAICD, FAIM Non-Executive Director, Deputy Chairman *Appointed June 2003*	Mr. Healey is a former director of Orica and Fosters Brewing Group Ltd, a former Senior Vice President of Nabisco Inc. and Sara Lee Corporation, a former Chairman of Biota Holdings Ltd, and a former Chief Executive of Nicholas Kiwi Ltd. Mr. Healey recently retired as Chairman of Centro Properties Group and Centro Retail Ltd.
Allan McCallum DipAgScience, FAICD Non-Executive Director *Appointed December 1997*	Mr. McCallum is the Chairman of Tassal Group Ltd, CRF Foods (Vic) Pty Ltd and CRF (Colac Otway) Pty Ltd, and he is a director of Medical Developments International Ltd. Mr. McCallum is a former director of Graincorp Ltd and a former Chairman of Vicgrain Ltd.
Anthony Larkin FCPA, FAICD Non-Executive Director *Appointed June 2003*	Mr. Larkin is a director of Corporate Express Australia Ltd, OZ Minerals Ltd and Eyecare Partners Ltd. Mr. Larkin was previously Executive Director Finance of Orica, Chairman of Incitec Limited and Chairman of Ausmelt Ltd. During his career with BHP Ltd, which spanned 38 years, Mr. Larkin held the position of Group Treasurer, as well as various senior finance positions in its steel and minerals businesses and senior corporate roles. From 1993 to 1997, Mr. Larkin was seconded to Foster's Group Ltd as Senior Vice President Finance and Investor Relations. Until early 2006, Mr. Larkin was a Commissioner of the Victorian Essential Services Commission.
John Marlay BSc, FAICD Non-Executive Director *Appointed December 2006*	Mr. Marlay is a former Chief Executive Officer and Managing Director of Alumina Ltd, a former director of Alcoa of Australia Ltd, Alcoa World Alumina LLC and the Business Council of Australia, the former Deputy Chairman of Alcoa World Alumina and Chemicals Strategic Council and the former Chairman of Australian Aluminium Council. In addition, he previously held executive positions with, and was a director of, Esso Australia Ltd, James Hardie Industries Ltd, Pioneer International Group Holdings and Hanson plc. Mr. Marlay was a member of the 2007 Prime Ministerial Task Group on Emissions Trading and is a member of the Chairman's Panel of the Great Barrier Reef Foundation.
Julian Segal BSc, MBA Managing Director & Chief Executive Officer *Appointed June 2005*	Mr. Segal has extensive experience in the industrial explosives and mining industries. Immediately prior to joining Incitec Pivot, Mr. Segal was Manager of Strategic Market Planning for Orica. Mr. Segal joined Orica in 1999 and held various senior management positions including General Manager, Australia/Asia Mining Services and Senior Vice President – Marketing for Orica Mining Services globally and, at that time, was based in the U.S.
James Fazzino BEc (Hons), CPA Finance Director & Chief Financial Officer *Appointed July 2005*	Mr. Fazzino was appointed as Chief Financial Officer in May 2003 on the Company's merger with Incitec Fertilizers Limited and was appointed to the Board as an Executive Director in July 2005. Mr. Fazzino has extensive financial and investor relations experience and, prior to joining Incitec Pivot, he held several senior business financial roles with Orica, including Project Leader of Orica's group restructure in 2001 and Chief Financial Officer for the Orica Chemicals group. Immediately before joining Incitec Pivot, Mr. Fazzino was Orica's Investor Relations Manager.

7.2. Executive Team

Kerry Gleeson
LLB(Hons) (admitted as a lawyer in England and Wales (1991) and Victoria (2001))
General Counsel & Company Secretary
Appointed February 2004

Mrs. Gleeson has extensive experience as a corporate finance lawyer and joined Incitec Pivot as General Counsel and Company Secretary in February 2004. Prior to joining Incitec Pivot, Mrs. Gleeson was in private practice with Blake Dawson and advised the Company on its merger with Incitec Fertilizers Limited in 2003. Since joining Incitec Pivot, Mrs. Gleeson has advised the Company on its acquisitions of Southern Cross Fertilisers and, more recently, Dyno Nobel. Mrs. Gleeson was previously a partner of English law firm Halliwell Landau (now Halliwells LLP), where she gained extensive experience in IPOs, international mergers and acquisitions, equity markets financing and restructuring.

Bernard Walsh
BE(Mech), MIEAust CPEng
General Manager, Global Manufacturing
Appointed April 2005

Mr. Walsh has extensive manufacturing experience in petrochemicals, chemicals and mining services. Mr. Walsh joined Incitec Pivot from Orica where he held a variety of roles from 1987, including General Manager of Initiation Explosives Systems (IES) until 2003. IES was a joint venture between Orica and Ensign Bickford Industries Inc. and manufactured a full range of initiating systems at its Helidon, Queensland, and Deer Park, Melbourne, sites.

Alan Grace
BScChemEng, MIChemE
General Manager, Health, Safety, Environment & Major Projects
Appointed June 2006

Mr. Grace joined Incitec Pivot on the Company's merger with Incitec Fertilizers Limited, having commenced with Incitec Limited in 2000. Mr. Grace has extensive experience in the construction and operation of chemical and petrochemical manufacturing facilities. Mr. Grace previously held the role of General Manager Chemicals, where he was responsible for managing the chemicals business unit. In June 2008, he was appointed to the new role of General Manager, Health, Safety, Environment & Major Projects, with responsibility for global engineering standards and for pursuing nitrogen and phosphate opportunities in new geographies.

James Whiteside
BAgricSc, GradDipBusAdmin
General Manager Supply Chain and Trading
Appointed June 2006

Mr. Whiteside joined Incitec Pivot (then known as Pivot Ltd) in 1992, following extensive experience in agricultural companies and consulting. Since joining Incitec Pivot, Mr. Whiteside has held a number of senior management roles, most recently as Group Procurement Manager. As General Manager Supply Chain and Trading, Mr. Whiteside is responsible for Southern Cross International and its international and domestic trading business.

Paul Barber
General Manager Australian Fertilisers
Appointed September 2007

Mr. Barber has extensive experience in the agriculture industry. Prior to his appointment to Incitec Pivot, Mr. Barber held various executive roles within Elders Ltd, including General Manager Merchandise, Group General Manager Operations and Group General Manager Client Services. As General Manager Australian Fertilisers, Mr. Barber is responsible for domestic fertiliser sales to Incitec Pivot's extensive distribution network across eastern Australia. Mr. Barber recently announced that he will resign from Incitec Pivot and the Company is currently looking to recruit his replacement.

Kevin Lynch
BSocSc, MBA
General Manager Human Resources
Appointed February 2008

Mr. Lynch joined Incitec Pivot as General Manager Human Resources in February 2008. Mr. Lynch has extensive experience in the chemicals and explosives industries. Mr. Lynch worked with ICI Australia Ltd, then Orica for over 14 years, in senior human resource roles in the chemicals and explosives divisions and for a six year period was the General Manager of Human Resources for the Orica Ltd group. At Incitec Pivot, Mr. Lynch is responsible for human resources across the Company's Australian and international operations.

Don Brinker
BS Public Administration/Business, MBA
President, Global Explosives
Appointed June 2008

Mr. Brinker joined Incitec Pivot in June 2008 and is responsible for the Company's global explosives business. Mr. Brinker has extensive experience in the North American explosives business, having worked for over 30 years in the industry. Immediately prior to joining Incitec Pivot, Mr. Brinker held the position of President & CEO Americas at Minova International and, prior to that, he was President & CEO of Orica's North American explosives business. Mr. Brinker is based at the head office of the explosives business in Salt Lake City, Utah.

Jamie Rintel
BA
General Manager Strategy
Appointed June 2008

Mr. Rintel joined Incitec Pivot in February 2005, following extensive experience in consulting across a range of industries both in Australia and overseas. Within Incitec Pivot, Mr. Rintel has held a number of roles including, most recently, Marketing Manager for the Company's Australian fertiliser business. Mr. Rintel was appointed to his current role as General Manager Strategy in June 2008.

Section 8

Investigating Accountant's Report

Incitec Pivot

KPMG Transaction Services (Australia) Pty Limited
Australian Financial Services Licence No. 245402
147 Collins Street
Melbourne Vic 3000

GPO Box 2291U
Melbourne Vic 3001
Australia

ABN: 65 003 891 718
Telephone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
DX: 30824 Melbourne
www.kpmg.com.au

The Directors
Incitec Pivot Limited
70 Southbank Boulevard
Southbank
Victoria 3006

11 November 2008

Dear Directors

Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Transaction Services (Australia) Pty Limited ("KPMG Transaction Services") has been engaged by Incitec Pivot Limited ("IPL") to prepare this report for inclusion in the Prospectus to be dated 12 November 2008, and to be issued by IPL, in respect of the proposed issue of 468.2 million Shares in IPL at $2.50 per share.

Expressions defined in the Prospectus have the same meaning in this report.

Financial information

KPMG Transaction Services has been requested to prepare a report covering the pro forma historical financial information described below and disclosed in the Prospectus.

Pro forma historical financial information

The pro forma historical financial information, as set out in section 5.13 of the Prospectus, comprises the pro forma, unaudited:

- balance sheet of IPL as at 30 September 2008; and
- notes thereto.

The pro forma historical financial information has been prepared by the directors of IPL based on the historical financial information of IPL, extracted from the audited financial statements of IPL for the year ended 30 September 2008, after adjusting for the pro forma transactions and/or adjustments described in section 5.13 of the Prospectus.

The financial statements of IPL for the year ended 30 September 2008 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of IPL relating to those financial statements were unqualified.

The directors of IPL are responsible for the preparation and presentation of the pro forma historical financial information, including the determination of the pro forma transactions and/or adjustments.

The pro forma historical financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

Scope

Review of pro forma historical financial information

We have reviewed the pro forma historical financial information in order to report whether anything has come to our attention which causes us to believe that the pro forma historical financial information, as set out in section 5.13 of the Prospectus, does not present fairly the pro forma historical financial position of IPL as at 30 September 2008:

- on the basis of the pro forma transactions and/or adjustments described in section 5.13 of the Prospectus; and
- in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by IPL as disclosed in its financial statements for the year ended 30 September 2008.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of the extraction of historical financial information of IPL from the audited financial statements of IPL for the year ended 30 September 2008;
- analytical procedures on the pro forma historical financial information of IPL;
- a review of the pro forma transactions and/or adjustments made to the historical financial information;
- a review of IPL's work papers, accounting records and other documents;
- a comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the accounting policies adopted by IPL as disclosed in its financial statements for the year ended 30 September 2008; and
- enquiry of directors, management and others.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards and practices generally accepted in the United States of America and accordingly, should not be relied on as if they had been carried out in accordance with those standards.

Review statements

Review statement on the pro forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information, as set out in section 5.13 of the Prospectus, does not present fairly the pro forma historical financial position of IPL as at 30 September 2008:

- on the basis of the pro forma transactions and/or adjustments described in section 5.13 of the Prospectus; and
- in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations), and accounting policies adopted by IPL as disclosed in its financial statements for the year ended 30 September 2008.

Independence

KPMG Transaction Services does not have any interest in the outcome of this issue, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of IPL and from time to time, KPMG provides IPL with certain other professional services for which normal professional fees are received.

Responsibility

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours faithfully

Stewart May
Director

KPMG Transaction Services (Australia) Pty Limited
Australian Financial Services Licence No. 245402
147 Collins Street
Melbourne Vic 3000

GPO Box 2291U
Melbourne Vic 3001
Australia

ABN: 65 003 891 718
Telephone: +61 3 9288 5555
Facsimile: +61 3 9288 6666
DX: 30824 Melbourne
www.kpmg.com.au

Dated 11 November 2008

KPMG Transaction Services

KPMG Transaction Services (Australia) Pty Limited ABN 65 003 891 718 ("**KPMG Transaction Services**" or "**we**" or "**us**" or "**ours**" as appropriate) holds an Australian Financial Services Licence ("AFSL") issued by the Australian Securities and Investment Commission on 11 March 2004. Our AFSL number is 245402.

We have been engaged by Incitec Pivot Limited to issue general financial product advice, about Incitec Pivot Limited's financial products, in the form of an Investigating Accountant's Report to be provided to you. We are required to include this FSG in our Report because we have authorised the product issuer to include our Investigating Accountant's Report in the Short Form Prospectus for Incitec Pivot Limited's financial products.

Purpose of the FSG

The purpose of this FSG is to:

- **help you decide whether to consider the Investigating Accountant's Report;**
- **contain information about remuneration to be paid to us in relation to the Investigating Accountant's Report;**
- **contain information on the financial services we are authorised to provide under our AFSL; and**
- **contain information on how you can complain against us.**

Financial services we are licensed to provide

Our AFSL authorises us to provide financial product advice in relation to interests in managed investment schemes (excluding investor directed portfolio services) and securities (such as shares and debentures) to wholesale and retail clients.

General Financial Product Advice

In the Investigating Accountant's Report, we provide general financial product advice, not personal financial product advice. It has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on any advice contained in the Investigating Accountant's Report.

Fees, commissions and other benefits

We charge fees for providing reports. These fees are agreed with, and paid by, the product issuer. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Incitec Pivot Limited has agreed to pay a fee for providing the Investigating Accountant's Report of $200,000.

Except for the fees referred to above, neither KPMG Transaction Services, nor its representative, or any of its employees, involved in the provision of the report, receive any pecuniary or other benefits, directly or indirectly, for or in connection with, the provision of the Investigating Accountant's Report.

All our employees receive a salary and our directors or employees may receive partnership distributions from KPMG or bonuses based on overall productivity, but not directly in connection with any engagement for the provision of a report.

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

Through a variety of corporate and trust structures, KPMG Transaction Services is ultimately wholly owned by, and operates as part of, KPMG's Australian professional advisory and accounting practice. Our directors may be partners in KPMG's Australian partnership. From time to time KPMG Transaction Services or KPMG and/or KPMG related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints

If you have a complaint, please raise it with us. All complaints must be in writing, addressed to The Complaints Officer, KPMG Transaction Services, PO Box H67, Australia Square, Sydney NSW 1213. When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

If you are not satisfied with the outcome of the above process, or our determination, you have the right to refer the matter to the Financial Industry Complaints Service Limited ("**FICS**"). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry. Further details about FICS are available at the FICS website: www.fics.asn.au. FICS can also be contacted by telephone on 1300 78 08 08.

