Incitec Pivot Limited

FOCUS ON EXECUTION DELIVERS EARNINGS GROWTH

Results for the six months ended 31 March 2011

BUSINESS PERFORMANCE

Incitec Pivot Limited (IPL) has delivered Net Profit After Tax (NPAT), including individually material items (IMIs)[1], of $165.6M, compared with $132.4M for the previous corresponding period (pcp).

KEY FINANCIALS

- NPAT excluding individually material items was up 22% to $178.6M (pcp: $146.5M).
- EBIT[3] up 19% or $43.7M to $273.8M (pcp: $230.1M) largely reflecting improved global fertiliser prices and an improved performance from the North American Explosives business, partially offset by the impact of adverse weather events in Australia and the higher A$.
- Operating cash flows increased by $6.1M to an inflow of $85.3M (pcp: inflow of $79.2M), reflecting higher EBITDA, offset by higher fertiliser inventory prices and higher volumes on hand at balance date.
- Net debt increased by $79.3M to $1.36Bn (pcp: $1.28Bn) due to the continuing spend on the Moranbah construction project. Headroom available on committed facilities (including cash) at 31 March 2011 is $1.2Bn.
- The Net Debt/EBITDA ratio improved to 1.6 times (pcp: 1.9 times), notwithstanding the Moranbah expenditure, as a result of improved EBITDA and the impact of the higher A$ on borrowings.

SHAREHOLDER RETURNS

- Earnings per share[4] excluding individually material items up 22% to 11.0 cents (pcp: 9.0 cents). Earnings per share[4] including individually material items up 24% to 10.2 cents (pcp: 8.2 cents).
- Dividend per share increased 83% to 3.3 cents (pcp: 1.8 cents). The dividend will be unfranked and represents a pay-out of 30% of available profits excluding IMIs.

BUSINESS HIGHLIGHTS

EBIT improvement was achieved in three out of four business units, resulting in a 19% improvement over the pcp. The mix of earnings (excluding Corporate segment) for the period was 51% Explosives and 49% Fertilisers, highlighting the strength of the balanced business portfolio. Highlights were:

Explosives

- Dyno Nobel Americas saw improved volumes in all market segments and delivered an improved EBIT of US$66.9M (pcp: US$50.8M);
- Dyno Nobel Asia Pacific achieved a 6% improvement in EBIT, delivering A$79.8M (pcp: $75.2M) despite the disruption to operations experienced as a result of the severe flooding across various mining regions in Australia; and

Financial Summary	**6 Mths Ended 31 March**		
A$M	**2011**	**2010**	**Change**
Sales Revenue	1,424.4	1,236.4	15%
EBITDA[2]	348.5	296.6	17%
EBIT[3]	273.8	230.1	19%
NPAT - exc. individually material items[1]	178.6	146.5	22%
NPAT - inc. individually material items[1]	165.6	132.4	25%
Shareholder Returns			
Earnings per share (cents) exc. IMIs[4]	11.0	9.0	22%
Earnings per share (cents) inc. IMIs[4]	10.2	8.2	24%
Dividend per share (cents)	3.3	1.8	83%
Share price at 31 March ($)	4.33	3.47	25%
Financial Items			
Operating cash flows	85.3	79.2	8%
Net Debt	1,355.8	1,276.5	(6%)
Net Debt/EBITDA[5]	1.6x	1.9x	16%

- The Velocity program delivered US$14.8M of incremental benefits in the first half. Total program benefits delivered to date are now US$155.0M.

Fertilisers

- Fertiliser EBIT improved 30% or $31.7M to $138.6M (pcp: $106.9M), largely as a result of stronger global ammonium phosphate and urea prices, partly offset by volume contraction as a result of the flooding that impacted large areas of Eastern Australia.

OUTLOOK

- Earnings will be biased towards the second half, reflecting the seasonality of Australian agriculture and the North American and Asia Pacific explosives markets.
- Some increased activity in North American explosives markets has been evident. The housing and construction sector is expected to remain sluggish for some time.
- Strong prices for soft commodities are expected to continue to drive fertiliser demand globally.
- In Eastern Australia, improved subsoil moisture profile and higher water storage levels should support strong fertiliser application in the coming season, and in the medium term. The domestic fertiliser market is likely to remain highly competitive.
- Beneficial operation of the Moranbah plant to be delayed until the end of June 2012. The project remains on budget at A$935M, and continues to meet our financial hurdles.

NOTE: Numbers in this report are subject to rounding. Definitions and Notes appear on the last page of this report.

GROUP EARNINGS BEFORE INTEREST & TAX (EBIT)

Total EBIT increased 19% to $273.8M (pcp: $230.1M), reflecting the improved performance of both the Fertilisers and Explosives businesses, driven by higher global fertiliser pricing and a modest volume recovery in US Explosives, partly offset by the adverse impact of the rise in the A$ ($11.7M).

The 1H results also reflect the adverse weather events experienced throughout Australia during the period.

