

Appendix 4D Half year report

Name of entity:	Incitec Pivot Limited
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ABN or equivalent company reference: 42 004 080 264

	Financial half year ended (‘current period’)		Financial half year ended (‘previous corresponding period’)
1.0	31 March 2004		31 March 2003

2.0 Results for announcement to the market

				\$A000	
2.1	Revenues from ordinary activities	up	>100%	to	433,453
2.2	Profit from ordinary activities after tax attributable to members				
	Before significant items	up	>100%	to	20,243
	After significant items	up	>100%	to	16,651
2.3	Net profit for the period attributable attributable to members				
	Before significant items	up	>100%	to	20,243
	After significant items	up	>100%	to	16,651
					2.4
Dividends (distributions)			Amount per security	Franked amount per security at 30% tax	
	Interim dividend	-Ordinary	Cents	20	20
	Special dividend	-Ordinary	Cents	9	9
Previous corresponding period					
	Final dividend	-Ordinary	Cents	-	-
	Interim dividend	-Ordinary	Cents	-	-

2.5 Record date for determining entitlements to the dividend:	24 June 2004
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2.6 Brief explanation of any of the figures reported above:
 Please refer to the accompanying Incitec Pivot Limited Profit Report.

3.0 Statement of Financial Performance

For the half-year ended 31 March 2004

	Notes	Consolidated	
		2004 \$000	2003 \$000
Revenue from ordinary activities	(I)	433,453	188,380
Operating expenses			
Changes in inventories of finished goods and work in progress		114,250	5,487
Raw materials and consumables used and finished goods purchased for resale		(399,790)	(113,106)
Employee expenses (including significant items)		(45,156)	(17,694)
Depreciation and amortisation expense		(24,641)	(6,003)
Borrowing costs		(3,391)	(3,438)
Purchased services (including significant items)		(12,411)	(13,014)
Repairs and maintenance		(17,593)	(7,022)
Property, plant & equipment retired/disposed (excluding significant items)		(29)	(1,681)
Outgoing freight		(12,185)	(5,917)
Lease payments - operating leases		(5,973)	(3,133)
Carrying value of assets sold (significant items)	(II)	-	(4,554)
Other expenses from ordinary activities including significant items		(2,775)	(12,973)
		(409,694)	(183,048)
Profit from ordinary activities before income tax expense		23,759	5,332
Income tax expense attributable to profit from ordinary activities	(III)	(7,108)	(4,050)
Profit from ordinary activities after income tax expense		16,651	1,282
Non-owner transactions in equity			
Net reduction in equity due to initial adoption of AASB 1028 Employee Benefits		-	(328)
Total revenues, expenses and valuation adjustments relating to members of the parent entity recognised directly in equity		-	(328)
Total changes in equity other than those resulting from transactions with owners as owners		16,651	954
		cents	cents
Earnings per share			
Basic earnings per share:			
Ordinary shares		29	7

Notes to the Statement of Financial Performance
For the half-year ended 31 March 2004

	Consolidated	
	2004	2003
	\$000	\$000
I. Revenue from ordinary activities		
External sales	420,301	181,680
Sales to entities subject to common control	12,600	-
Other revenue from operating activities		
Royalty income	-	6
Interest income:		
entity subject to common control	36	-
external parties – banks	209	497
Rental income	247	136
Other income	17	647
From outside operating activities		
Sale of business and major property disposal	-	5,338
Sale of property, plant and equipment	43	76
Total other revenue	552	6,700
Total revenue	433,453	188,380

	2004			2003		
	Gross \$000	Tax \$000	Net \$000	Gross \$000	Tax \$000	Net \$000
II. Individually significant items						
Profit from ordinary activities includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:						
<u>Merger implementation costs</u>						
Employee costs	(4,072)	1,222	(2,850)	-	-	-
Implementation costs	(1,058)	316	(742)	-	-	-
Total merger implementation costs (i)	(5,130)	1,538	(3,592)	-	-	-
<u>Other</u>						
Profit from business divested (ii)	-	-	-	560	-	560
Profit from sale of major property disposal	-	-	-	224	-	224
Write-down of carrying value of inventory (iii)	-	-	-	(1,826)	548	(1,278)
Revision of prior years tax return (iv)	-	-	-	-	(1,970)	(1,970)
Total other	-	-	-	(1,042)	(1,422)	(2,464)
Individually significant items	(5,130)	1,538	(3,592)	(1,042)	(1,422)	(2,464)