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

Section 9

Taxation Implications

Incitec Pivot

9. Taxation Implications

9.1. Introduction

The purpose of this section is to provide a general summary of the Australian taxation implications for Eligible Retail Shareholders from participating (including by doing nothing) in the Entitlement Offer.

The summary is general in nature and is based on the law in force in Australia at the date of this Prospectus. The precise taxation implications from participating in the Entitlement Offer will depend upon each Eligible Retail Shareholder's specific circumstances. Eligible Retail Shareholders should seek their own independent taxation advice before reaching conclusions as to the possible taxation consequences of the Entitlement Offer.

This summary is intended as a general guide only and is not an authoritative or complete statement of the potential taxation implications for each Eligible Retail Shareholder. In particular, this summary is only relevant for Eligible Retail Shareholders who hold their Shares on capital account. It does not address the tax considerations applicable to Eligible Retail Shareholders that may be subject to different tax treatment, such as banks, insurance companies, tax exempt organisations, Eligible Retail Shareholders who trade in Shares or hold their Shares on revenue account, and Eligible Retail Shareholders who change their tax residency while holding Shares. Nor does this summary apply to trustees of employee share plans.

9.2. Grant of Entitlements

Eligible Retail Shareholders that hold their Shares on capital account should not have a tax liability arise on the issue of the Entitlements to them under the Entitlement Offer, irrespective of whether the Entitlements are taken up. This is because either:

- the market value of the Entitlements received should not be ordinary income of the Eligible Retail Shareholders; or
- given the terms of the Entitlement Offer, the market value at the time of issue of the Entitlement should not be subject to tax.

9.3. Taking up the Entitlements

The taking up of an Entitlement by an Eligible Retail Shareholder to acquire a New Share should not give rise to any immediate Australian taxation liability for the Eligible Retail Shareholder.

New Shares acquired by Eligible Retail Shareholders will be assets for Australian CGT purposes. Newly issued shares acquired upon exercise of rights are generally acquired for CGT purposes on the date that the right to acquire the share is exercised.

However, the relevant acquisition date of the New Shares for CGT purposes under the Entitlement Offer is not free from doubt. The Australian Tax Office may consider that the New Shares are not acquired for CGT purposes when the Entitlements are exercised but instead on the date that the New Shares are issued.

Generally, the CGT cost base of the New Shares will be the amount paid by the Eligible Retail Shareholder to acquire them (i.e. the issue price) plus any non-deductible incidental costs incurred by the Eligible Retail Shareholder in connection with the acquisition of the New Shares.

For Eligible Retail Shareholders who acquired their original Shares prior to 20 September 1985 (i.e. pre-CGT shares), the cost base of the New Shares may be the amount paid by the Eligible Retail Shareholder plus any non-deductible incidental costs incurred by the Eligible Retail Shareholder in connection with the acquisition of the New Shares, and the market value of the Entitlement relating to pre-CGT Shares.

Where the Entitlement Offer is withdrawn by Incitec Pivot, Eligible Retail Shareholders who had previously accepted the Entitlement Offer should not have any taxable capital gain.

9.4. Allowing the Entitlement to Lapse

The Entitlements offered to Eligible Retail Shareholders are not capable of being traded on ASX, transferred, assigned or otherwise dealt with. An Eligible Retail Shareholder's Entitlement may lapse by the Eligible Retail Shareholder not taking it up through inaction, but an Eligible Retail Shareholder may not otherwise dispose of their Entitlement. In circumstances where the Entitlement lapses, the Eligible Retail Shareholder will not acquire any New Shares under the Entitlement Offer and should not have any taxation consequences as a result of the Entitlement they receive.

9.5. Receipt of Dividends on New Shares

9.5.1. Australian tax residents

Eligible Retail Shareholders who acquire the New Shares may receive dividends in respect of those Shares. Some or all of the dividends may be partially or fully franked.

An Eligible Retail Shareholder who receives dividends must include the amount of the dividend received in their assessable income in the year in which the dividend is paid. In addition, to the extent to which the dividend is franked, the Eligible Retail Shareholder must also include in their assessable income the "franking credits" associated with that dividend. Subject to meeting certain criteria, a tax offset should generally be available for franking credits included in assessable income.

An Eligible Retail Shareholder will be assessed on any franking credits and be entitled to a tax offset provided the Eligible Retail Shareholder satisfies the 45-day holding period rule. Broadly, this requires Eligible Retail Shareholders to hold the New Shares, without a materially diminished risk of loss or opportunities for gain, for at least 45 clear days after the date of acquisition of the New Shares. Alternatively, individual Eligible Retail Shareholders may be entitled to franking credits in relation to the New Shares if the amount of franking credits they receive in the relevant year of income from all sources is $5,000 or less.

For individuals, complying superannuation funds and certain charitable institutions, a cash refund of excess tax offsets may be available to the extent the tax offset for franking credits exceeds the income tax otherwise payable.

9.5.2. Foreign tax residents

Dividends paid to Eligible Retail Shareholders who are not Australian tax residents may be subject to Australian dividend withholding tax at a rate between 5% and 30%, on the portion of the dividend that is not franked and not declared by Incitec Pivot to be paid from "conduit foreign income". No dividend withholding tax will apply to dividends to the extent to which they are franked or paid from "conduit foreign income". In addition, no dividend withholding tax should apply where the dividend is paid to a non-resident carrying on business through a permanent establishment in Australia if the dividend is attributable to that permanent establishment. However, the dividend may be included in the Australian assessable income of the non-resident.

Eligible Retail Shareholders who are not Australian tax residents should seek independent specialist advice in respect of the Australian and foreign taxation implications of holding the New Shares.

9.6. Disposal of the New Shares

The disposal of the New Shares may have CGT implications in Australia. The taxation implications will differ depending upon whether or not the holder of the New Share is an Australian tax resident.

9.6.1. Australian tax residents

For Australian tax residents, a capital gain will arise to the extent to which the capital proceeds received in respect of the disposal of the New Shares exceeds the cost base for the New Shares.

If the reduced cost base of the New Shares exceeds the capital proceeds on disposal of the New Shares, a capital loss should arise. A capital loss will reduce any other capital gains for the relevant year of income and any unused capital losses may generally be able to be carried forward to offset against future capital gains.

Eligible Retail Shareholders who are individuals or trusts (other than as trustee of a complying superannuation fund) may reduce their net capital gain by 50% (after offsetting both prior and current year capital losses) provided they hold the New Shares for at least 12 months before disposal of the Shares.

Eligible Retail Shareholders that are complying superannuation funds may reduce the net capital gain by $33\frac{1}{3}$% (after offsetting current and prior year capital losses), provided the New Shares have been held for at least 12 months before disposal.

9.6.2. Foreign residents

Eligible Retail Shareholders who are not Australian tax residents and who hold their New Shares on capital account are generally unlikely to be subject to CGT in Australia on disposal of the New Shares.

Notwithstanding the above, Eligible Retail Shareholders who are not Australian tax residents may still have an Australian CGT liability in respect of the disposal of the New Shares if either of the following conditions are met:

- the Eligible Retail Shareholder and its associates beneficially own, or owned at the time or throughout a 12 month period that began no earlier that 24 months prior to the disposal of the Shares, a 10% or more interest in Incitec Pivot and the Shares are considered to be "Taxable Australian Property" at the time of disposal; or
- the Eligible Retail Shareholder holds the New Shares in connection with a business carried on in Australia through an Australian permanent establishment.

Eligible Retail Shareholders who are not Australian tax residents should seek independent advice in respect of the above Australian taxation implications of disposing of the New Shares.

9.7. No Goods and Services Tax (GST)

No Australian GST should be payable on the grant of the Entitlements or the acquisition or disposal of New Shares.

In respect of all other matters and transactions arising under the Prospectus (such as costs incurred by an Eligible Retail Shareholder, if any, related to the grant of the Entitlements or the acquisition or disposal of New Shares), the Australian GST implications may vary depending upon the Eligible Retail Shareholder Australian GST registration status and residency status. Eligible Retail Shareholders should seek their own independent advice in relation to their individual Australian GST position.

9.8. No Stamp Duty

No Australian stamp duty should arise on the grant of the Entitlements or the acquisition of the New Shares. In addition, no Australian stamp duty should be payable on the disposal of the New Shares, providing that the New Shares remain quoted on ASX at the time of disposal.

Section 10

Additional Information

Incitec Pivot

10. Additional Information

This section sets out a number of other matters that may not be addressed in detail elsewhere in this Prospectus.

These include a description of the short form nature of this Prospectus, the availability of certain documents for inspection, the consents of persons whose names or statements have been included in this Prospectus, and the disclosure of interests of the Directors.

10.1. Short form Prospectus

This Prospectus is a document to which the special content rules under section 713 of the Corporations Act apply. That section allows the issue of a more concise document in relation to the offer of securities and financial products in classes of securities which have been continuously quoted by ASX for the three months prior to the date of the Prospectus. Subject to a modification granted by ASIC described in section 10.12, Shares and New Shares in Incitec Pivot meet this criteria.

The information in this Prospectus principally concerns the terms and conditions of the Entitlement Offer necessary to make an informed assessment of:

- the effect of the Entitlement Offer on Incitec Pivot; and
- the rights and liabilities attaching to the New Shares.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offering of shares.

Incitec Pivot has, since listing, provided ASX with a substantial amount of information regarding its activities. That information is publicly available. Shareholders and other investors should read this Prospectus in conjunction with that publicly available information before making an investment decision.

10.2. Continuous Disclosure Obligations

Incitec Pivot is a "disclosing entity" (as defined in the Corporations Act). As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Incitec Pivot to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX.

In particular, Incitec Pivot has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes, aware of information concerning Incitec Pivot which a reasonable person would expect to have a material effect on the price or value of the Incitec Pivot's securities. Incitec Pivot is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report and an audit review or report. That information is available to the public from ASX.

Copies of documents lodged with ASIC in relation to Incitec Pivot may be obtained from, or inspected at, an office of ASIC.

10.3. Copies of documents available free of charge from Incitec Pivot

Since lodging Incitec Pivot's financial report for the period of 12 months ended 30 September 2008, Incitec Pivot has made the following announcements to ASX:

Date	Description
12 November 2008	Incitec Pivot ASX announcement regarding Entitlement Offer
12 November 2008	Incitec Pivot Entitlement Offer presentation to investors
12 November 2008	Appendix 3B

Incitec Pivot will provide a copy of each of the following documents (free of charge) to any person who requests it in the period starting from the date of this Prospectus and ending on the Closing Date:

- the financial report of the Company for the period of 12 months ended 30 September 2008 (being the annual financial report most recently lodged with ASIC by Incitec Pivot before the issue of this Prospectus); and
- any other document used to notify ASX of information relating to Incitec Pivot under the continuous disclosure provisions of the Listing Rules and the Corporations Act after the date of lodgement with ASIC of the annual financial report referred to above and before lodgement with ASIC of this Prospectus.

All requests for copies of the above documents should be addressed to the Company Secretary, Incitec Pivot Limited, 70 Southbank Boulevard, Southbank, VIC, 3006. The above information may also be obtained from the Company's website at www.incitecpivot.com.au or from ASX website at www.asx.com.au. References to Incitec Pivot's website and ASX website are provided for convenience only, and none of the documents or other information on Incitec Pivot's website or ASX website are incorporated by reference into this Prospectus.

10.4. Rights and Liabilities attaching to New Shares

Each New Share to be issued pursuant to this Prospectus will be fully paid and will rank equally with existing Shares. However, Eligible Shareholders who acquire New Shares under the Entitlement Offer will not be entitled to participate in the 19.5 cents per Share final dividend for the 6 months ended 30 September 2008 in respect of New Shares. The final dividend is scheduled to be paid on 2 December 2008.

The rights and liabilities attaching to Shares are set out in the Constitution and are regulated by the Corporations Act, the general law, the Listing Rules and the ASTC Settlement Rules. The Constitution may only be varied by a special resolution passed by at least 75% of votes cast by members present in person or by proxy (and entitled to vote).

A summary of the significant rights attaching to Shares (and therefore New Shares) is set out below. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

A copy of the Constitution is available from the Company's website www.incitecpivot.com.au or by contacting the Incitec Pivot Entitlement Offer Information Line on 1300 305 840 from within Australia or +61 2 8280 7700 if calling from outside Australia between 8:30am and 5:30pm Monday to Friday during the Offer Period. References to Incitec Pivot's website are provided for convenience only, and none of the documents or other information on Incitec Pivot's website are incorporated by reference into this Prospectus.

10.4.1. General meetings

Each eligible member of Incitec Pivot is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to eligible members under the Constitution, the Corporations Act or the Listing Rules.

The quorum required for a general meeting of members of the Company is two eligible members entitled to vote at that meeting.

10.4.2. Voting

Unless a poll is requested in accordance with the Constitution, a resolution put to the vote at a meeting of members must be decided on a show of hands.

Subject to the Constitution and any rights or restrictions attached to a class of shares in the capital of the Company, every eligible member present at a general meeting of the Company has one vote on a show of hands and, on a poll, one vote per share held (and a fraction of one vote for each partly paid up share in the Company). However, a holder of a preference share in the Company only has the right to vote in specified circumstances.

Members may vote on a show of hands and on a poll:

- in person (or where a body corporate via a representative in accordance with the Corporations Act);
- by proxy, or if the member is entitled to cast two or more votes at the meeting, by not more than two proxies; or
- by attorney, or if the member is entitled to cast two or more votes at the meeting, by not more than two attorneys.

The vote of a member who is not entitled to vote on a resolution will be disregarded.

A member may vote if they are permitted to be registered as the holder of a share of the Company due to a transmission event and the person has satisfied the Directors of that entitlement at least 48 hours prior to the meeting.

Where shares are jointly held, only the member whose name appears first on the register is permitted to vote.

A member holding restricted securities does not have any voting rights in respect of those restricted securities when in breach of the Listing Rules in relation to those restricted securities or a breach of a restriction agreement.

The chairperson of a meeting of members may determine any dispute arising regarding the admission, validity or rejection of a vote at a meeting of members.

Any objection to the voting rights of a member at a meeting may only be raised by a Director or eligible member permitted to vote at the meeting. The objection must be made to Directors prior to the meeting or, at the relevant meeting, to the chairman.

