



11 May 2009

Office of the Company Secretary

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Dear Sir or Madam

Electronic Lodgement

Half Year Results: Solid Result in Tough Market Conditions

In accordance with the listing rules, I attach a copy of an ASX Announcement for release to the market.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Kerry Gleeson'.

Kerry Gleeson
Company Secretary

Attach.



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ASX ANNOUNCEMENT - 11 May 2009

Solid Result in Tough Market Conditions

Incitec Pivot Limited (ASX: IPL) today announced a Net Profit After Tax (NPAT), excluding individually material items, of \$169.8 million for the six months to 31 March 2009. This was a 1% fall on NPAT of \$171.1 million in the previous corresponding period.

NPAT of \$99.6 million, including individually material items (IMIs), was down 41%. IMIs included the \$20.5 million after tax cost of implementing the Velocity business efficiency program and a \$34.6 million after tax mark-to-market on phosphate rock.

Earnings Before Interest and Tax (EBIT) was \$272.2 million, a 9% increase on the previous corresponding period of \$250 million.

IPL's robust Balance Sheet position is demonstrated by sound credit metrics and cash and undrawn committed financing facilities of \$600 million in place at balance date.

The 2009 interim dividend will be 2.1 cents per share fully franked. The dividend will be paid on 7 July 2009 and the record date is 21 May 2009. 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 Company has entered into an underwriting agreement with the UBS AG Australia Branch to underwrite the 2009 interim dividend to the extent not taken up by IPL shareholders under the DRP.

Acting CEO, James Fazzino, said: "This is a solid result in a period heavily impacted by the global financial crisis and during which demand for our products was down in all sectors, some by more than 50%.

"The result demonstrates the benefit of bringing together two complementary businesses – fertilisers and explosives – and was essentially driven by the focus of our people on managing 'the controllables' such as safety, customer relationships and efficiencies.

"The mix of earnings in the period was 53% fertilisers and 47% explosives, demonstrating the value of the Dyno Nobel acquisition," Mr Fazzino said.

The Velocity program in Dyno Nobel produced cost savings in the Half Year of \$US36.5 million, representing 54% of the Full Year target of \$US67 million.

Mr Fazzino said IPL had addressed the fall in demand for single superphosphate (SSP) by bringing forward the previously-announced closure of SSP manufacturing at the Cockle Creek facility and ending SSP manufacturing at Geelong from 30 June 2009. The closure at Geelong means 29 positions in manufacturing will become redundant from Geelong's current total workforce of approximately 80.

Mr Fazzino said: "In line with prudent financial management, the dividend pay-out ratio is being reduced from the range of 55-65% to 20-40% of NPAT."

In looking to the next six months, Mr Fazzino said that difficult trading conditions in all sectors of the business were expected to persist.

"Given the current volatility in the markets in which we operate, in particular global fertiliser prices and exchange rates, forecasting is challenging. Our approach is to update the market on the key variables and provide earnings sensitivities to movements. This allows investors to form their own views on our likely earnings," he said.

"Spot fertiliser prices have declined since March, and the Australian dollar has strengthened. Both movements are negatives for IPL.

"In February 2009, (in ASX Announcement – 2009 Update) we noted that, assuming that the then current market conditions prevailed and taking into account the difficulty in forecasting full year earnings, we expected our earnings would be adversely impacted.

"At that time, taking the spot di-ammonium phosphate (DAP) price of US\$360 per tonne and spot urea pricing of US\$300 per tonne and the then current Australian dollar/US dollar exchange rate of 70 cents, we expected 2009 NPAT (excluding individually material items) of \$450 million.

"If we were to do the same calculation today, substituting the current spot prices and exchange rate (DAP US\$310 per tonne, urea US\$250 per tonne and exchange rate, 75 cents) as at 11 May 2009, then NPAT would be \$380 million."

Mr Fazzino then listed the key earnings sensitivities on these variables as:

- +/- US\$10 DAP price = +/- A\$5.7M EBIT
- +/- US\$10 Urea price = +/- A\$6M EBIT
- +/- A\$/US\$ 1 cent= +/- A\$2.9M EBIT

"These are the variables on our earnings. Therefore, our focus must be on those matters we can control: safety and environment, customer relationships and business efficiency," Mr Fazzino said.

Kerry Gleeson
Company Secretary

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About Incitec Pivot

Incitec Pivot (ASX: IPL), a S&P/ASX Top 50 company, is a leading global company which manufactures, markets and distributes a range of fertilisers, industrial explosives, 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 20 manufacturing plants in the USA, Canada, Australia and Mexico and has joint venture operations in Turkey, South Africa, Malaysia and China.

Forward-looking statements

This announcement includes forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of IPL, and which may cause actual results to differ materially from those expressed in this announcement.