BORROWING COSTS / CREDIT METRICS

Net borrowing costs reduced to $29.8M (pcp: $31.2M). The decrease is primarily due to the strategy of funding the Group in US$, and increased capitalisation of interest on the Moranbah project.

Interest cover improved to 11.2 times (pcp: 9.5 times) and Net Debt to EBITDA improved to 1.6 times (pcp: 1.9 times), as a result of higher EBITDA and the impact of the higher $A on average debt levels.

TAX

Tax expense (excluding tax on individually material items) of $64.5M was 22% higher than 1H 2010 (pcp: $52.7M) and reflects an effective tax rate of 26% (pcp: 26%).

RETURNS TO SHAREHOLDERS

At 30%, IPL has maintained a dividend payout ratio in the middle of the previously announced dividend policy range of 20% - 40% of NPAT excluding IMIs.

Accordingly, an interim unfranked dividend of 3.3 cents per share will be paid on 5 July 2011 (pcp: 1.8 cents unfranked).

The 2011 interim dividend is wholly unfranked due to the lack of available franking credits at this time. The company's dividend reinvestment plan will not operate.

Earnings Summary	**6 Mths Ended 31 March**		
A$M	**2011**	**2010**	**Change**
EBIT			
Fertilisers	138.6	106.9	30%
Explosives	146.9	131.7	12%
Corporate	(11.7)	(8.5)	(38%)
EBIT Total	**273.8**	**230.1**	**19%**
Borrowing costs(6)	(29.8)	(31.2)	4%
Tax expense(6)	(64.5)	(52.7)	(22%)
NPAT - exc. individually material items	179.5	146.2	23%
Minority interests	(0.9)	0.3	
NPAT attributable to shareholders - exc. individually material items	**178.6**	**146.5**	**22%**
Individually material items after tax	(13.0)	(14.1)	8%
NPAT attributable to shareholders - inc. individually material items	**165.6**	**132.4**	**25%**
EBIT/Sales	19%	19%	

Borrowing Costs /Credit Metrics	**6 Months Ended 31 March**		
A$M	**2011**	**2010**	**Change**
Interest costs	(42.6)	(36.1)	(18%)
Non-cash unwinding of liabilities	(9.4)	(5.6)	(68%)
Total borrowing costs	**(52.0)**	**(41.7)**	(25%)
Less Capitalised Interest (Moranbah)	22.2	10.5	
Net Borrowing Costs	**(29.8)**	**(31.2)**	4%
Interest cover	11.2x	9.5x	18%
Net Debt/EBITDA(5)	1.6x	1.9x	16%

Interim Dividend	**6 Months Ended 31 March**		
Cents per share (cps)	**2011**	**2010**	**Change**
Interim dividend	3.3	1.8	83%
Franking (%)	0%	0%	
Record date: 19 May 2011			
Dividend paid: 5 July 2011			

NOTE: Numbers in this report are subject to rounding. Definitions and Notes appear on the last page of this report.

INDIVIDUALLY MATERIAL ITEMS

Individually material items (net of tax)[7] were a cost of $13.0M, down $1.1M (pcp: $14.1M). Components were:

$5.3M Velocity integration and restructuring costs

$7.7M Manufacturing and Distribution restructuring costs, including costs relating to the cessation of manufacturing at Maitland (Ontario), Battle Mountain (Nevada) and Port Ewan (New York).

Individually Material Items A$M	6 Months Ended 31 March 2011 Gross	Tax	Net
Velocity integration & restructuring	(8.2)	2.9	(5.3)
Manufacturing & Distribution restructuring	(11.0)	3.3	(7.7)
Total	**(19.2)**	**6.2**	**(13.0)**

BALANCE SHEET

IPL's March 2011 Balance Sheet remains healthy. Credit metrics are strong, with the Net Debt/EBITDA ratio improving to 1.6 times (pcp: 1.9 times). Undrawn committed finance facilities (including cash) of $1.2Bn were in place.

Balance Sheet A$M	31-Mar 2011	30-Sep 2010	31-Mar 2010
Trade Working Capital - Fertilisers	272	85	116
Trade Working Capital - Explosives	233	214	236
Net property plant and equipment	2,016	1,853	1,672
Intangibles	2,816	3,003	3,005
Environmental, restructuring & ARO[8]	(108)	(118)	(112)
Tax (liabilities)/assets	(154)	(41)	49
Net other liabilities	(163)	(288)	(253)
Net Debt	(1,356)	(1,097)	(1,277)
NET ASSETS	**3,556**	**3,611**	**3,436**
Equity	**3,556**	**3,611**	**3,436**
Net Debt/EBITDA	1.6x	1.39x	1.9x

NET ASSETS

When comparing current balances with September 2010:

- Fertilisers trade working capital at 31 March 2011 was $272M, an increase of $187M since September 2010, largely as a result of the seasonal stock build, the higher price of imported fertiliser and a delay in the domestic fertiliser sales caused by unseasonal weather. Average Fertiliser trade working capital as a percentage of 12 month rolling revenue was 15.0% (pcp: 11.6%).
- Explosives trade working capital increased by $19M since 30 September 2010 due to seasonal stock build, and slower than expected sales in Australia as a result of flooding in Queensland. Average Explosives trade working capital as a percentage of 12 month rolling revenue was 15.6% (pcp: 18.6%).
- Property, plant and equipment increased by $163M to $2,016M since 30 September 2010 largely as a result of the following movements:
  - Additions $277M;
  - Depreciation ($62M);
  - Disposals ($12M)
  - Impact of higher A$ ($40M)
- Intangibles of $2,816M have reduced by $187M since 30 September 2010 due primarily to the higher A$.