10.4.3. Polls

A poll may be demanded by:

- at least five eligible members present and entitled to vote on that resolution; or
- one or more eligible members present and who together are entitled to at least 5% of the votes that may be cast on that resolution on a poll; or
- the chairperson.

However, a poll cannot be demanded in relation to a resolution on the election of a chairperson of that meeting or the adjournment of that meeting.

Fractional parts of the total number of votes entitled on a poll will be disregarded.

10.4.4. Proxies, attorneys and representatives

Where more than one proxy or attorney attends a meeting for an eligible member, none of them is permitted to vote on a show of hands and on a poll the vote of each person will not have effect where the aggregate number or proportion of the eligible member's votes for which they have been appointed exceeds the total number of votes that could have been cast by that member.

An instrument appointing a proxy must be in a valid form signed by the member. An appointment of proxy or attorney is effective for a meeting of members only if the Company receives the appointment (and any authority under which the appointment was signed) not less than 48 hours before the time scheduled for commencement of that meeting or 48 hours before the time scheduled for resumption of an adjourned meeting (as the case may be).

10.4.5. Issue of shares

Subject to the Corporations Act, the Listing Rules, the ASTC Operating Rules and any rights and restrictions attached to a class of shares in the capital of the Company, the Directors may allot, issue and grant options in respect of unissued shares on any terms, at any time and for any consideration.

10.4.6. Dividends

The Directors may from time to time pay dividends (but only out of the profits of the Company) to be distributed to members, subject to any rights or restrictions attached to a class of shares in the capital of the Company.

The Directors may determine and fix the amount of the dividend, whether the dividend is franked, the franking percentage and the franking class, the time for determining entitlements to the dividend, the time for payment of the dividend and the method of payment of the dividend. Different dividend rights may attach to shares which are of a different class or not fully paid.

A member who holds restricted securities is not permitted to any dividends in respect to those restricted securities during a breach of the Listing Rules in relation to those restricted securities or a breach of a restriction agreement.

The Directors may determine that dividends be paid on shares of one class but not another class and at different rates for different classes of shares.

Subject to any rights or restrictions attached to a class of shares, the person entitled to a dividend on a share is entitled to:

- if the share is fully paid, the entire dividend; or
- if the share is partly paid, a proportion of that dividend equal to the proportion which the amount paid (excluding amounts credited) on that share is of the total amounts paid or payable (excluding amounts credited) on that share.

The Company may retain the whole or part of any dividend on which the Company has a lien and apply that amount in total or part satisfaction of any amount secured by that lien.

10.4.7. Registered holder of shares is the absolute owner

Except as required by law, the ASTC Operating Rules or the Constitution, the Company is not required to recognise any interest in, or right in respect of, a share in the Company except an absolute right of legal ownership of the member as the holder of that share.

10.4.8. Transfer of shares

Shares in the capital of the Company may be transferred by a proper ASTC transfer, an instrument of transfer in compliance with the Constitution or by any other method permitted by the Corporations Act, Listing Rules or the ASTC Operating Rules. The instrument of transfer must be in writing in a usual form or in any other form approved by the Directors (which is otherwise permitted by law). The instrument must be executed by or on behalf of the transferor, the transferee (if required by the Company) and must be stamped (if required by law). Instruments of transfer must be delivered to the Company at the place where the Register is kept together with the certificate of the share to be transferred (if any) (and any other evidence required to provide, title or right to the shares, or proper execution of the instrument of transfer).

The Directors may refuse to register a transfer of shares in the capital of the Company where the Corporations Act, the Listing Rules or the ASTC Operating Rules permits them to do so. The Company must refuse to register a transfer of shares in the capital of the Company when required by the Corporations Act, the Listing Rules, the ASTC Operating Rules or stamp duty law. If the Directors refuse to register a transfer of shares in the capital of the Company, the Directors must, within five Business Days after the date on which the transfer was lodged with the Company, give the person transferring the shares in the capital of the Company and the person lodging the transfer (if not the same person) written notice of any refusal to register a transfer of those shares and the reasons for the refusal.

A holding lock can be applied where permitted by the Corporations Act, the Listing Rules or the ASTC Operating Rules.

Except as permitted by the Listing Rules or ASX, a member must not dispose of or transfer restricted securities (and the Company must refuse to acknowledge a disposal or transfer of restricted securities) during the escrow period of those restricted securities.

The Constitution contains provisions governing proportional takeover bids and transmission of shares.

10.4.9. Reductions of capital and share buy backs

Subject to the Corporations Act, the Listing Rules and the ASTC Operating Rules, the Company may reduce its share capital and buy back shares in the capital of the Company on any terms and at any time.

The Company may by ordinary resolution passed at a general meeting of members convert all or any of its shares into a larger or smaller number.

10.4.10. Variation of class rights

Subject to the Corporations Act and the terms of issue of shares in a particular class, the Company may vary or cancel rights attached to shares in that class or convert shares from one class to another, by a special resolution of the Company and either a special resolution passed at a meeting of members holding shares in that class, or the written consent of members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

10.4.11. Winding up

On a winding up of the Company, subject to any rights or restrictions attached to a class of shares in the capital of the Company, any surplus must be divided among members of the Company in the proportions which the amount paid (including amounts credited) on the shares of a member is of the total amounts paid and payable (including amounts credited) on the shares of all members of the Company.

10.4.12. Alteration of Constitution

The Constitution can only be amended by special resolution passed by at least 75% of the votes cast by members of the Company entitled to vote on the resolution at a general meeting of members of the Company.

10.4.13. Responsibilities of the Board

The Board may exercise all the powers of the Company except any powers that the Corporations Act or the Constitution requires the Company to exercise in general meeting. The Board's responsibilities include the issuance of shares and the payment of dividends.

10.4.14. Unmarketable parcels

The Company has the power to sell unmarketable parcels of shares. This power may only be exercised in respect of one or more members, once in any 12 month period.

10.4.15. Calls, forfeiture and liens

Subject to the Corporations Act, the Listing Rules and the ASTC Operating Rules, the Company has the power to make calls on the members of a share for the amount unpaid on a share.

Subject to notice provisions, the Company has the power to determine that a share held by a member is to be forfeited if that member does not pay a call or instalment on that share on or before the date for its payment.

The Company has a first ranking lien on each registered share in the capital of the Company, the proceeds of sale of those shares and all dividends payable in respect of those shares for:

- each unpaid call or instalment due but unpaid on those shares;
- if those shares were acquired under an employee incentive scheme, all amounts payable to the Company by the member under loans made to enable those shares to be acquired;
- all amounts which the Company is required by law to pay, and has paid, in respect of those shares or the forfeiture or sale of those shares; and
- subject to the Listing Rules, all interest and expenses due and payable to the Company.

The Company may enforce a lien on a share by selling a share of a member if the amount secured by that lien is due and payable and notice has been given to the member.

10.5. Underwriting Agreement

Overview

Pursuant to the Underwriting Agreement, the Company appointed the Joint Lead Managers and Underwriters to jointly manage the Entitlement Offer and underwrite the Institutional Entitlement Offer on the terms and conditions of the Underwriting Agreement.

The following is a summary of the principal provisions of the Underwriting Agreement.

Fees

The fees payable to the Joint Lead Managers and Underwriters are as follows:

Institutional Fee

(a) a base fee of 3.00%; and

(b) an incentive fee of 0.5% (where payment of the incentive fee is at Incitec Pivot's absolute discretion),

of the amount determined by multiplying the Offer Price by the number of New Shares issued under the Institutional Entitlement Offer.

Retail Fee

(a) a base fee of 2.25%; and

(b) an incentive fee of 0.5% (where payment of the incentive fee is at Incitec Pivot's absolute discretion),

of the amount determined by multiplying the Offer Price by the number of New Shares issued under the Retail Entitlement Offer.

Costs and expenses

The Joint Lead Managers and Underwriters will be reimbursed for all reasonable legal costs and disbursements on a full indemnity basis in relation to the Entitlement Offer, including costs and disbursements incurred in the preparation and execution of the Underwriting Agreement.

The Company's representations, warranties and undertakings

In the Underwriting Agreement, the Company makes various customary representations and warranties in relation to the Prospectus and with respect to its compliance with the Constitution, the Corporations Act, the Listing Rules and other applicable laws. The Company also warrants that it has the power to enter into and perform transactions in connection with the Offer and the Underwriting Agreement.

Prohibited actions

The Underwriting Agreement imposes a number of obligations on the Company, including that it must not, and must not permit any of its material subsidiaries, during the period ending 90 days after the Completion Date as that term is defined in the Underwriting Agreement to make, agree to make or announce any issues of equity securities (as defined in the Listing Rules) or any securities convertible into, or exchangeable for, any such equity securities, other than in certain specified circumstances without the prior written consent of the Joint Lead Managers and Underwriters, which consent must not be unreasonably withheld.

Termination events

Each of the Joint Lead Managers and Underwriters may, from the opening of the Institutional Entitlement Offer period to the time at which the New Shares allotted under the Institutional Entitlement Offer commence trading on ASX, terminate the Underwriting Agreement after the occurrence of any one of a number of customary termination events, including:

- ASIC issues a stop order or similar proceedings in relation to the Entitlement Offer or Prospectus;
- ASX does not grant its approval, or indicates that the approval will not be granted (other than in respect of the customary pre-listing conditions) for official quotation of the New Shares;
- the Company is required, in the reasonable opinion of the Joint Lead Managers and Underwriters, to lodge a Supplementary Offer Document (as that term is defined in the Corporations Act), or lodges a Supplementary Offer Document without the prior written approval of the Joint Lead Managers and Underwriters;
- the Company fails to deliver certain Certificates (as that term is defined in the Underwriting Agreement) in accordance with the Underwriting Agreement;
- there is a material adverse change in the assets or liabilities, financial position or performance, profits or losses or prospects of the Company or the Group (in so far as the position in relation to any member of the Group affects the overall position of the Company);
- the S&P/ASX 200 Index is lower than 90% of the level of that index as at the time the Underwriting Agreement is signed, either (i) at the close of normal trading on ASX on any Business Day from and including the date of the Underwriting Agreement until and including 13 November 2008, or (ii) at any time during the Business Day up to when quotation of Shares resumes following 13 November 2008;
- certain other breaches of the Underwriting Agreement; or
- there is a change in the senior management or board of directors of the Company without the prior written consent of the Joint Lead Managers and Underwriters, acting reasonably.

If a Joint Lead Manager and Underwriter terminates the Underwriting Agreement, it must give written notice to the Company and to the other Joint Lead Manager and Underwriter. The non-terminating Joint Lead Manager and Underwriter may either elect to also terminate its obligations under the Underwriting Agreement, or to assume the obligations of the terminating Joint Lead Manager and Underwriter by providing the Company with written notice.

Indemnity

Subject to certain exclusions relating to, among other things, any fraud, wilful misconduct, recklessness or gross negligence on the part of an indemnified party, the Company agrees to keep the Joint Lead Managers and Underwriters and certain affiliated parties indemnified from certain losses or claims incurred in connection with, or as a result of the Joint Lead Managers and Underwriters' involvement in the Entitlement Offer.

10.6. Material Contracts

10.6.1. United Group Alliance Project Agreement

Incitec Pivot, through its wholly-owned subsidiary Dyno Nobel Moranbah, has entered into the United Group Alliance Project Agreement with the United Group Alliance.

The United Group Alliance Project Agreement is based on a cost reimbursable model incorporating a risk or reward regime whereby cost overruns or savings are shared equally between Incitec Pivot and the United Group Alliance above a $10 million threshold subject to a cap:

- on the United Group Alliance's aggregate liability to Incitec Pivot for cost overruns; and
- on Incitec Pivot's aggregate liability to the United Group Alliance for cost savings,

of an amount equal to 8% of the direct costs of the United Group Alliance (relating to construction, engineering, procurement and management) plus 2.5% of the amount paid to Incitec Pivot under third-party contracts (together the Profit and Management Fee).

Liability for cost overruns up to $10 million are borne completely by the United Group Alliance, and Incitec Pivot must pay the United Group Alliance the full amount of any cost savings up to $10 million.

In respect of time underruns, Incitec Pivot must pay the United Group Alliance $150,000 per day (subject to an aggregate cap equal to 50% of the Profit and Management Fee) for each day that construction is completed ahead of the scheduled completion date, which is currently 22 January 2010, subject to extension in the case of certain extraordinary events. The United Group Alliance must pay Incitec Pivot $150,000 per day (subject to an aggregate cap equal to the Profit and Management Fee) for each day that construction is completed behind schedule.

The aggregate sum payable by the United Group Alliance to Incitec Pivot for cost overruns and completion of the project behind schedule, or by Incitec Pivot to the United Group Alliance for cost savings and completing the project ahead of schedule, is subject to a cap equal to the Profit and Management Fee.

The United Group Alliance Project Agreement may be terminated at any time by Incitec Pivot by providing the United Group Alliance with one month's notice. In the event of voluntary termination, Incitec Pivot must pay the United Group Alliance a termination fee equal to all costs incurred by the United Group Alliance as a result of termination, all costs and fees payable to the United Group Alliance up to the termination date and any costs reasonably and actually incurred by the United Group Alliance in expectation of completing the project, the Risk-Reward Fee (subject to adjustment to the total cost estimate for works not performed) that would have been payable as at termination and an amount equal to 10% of the fee known as the Overhead Profit and Management Fee that would have otherwise been payable to the United Group Alliance if the United Group Alliance Project Agreement had not been terminated and completion had been achieved.

10.6.2. Bridge Facility

The Bridge Facility is a $2.4 billion, 364-day multi-currency acquisition bridge facility entered into by Incitec Pivot on 21 May 2008. The Bridge Facility requires that borrowings be guaranteed by entities in the Group with at least 85% of the EBITDA and total assets of the Group. Incitec Pivot also agrees under the Bridge Facility not to (i) enter into any transactions to dispose of assets other than in the ordinary course or through sale and leaseback arrangements, (ii) enter into any merger or consolidation (other than the Dyno Nobel acquisition) except acquisitions related to Incitec Pivot's or Dyno Nobel's existing business that can be financed within Bridge Facility limits, or (iii) enter into any material partnership, joint venture or similar arrangement other than one related to Incitec Pivot's or Dyno Nobel's existing business, except with consent from the agent to the lenders under the Bridge Facility.