- (i) Merger implementation costs in 2004 relate to the restructuring and reorganisation activities following the acquisition of Incitec Fertilizers Limited. The classification of these costs is consistent with the September 2003 financial statements and the merger Information Memorandum.
- (ii) On 20th February 2003 Pivot Nutrition Pty Ltd, a wholly owned subsidiary of the Company, divested the operating assets and business of the Carrick Stockfeed Mill for \$4.4m.
- (iii) Inventory write-down relates to the grain business which was shut.
- (iv) Adjustment to income tax expense to reconcile to income tax returns as lodged.

Notes to the Statement of Financial Performance (continued)
For the half-year ended 31 March 2004

	Consolidated	
	2004	2003
	\$000	\$000
III. Income tax expense		
The amount of income tax attributable to the financial year differs from the amount prima facie payable on the operating profit. The differences are reconciled as follows:		
Income tax expense attributable to operating profit before significant items		
Prima facie income tax expense calculated at 30% (2003 at 30%) on profit from ordinary activities before significant items	8,666	1,913
Tax effect of permanent differences which (reduce)/increase tax expense:		
non-allowable depreciation of buildings	215	318
research and development	(144)	(54)
tax over provided in 2003	(1,553)	-
non-allowable goodwill amortisation	1,408	-
sundry items	54	451
Income tax expense attributable to operating profit before significant items	8,646	2,628
Income tax expense attributable to significant items		
Prima facie income tax benefit calculated at 30% (2003 at 30%) on loss from significant items	(1,538)	(313)
Tax effect of permanent differences which (reduce)/increase tax expense:		
non-taxable profit on sale of business and property, plant and equipment	-	(235)
revision of prior years tax returns following audit	-	1,970
Income tax benefit attributable to operating loss from significant items	(1,538)	1,422
Income tax expense attributable to operating profit	7,108	4,050

4.0. Statement of Financial Position

As at 31 March 2004

	31 Mar 2004	Consolidated 30 Sep 2003	31 Mar 2003
	\$000	\$000	\$000
Current assets			
Cash assets	4,131	21,269	4,281
Receivables	145,169	108,988	80,192
Inventories	319,670	205,643	181,169
Other	20,078	14,699	4,773
Total current assets	489,048	350,599	270,415
Non-current assets			
Receivables	3,085	1,924	302
Property, plant and equipment	294,113	296,615	114,320
Deferred tax assets	15,701	19,101	14,544
Intangible assets	180,661	185,354	-
Other	13,140	13,553	-
Total non-current assets	506,700	516,547	129,166
Total assets	995,748	867,146	399,581
Current liabilities			
Payables	211,343	130,899	83,525
Interest bearing liabilities	137,904	40,663	154,186
Current tax liabilities	3,079	6,312	-
Provisions	30,213	37,133	7,554
Total current liabilities	382,539	215,007	245,265
Non-current liabilities			
Interest bearing liabilities	-	55,000	-
Deferred tax liabilities	14,398	14,268	-
Provisions	8,778	9,489	3,179
Total non-current liabilities	23,176	78,757	3,179
Total liabilities	405,715	293,764	248,444
Net assets	590,033	573,382	151,137
Equity			
Parent entity interest			
Contributed equity	532,445	532,445	65,817
Reserves	35,922	35,922	35,922
Retained profits	21,666	5,015	49,398
Total equity	590,033	573,382	151,137