Net other liabilities have decreased by $125M since September 2010 to $163M, due largely to the release from the Moranbah onerous contract provision, a decrease in capital accruals and an actuarial gain on North American defined benefit pension obligations.

NET DEBT

IPL net debt was $1,355.8M at 31 March 2011, a $258.7M increase since September 2010, and an increase of $79.3M since March 2010. This increase is net of cash inflow from operating activities of $85.3M (pcp: $79.2M inflow).

Debt Facilities

The US$500M 144A/Regulation S 5 year bonds issued in December 2010 add further tenor and diversity to IPL's debt structure.

A new self-syndicated facility agreement for A$900M was finalised in March 2011, and became effective on 7 April 2011, replacing the syndicated facililty expiring in October 2011. The new facility has a term of 3 years and a maturity date of April 2014. The terms and conditions of the new facility are principally the same as the previous agreement.

Including the new syndicated facility, the average tenor of the debt book is 7 years, with funding diversified through the US debt capital markets and the Australian bank market.

NOTE: Numbers in this report are subject to rounding. Definitions and Notes appear on the last page of this report.

CASH FLOW

Net operating cash flow increased by $6.1M to an inflow of $85.3M (pcp: outflow of $79.2M). Major factors were:

- Fertiliser EBITDA increased by $39.9M to $166.6M (pcp: $126.7M);
- Explosives EBITDA increased by $15.6M to $192.9M (pcp: $177.3M);
- Net interest payments decreased by $6.0M to $15.4M (pcp: $21.4M);
- Net income tax refunds of $20.0M were received (pcp: $6.9M outflow);
- Seasonal build of working capital was $215.4M (pcp: $99.9M), reflecting higher inventory levels and the purchase of higher priced fertiliser; .
- Integration restructuring costs paid, including Velocity program, were $19.2M (pcp: $20.5M); and
- Other Non Trade Working Capital was a net inflow of $19.9M (pcp: $11.7M outflow).

Net investing cash outflows increased by $228.3M to $319.1M (pcp: $90.8M). Major outflows were:

- Total sustenance capital of $123.7M (pcp: $66.9M):
- Moranbah project expenditure of $143.1M, (pcp: $4.9M) plus capitalised interest of $22.2M. Total project expenditure to date is now $544.8M (excluding capitalised interest of $62.7M);
- Other growth capital expenditure of $13.0M, principally incurred to support new business in the Asia Pacific explosives business; and
- Net investment hedge $20.6M, resulting from the settlement of foreign exchange contracts and cross currency swaps.

Net financing cash flows were a net outflow of $24.9M (pcp: $198.5M inflow) largely reflecting dividends paid of $97.7M, net of the favourable FX impact of $73.7M on the translation of US$ debt.

Net debt increased by $258.7M (pcp: $186.9M decrease).

Cash Flow Items	**6 Months Ended 31 March**		
A$M	**2011**	**2010**	**Change**
Net operating cash flows			
EBITDA - Fertiliser	166.6	126.7	31%
EBITDA - Explosives	192.9	177.3	9%
EBITDA - Corporate	(11.0)	(7.4)	(49%)
Net interest paid	(15.4)	(21.4)	28%
Net income tax received/(paid)	20.0	(6.9)	
TWC movement	(215.4)	(99.9)	(116%)
Moranbah Provision release	(42.0)	(42.7)	2%
Dyno Nobel profit from associates	(11.1)	(14.3)	22%
Integration & restructuring costs	(19.2)	(20.5)	6%
Other NTWC	19.9	(11.7)	270%
Operating cash flows	***85.3***	***79.2***	***8%***
Net investing cash flows			
Growth - Moranbah	(143.1)	(4.9)	
Growth - Moranbah capitalised interest	(22.2)	(10.5)	(111%)
Growth - Other	(13.0)	(6.4)	(103%)
Sustenance	(123.7)	(66.9)	(85%)
Investment	0.0	(3.9)	100%
Net Investment Hedge	(20.6)	0.0	(100%)
Proceeds from surplus asset sales	3.5	1.8	94%
Investing cash flows	***(319.1)***	***(90.8)***	***(251%)***
Net financing cash flows			
Dividends paid	(97.7)	0.0	
Gain on translation of US$ Debt	73.7	8.8	
Realised market value gains/(losses) on cross currency swaps	(8.0)	174.0	
Non-cash movement in Net Debt	7.1	15.7	
Financing cash flows	***(24.9)***	***198.5***	***(113%)***
Decrease/(increase) in net debt	**(258.7)**	**186.9**	