The Bridge Facility contains customary financial covenants and requires Incitec Pivot to use any proceeds in excess of $100 million from any bank or capital raising to repay the Bridge Facility (with limited exceptions, including that up to $600 million in equity may be raised for the purposes of the Moranbah Project). Incitec Pivot intends to repay the Bridge Facility over time, up until the maturity date of 20 May 2009, in accordance with its terms. The proceeds of the Entitlement Offer will be used, in conjunction with other committed financing facilities, to repay the Bridge Facility.

10.6.3. Syndicated Bank Facility

The Syndicated Bank Facility is a three-year unsecured bank facility entered into by Incitec Pivot on 17 September 2008. The total amount available to be drawn under the Syndicated Bank Facility is $1,680 million, and it is expected to be drawn down in full and applied to replace the majority of the Bridge Facility on 25 November 2008, the next payment date under the Bridge Facility. The Syndicated Bank Facility is revolving in nature with any repayments made during the life of the loan remaining available for future drawings up until the final maturity date which is 17 September 2011. Eleven major international and Australian banks have participated in the Syndicated Bank Facility with individual participation levels ranging from $50 million to $250 million. This facility contains representations and warranties, undertakings, events of default and other terms and conditions customarily found in financing agreements of this kind, including financial covenants with respect to Incitec Pivot's gearing ratio (gross debt to EBITDA), interest cover ratio and consolidated net worth.

10.6.4. Finance lease arrangement

Incitec Pivot entered into a financing arrangement on 6 August 2008, with respect to plant and equipment at the Phosphate Hill manufacturing facility. The financing is structured as a finance lease and provides $333 million in secured financing. Under the arrangement, certain assets operated by Southern Cross Fertilisers at Phosphate Hill were sold and leased back for a period of five years. Incitec Pivot has exclusive possession, access to and use of the assets for the lease term. The facility is denominated in Australian dollars and has a fixed nominal interest rate for the term of the facility.

At the end of the lease term, Incitec Pivot is authorised to dispose of the Phosphate Hill assets pursuant to a sales agency agreement. This authorisation includes the right to market and choose the purchaser of the assets. The proceeds of this financing have been applied to partially pay down the Bridge Facility.

10.7. Directors

10.7.1. Directors' interests

Other than as set out in this Prospectus, as at the time of lodgement of this Prospectus with ASIC, no Director has or has held at any time during the last two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Incitec Pivot; or
- any property acquired or proposed to be acquired by Incitec Pivot in connection with its formation or promotion of the Entitlement Offer; or
- the Entitlement Offer.

Other than as set out in this Prospectus, no one has paid or agreed to pay any amount or given or agreed to give any benefit to any Director or proposed Director to induce them to become, or qualify them as, a Director, or for services provided by that person in connection with the formation or promotion of Incitec Pivot or the Entitlement Offer.

10.7.2. Interest in Incitec Pivot

Directors are not required under the Constitution to hold any Shares.

No Director as at the date of this Prospectus has a relevant interest in any Shares, or any other marketable securities, or holds options in Incitec Pivot other than as set out below.

Name	Shareholding
John Watson	74,000 Shares
Brian Healey	20,000 Shares
Anthony Larkin	Nil
Allan McCallum	156,360 Shares
John Marlay	20,000 Shares
Julian Segal	2,134,120 Shares
James Fazzino	1,845,420 Shares

Directors who hold Shares at the Record Date and their associates will be eligible to participate in the Entitlement Offer.

10.8. Consents

Each of the parties referred to as consenting parties who are named below:

- has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, (with the exception of that specified in the last bullet-point);
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that person (with the exception of that specified in the last bullet-point); and
- in the case of KPMG Transaction Services (Australia) Pty Limited, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion in this Prospectus of the Investigating Accountant's Report in section 8.

Role	Consenting parties
Joint Lead Managers and Underwriters	Credit Suisse (Australia) Limited UBS AG, Australia Branch
Australian Legal Adviser	Mallesons Stephen Jaques
Investigating Accountant	KPMG Transaction Services (Australia) Pty Limited
Share Registry	Link Market Services Limited
Auditor	KPMG
As described in section 4.7	Deloitte Touche Tohmatsu

10.9. Interests of Advisers

Other than as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (each, a relevant person) holds at the date of this Prospectus, or has held in the two years prior to the date of this Prospectus, any interest in:

- the formation or promotion of Incitec Pivot; or
- the Entitlement Offer; or
- any property acquired or proposed to be acquired by Incitec Pivot in connection with its formation or promotion of the Offer.

Other than as set out in this Prospectus, no one has paid or agreed to pay any amount, or given or agreed to give any benefit, to such relevant persons for services provided in connection with the formation or promotion of Incitec Pivot or the Entitlement Offer.

The amounts set out below are exclusive of GST and disbursements (where applicable):

Adviser Role	Interest
Joint Lead Managers and Underwriters	The Joint Lead Managers and Underwriters are entitled to receive the fees and commissions described in the summary of the Underwriting Agreement in section 10.5.
Australian Legal Adviser	Mallesons Stephen Jaques has acted as legal adviser to Incitec Pivot in connection with Australian legal issues. In aggregate, Incitec Pivot has paid, or agreed to pay, approximately $385,000 for these services to the date of this Prospectus. Further amounts may be paid to Mallesons Stephen Jaques in accordance with its normal time-based charges.
Investigating Accountant	KPMG Transaction Services (Australia) Pty Limited has performed professional services to assist management in its due diligence enquiries on financial matters and prepared the Investigating Accountant's Report. In aggregate, Incitec Pivot has paid, or agreed to pay, approximately $200,000 for these services to the date of this Prospectus. Further amounts may be paid to KPMG Transaction Services (Australia) Pty Limited in accordance with its normal time-based charges.

10.10. Costs of the Entitlement Offer

The total costs of the Entitlement Offer payable by the Company are estimated at approximately $45 million, assuming the Retail Entitlement Offer is fully subscribed.

These expenses include accountant's fees, underwriting fees, legal fees, quotation fees, printing, Share Registry fees and other miscellaneous expenses.

10.11. ASX waivers

ASX has granted waivers of Listing Rules 7.1 and 10.11 to the extent necessary to permit:

- Incitec Pivot to make the Entitlement Offer in the manner described in this Prospectus without the requirement to obtain Shareholder approval; and
- related parties of Incitec Pivot to participate in the Entitlement Offer up to the extent of their Entitlement on the same terms as other Shareholders without the requirement to obtain Shareholder approval.

The grant of the waivers of these Listing Rules is subject to conditions. The effect of these conditions is to permit Incitec Pivot to:

- offer New Shares to Eligible Institutional Shareholders under the Institutional Entitlement Offer on a pro-rata basis on or before the Record Date; and
- offer the New Shares not acquired by those Eligible Institutional Shareholders, and New Shares equivalent to the Entitlements of Ineligible Institutional Shareholders, to other Eligible Institutional Shareholders or other Institutional Investors via the institutional bookbuild, prior to offering New Shares to Eligible Retail Shareholders,

as long as:

- Eligible Institutional Shareholders who sell down their holding of Shares before the Record Date have their pro-rata allocations reduced accordingly;
- the New Shares issued under the Institutional Entitlement Offer and the Retail Entitlement Offer are issued at the same price;
- all Shareholders, other than Eligible Institutional Shareholders who are offered New Shares under the Institutional Offer, and Ineligible Institutional Shareholders, are offered that number of New Shares under the Institutional Entitlement Offer at least equal to their Entitlement, unless Listing Rule 7.7.1 would permit the Shareholder not to be included in a pro-rata offer; and
- related parties of Incitec Pivot only participate in the Entitlement Offer up to the extent of their Entitlement.

The waivers set out the arrangements for dealing with holdings registered in the names of nominees. In particular, a nominee Shareholder will be treated as a separate holder in respect of Shares held for each one or more Eligible Shareholders (and, accordingly, could receive offers under the Institutional Entitlement Offer in respect of Shares held as nominee for Institutional Shareholders and may receive offers under the Retail Entitlement Offer in respect of Shares held as nominee for Eligible Retail Shareholders).

Offers under the Institutional Entitlement Offer will be treated as having been made to the nominee even where they were made directly to the Institutional Shareholder for whom the nominee holds.

The waivers also allow Incitec Pivot to ignore, for the purposes of determining those entitled to receive New Shares under both the Institutional Entitlement Offer and the Retail Entitlement Offer, transactions occurring after the implementation of the trading halt in Incitec Pivot securities on 11 November 2008 (other than registrations of transactions occurred on ASX on a normal T+3 settlement basis before the trading halt).

The waivers do not extend to any New Shares expected to be not taken up in the Retail Entitlement Offer which are issued in the Institutional Entitlement Offer, or any Top-Up Shares. If issued, these will be treated as placement shares for ASX Listing Rule purposes.

ASX has also granted waivers of Listing Rules 3.20 and 7.40, on the same conditions as the waivers of Listing Rules 7.1 and 10.11, to the extent necessary to permit Incitec Pivot to give ASX less than seven Business Days' notice of the Record Date on condition that the Entitlement Offer timetable is acceptable to ASX.

10.12. ASIC Modifications

In connection with the Entitlement Offer, ASIC has made a declaration under section 741(1)(b) of the Corporations Act to enable the Company to issue a transaction specific prospectus in accordance with section 713 of the Corporations Act. The ASIC relief was requested because the Company did not satisfy all requirements in section 713 of the Corporations Act.

Subsection 713(1) of the Corporations Act permits a company to issue a transaction specific prospectus in relation to an offer of securities if the offer is in relation to "continuously quoted securities". Section 9 of the Corporations Act defines "continuously quoted securities" by reference to whether the company issuing the securities has been covered by an order under section 340 of the Corporations Act in the period 12 months before the date of this Prospectus.

An order under section 340 of the Corporations Act covered the Company in the 12 months prior to the date of this Prospectus, being ASIC Instrument (07/0761) in relation to technical financial reporting relief. Therefore, the Company does not have "continuously quoted securities" and could not issue a transaction specific prospectus under section 713 of the Corporations Act without ASIC relief.

ASIC granted the relief on 11 November 2008.

10.13. Privacy

As a Shareholder, Incitec Pivot and the Share Registry collect personal information from you in order to process your application, administer your investment and to provide you with services related to your investment. To do that, Incitec Pivot and the Share Registry may disclose your personal information to our agents, contractors or third party service providers to whom they outsource services such as mailing functions, registry and accounting. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Incitec Pivot and the Share Registry may also use your personal information to tell you about other products and services offered by Incitec Pivot, the Share Registry or other members of the Group and in order to do that Incitec Pivot and the Share Registry may disclose your information to other member companies in the Group, or to their agents, contractors or third party service providers to whom they outsource services such as mailing functions, registry and accounting. Incitec Pivot also discloses your personal information to your financial adviser.

Please contact the Share Registry as follows if you do not consent to Incitec Pivot or the Share Registry using or disclosing your personal information:

Link Market Services Limited
Locked Bag A14, Sydney South, NSW, 1235
AUSTRALIA

It is important that you contact the Share Registry because, by investing in the Company, you will be taken to have consented to these uses and disclosures. In most cases you can gain access to the personal information that Incitec Pivot and the Share Registry hold about you. Incitec Pivot and the Share Registry aim to ensure that personal information retained about you is accurate, complete and up-to-date. To assist Incitec Pivot and the Share Registry with this, please contact the Share Registry if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information we have about you, we will take steps to correct it.

10.14. Directors' Consents

Each Director has given, and not withdrawn, their consent to the lodgement of this Prospectus with ASIC under the Corporations Act.

Appendix

Industry Overview

Incitec Pivot

11. Industry overview

11.1. Commercial fertiliser market

Fertilisers are a key agricultural input, underpinning farm productivity and crop output. There are three main types of fertilisers, namely nitrogen ("N"), phosphorous ("P") and potassium ("K").

11.1.1. Main types of fertilisers and uses

Base Element	Key inputs	Crop Type	Fertiliser Product
Nitrogen	■ Natural gas ■ Ammonia	■ Cereals ■ Cotton ■ Horticulture ■ Oilseeds ■ Sugar cane	■ Ammonia (anhydrous ammonia) ■ Urea and urea blends ■ MAP ■ DAP ■ SOA
Phosphorus	■ Phosphate rock ■ Sulphuric acid ■ Natural gas ■ Ammonia	■ Cereals ■ Pulses ■ Oilseeds ■ Pastures for livestock	■ MAP ■ DAP ■ SSP ■ TSP
Potassium	■ Potash	■ Horticulture ■ Pastures for livestock ■ Sugar cane	■ MOP ■ Potassium Sulphate

11.1.1.1. Nitrogen

Nitrogen-based fertilisers are used to improve overall plant yield and quality. Since the 1980s, consumption of nitrogen-based fertilisers has significantly increased compared to traditional phosphate-based fertilisers such as SSP. The most common nitrogen-based fertiliser is urea. Ammonium phosphate fertilisers (MAP, DAP) also deliver nitrogen.

Almost all nitrogen-based fertilisers are produced from ammonia. In agriculture, ammonia is used for its nitrogen content and is produced by combining natural gas (methane), steam and air. Accordingly, the availability and price of natural gas has a significant impact on the price of nitrogen-based fertilisers.

The majority of nitrogen-based fertilisers used in Australia are imported.

11.1.1.2. Phosphorus

Phosphate-based fertilisers are used to promote plant growth, and to stimulate flower, seed, fruit and root development. Most Australian soils are phosphorus deficient and historically SSP was the primary phosphate fertiliser used to provide this nutrient in Australia. SSP is still used extensively in pasture industries, however, over the last 20 years there has been a significant increase in the use of ammonium phosphate fertilisers (MAP, DAP) which deliver both nitrogen and phosphorus.

A key input in the production of all phosphate fertilisers is phosphate rock. There are few currently commercially accessible deposits of phosphate rock around the world, with considerable variability in nutrient content. Therefore the availability and price of phosphate rock has a significant impact on the price of phosphate fertilisers.

All Australian manufacturers of SSP (including Incitec Pivot) import phosphate rock to manufacture SSP in order to meet state government regulations relating to minimum phosphate levels and permissible levels of other substances such as heavy metals (e.g. cadmium) and odour emitting compounds.

The majority of phosphate fertilisers that are used in Australia are produced domestically.

11.1.1.3. Potassium

Potassium fertilisers are used to promote plant flowering. The most common potassium fertiliser is potash (muriate of potash). Production of potash occurs only in a small number of countries and there are no currently commercially accessible deposits in Australia.

All potassium fertilisers that are used in Australia are imported.