5.0. Statement of Cash Flows

For the half-year ended 31 March 2004

	Consolidated	
	2004 \$000	2003 \$000
	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers	443,229	154,878
Payments to suppliers and employees	(478,220)	(220,885)
Interest received	245	497
Borrowing costs	(3,286)	(3,438)
Royalties and other trading revenue received	264	789
Net income taxes paid	(6,559)	-
Net cash flows from operating activities	(44,327)	(68,159)
Cash flows from investing activities		
Payments for property, plant and equipment	(15,246)	(4,224)
Proceeds from sale of property, plant and equipment	194	826
Proceeds from sale of business	-	3,000
Net cash flows used in investing activities	(15,052)	(398)
Cash flows from financing activities		
Net movement in short term financing	43,818	33,555
Net cash flows used in financing activities	43,818	33,555
Net decrease in cash held	(15,561)	(35,002)
Cash at the beginning of the half-year	19,692	39,283
Cash at the end of the half-year	4,131	4,281

6.0 Details of individual and total dividends

	Company	
	1 Oct 2003 to 31 Mar 2004 \$000	1 Oct 2002 to 31 Mar 2003 \$000
Dividends		
Dividends paid or declared in respect of the half-year ended 31 March were:		
<i>Ordinary</i>		
dividends paid in cash	-	-
<i>Redeemable Preference Shares (i)</i>		
quarterly dividend at 5.36% per share unfranked paid in cash on 27 November 2003	737	-
quarterly dividend at 5.36% per share unfranked paid in cash on 27 February 2004	737	-
quarterly dividend at 5.36% per share unfranked payable 27 May 2004	737	-

Subsequent Event

Since the end of the half-year, the directors have declared the following dividends:

Ordinary

interim dividend of 20 cents per share, 100% franked at 30% payable on 8 July 2004	11,656
special dividend of 9 cents per share, 100% franked at 30% payable on 8 July 2004	5,245

The financial effect of the ordinary dividend has not been recognised in the half-year financial report and will be recognised in subsequent financial reports.

(i) Dividends payable in respect of the redeemable preference shares are accrued in the financial statements on a monthly basis, and are paid quarterly at 5.36% per share, unfranked. Dividends on these shares have been charged to the statement of financial performance as borrowing costs because the shares are classified as liabilities.

7.0 Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

The dividend or distribution plans shown below are in operation.

There is no dividend or distribution reinvestment plan in place.

The last date(s) for receipt of election notices for the dividend or distribution plans:

N/A

**8.0 A statement of reserves and retained earnings showing movements
As at 31 March 2004**

	Consolidated	
	31 Mar 2004	31 Mar 2003
	\$000	\$000
Reserves and retained profits		
(a) Reserves		
Realisation and revaluation of assets	34,423	34,423
General and other	1,499	-
Forfeited shares	-	8
Capital profits	-	1,491
	35,922	35,922
Movement in reserves during the financial half-year		
Realisation and revaluation of assets		
Balance at beginning and end of financial half-year	34,423	34,423
General and other		
Balance at beginning and end of financial half-year	1,499	-
Forfeited shares reserve		
Balance at beginning and end of financial half-year	-	8
Capital profits reserve		
Balance at beginning and end of financial half-year	-	1,491
(b) Retained profits		
Retained profits at the beginning of the financial half-year	5,015	48,444
Net decrease in equity due to initial adoption of revised AASB 1028 Employee Benefits	-	(328)
Operating profit after income tax attributable to members of Incitec Pivot	16,651	1,282
Retained profits at the end of the financial half-year	21,666	49,398

9.0 Net tangible assets per security with the comparative figure for the previous corresponding period

	Current period	Previous corresponding period
	Cents	Cents
Net tangible asset backing per ordinary security	702	864

10.1 Details of entities over which control has been gained during the period

Name of entity (or group of entities)	N/A
The date of the gain of control	N/A
Consolidated profit / (loss) from ordinary activities and extraordinary items after tax since the date in the current period on which control was acquired.	N/A
Profit from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period.	N/A

10.2 Loss of control of entities having material effect

Name of entity (or group of entities)	none
The date of the loss of control	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) since the date in the current period to the date of loss of control	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) while controlled during for the whole of the previous corresponding period	N/A

11.0 Details of associates and joint venture

The economic entity has an interest (that is material to it) in the following entities:

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
Equity accounted associates and joint venture entities				
None				
Total			-	-
Other material interests			-	-
Total			-	-

12.0 Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Pivot Limited (Pivot) merged with Incitec Fertilizers Limited (Incitec Fertilizers) on 1 June 2003. As a consequence the entity's financial performance and financial position at 31 March 2004 is not directly comparable to the previous corresponding period.