SENSITIVITIES

Full Year EBIT Sensitivities	
A$M	
Urea - Middle East Granular Urea (FOB)(1)	+/- US$10/t = +/- A$4.5M
DAP - Di-Ammonium Phosphate Tampa (FOB)(2)	+/- US$10/t = +/- A$10.4M
Forex - transactional (DAP & Urea)(3)	+/- 1 cent = A$8.4M
Forex - translation of Explosives earnings(4)	+/- 1 cent = A$1.5M

Assumptions:

(1) 405kt urea equivalent sales at the 1H 2011 realised price of US$366 and exchange rate of A$/US$ 0.91

(2) 950kt (nominal capacity) DAP sales at the 1H 2011 realised price of US$588 and exchange rate of A$/US$ 0.91

(3) DAP & Urea based on assumptions 1 and 2

(4) For each US$150M EBIT

NOTE: Numbers in this report are subject to rounding. Definitions and Notes appear on the last page of this report.

EXPLOSIVES

Sales Summary - Explosives	6 Mths Ended 31 March 2011	2010	Change
US$ Revenue			
Americas	547.9	429.6	28%
A$ Revenue			
Americas	550.1	473.6	16%
Asia Pacific	234.1	238.1	(2%)
Eliminations	(12.7)	(23.2)	
Total Explosives Revenue	**771.5**	**688.5**	**12%**
Translation exch. rate - cents A$/US$(9)	99.6	90.7	(10%)

Earnings Summary - Explosives A$M	6 Mths Ended 31 March 2011	2010	Change
US$ EBIT			
Americas	66.9	50.8	32%
A$ EBIT			
Americas	67.1	56.0	20%
Asia Pacific	79.8	75.2	6%
Eliminations	-	0.5	
Total Explosives EBIT	**146.9**	**131.7**	**12%**
Moranbah provision writeback (gross) included in Asia Pacific	42.0	42.7	(2%)
Costs to supply Moranbah Customers	(3.1)	(15.4)	
Translation exch. rate - cents A$/US$(9)	99.7	90.7	(10%)

REVENUE

Total explosives revenue rose 12% to $771.5M (pcp: $688.5M), due to improved volumes in North America, and stronger nitrogen pricing, partly offset by the stronger A$ and the impact of adverse weather conditions in Australia.

AMERICAS

Revenue from the Americas increased by US$118.3M or 28% to US$547.9M (pcp: US$429.6M), with volume recovery in all segments, combined with improved nitrogen pricing in agriculture, and the inclusion of US$36.8M from Nitromak.

In A$ terms, revenue from the Americas increased by 16%.

Coal

Volumes sold into coal markets were up by 9% on pcp, reflecting the normalisation of demand. Coal inventories held by utilities at the end of February 2011 represent 61 days burn, 6 days above the trailing 3-year February average of 55 days[11], and in line with pcp (59 days burn).

Quarry & Construction (Q&C)

Volumes into this sector improved by 4% on pcp. The US housing market continues to be depressed, with the improved volumes driven by private infrastructure activity.

Metals & Mining

Overall volumes in this sector were up by 12% against pcp.

ASIA PACIFIC

Asia Pacific revenue decreased marginally to $234.1M (pcp: $238.1M), largely as a result of reduced demand caused by weather events in Queensland, Western Australia and NSW. Overall volumes fell by 16% on pcp.

EARNINGS BEFORE INTEREST & TAX (EBIT)

Total Explosives EBIT improved by 12% to A$146.9M (pcp: $131.7M). Major factors were:

- US$ EBIT in the Americas increased by 32% to US$66.9M (pcp: US$50.8M), largely reflecting:
  - Volume recovery in all sectors US$6.8M, net of increased cash fixed costs incurred to service the higher volume;
  - Higher nitrogen pricing US$4.7M;
  - Velocity program benefits US$9.7M;
  - These improvements are partly offset by higher depreciation charges following the completion of major plant turnarounds at North American sites US$3.5M.
- The impact of the stronger A$ on the translation of US$ earnings was A$6.6M.
- A$ EBIT in Asia Pacific increased 6% to $79.8M (pcp: $75.2M), reflecting:
  - Lower costs to supply Moranbah foundation customers $11.3M, reflecting improved sourcing; and
  - Incremental Velocity program benefits of A$5.6M (US$5.1M);

These positive movements were partly offset by the impact of weather on sales volumes in Queensland, Western Australia and NSW ($16.0M).

NOTE: Numbers in this report are subject to rounding. Definitions and Notes appear on the last page of this report.

EXPLOSIVES, cont'd.

VELOCITY PROGRAM

The Velocity business efficiency improvement program continues to deliver real improvement to the bottom line, focused on the Dyno Nobel business.