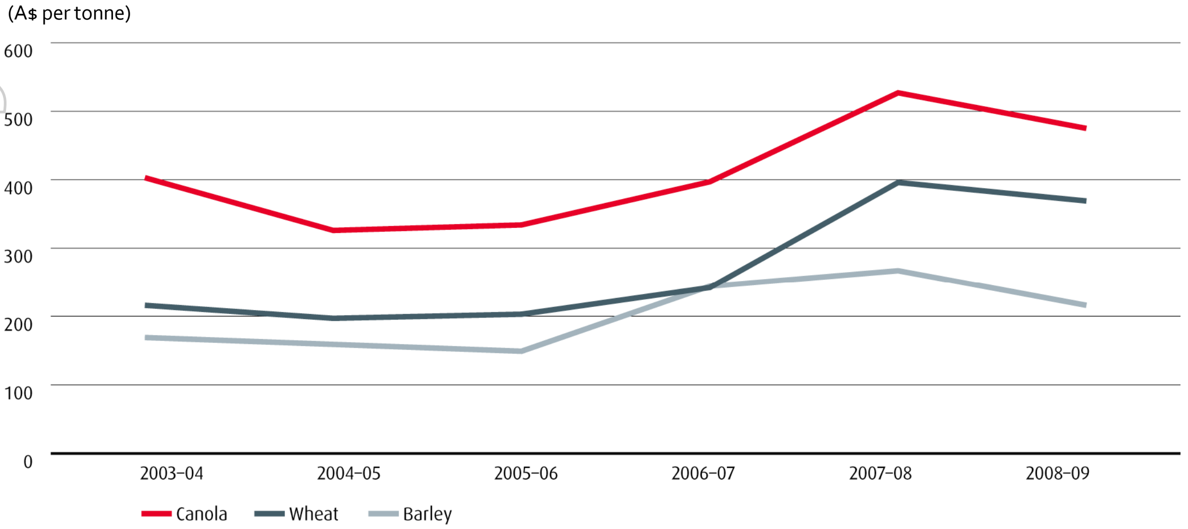
11.1.2. Industry drivers

The United Nations has recently observed that there is an 'inextricable link between food production and fertiliser use'. As part of the increased global demand for agricultural commodities, demand for grain has risen significantly in the past two years, with the result that world wheat prices have been at record highs.

The increased demand for grain is attributable to a growing world population (including an increasingly affluent population) and a shift to production of bio-fuels. However, this escalating demand comes at a time when global grain stocks to use ratios have been at all-time lows.

Increased demand and high prices for grain and other agricultural commodities have led to increased demand for fertiliser. ABARE notes that in Australia 'winter crop production in 2008/09 is forecast to increase by 57% compared with 2007/08, totalling slightly more than 35 million tonnes' (Australian Crop Report, 16 September 2008). Although the current agricultural commodity market has weakened over recent months, the medium term demand for fertiliser is likely to continue to increase.

Australian Grain and Oilseed Prices



Source: Data sourced from ABARE Australian Commodity Statistics, September quarter 2008

Note: Years relate to the crop year of the specific crop. The canola and barley crop year ends in October and the wheat crop year ends in September.

11.1.2.1. Demand drivers

Growth in developing economies

Historically, the three basic drivers of demand for fertiliser have been food (for humans), feed (for animals) and fibre (for clothing). More recently, fuel has emerged as a new demand driver due to the emergence of bio-fuel crops. World population growth drives greater demand for all four of these basic drivers and, in turn, greater demand for fertilisers. The United Nations forecasts that global population will grow by between 50 and 70 million people annually until the mid 2030s, with almost all of this increase expected to occur in the 50 least developed economies.

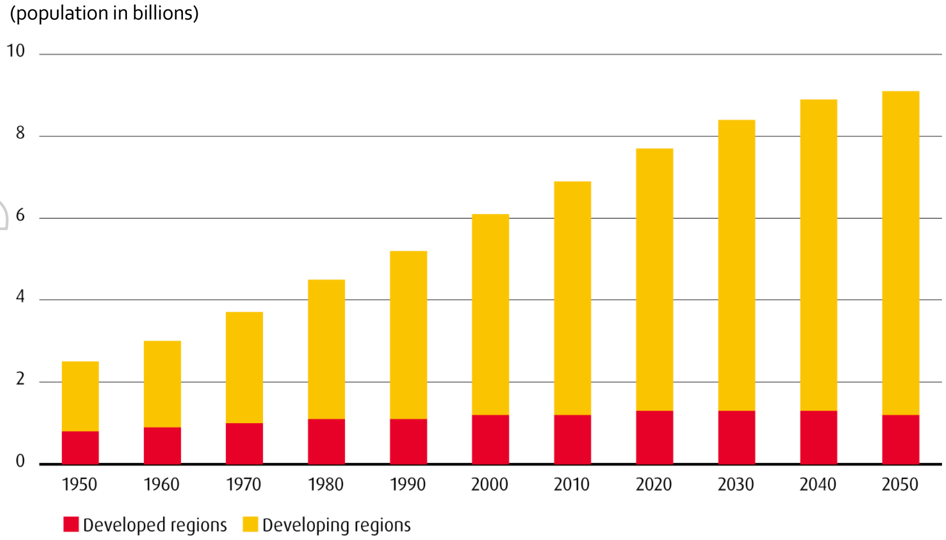
Shift in dietary patterns

Growth in the world economy has resulted in an increase in the standard of living, particularly in developing economies. Consequently, this has resulted in a shift in global dietary patterns. Diets have moved away from traditional staples like cereals and roots towards livestock products, fruits and vegetables. Demand growth for these products has been strongest in Asia and Latin America, driven by increasing populations and rising middle class wealth and consumption. In particular, increasing urbanisation and per capita GDP growth in countries such as India and China are driving increased food consumption.

This shift in dietary habits affects the global demand for fertilisers in two ways. First, increased demand for livestock leads to increased demand for grain as a feedstock (which has the flow-on effect of increasing demand for fertiliser to produce that grain). Second, a shift in demand from grain to vegetable and fruit crops leads to increased fertiliser demand as average fertiliser application rates for fruit and vegetable production are higher than those for grain crops.

Total meat production in developing economies increased from approximately 27 million tonnes to approximately 147 million tonnes between 1970 and 2005 and the United Nations forecasts that total meat production will increase from the 2005 level by more than 50% by 2030.

Historical and forecast global population growth



Source: Data sourced from UN World Urbanization Prospects: The 2007 Revision.

Arable land constraints

A growing world population means an increasing amount of land must be allocated to housing and infrastructure, therefore reducing the amount of land available for crops.

This means that increased demand for agricultural products will most likely be met by increasing productivity requirements (i.e. crop yields and quality) on existing arable land. A primary method for extracting greater yields is higher application rates of fertiliser.

Bio-fuel production growth

As a result of high oil prices and new legislative requirements in certain jurisdictions designed to address a number of policy concerns there has been a substantial increase in the demand for bio-fuels. This has in turn led to the creation of new demand for agricultural commodities that can be used as feedstock for the production of bio-fuels. Bio-fuel crops include corn (U.S.), sugar cane (Brazil) and palm oil (Malaysia). The production of ethanol and bio-diesel has increased significantly since 2003 and 2005 respectively and market commentators expect bio-fuel production to continue to accelerate in the medium term, with the strongest production growth in North America for the production of bio-ethanol.

The increased production of bio-fuel crops has led to both a direct and indirect increase in global fertiliser demand. The direct impact has been the increased fertiliser usage for the production of bio-fuel crops. For example, corn is a fertiliser intensive crop which requires substantial amounts of nitrogen-based fertilisers to ensure an appropriate yield. In U.S. agriculture in 2005, about 40% of total nitrogen used was attributed to the production of corn. Similarly, sugarcane production for the manufacture of ethanol in Brazil has increased substantially with expected growth of approximately 50% from 2006/2007 to 2011/2012.

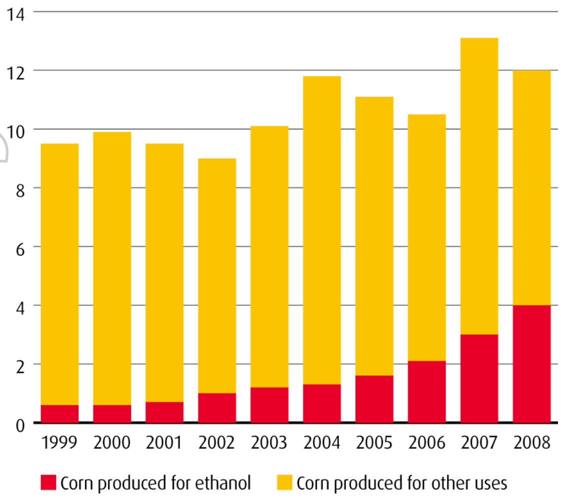
The indirect impact has been driven by a need to compensate for the reduction in global food supply caused by the substitution of food crop production in favour of bio-fuel feedstock production through planting additional crop acreage.

Pressure on grain inventories

Strong economic growth (with associated demand for food, feed and fuel), drought affected production and increased demand for grain for bio-fuel production contributed to low grain inventories. An increase in the rate of plantings will be required to replenish global grain stocks and this is expected to boost demand for fertiliser application.

U.S. corn: total production and production used for fuel

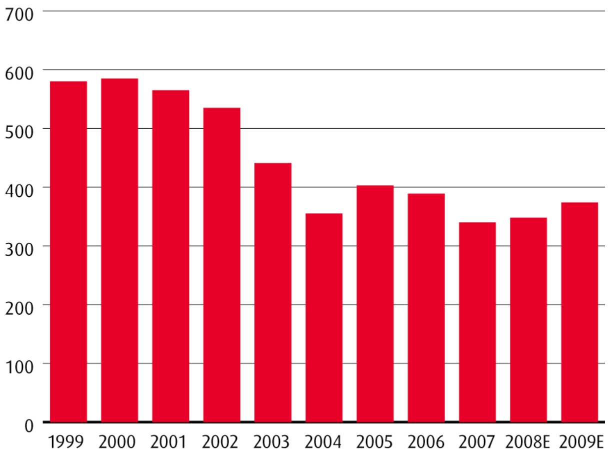
(Bu in billions)



Source: Data sourced from USDA.

Global grain inventories

(tonnes in millions)



Source: Data sourced from USDA.

11.1.2.2. Supply drivers

Cost of raw materials

All of the key fertiliser commodities, in particular urea, MAP, DAP and potash, are manufactured using a limited number of basic input sources which substantially influences the cost of the end product. Increases in demand for these basic inputs, combined in some cases with scarce global supply, have resulted in substantial increases in the cost of fertiliser production. Prices of key fertiliser inputs (ammonia, natural gas, sulphur and phosphate rock) have risen significantly over the last 12 months, increasing the cost of production for non-integrated producers and those producers that are not party to raw material supply contracts providing price protection. The fertiliser market price is set by global supply and demand factors, primarily by those producers with the highest marginal costs. Integrated producers, such as Incitec Pivot, which have access to their own phosphate rock sources and low cost gas supply, are largely protected from raw material price increases, and benefit from the global price dynamics as they can capture additional margin.

Price of natural gas

Natural gas is the basic feedstock in the production of ammonia, and therefore nearly all nitrogen-based fertilisers. Natural gas accounts for the majority of the variable cost of ammonia manufacture. The price of natural gas therefore substantially impacts the cost of nitrogen-based fertilisers.

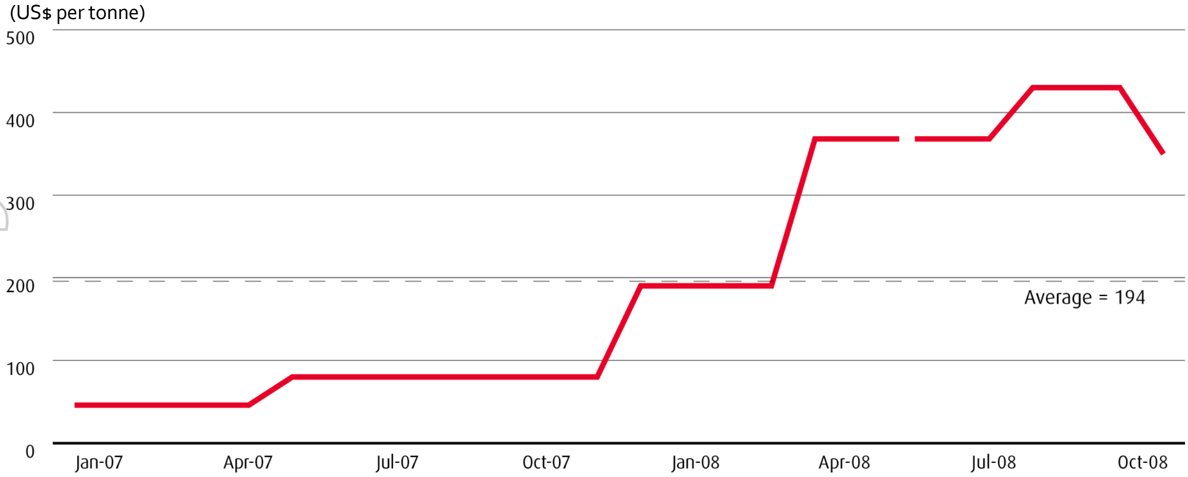
Over recent years there has been a global increase in demand for natural gas as a result of increasing energy consumption, high oil prices during 2007 and 2008 and other environmental considerations. Increased demand for natural gas led to significant increases in its price during 2007 and early to mid 2008.

The increased cost of natural gas led to an increase in the cost of ammonia, and thus all fertilisers which contain nitrogen such as urea, MAP and DAP. More recently the price of natural gas has experienced some decline which has caused a decrease in the cost of fertilisers containing nitrogen.

Phosphate rock

There are relatively few sources of commercially available phosphate rock in the world. The significant increase in world fertiliser demand has led to substantial increases in the price of phosphate rock. High quality phosphate rock traded at over US$200 per tonne in October 2008, up from US$50 per tonne at the beginning of 2007. As a result, producers are looking to increase production capacity at existing facilities or invest in new facilities.

Phosphate Rock Prices



Source: Incitec Pivot.

Note: This graph is based on benchmark market prices and represents the mid point of the weekly series of benchmark phosphate rock prices, FOB Morocco.