13.0 A commentary on the results for the period

- External sales revenue increased by \$251.2m or 138% to \$432.9m over the previous corresponding period.
- Net profit after tax and significant items was \$16.7m compared to \$1.3m for the previous corresponding period.

13.1 The earnings per share (EPS)
For the half-year ended 31 March 2004

	Consolidated	
	2004	2003
	Cents per share	Cents per share
Earnings per share (EPS)		
Basic earnings per share		
including significant items	29	7
excluding significant items	35	21
	Number	Number
Weighted average number of shares used as the denominator:		
Number for basic earnings per share (i)	58,281,027	17,484,326
Average market price of ordinary shares	\$16.12	N/A
	\$000	\$000
Reconciliation of earnings used in the calculation of basic earnings per share:		
Including individually significant items		
Profit from ordinary activities after income tax expense	16,651	1,282
Earnings used in calculation of EPS including individually significant items	16,651	1,282
Reconciliation of earnings used in the calculation of basic earnings per share:		
Excluding individually significant items		
Profit from ordinary activities after income tax expense	16,651	1,282
Add back individually significant items after income tax	3,592	2,464
Earnings used in calculation of EPS excluding individually significant items	20,243	3,746

(i) The weighted average number of shares used as the denominator is calculated over the 6 months ended 31 March 2004.

13.2 Returns to shareholders

As at 31 March 2004

	Consolidated		
	31 Mar 2004 \$000	30 Sep 2003 \$000	31 Mar 2003 \$000
Contributed equity			
Share capital:			
Ordinary shares - 58,281,027 (Mar 2003 - 14,030,520, Sep 2003 - 58,281,027)	532,445	532,445	52,062
Investor shares - nil (Mar 2003 - 3,453,788, Sep 2003 - nil)	-	-	13,755
	532,445	532,445	65,817

Movements in issued and fully paid ordinary shares of the company during the past two years were as follows:

Details	Date	Number of shares	Issue price \$	\$000
Opening balance of shares issued	31 Mar 02	14,058,502		52,314
Employee share plan buy-back	31 Mar 02 - 31 Mar 03	(4,925)	9.00	(44)
Conversion from ordinary share to investor share	31 Mar 02 - 31 Mar 03	(23,057)		(208)
Balance	31 Mar 03	14,030,520		52,062
Conversion of balance of investor shares to ordinary shares	3 Jul 03	3,453,788		13,755
Shares issued in consideration for purchase of Incitec Fertilizers Limited (i)	1 Jun 03	40,796,719	11.47	467,900
Transaction costs arising pursuant to the listing of Incitec Pivot Limited on the Australian Stock Exchange				(1,272)
Balance	31 Mar 04	58,281,027		532,445

(i) The issue price of \$11.47 represents the midpoint of an independent valuation prepared by Ernst and Young as at 17th March 2003 of the combined Incitec and Pivot fertiliser business.

Terms and conditions:

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

Movements in issued and fully paid investor shares of the company during the past two years were as follows:

Details	Date	Number of shares	Issue price \$	\$000
Opening balance of shares issued	31 Mar 02	3,431,336		13,552
Conversion from ordinary share to investor share	31 Mar 02 - 31 Mar 03	23,057		208
Employee share plan buy-back	31 Mar 02 - 31 Mar 03	(605)	9.00	(5)
Balance	31 Mar 03	3,453,788		13,755
Conversion of balance of investor shares to ordinary shares	3 July 03	(3,453,788)		(13,755)
Balance	31 Mar 04	-		-

	31 Mar 2004 \$000	31 Mar 2003 \$000
Total equity reconciliation		
Total equity at the beginning of the financial half-year	573,382	150,185
Total changes recognised in the statements of financial performance	16,651	954
Transactions with owners as owners		
Contributions of equity	-	(2)
Total equity at the end of the financial half-year	590,033	151,137

13.3 Significant features of operating performance

- Refer to note 13.0.
- As a result of the merger of the Pivot fertiliser business and Incitec Fertilizers operating synergy cost savings have been generated.

