

ASX ANNOUNCEMENT – 10 May 2010

Sound Result as Business Improvement Programs Continue

Incitec Pivot Limited (**ASX: IPL**) today announced a Net Profit After Tax (NPAT), including individually material items (IMI), of \$132.4 million for the six months to 31 March 2010. This was a 33% increase in NPAT, including IMI, of \$99.6 million on the previous corresponding period.

NPAT, excluding IMI, of \$146.2 million was down 14% from \$169.8 million. IMI were \$14.1 million after tax, relating mainly to the 'Velocity' business improvement program.

IPL Managing Director and CEO, James Fazzino, said: "This was a sound result considering external impacts including a higher Australian dollar, lower fertiliser prices and the soft US economy leading to lower volumes in North America. Our market diversity and strong internal action has muted the impact of the external environment.

"Although this was a solid result in the circumstances, a 14% fall in profitability is not where we want to be. We are advanced in our business improvement programs, such as Velocity, which are focused on creating a company that delivers good results in bad times and exceptional results in good times," Mr Fazzino said.

Velocity continues to deliver real improvement with particular focus on the Dyno Nobel business. Incremental benefits delivered in the first Half Year are US\$25.9 million which is 43% of the 2010 Full Year commitment of US\$60 million. So far, 'Velocity' has provided US\$96.9 million in sustainable revenue and efficiency improvements and is on track for the US\$204 million target by Full Year 2012.

The 2010 interim dividend will be 1.8 cents per share and will be unfranked. Shareholders may participate in IPL's Dividend Reinvestment Plan (DRP) which was established in 2008. A discount of 2.5% will be applied in determining the offer price under the DRP. The DRP is not underwritten.

In looking to the future, Mr Fazzino said, while the business would continue to experience challenging external conditions in the short term, the sustained focus on financial discipline and business efficiency, as well as improving volumes and revenues, was building a strong base for the inevitable global turnaround.

"The economic environment in North America will continue to affect Dyno Nobel's profitability but earnings momentum in Dyno Nobel Asia Pacific is expected to continue. Domestic fertiliser demand appears to be recovering, subject to favourable seasonal weather conditions," he said.

The mix of earnings in the period was 58% Explosives and 42% Fertilisers which compares with 47 % Explosives and 53% Fertilisers in the same period last year.

Earnings Before Interest and Tax (EBIT) for Dyno Nobel improved 3% to \$133.2 million mainly from improved margins in Asia Pacific which were offset by challenging conditions in North America and the exchange rate. Dyno Nobel Asia Pacific delivered a 62% increase in EBIT of \$75.2 million while in North America, EBIT fell by 20% to US\$50.7 million.

In Fertilisers, EBIT of \$96.9 million for the Half was 32% below 2009 despite a 57% increase in volumes in the distribution business, compared with the same period last year. The average price per tonne in the period was \$481 compared with \$765 in the same period in 2009. In the 2010 Half Year, compared with the same period last year, global urea prices fell 44% while the DAP Tampa benchmark price fell 18%.

IPL's trading business, Southern Cross International, maintained volumes but was affected by the global period-on-period drop in the fertiliser price and high Australian dollar which saw sales revenue fall by 30% or \$120.1 million.

Financial discipline was again a feature demonstrated by continuing decreases in net borrowing costs and trade working capital. A highlight was the US\$800 million 144A/Regulation S 10 year bond issue in December 2009, which added tenor and diversity to IPL's debt structure.

Another highlight in the Half was the announcement of the re-start this month of the ammonium nitrate project at Moranbah in Central Queensland as well as the successful completion of the 2010 planned maintenance program at the Phosphate Hill fertiliser facility and the Mt Isa acid plant.

IPL's commitment to Zero Harm trended positively in the Half Year in relation to the Total Recordable Injury Frequency Rate. However, said Mr Fazzino, IPL started the second Half with a tragic fatality of a work colleague at a quarry site in Quebec on 5 May 2010. "The vision of Zero Harm is based on the principle that all incidents are preventable and this tragedy has re-confirmed the need for all of us to be constantly vigilant."

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About Incitec Pivot

Incitec Pivot (ASX: IPL), an S&P/ASX Top 50 company, is a leading global company which manufactures, markets and distributes a range of industrial explosives, fertilisers, related products and services to customers around the world. A leader in its chosen markets, the Company holds a portfolio of recognised and trusted brands and is the No. 1 supplier of fertilisers in Australia and the No 1 supplier of industrial explosives, related products and services in North America. Employing more than 4,400 people, IPL owns and operates manufacturing plants in the USA, Canada, Australia and Mexico and has joint venture operations, including in South Africa, Malaysia and China.

About Dyno Nobel

Dyno Nobel, the industrial explosives business of Incitec Pivot Limited, is a global leader in the commercial explosives industry, providing blasting solutions and quality explosives products throughout North America and Australia, as well as to selected customers in other countries. Dyno Nobel has more than 30 manufacturing plants, including state-of-the-art initiation systems facilities in the United States, Australia and Mexico.