Planned ammonium phosphate capacity additions

As at the end of October 2008 one significant ammonium phosphate development has been announced (the Ma'aden facility in Saudi Arabia) and is not expected to be operating at run-rate before 2011, with its first full year of run-rate production expected to be 2012. Furthermore, Incitec Pivot management estimates approximately a four year lead time from announcement for the development of any new ammonium phosphate plant.

Government policy

Global fertiliser supply has been impacted by government policies in certain jurisdictions in relation to imports and exports. Export tariffs in particular have the effect of reducing the globally traded supply of fertiliser as producers react by focusing more on meeting domestic demand. For example, increased Chinese fertiliser export tariffs in 2008 resulted in China increasingly diverting its fertiliser sales into the domestic market, thereby reducing the volumes available for export and consequently impacting global supply.

11.1.3. Fertiliser pricing

The global demand and supply factors driving increases in raw material costs and fertiliser demand have led to a significant increase in world fertiliser prices. The major fertilisers manufactured and distributed by Incitec Pivot are internationally traded commodities and international benchmark prices for these products are readily available. There was a significant increase in the prices for urea and ammonium phosphates in the 12 months to July 2008, reflecting the positive industry drivers outlined in section 11.1.2.1. Since then, while prices have declined, they remain higher relative to their five year average.

11.1.3.1. Nitrogen-based fertilisers

The price of nitrogen-based fertilisers has been more volatile than the price of other types of fertilisers. Nitrogen-based fertilisers such as urea can experience large swings in the supply and demand balance with resulting price volatility. Nitrogen-based fertiliser prices are also linked to the price of natural gas. Increased demand for nitrogen-based fertilisers, for example in bio-fuel crop production, and increasing energy prices, led to increased nitrogen-based fertiliser prices during 2008.

11.1.3.2. Phosphate-based fertilisers

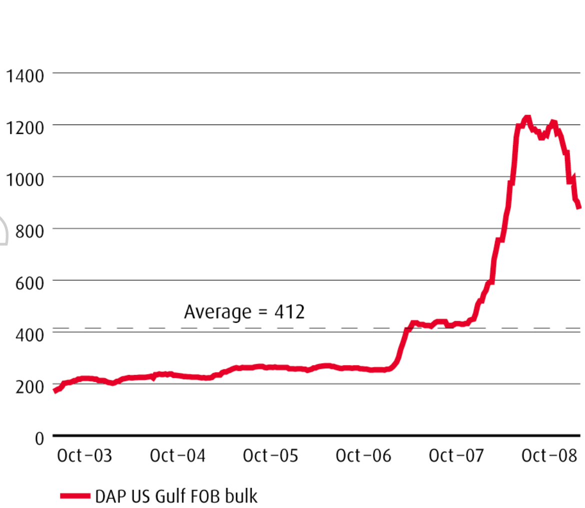
The price of phosphate-based fertilisers has increased substantially over the two years to July 2008, and particularly since 2007. This has been driven by increases in phosphate rock, sulphur and gas prices, as well as strong global demand. Although recent months have seen a pull-back from the record prices in mid 2008, prices still remain elevated above five-year averages.

11.1.3.3. Potassium-based fertilisers

Potash prices rose steadily throughout 2008 and potash producer inventories remained at historically low levels. The absence of material new capacity, due to the long associated lead times and scarcity of raw materials, meant that the demand and supply fundamentals remained strong.

DAP price (U.S. Gulf FOB)

(US$ per tonne)

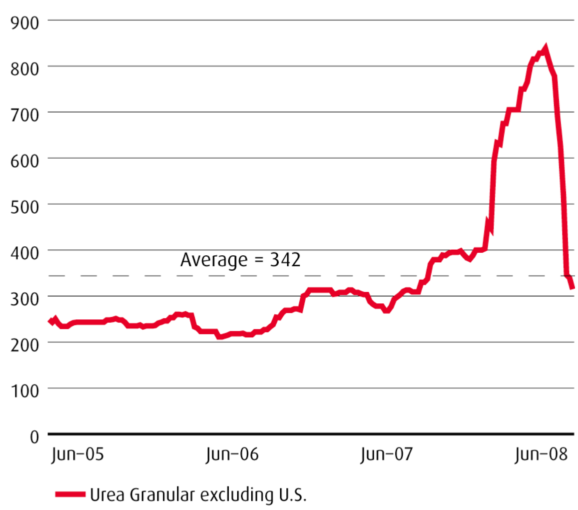


Source: Incitec Pivot.

Note: This graph is based on benchmark market prices and represents the mid point of the weekly series of benchmark DAP prices, U.S. Gulf FOB.

Urea price (granular excluding U.S.)

(US$ per tonne)



Source: Incitec Pivot.

Note: This graph is based on benchmark market prices and represents the mid point of the weekly series of benchmark urea prices, granular excluding U.S.

Within each fertiliser type, specific fertiliser products are substitutable. For example, urea is substitutable for anhydrous ammonia, as both fertiliser products provide nitrogen to the soil. However, nitrogen-based, phosphorus-based and potassium-based fertilisers each serve different purposes and as such are not directly substitutable for each other on a large scale. Ammonium phosphates however deliver both nitrogen and phosphorus, and therefore there is some very limited substitutability between MAP and DAP on one hand and using a combination of SSP or TSP and urea on the other.

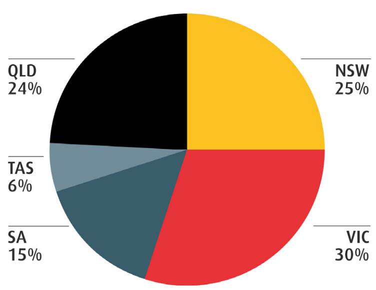
11.1.4. Eastern Australian fertiliser market

Incitec Pivot estimates that the eastern Australian fertiliser market, comprising all Australian states and territories with the exception of Western Australia, represents approximately 70% of total Australian fertiliser consumption or approximately 3.5 million tonnes per annum. Given geographical distance and differing end market exposures, the eastern Australian fertiliser market is generally regarded as a separate market to the Western Australia market.

Within the eastern Australian fertiliser market, demand is well balanced with respect to both regional and end market exposure, providing diversification in fertiliser requirements and timing of fertiliser application.

Eastern Australian fertiliser consumption by state

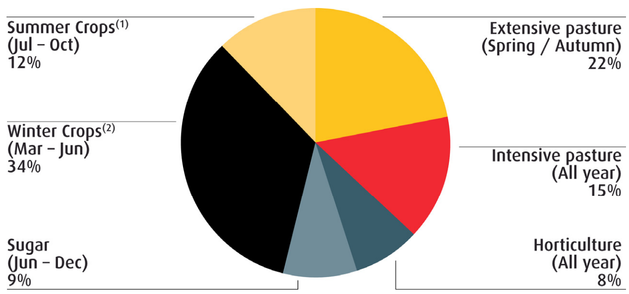
(Measured by volume)



Source: Data sourced from FIFA Fertilizer statistics 2007.

Eastern Australian fertiliser consumption by end market

(Measured by volume, key harvest period in brackets)



Source: Incitec Pivot estimates.

(1) Summer crops include cotton, sorghum and rice.

(2) Winter crops include wheat, barley and canola.

11.1.4.1. Demand trends

Demand for fertiliser in Australia is highly seasonal, and suppliers have traditionally organised fertiliser supply around seasonal demand conditions. While fertiliser suppliers can generally anticipate likely farmer demand based on historical consumption and forecast conditions, in calendar years 2007 and 2008 there was a significant change in farmer purchasing patterns which appears to have been driven by global factors including:

- the boom in the price of world agricultural commodities such as grain, which led to a significant forecast increase in the area planted for winter crops; and
- the unprecedented rise in global fertiliser prices, which resulted in many farmers bringing forward fertiliser purchases.

In addition, there was an improved rainfall outlook across many regions in eastern Australia after years of drought. The combination of these factors led farmers to bring forward their fertiliser purchases and resulted in an unforeseen level of early season demand for fertiliser in Australia.

While domestic suppliers moved rapidly to meet this unanticipated demand, their ability to source substantial volumes on very short notice was affected by global supply capacity constraints.

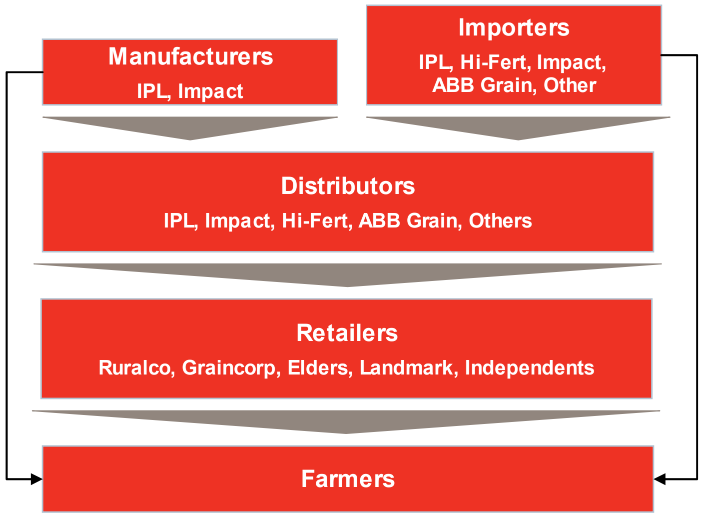
11.1.4.2. Industry structure

Australian fertiliser manufacturers do not currently produce sufficient volumes of the key fertiliser types to satisfy domestic demand. The seasonal nature of demand means that local manufacturing facilities cannot produce sufficient output during peak demand periods. A significant volume of fertiliser is ordered and delivered during a limited number of months of the year (in particular in the lead up to the winter cropping season in March through June). There is significantly less domestic demand during other months.

As a result, there is significant and sustained import of fertilisers into Australia, and prices are referenced to import parity. Overall, approximately half of Australia's total fertiliser consumption is imported.

A summary of the eastern Australian fertiliser supply chain is set out in the figure below.

Industry structure of the eastern Australian fertiliser supply chain



Source: Incitec Pivot.

There are only a small number of operators in eastern Australia that manufacture their own fertilisers. Incitec Pivot is the only integrated manufacturer and distributor of fertilisers covering eastern Australia. Incitec Pivot also imports approximately 30% of its supply requirements, or approximately one million tonnes per year. Impact Fertilisers is the second largest manufacturer of fertilisers in eastern Australia producing SSP from its Hobart manufacturing facility. Impact Fertilisers also imports fertiliser, and supplies all major fertiliser products, including DAP, MAP, SSP, urea, MOP, TSP and ammonium sulphate.

The main competition to manufacturers are importers, including ABB Grain Ltd, Megafert Pty Ltd, Interfert Pty Ltd and Hi-Fert Pty Ltd. Hi-Fert distributes more than 500,000 tonnes of fertiliser products each year and supplies the full range of fertiliser products in eastern Australia through its dealer network. The larger importers essentially value add the services of bagging and blending bulk fertiliser once delivered to port, as well as in some cases distributing the fertiliser. Smaller traders generally sell bulk quantities of unblended fertiliser direct to farmers.

Fertilisers are distributed to end users in eastern Australia through three main channels:

Independent agents / dealers

The majority of fertiliser in the eastern Australian market is distributed through independent agents and dealers.

Dealers typically purchase the product from the supplier and on-sell it to the end user. As a result, dealers typically take credit, inventory and price risk. Conversely, agents make sales of fertiliser on behalf of the supplier.

Corporate agricultural distributors / retailers

There are several corporate dealers that supply a full range of agribusiness products and services, including fertiliser. This category of retailer also includes affiliated independent dealers operating under a corporate banner arrangement. Affiliated independent dealers tend to provide more services than a fertiliser only independent agent or dealer, and may supply a full range of agribusiness products and services.

Direct to the end users

Fertilisers are also sold directly from the manufacturer or importer to the farmer, however this represents the smallest of the three main distribution channels.

11.2. Industrial explosives industry

Industrial explosives perform mechanical work such as fragmenting rocks. The use of explosives in commodity extraction, quarries and construction projects greatly increases productivity and efficiency. In most instances customers' only alternative to using explosives is performing those tasks using machinery or manual labour, which can be both expensive, time consuming and, in most cases, unfeasible. Major industrial explosives consumers include companies in the coal and metals mining, industrial quarry and construction, and seismic exploration industries. The industrial explosives products and services are similar across all market segments and include:

- explosive products (typically ammonium nitrate-based, either in bulk or packaged form);
- initiating systems to initiate the blast;
- distribution and delivery systems to transport explosives (and/or other materials necessary to prepare explosives on site); and
- a range of on-site services to support the blasting process.

11.2.1. Industry size

Incitec Pivot's management estimate that the global industrial explosives industry generates in excess of US$8.0 billion globally of revenues per annum, of which the North American region accounts for in excess of US$2.0 billion per annum.

Global explosives industry by region

Estimated market size[1]	Regions within this range
> US$2.0 billion each	North America, China[2]
US$400 million – US$1.0 billion each	Australia Latin America Western Europe Africa
US$200 million – US$400 million each	South East Asia Russia

Source: Incitec Pivot management estimates.

(1) Estimated market size is sensitive to raw material and foreign exchange variations.

(2) Chinese demand for explosives is predominantly serviced by Chinese national suppliers. Currently, there is limited penetration into this market by foreign companies.

Note: Other regions not included in the table above (including Eastern Europe, India, North East Asia, and the former Soviet Union (excluding Russia) are estimated by Incitec Pivot management to total in excess of US$1 billion.

Incitec Pivot believes that long term drivers in the major end user markets are expected to underpin global explosives demand growth. Strong long-term demand for steel in China, Japan and South Korea is expected to support growth in metallurgical coal and iron ore production. In addition, the increasing demand for energy will support growth in thermal coal production. Growth in both iron ore and coal production would drive an increased demand for industrial explosives.

11.2.2. Industry participants

Incitec Pivot and Orica are two of the largest participants in the industrial explosives supply industry. They operate integrated businesses involving the manufacture, distribution and provision of services for explosives products and initiating systems. In each of the North American and Asia-Pacific regions in which it operates, Incitec Pivot faces competition from Orica and at least two other companies. Competitors other than Orica generally focus their manufacturing activities on either explosives products or initiating systems (but typically not both) and rely on third party sourcing to meet their customers' additional needs.

11.2.3. Industry drivers

Demand for industrial explosives is driven principally by key resource commodity production volumes, rather than commodity prices.