13.4 A discussion of trends in performance

- Earnings are biased to the second half of the financial year which is significantly influenced by the winter planting season.
- Second half 2004 earnings are dependent upon autumn and early winter rainfall particularly in central and southern Australia.

13.5 Segment Report

During the half-year ended 31st March 2004, the consolidated entity operated in one business segment, Fertiliser, and in one geographic location, Australia.

During the half-year ended 31st March 2003 the consolidated entity operated in three business segments comprising Fertiliser, Grain and Stockfeed in one geographic location, Australia.

The Stockfeed business was sold on 20th February 2003 and the Grain business was progressively wound down throughout 2002 and 2003.

13.5 Segment Report (continued)

For the half-year ended 31 March 2004	Fertiliser \$000	Consolidated \$000
Revenue		
External Sales	420,301	420,301
Sales to entities subject to common control	12,600	12,600
Total Sales Revenue	432,901	432,901
Other Revenue	552	552
Total of all segments	433,453	433,453
Total consolidated revenue from ordinary activities		433,453
Result		
EBIT - Segment	32,035	32,035
Net Interest		(3,146)
Profit before tax and significant items		28,889
Significant Items (refer note II)		(5,130)
Profit from ordinary activities before tax		23,759
Income tax expense (refer note III)		(7,108)
Profit from ordinary activities after tax		16,651
Assets		
Segment Assets	995,748	995,748
Liabilities		
Segment Liabilities	405,715	405,715
Other Information		
Acquisition of property, plant and equipment	15,246	15,246
Depreciation and amortisation of segment assets	24,641	24,641
Other non cash expenses - writedowns and provisions	-	-

For the half-year ended 31 March 2003	Fertiliser \$000	Grain \$000	Stockfeed \$000	Eliminations \$000	Consolidated \$000
Revenue					
External Sales	162,733	13,459	5,488	-	181,680
Intersegment sales	-	1,103	-	(1,103)	-
Total Sales Revenue	162,733	14,562	5,488	(1,103)	181,680
Other Revenue	2,107	-	4,593	-	6,700
Total of all segments	164,840	14,562	10,081	(1,103)	188,380
Total consolidated revenue from ordinary activities					188,380
Result					
EBIT - Segment	9,673	(567)	209	-	9,315
Net Interest					(2,941)
Profit before tax					6,374
Significant Items (refer note II)					(1,042)
Profit from ordinary activities before tax					5,332
Income tax expense (refer note III)					(4,050)
Profit from ordinary activities after tax					1,282
Assets					
Segment Assets	416,366	1,052	58,300	(76,137)	399,581
Liabilities					
Segment Liabilities	288,828	490	357	(41,231)	248,444
Other Information					
Acquisition of property, plant and equipment	4,223	-	1	-	4,224
Depreciation and amortisation of segment assets	5,993	-	10	-	6,003
Other non cash expenses - writedowns and provisions	-	1,826	-	-	1,826

13.6 Events subsequent to reporting date

On 28 April 2004, the directors declared an interim ordinary dividend of 20 cents per share fully franked at 30% and a special dividend of 9 cents per share fully franked at 30%.

Effective 5 April 2004, the Company has withdrawn 'Nitram' and 'Pinnacle' from the market place. Customers may return any stocks and receive a full refund or a suitable alternative product will be found. The costs associated with this program are not expected to be material. Returned product will be blended into other products.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2004, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which have not been covered in this report.