The Velocity program involves multiple initiatives across five streams and is forecast to deliver US$204M per annum by the end of the 2012 financial year. Program benefits delivered to 31 March 2011 are:

	Delivered US$	To go US$
2008 FY	9.0	
2009 FY	62.0	
2010 FY	69.2	
2011 1H	**14.8**	19.0
2012	-	30.0
Total	155.0	49.0

The key streams are:
1. Overhead reduction – restructuring and optimisation of the Americas Explosives Business, consolidation of the Australian corporate office into IPL and integration of supply chain and back office functions for Dyno Nobel Asia Pacific and IPL.
2. Plant efficiency – optimisation of global manufacturing.
3. Cost to Serve – improving customer profitability and adoption of a "value, not just volume" approach to sales. Optimisation of service sites and distribution costs to increase asset utilisation and lower costs.
4. Global supply chain optimisation – implementation of sales and operations planning process (S&OP) across Dyno Nobel.
5. Asset efficiency/optimisation – rigorous review of non-core and surplus assets and trade working capital management.

PROGRAM STATUS

Despite challenging market conditions in the Americas, the Velocity program is on track to deliver the target US$33.8M in incremental earnings in 2011:

US$M		**YTD**	**2011 Target**
1.	Overhead reduction	1.9	3.8
2.	Plant efficiency	8.6	21.0
3.	Cost to serve	3.0	3.8
4.	Global supply chain	1.3	5.2
	Total profit improvement	14.8	33.8
5.	Asset optimisation	14.3	20.0

Additionally, as at 31 March 2011, there were 182 new initiatives delivering benefits in EBIT, working capital or cash.

MORANBAH AMMONIUM NITRATE (AN) PROJECT

In the face of a challenging engineering and construction landscape, and an abnormal wet season in Queensland which, together with Cyclone Yasi, hampered activity on site as well as causing disruptions to the transport of materials, beneficial operation of Moranbah has been delayed and is now expected by the end of June 2012.

The project is currently 75% complete, and remains on budget (A$935M).

100% of forecast production is now committed, and the project continues to meet our financial hurdles.

FERTILISERS

SALES

Total fertiliser volume decreased by 9% to 1,094kt (pcp: 1,209kt), driven by reduced sales in the Incitec Pivot Fertilisers (IPF) distribution business as a result of the flooding experienced on the East coast of Australia, combined with a change in the timing of export sales of manufactured DAP.

Total sales revenue was $652.9M, up 19% (pcp: $547.9M), due to higher average global fertiliser prices, partly offset by the impact of the higher A$.

Sales Summary - Fertilisers	6 Mths Ended 31 March		
	2011	2010	Change
Tonnes '000's			
Incitec Pivot Fertilisers (IPF)	707	788	(10%)
Southern Cross International (SCI)	554	649	(15%)
Inter-company eliminations	(167)	(228)	
Tonnes - Fertilisers	**1,094**	**1,209**	**(10%)**
Sales Revenue A$M			
Incitec Pivot Fertilisers (IPF)	423.4	379.1	12%
Southern Cross International (SCI)	340.4	279.9	22%
Inter-company eliminations	(110.9)	(111.1)	
Sales Revenue - Fertilisers	**652.9**	**547.9**	**19%**
Middle East Granular Urea (US$/t)[12]	366	285	28%
Average DAP Tampa (US$/t)[13]	588	371	58%
Average exchange rate - cents A$/US$[14]	91.0	89.8	(1%)

FERTILISER DISTRIBUTION (IPF*)*

Sales volumes in IPF decreased by 10%, or 81kt, to 707kt compared with 788kt in the pcp. This reflects the impact of the severe floods in Queensland, NSW and Victoria.

Pasture segment
SSP and associated blend volumes decreased by 136kt, reflecting:
- above average rainfall and subsequent flooding, impacting on the ability of farmers to apply fertiliser;
- an abundance of pasture following improved rainfall, which limited application of fertiliser; and
- the decision by farmers to reinvest in livestock, plant and equipment following the lengthy drought and the positive medium term outlook.

Winter Crop segment
The commencement of planting for the winter cropping season commenced in April.

Summer Crop segment
Nitrogen volumes increased by 56kt compared to pcp, mainly due to late rain extending the topdress application of fertiliser into the 2011 financial year.

SOUTHERN CROSS INTERNATIONAL (SCI)

Sales volumes fell by 15% against pcp,due to the timing of sales.

Manufactured ammonium phosphate sales volumes were down 18% to 354kt (pcp: 432kt), reflecting the low stock position at the start of the financial year compared to the pcp, and the timing of export sales.

Exports during the first quarter were limited, with product supplied to IPF for sale into the East Coast Australian domestic market (most of which will be sold in 2H 2011).