11.2.3.1. Coal and metals

The extraction of coal and metals from open-pit operations tends to require significant quantities of bulk explosives. Suppliers will often provide on-site explosives storage and blending facilities to service the high throughput. Explosives are required to be stored in secure magazine storage facilities to comply with most operating licences.

The extraction of coal and metals from underground operations requires greater control over rock fragmentation, ore dilution, vibration control and minimisation of toxic fumes. Accordingly, underground operations have a greater need for higher margin initiating systems products, accessories and services, as well as for more specialised emulsion explosives and associated delivery systems.

11.2.3.2. Quarry and construction

The main use for explosives in quarrying is to produce aggregate, the broken rock used in general construction and infrastructure projects. The construction industry also uses explosives products to dislodge rocks and soil in tunnelling and other infrastructure projects. Due to the strong emphasis placed on vibration control and safety (given the potential close proximity to residential areas), construction and quarrying operations have a greater need for advanced initiating systems and specific explosives formulations.

Customers in the quarry and construction sectors tend to require more third party support, such as drilling and blasting services. These product, distribution and service requirements provide opportunities for suppliers to enhance margins.

11.2.3.3. Other end users

Other uses for industrial explosives are mainly seismic applications in oil and gas explorations which require specialised products.

11.2.4. Products and services

The industrial explosives industry supplies three broad categories of products and services:

- Bulk and packaged explosives;
- Initiating systems; and
- Related products and services.

11.2.4.1. Bulk and packaged explosives

Ammonium nitrate-based explosives are the most commonly used industrial explosives due to their cost effectiveness and relative ease of handling. These products are supplied in several forms:

- ANFO mixtures – the most common ammonium nitrate-based explosives, produced by mixing porous prilled ammonium nitrate with fuel oil;
- Emulsions – water resistant explosives, for use in wet boreholes, produced by blending ammonium nitrate, oils and emulsifiers to create a thickened mixture; and
- Watergels – another form of water resistant explosives, produced by combining ammonium nitrate, various fuels and a chemically modified vegetable gum to create a product with a rubbery consistency.

All these products use ammonium nitrate and/or ammonium nitrate solution as their key raw material input.

Ammonium nitrate is most commonly produced as granules, which are typically used as fertiliser. As a result, large global ammonium nitrate producers are companies such as Terra Industries Inc, Yara International ASA, and Potash Corporation of Saskatchewan Inc. A number of these companies also produce low-density ammonium nitrate, which is sold to explosives producers or directly to large volume explosives consumers. Large explosives producers, such as Incitec Pivot and Orica, also have their own low-density ammonium nitrate production facilities but may also rely on third party producers to satisfy some of their requirements.

Ammonium nitrate production facilities use either gas or ammonia as their primary feedstock. In either case, the cost of these inputs accounts for a substantial portion of the production costs of ammonium nitrate and, accordingly, access to a reliable, low-cost supply of feedstock is of strategic importance to an explosives supplier.

The pricing of ammonium nitrate-based explosives exhibits some volatility and is impacted by the supply and demand dynamics of ammonium nitrate in the explosives markets, the supply and demand dynamics in the ammonia and natural gas markets and also, to a certain extent, ammonium nitrate supply and demand dynamics in the fertiliser markets. Frequently, explosives companies supply ammonium nitrate-based explosives and other explosives to customers, in particular to large customers, under long-term supply agreements. The ability of explosives suppliers to pass through higher input costs to customers under these long-term contracts varies. Pricing under some contracts is tied directly to the spot price of natural gas or ammonia and may be passed onto customers within a short period. Alternatively, some contracts adjust ammonium nitrate prices using pre-agreed mechanisms that are CPI-based.

Historical analysis of fertiliser-grade ammonium nitrate pricing shows that an increase occurred in 2008, as illustrated by the diagram below. Even with the recent significant fertiliser-grade ammonium nitrate price decline, current ammonium nitrate prices remain above average levels experienced post 2004.

Ammonium nitrate (FOB Black Sea)

Source: Incitec Pivot.

Note: This graph is based on benchmark market prices and represents the mid point of the weekly series of benchmark Ammonium Nitrate prices, U.S. Gulf FOB.

11.2.4.2. Initiating Systems

Initiating systems are used to detonate explosives in a predictable, reliable and safe way. They comprise a blasting machine, a detonator and a medium to transmit a signal between the blasting machine and the detonator.

Initiating systems have evolved over time to offer greater value, reliability, flexibility and safety to the customer.

There are three main categories of initiating systems in use today:

- Electric initiating systems – where the initiating charge within the detonator is triggered via an electrical impulse. These products were developed in the 1930s and have largely been replaced by non-electric detonators in major western markets. Electric detonators are still used for limited specific applications and in developing markets due to their low per unit cost;
- Non-electric initiating systems – where the initiating charge is triggered by a shock wave travelling through the inside of an explosive-lined shock tube. Non-electric detonators were developed in the late 1970s and offer a number of benefits including ease of use and flexibility; and
- Electronic initiating systems – currently in the early stages of commercialisation, these systems use microchip technology to achieve much higher levels of blast timing accuracy than the older technologies. Some systems also allow blasting engineers to download computer-generated blasting patterns to the blasting machine and detonators.

The development of or access to initiating systems proprietary technology is critical in being able to supply the full range of customer requirements.

11.2.4.3. Related products and services

Industrial explosives companies offer various services to support end user customers. Strong related products and service capability provides an important competitive advantage in the industry.

11.2.5. Industry trends

The industrial explosives industry is characterised by the following key drivers:

- Demand for metallurgical coal and iron ore to support steel production growth in Asia, particularly China;
- Higher alternative energy prices encouraging increased thermal coal usage in North America;
- Depletion of near-surface coal and metal reserves leading to an increase in demand for bulk products, initiating systems and services; and
- A trend towards outsourcing of on-site services by explosives customers, driven, in part, by government regulations governing the transportation, storage, handling and security of explosives.

11.2.6. North American explosives industry

Incitec Pivot estimates that the total size of the North American explosives industry is in excess of US$2.0 billion in revenue and over 2.5 million tonnes by volume of ammonium nitrate-based explosives annually.

The coal mining sector is the largest consumer of industrial explosives products in North America on a volume basis, however, on a value basis the metals mining and quarry and construction sectors are also material explosives consumers.

North American explosives demand has historically been concentrated in the central and eastern parts of the U.S., driven by the Appalachian Coal Basin and the quarry and construction industries that are located close to the large population centres.

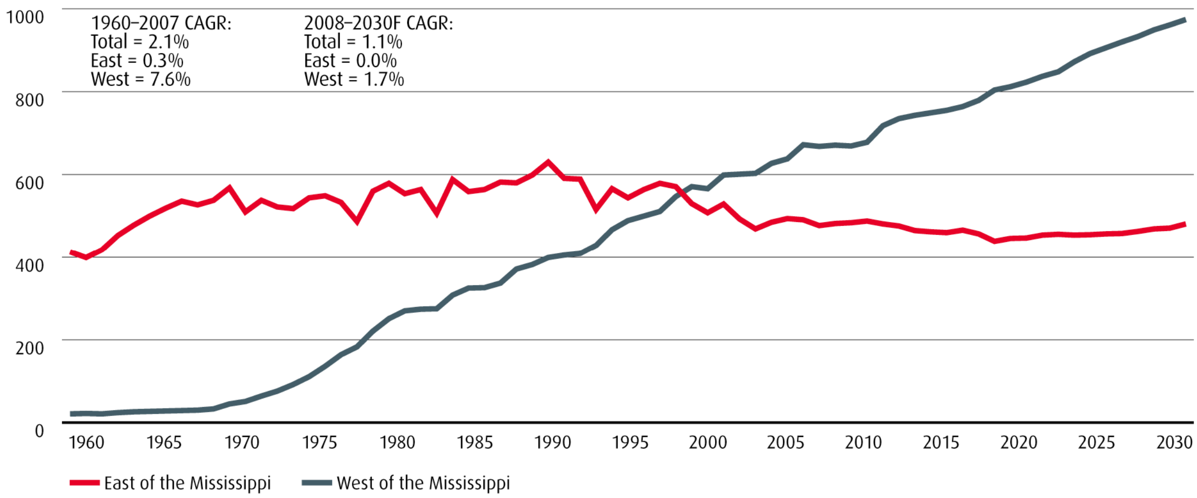
Growth in demand for explosives is, however, shifting towards the west of the U.S. due to the development of large thermal coal reserves in the Powder River Basin (Wyoming). West of the Mississippi, coal production has averaged 7.6% per annum growth since 1960, versus average coal production growth east of the Mississippi of 0.3% per annum for the same period. The Powder River Basin, which is west of the Mississippi, is the most important coal producing area in the region.

Incitec Pivot's largest manufacturing site at Cheyenne, Wyoming is well located to benefit from increasing coal mining in the Powder River Basin. Incitec Pivot believes that industrial explosives demand in North America is underpinned by:

- Growing demand for low cost thermal coal – Almost 93% of all coal consumed in the U.S. is in the electric power sector. Coal consumption in the electric power sector increased by approximately 1.9% to approximately 1,046.4 million short tons in the year ended 31 December 2007. The U.S. Energy Information Administration expects that coal consumption in the U.S. will continue to increase and is forecasting an annual average increase of approximately 1.1% until 2030. Much of the projected growth in U.S. coal consumption will come from the Powder River Basin (west of the Mississippi), where producers are well positioned to increase production from the vast remaining reserves accessible from the surface.
- Increasing strip ratios – due to the depletion of near-surface coal and metal reserves. This is expected to lead to increased demand for bulk products, initiating systems and services.

U.S. coal production by region

(millions of short tons)



Note: Data sourced from U.S. Energy Information Administration, June 2008.

Coal mining is the most significant driver of demand by volume in the North American explosives industry, followed by quarry and construction, and metals and mining. However, coal mining, quarry and construction, and metals and mining contribute much more evenly to industry demand by value.

11.2.6.1. Industry participants

The North American industrial explosives market is serviced by a few large manufacturers including Incitec Pivot, Orica, Austin Powder Company, as well as a number of smaller manufacturers and a large number of local distributors. Explosives-grade ammonium nitrate is produced in-house by Incitec Pivot, Orica and Austin Powder Company. The balance of the North American market's ammonium nitrate needs are produced by a number of companies, such as Potash Corporation of Saskatchewan Inc and El Dorado Chemical Company Inc.

11.2.6.2. Marketing and sales

With the exception of larger coal and metals mining customers, most customers in North America buy explosives from a distributor, which typically provides a full range of ammonium nitrate-based explosives, packaged explosives, initiating systems products and accessories, as well as on-site services. Distributors typically source most of their products from the large explosive manufacturers, although some produce their own bulk ammonium nitrate-based explosive products. Distributors are usually aligned with a major manufacturer but in some cases carry products from multiple manufacturers in their product portfolio.

Larger coal and metal mining customers often contract directly with the explosives manufacturers.

11.2.7. Australian explosives industry

Incitec Pivot estimates that the total size of the Australian industrial explosives industry is approximately US$1.0 billion in revenue and 1.3 million tonnes by volume of ammonium nitrate-based explosives annually.

The coal mining sector is the largest consumer of explosives in terms of both volume and revenue. Metals mining, particularly iron ore, is also a significant sector. Explosives demand from the quarry and construction sector is small (due to Australia's small population) relative to the size of the Australian mining sector.

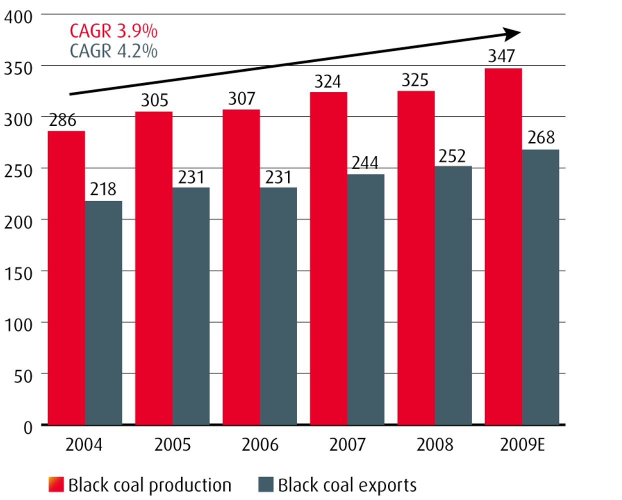
There are a number of key mining regions in Australia which account for the majority of explosives demand:

- Bowen Basin (QLD) – metallurgical coal (used in steel production) and thermal coal (used in electricity generation);
- Pilbara (WA) – iron ore;
- Hunter Valley (NSW) – thermal coal; and
- Goldfields (WA) – gold and nickel.

The operations in these regions are generally large scale commodity producers, with a number of regions geared to the bulk export trade particularly into China.

Australian black coal production and export growth

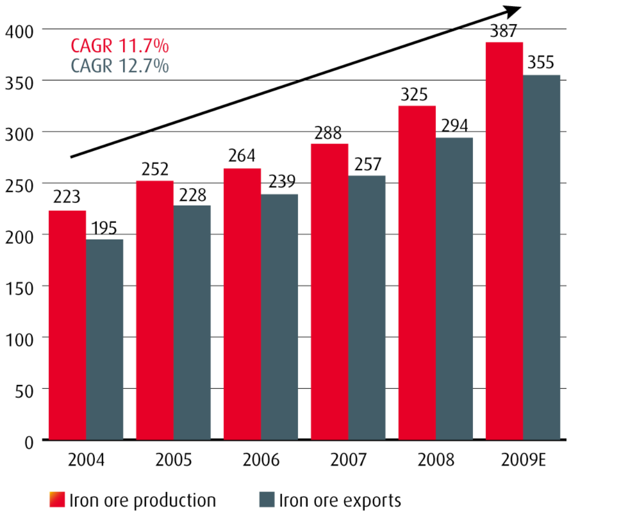
(millions of tonnes)



Source: ABARE, 2008.
Note: Year end 30 June, CAGR means compound annual growth rate.

Australian iron ore production and export growth

(millions of tonnes)



Source: ABARE, 2008.
Note: Year end 30 June, CAGR means compound annual growth rate.

Coal mining is the most significant driver of demand by volume and by value in the Australian explosives industry, followed by metals mining. These two demand drivers account for most of the volume and value in the Australian explosives industry.

The outlook for industrial explosives consumption in Australia is driven largely by increasing demand for coal and iron ore production to support increased steel production in North East Asia and China.