14.0 Comments by Directors

Basis of Financial Report Preparation

The general purpose half-year consolidated financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting", the recognition and measurement requirements of applicable AASB Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. It is recommended that the half-year financial report be read in conjunction with the 30 September 2003 full year financial report and any public announcements by Incitec Pivot Limited and its controlled entities during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. The half-year financial report does not include full note disclosures of the type normally included in a full year financial report.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

The franking account balance is \$44.1m.

Revisions in estimates of amounts reported in previous interim periods.

There are no revisions in estimates of amounts reported in previous interim periods.

14.0 Comments by Directors (continued)

Changes in contingent liabilities or assets.

The contingent liabilities of the economic entity have not changed from the annual report for the year ended 30 September 2003 except as set out below.

Contingent liabilities are considered remote and the directors are of the opinion that provisions are not required.

Discounted bills of exchange

A discounted bill of exchange facility is in place and is utilised by a number of customers for the purpose of trade finance. The majority of these discounted bills of exchange are issued for periods less than 120 days. In the event that bills are not repaid, there is 100% recourse to the Company. In this circumstance the contingency would crystallise into an actual liability and the Company would repay the bill. The amount would only be written off if the Company was unsuccessful in collecting the underlying debt. Total discounted bills of exchange outstanding at 31 March 2004 amounted to \$7.6m (30 September 2003 \$9.9m).

Guarantees and warranties

The Company has guaranteed seasonal borrowings of certain customers. A \$70m facility is in place with Suncorp-Metway Ltd for the calendar year ending 31 December 2004. The amount guaranteed is 4% of the total facility or \$2.8m. In the event that customers default on the borrowing, there is recourse to the Company up to a maximum of \$2.8m. The amount would only be written off if the Company was unsuccessful in collecting the underlying debt. The previous agreement provided a guarantee of 6% on the value drawn down on the facility, which equated to a contingent liability of \$1.7m at 30 September 2003.

Compliance statement

This report gives a true and fair view of the matters disclosed.

This report has been subject to audit review.

Sign here: 
.....
(Company Secretary)

Date: 29 April 2004

Print name: Kerry J Gleeson

Incitec Pivot Limited and its Controlled Entities
Directors' Declaration on the Financial Report set out on pages 2 to 16

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

- 1.(a) the consolidated financial report in the form of Appendix 4D of the Australian Stock Exchange (ASX) Listing Rules, set out on pages 2 to 16, are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position of the consolidated entity as at 31 March 2004 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable.



John C Watson
Chairman

Dated at Melbourne this 29th day of April 2004.

Incitec Pivot Limited and its Controlled Entities

Directors' Report

The directors of Incitec Pivot Limited (Incitec Pivot) present the consolidated financial report in the form of Appendix 4D of the Australian Stock Exchange (ASX) Listing Rules, for the period ended 31 March 2004 and the auditor's review report thereon.

Directors

The directors of the company during or since the end of the half-year are:

J C Watson, Chairman
G J Witcombe, Managing Director
L M Delahunty
B J Gibson
B Healey
A C Larkin
G R Liebelt
A D McCallum
D B Trebeck

The office of company secretary is held by Kerry J Gleeson.

Review and results of operations

A review of the operations of the consolidated entity during the financial half-year and of the results of those operations is contained in the accompanying Profit Report.

Events subsequent to balance date

The directors have not become aware of any significant matter or circumstance (other than referred to in note 13.6) that has arisen since 31 March 2004, that has affected or may affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Rounding

The amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest thousand dollars, the company being in a class specified in the ASIC Class Order 98/100 dated 10 July 1998.

Signed on behalf of the board in accordance with a resolution of the directors of Incitec Pivot Limited.



John C Watson
Chairman

Dated at Melbourne this 29th day of April 2004.



Independent review report to the members of Incitec Pivot Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements set out on pages 2 to 16, and the directors' declaration set out on page 17 for the Incitec Pivot Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 March 2004. The Consolidated Entity comprises Incitec Pivot Limited ("the Company") and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

A review cannot guarantee that all material misstatements have been detected.



Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

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

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 31 March 2004 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements in Australia.

KPMG

Neil T Faulkner
Partner

Dated at Melbourne this 29th day of April 2004.