Southern Cross International	6 Months Ended 31 March		
A$M	2011	2010	Change
Phosphate Hill Operations			
Production Tonnes ('000's)	438	362	21%
Sales Tonnes ('000's)	354	432	(18%)
Sales Revenue	208	214	(3%)
SCI Trading			
Sales Tonnes ('000's) - Traded & Non-APs[15]	71	85	(16%)
Sales Tonnes ('000's) - Industrial	129	132	(2%)
Tonnes - Southern Cross International	554	649	(15%)
Average DAP Tampa (US$/t)[13]	588	371	58%
Average freight margin - (A$/t)	32.4	50.5	(36%)

PHOSPHATE HILL OPERATIONS

Production tonnes at the Phosphate Hill operations increased to 438kt, compared to 362kt in the pcp (which included the major plant turnaround in March 2010). Production was adversely impacted by Cyclone Yasi, with approximately 5 days or 15kt of production lost.

NOTE: Numbers in this report are subject to rounding. Definitions and Notes appear on the last page of this report.

FERTILISERS cont'd.

EARNINGS BEFORE INTEREST & TAX (EBIT)

Fertiliser EBIT rose by 30% to $138.6M (pcp: $106.9M). This was the result of 48% increase in SCI earnings to $109.4M (pcp: $73.8M), and a 5% decrease in the earnings of IPF to $48.7M (pcp: $51.5M).

The 5% decrease in IPF EBIT was largely reflective of:

- Decreased distribution volumes caused by the impact of flooding and Cyclone Yasi on key markets $9.0M;
- A reduction in manufactured nitrogen production as a result of the major plant turnaround undertaken at Gibson Island urea facility $7.2M; and
- The adverse impact of the higher A$ on urea pricing $1.0M.

These decreases were partially offset by:

- Higher global urea prices $10.1M;
- Improved gross margins $2.9M; and
- Lower depreciation charges $1.4M.

The 48% increase in SCI's EBIT reflects the net impact of:

- Increased ammonium phosphate FOB netback price of A$87.5M;
- Six months of contribution by Quantum $3.6M, which commenced trading activity during the pcp;

Partly offset by:

- Reduced sales volumes of manufactured DAP $16.8M, reflecting the timing of sales and zero inventory on hand at the start of the period (pcp included 70kt of carry over stock);
- Increased raw material and freight costs $7.2M;
- Lower freight margin achieved $6.4M;
- Increased manufacturing costs at Phosphate Hill $2.2M;
- Increased depreciation charge following the completion of the major plant turnaround at Phosphate Hill $9.5M;
- Production and inventory losses caused by Cyclone Yasi $9.3.M; and
- Adverse impact of higher A$ of $4.1M.

Earnings Summary - Fertilisers	6 Mths Ended 31 March		
A$M	2011	2010	Change
EBIT			
Incitec Pivot Fertilisers (IPF)	48.7	51.5	(5%)
Southern Cross International	109.4	73.8	48%
Elimination	(19.5)	(18.4)	
EBIT - Fertilisers	**138.6**	**106.9**	**30%**

TRANSACTIONAL HEDGING

Hedging has been undertaken to limit the risk to IPL from an appreciation of the A$ against the US$. This is primarily achieved with options and collars, and allows some participation in favourable currency movements. During the six months to 31 March 2011 the foreign exchange hedging strategy delivered an average rate of 91.0c on urea and DAP sales, versus the average market rate for the period of 99.6c[16].

Hedging is in place to cover the currency exposure on approximately 95% of forecast sales of manufactured ammonium phosphates and urea for the balance of the 2011 financial year based on current pricing. This hedging will result in these sales being recorded at A$/US$ rate of 92.0 cents or less, inclusive of premium costs.

In addition, approximately 75% of 2012 sales of manufactured ammonium phosphates and urea have been hedged and will be recorded at a A$/US$ rate of 98 cents or better, inclusive of premium costs, with full participation down to 90 cents, and partial participation below 90 cents.

NOTE: Numbers in this report are subject to rounding. Definitions and Notes appear on the last page of this report.

HEALTH & SAFETY

IPL remains committed to its vision of Zero Harm. This is evidenced by the annual recommittment to the company Health, Safety and Environment Charter currently being conducted throughout the company, which is a rededication to our Vision by all workers.

Safety performance in the first half of 2011 was flat, with. the Group's Total Recordable Injury Frequency Rate (TRIFR)[(17)] at 1.44. Pleasingly, the severity of incidents was lower.

HSE improvement projects during this first half year include continuing to focus on embedding the integrated Global Health, Safety and Environment Management System (HSE MS); Incident Investigation training and realigning HSE reporting to improve provision of actionable insights and to streamline reporting to allow for more focus on proactive HSE activities.

HSE Leadership training will commence in May 2011 with courses scheduled throughout the Group.

SUSTAINABILITY

IPL has commenced work on five keystone projects which underlie IPL's commitment to Sustainability and the agenda of *Use less, Get close and Be responsible*. The five projects, which will be progressed over the next three years, are:

- Implement reduction targets for energy and water consumption;
- Create global community spend guidelines and reporting;
- Employ more indigenous people by creating a support framework;
- Recycle customer waste oil on site for reuse in explosives products;
- Promote increased use of enhanced efficient fertilisers.