- Between June 2003 and June 2008, Australian black coal production has averaged 3.2% per annum growth, with corresponding export growth of 3.6% per annum. While coal exports are currently constrained by infrastructure bottlenecks, the expansions of the Gladstone and Dalrymple Bay ports in Queensland are expected to support future growth. ABARE forecasts metallurgical coal exports to grow by approximately 6.5% in 2009 and thermal coal exports to increase by approximately 6.5%[1].
- Between June 2003 and June 2008, Australian iron ore production has exhibited strong average growth of 9.9% per annum, with export growth of 10.8% per annum. ABARE is forecasting Australian iron ore export volumes to grow by approximately 20% in 2009[2].

11.2.7.1. Industry participants

The Australian industrial explosives industry is primarily serviced by Incitec Pivot and Orica. Incitec Pivot is the second largest explosives supplier in the Australian market.

Incitec Pivot's market position is comparatively stronger in the Pilbara region, whereas Orica is stronger in the Hunter Valley and Western Australian Goldfields. Both companies have a solid presence in the Bowen Basin.

Incitec Pivot is one of three companies involved in the manufacture of explosives-grade ammonium nitrate in Australia. Incitec Pivot sources the majority of its Australian ammonium nitrate requirements from CSBP, under a long-term supply contract that runs to 2011, and from QNP. Orica operates ammonium nitrate production facilities at Yarwun and Kooragang Island.

11.2.7.2. Marketing and sales

Given the prevalence of large coal and metals mining companies, the majority of explosives sales in the Australian market are made directly by the supplier to the customer.

1. http://www.abareconomics.com/interactive/08ac_sept/excel/table_24b.xls, accessed on 7 November 2008.
2. http://www.abareconomics.com/interactive/08ac_sept/excel/table_24c.xls, accessed on 7 November 2008.

Glossary

Incitec Pivot

Glossary

The following definitions have been used throughout this Prospectus unless stated otherwise:

$	Australian dollars, the lawful currency of Australia.
ABARE	Australian Bureau of Agricultural and Resource Economics.
ACCC	Australian Competition and Consumer Commission.
A-IFRS	Australian equivalents to International Financial Reporting Standards.
ANFO	Ammonium Nitrate Fuel Oil.
Allotment Date	The Institutional Allotment Date and the Final Allotment Date.
Applicants	Persons who submit a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	An application for New Shares pursuant to the Entitlement Offer made in accordance with this Prospectus and the Entitlement and Acceptance Form.
Application Monies	Monies received from Applicants in respect of their Applications.
ASIC	Australian Securities and Investments Commission.
ASTC Operating Rules	The operating rules of ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).
ASTC Settlement Rules	The business rules of ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).
ASX	ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as the context requires.
ASX Recommendations	The ASX Corporate Governance Council's *Principles of Good Corporate Governance and Best Practice Recommendations.*
Australian Legal Adviser	Mallesons Stephen Jaques.
Board	The Board of Directors of Incitec Pivot.
Bridge Facility	The 364-day multi-currency acquisition bridge facility entered into by Incitec Pivot on 21 May 2008 in an aggregate amount of $2.4 billion in connection with Incitec Pivot's acquisition of Dyno Nobel, described in section 10.
Business Day	Has the meaning given in the Listing Rules.
CGT	Capital Gains Tax.
CHESS	Clearing House Electronic Subregister System operated by ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).
Closing Date	5:00pm on 4 December 2008 (or as varied).
Company	Incitec Pivot Limited (ABN 42 004 080 264).
Constitution	The constitution of Incitec Pivot, as amended from time to time.
Corporations Act	Corporations Act 2001 (Cth).
CPI	Consumer Price Index.
CSBP	CSBP Ltd (ABN 81 008 668 371), a wholly-owned subsidiary of Wesfarmers Limited.
DAP	Di-ammonium phosphate.
Director	A director of Incitec Pivot.
Dyno Nobel	Dyno Nobel Pty Limited (formerly known as Dyno Nobel Limited (ABN 44 117 733 463)) and, where the context requires, each of its Related Bodies Corporate.
Dyno Nobel Moranbah	Dyno Nobel Moranbah Pty Ltd (ABN 36 115 650 649).
EBIT	Earnings before interest, income tax.
EBITDA	Earnings before interest, income tax, depreciation, amortisation.
Eligible Institutional Shareholder	Any Institutional Shareholder to whom the Joint Lead Managers and Underwriters make an offer on behalf of Incitec Pivot under the Institutional Entitlement Offer (whether or not it accepted that offer) or a nominee for such an Institutional Shareholder in respect of Shares held for such Institutional Shareholder.
Eligible Retail Shareholder	A Shareholder as at 7:00pm on the Record Date who (i) has a registered address in Australia or New Zealand; (ii) is not located in the U.S. or a U.S. Person or acting for the account or benefit of a U.S. Person; (iii) is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder; and (iv) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.
Eligible Shareholders	Eligible Institutional Shareholders and Eligible Retail Shareholders.
Eligible United States Fund Manager	A dealer or professional fiduciary organised, incorporated or (if an individual) resident in the United States acting solely for an account (other than an estate or trust) held for the benefit

	or account of persons that are not U.S. Persons for which it has sole investment discretion, within the meaning of Rule 902(k)(2)(i) in Regulation S under the Securities Act.
Entitlement	The number of New Shares for which an (i) Eligible Retail Shareholder is entitled to subscribe under the Retail Entitlement Offer; or (ii) Eligible Institutional Shareholder is entitled to subscribe under the Institutional Entitlement Offer, in each case on the basis of 5 New Shares for every 13 Shares held at 7:00pm on the Record Date, subject to rounding and the terms of the Entitlement Offer.
Entitlement and Acceptance Form	Each personalised form accompanying this Prospectus upon which an application for New Shares may be made by an Eligible Retail Shareholder.
Entitlement Offer or **Offer**	The offer of up to approximately 468 million New Shares to Eligible Shareholders, comprising the Institutional Entitlement Offer and Retail Entitlement Offer under this Prospectus.
Entitlement Offer Price or **Offer Price**	$2.50 per New Share.
EPS	Earnings per Share.
Expiry Date	The date that is 13 months after the date of this Prospectus.
Final Allotment Date	16 December 2008.
FY2005	Financial year ended 30 September 2005.
FY2006	Financial year ended 30 September 2006.
FY2007	Financial year ended 30 September 2007.
FY2008	Financial year ended 30 September 2008.
GAAP	Generally accepted accounting principles.
GDP	Gross Domestic Product.
Group	Incitec Pivot and its Related Bodies Corporate.
GST	A goods and services or similar tax imposed in Australia.
Impact Fertilisers	Impact Fertilisers Australia Pty Ltd (ABN 85 119 654 152).
Incitec Pivot	Incitec Pivot Limited (ABN 42 004 080 264) and where the context requires, its Related Bodies Corporate.
Incitec Pivot Bidco	Incitec Pivot U.S. Holdings Limited (ACN 130 242 036).
Incitec Pivot Constitution	The constitution of Incitec Pivot.
Incitec Pivot Entitlement Offer Information Line	1300 305 840 from within Australia. +61 2 8280 7700 if calling from outside Australia between 8:30am and 5:30pm Monday to Friday during the Offer Period.
Ineligible Institutional Shareholder	A Shareholder as at 7.00pm on the Record Date who is not an Eligible Institutional Shareholder and who Incitec Pivot and the Joint Lead Managers and Underwriters agree is any of the following (i) although an Institutional Investor, should not receive an offer under the Institutional Entitlement Offer in accordance with rule 7.7.1(a) of the Listing Rules; (ii) although not an Institutional Investor, is a person to whom offers and issues of New Shares could lawfully be made in Australia without the need for disclosure to investors under Chapter 6D of the Corporations Act if that Shareholder had received the offer in Australia, and who should be treated as an Ineligible Institutional Shareholder for the purposes of the Entitlement Offer or (iii) is located in the United States or is a U.S. Person or acting for the account or benefit of a U.S. Persons.
Ineligible Retail Shareholder	A Shareholder as at 7.00pm on the Record Date who is not an Eligible Institutional Shareholder, an Ineligible Institutional Shareholder or an Eligible Retail Shareholder.
Institutional Allotment Date	24 November 2008.
Institutional Entitlement Offer	The offers to Eligible Institutional Shareholders and Institutional Investors in connection with the Offer as described in section 2.2.1.
Institutional Investors	Persons who are (i) "professional investors" or "sophisticated investors" for the purposes of section 708 of the Corporations Act and who are not U.S. Persons or acting on the account of or for the benefit of U.S. Persons, or (ii) who are otherwise entitled to receive an offer of New Shares outside of Australia without the need for a lodged prospectus or other registration or formality (other than a registration or formality which Incitec Pivot, in its absolute discretion, is willing to comply), provided that such a person is not located in the United States or a U.S. Person or acting for the account or benefit of a U.S. Person unless it (and any such underlying holder for whose account or benefit it is acting) is a QIB or an Eligible United States Fund Manager.
Institutional Shareholders	Institutional Investors who, to Incitec Pivot's knowledge, hold Shares either directly or through nominees on or before the Record Date.
Investigating Accountant	KPMG Transaction Services (Australia) Pty Limited (ABN 65 003 891 718).
Investigating Accountant's Report or IAR	The report set out in section 8 of this Prospectus.
Joint Lead Managers and	Credit Suisse (Australia) Limited (ABN 94 007 016 300) and UBS AG, Australia Branch (ABN

Underwriters	47 088 129 613), the key terms of whose appointment are set out in section 10 of this Prospectus.
Listing Rules	The listing rules of ASX.
MAP	Mono-ammonium phosphate.
MOP	Muriate of Potash.
Moranbah Project	Incitec Pivot plan to construct a 330,000 tonne per annum, fully integrated ammonium nitrate manufacturing complex at Moranbah, central Queensland.
New Shares	The Shares to be issued under the Entitlement Offer.
NitroMak	NitroMak Mekina Kimya – Nitro Nobel Kimya Sanayi Anonim Sirketi, a Turkish manufacturer and supplier of bulk and packaged explosives and initiation systems.
NPAT	Net profit after tax.
Offer Period	12 November 2008 to 4 December 2008.
Orica	Orica Limited (ABN 24 004 145 868).
Privacy Act	Privacy Act 1988 (Cth).
Prospectus	The prospectus dated 12 November 2008, being all sections of this document.
QIB	Qualified institutional buyer as such term is defined in Rule 144A under the U.S. Securities Act.
QNP	Queensland Nitrates Pty Limited (ABN 63 079 889 268).
Record Date	7:00pm on 14 November 2008.
Register	The official record of interests in Incitec Pivot.
Related Bodies Corporate	Has the meaning given to it by section 50 of the Corporations Act.
Retail Entitlement Offer	The Entitlement Offer to Eligible Retail Shareholders in connection with the Offer as described in section 2.2.2.
Share	Fully paid ordinary share in Incitec Pivot.
Share Registry	Link Market Services Limited.
Shareholder	A registered holder of Incitec Pivot Shares.
SOA	Sulphate of Ammonia.
Southern Cross Fertilisers	Southern Cross Fertilisers Pty Limited (ABN 30 004 936 850).
SSP	Single superphosphate.
Subsidiaries	Has the meaning given to it in the Corporations Act.
Theoretical ex-entitlement price	The theoretical market price for Shares immediately following the Entitlement Offer, assuming the Retail Entitlement Offer is fully subscribed. Based on the closing price of Shares on the last day of trading before announcement of the Entitlement Offer less the final dividend of 19.5 cents per share, as New Shares issued under the Entitlement Offer will not qualify for this dividend.
tonnes	Metric tonnes.
Top-Up Shares	A small number of New Shares that Incitec Pivot may need to issue to ensure that all Eligible Shareholders receive their full Entitlement.
Trade Practices Act	Trade Practices Act 1974 (Cth).
Transaction Confirmation Statements	A statement issued to holders of New Shares by the Share Registry setting out their holdings of New Shares.
TSP	Triple superphosphate.
Underwriting Agreement	The Agreement dated on or about 12 November 2008 between Incitec Pivot and the Joint Lead Managers and Underwriters Credit Suisse (Australia) Limited (ABN 94 007 016 300) and UBS AG, Australia Branch (ABN 47 088 129 613) in relation to the underwriting of the Offer.
United Group Alliance	United Group Resources Pty Ltd (ABN 17 114 888 201), Bilfinger Berger Services (Australia) Pty Limited (ABN 87 081 540 847) and BGC Contracting Pty Ltd (ABN 88 008 766 407).
United Group Alliance Project Agreement	The project construction agreement between Dyno Nobel Moranbah and the United Group Alliance.
U.S. or United States	The United States of America, its territories and provinces, any state of the United States and the District of Columbia.
U.S. Person	Has the meaning given in Rule 902(k) under Regulation S under the U.S. Securities Act.
U.S. Securities Act	United States Securities Act of 1933, as amended.
US$	U.S. dollars, the lawful currency of the United States.

Corporate directory

Directors

John Watson (Chairman)
Julian Segal (Managing Director & Chief Executive Officer)
James Fazzino (Finance Director & Chief Financial Officer)
Brian Healey
Allan McCallum
Anthony Larkin
John Marlay

Company Secretary

Kerry Gleeson

Registered Office

70 Southbank Boulevard
Southbank VIC 3006

Joint Lead Managers and Underwriters

Credit Suisse (Australia) Limited
Level 31, Gateway
1 Macquarie Place
Sydney NSW 2000

UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Investigating Accountant to the Entitlement Offer

KPMG Transaction Services (Australia) Pty Limited
147 Collins Street
Melbourne VIC 3000

Australian Lawyers to the Entitlement Offer

Mallesons Stephen Jaques
Level 50
Bourke Place
600 Bourke Street
Melbourne VIC 3000

Share Registry

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000

Incitec Pivot Entitlement Offer Information Line

Call 1300 305 840 (within Australia) or +61 2 8280 7700 (outside Australia) between 8:30am and 5:30pm Monday to Friday during the Offer Period.

Incitec Pivot Limited
ABN 42 004 080 264
70 Southbank Boulevard,
Southbank Victoria 3006,
Australia

Postal Address
Incitec Pivot Limited
GPO Box 1322,
Melbourne Victoria 3001,
Australia

Telephone: +61 3 8695 4400
Facsimile: +61 3 8695 4419
www.incitecpivot.com.au

Incitec Pivot