IPL recognises the importance of communication to stakeholders on Sustainability performance and IPL's annual Sustainability Report is being redesigned to provide more information on the Sustainability strategy and actions across the Group.

Recent natural disasters in both Queensland and Victoria have demonstrated IPL employees' commitment to the Value of "Care for the Community and our Environment", with employees donating in excess of $80,000 for the Queensland and Victorian disaster relief funds. This figure was matched by the company and IPL donated a further $100,000 to the Queensland Disaster Fund when the floods first hit. In addition, a number of sites arranged teams of volunteers and equipment to provide recovery and cleanup assistance in local areas.

CARBON EMISSIONS

The IPL Group's current global carbon footprint of 2.8 million tonnes of CO_2 equivalent is representative of the scale and capacity of its manufacturing plants and in particular the energy intensive manufacture of nitrogen-derived products such as ammonia and ammonium nitrate which require natural gas as a feedstock for production.

Post the commissioning of the Moranbah facility, equivalent emissions will rise to 3.2 million tonnes CO_2 equivalent globally, of which 1.6 million tonnes will be emitted in Australia.

IPL continues to focus on energy efficiency and reducing carbon emissions.

PEOPLE & CULTURE

IPL believes that people are the most important asset and that a competent and engaged workforce is critical to ongoing success.

The value that IPL places on its people was demonstrated during the threat posed by Cyclone Yasi. IPL management elected to secure and close sites at risk and release employees to tend to their families and personal property. The Phosphate Hill site was made available as a refuge to employees and their families living on the coast. During the peak of the crisis the Phosphate Hill camp site was host to 14 partners and families, including 24 children.

To ensure IPL continually develops and nurtures talent, IPL has a clear Organisational Development Strategy.

In short the strategy ensures:

- the maintenance of the critical capabilities required for competitive advantage;
- the existence of appropriate leadership capability at all levels; and
- acceleration of performance across all levels through engaged, capable and highly motivated employees.

In the past 6 months the strategy has focused on:

- Embedding the leadership competency framework;
- Implementation of critical leadership assessment and development programs;
- Talent review process and individual development planning; and
- Initial implementation of a series of transition based leadership programs.

Appendix One

An investor compendium for the Half Year ending 31 March 2011 is attached as Appendix One in this report.

Further Information:

Investors: Lyn Shalless
General Manager - Investor Relations
T: +61 3 8695 4511 M: +61 412 289 472
E: lyn.shalless@incitecpivot.com.au

Media: Stewart Murrihy
T: +61 3 8695 4582 M: + 61 418 121 064
E: stewart.murrihy@incitecpivot.com.au

Definitions and Notes

1. NPAT attributable to shareholders of Incitec Pivot Limited, excluding minority interests
2. EBITDA: EBIT + depreciation + amortisation
3. EBIT: Earnings before interest and tax, and excluding individually material items
4. 2011 EPS based on a diluted 1,628,730,107 weighted average number of issued shares. 2010 EPS based on a diluted 1,619,569,865 weighted average number of issued shares
5. Net debt / EBITDA is based on Net debt at period end / last 12 month historical EBITDA
6. Borrowing costs and tax expense excluding individually material items
7. These items are considered individually material in accordance with accounting standards and are non-recurring in nature
8. Asset Retirement Obligations
9. Average exchange rate is the weighted average of the US$/A$ exchange rate
10. Nitromak DNX Kimya Sanayi Anonim Sirketi, incorporated in Turkey
11. US Energy Information Administration and Citi Investment Research & Analysis
12. Middle East Granular Urea is the weighted average of the international price lagged by 3 months in 2009, and 1 month in 2010
13. DAP Tampa based on the weighted average achieved price for the period
14. Average exchange rate is the weighted average of the US$/A$ exchange rate realised on sales of manufactured DAP and related products for the period
15. Ammonium Phosphate
16. . HRSA rate (the most commonly used reference rate in Australia, set at 9.55am every Sydney business day)
17. Total Recordable Injury Frequency Rate is defined as the number of injuries and illnesses per 200,000 hours worked

INCITEC PIVOT LIMITED FINANCIAL PERFORMANCE	March 2011 HY $mill	September 2010 FY $mill	September 2010 HY $mill	March 2010 HY $mill	September 2009 FY $mill	September 2009 HY $mill	March 2009 HY $mill
VOLUMES ('000's tonnes)							
Incitec Pivot Fertilisers	707.3	1,728.0	940.0	788.0	1,423.0	920.0	503.0
Southern Cross International							
Manufactured AP's	353.8	902.0	470.0	432.0	824.0	508.0	316.0
Traded & Non-AP's	70.4	211.0	126.0	85.0	351.0	163.0	188.0
Industrial Chemicals	129.5	251.0	119.0	132.0	275.0	129.0	146.0
Intercompany Eliminations	(166.5)	(286.0)	(58.0)	(228.0)	(235.0)	(93.0)	(142.0)
Total Volumes - Fertilisers	***1,094.5***	***2,806.0***	***1,597.0***	***1,209.0***	***2,638.0***	***1,627.0***	***1,011.0***
BUSINESS SEG SALES							
Incitec Pivot Fertilisers	423.4	885.9	506.8	379.1	950.2	565.7	384.5
Southern Cross International	340.4	647.1	367.2	279.9	777.5	377.5	400.0
Fertilisers Eliminations	(110.9)	(145.4)	(34.3)	(111.1)	(136.4)	(49.0)	(87.4)
Fertilisers	652.9	1,387.6	839.7	547.9	1,591.3	894.2	697.1
Dyno Nobel Americas	550.1	1,092.5	618.9	473.6	1,388.4	594.8	793.6
Dyno Nobel Asia Pacific	234.1	499.8	261.7	238.1	505.7	254.5	251.2
Explosives Eliminations	(12.7)	(48.2)	(25.0)	(23.2)	(66.5)	(32.6)	(33.9)
Explosives	771.5	1,544.1	855.6	688.5	1,827.6	816.7	1,010.9
Total Sales - IPL Group	***1,424.4***	***2,931.7***	***1,695.3***	***1,236.4***	***3,418.9***	***1,710.9***	***1,708.0***
BUSINESS SEG EBITDA							
Incitec Pivot Fertilisers	62.2	141.6	75.2	66.4	121.1	65.4	55.7
Southern Cross International	123.9	236.9	158.2	78.7	195.8	94.3	101.5
Fertilisers Eliminations	(19.5)	(0.6)	17.8	(18.4)	24.3	6.2	18.1
Fertilisers	166.6	377.9	251.2	126.7	341.2	165.9	175.3
Dyno Nobel Americas	103.3	236.5	144.7	91.8	297.4	150.0	147.4
Dyno Nobel Asia Pacific	89.6	196.0	111.0	85.0	135.6	73.9	61.7
Explosives Eliminations	-	1.5	1.0	0.5	(3.8)	8.4	(12.2)
Explosives	192.9	434.0	256.7	177.3	429.2	232.3	196.9
Corporate	(11.0)	(24.6)	(17.2)	(7.4)	(27.4)	(15.5)	(11.9)
Total EBITDA - IPL Group	***348.5***	***787.3***	***490.7***	***296.6***	***743.0***	***382.7***	***360.3***
BUSINESS SEG Depreciation and Amortisation							
Incitec Pivot Fertilisers	13.5	29.2	14.3	14.9	27.1	14.2	12.9
Southern Cross International	14.5	14.3	9.4	4.9	12.5	6.5	6.0
Fertilisers	28.0	43.5	23.7	19.8	39.6	20.7	18.9
Dyno Nobel Americas	36.2	73.3	37.5	35.8	99.7	46.9	52.8
Dyno Nobel Asia Pacific	9.8	20.0	10.2	9.8	25.8	10.6	15.2
Explosives Eliminations	-	-	-	-	-	-	-
Explosives	46.0	93.3	47.7	45.6	125.5	57.5	68.0
Corporate	0.7	2.2	1.1	1.1	2.2	1.0	1.2
Total Depreciation and Amortisation - IPL Group	***74.7***	***139.0***	***72.5***	***66.5***	***167.3***	***79.2***	***88.1***
BUSINESS SEG EBIT							
Incitec Pivot Fertilisers	48.7	112.4	60.9	51.5	94.0	51.3	42.7
Southern Cross International	109.4	222.6	148.8	73.8	183.3	87.8	95.5
Fertilisers Eliminations	(19.5)	(0.6)	17.8	(18.4)	24.3	6.1	18.2
Fertilisers	138.6	334.4	227.5	106.9	301.6	145.2	156.4
Dyno Nobel Americas	67.1	163.2	107.2	56.0	197.7	103.1	94.6
Dyno Nobel Asia Pacific	79.8	176.0	100.8	75.2	109.8	63.3	46.5
Explosives Eliminations	-	1.5	1.0	0.5	(3.8)	8.4	(12.2)
Explosives	146.9	340.7	209.0	131.7	303.7	174.8	128.9
Corporate	(11.7)	(26.8)	(18.3)	(8.5)	(29.6)	(16.5)	(13.1)
Total EBIT - IPL Group	***273.8***	***648.3***	***418.2***	***230.1***	***575.7***	***303.5***	***272.2***
GEOGRAPHIC SEG SALES							
Australia	870.8	1,871.8	1,096.1	775.7	2,097.5	1,157.4	940.1
North America	488.1	1,006.2	565.2	441.0	1,292.7	550.4	742.3
Turkey	36.8	14.8	14.8	-	-	-	-
Other	28.7	38.9	19.2	19.7	28.7	3.1	25.6
Total - IPL Group	***1,424.4***	***2,931.7***	***1,695.3***	***1,236.4***	***3,418.9***	***1,710.9***	***1,708.0***
GEOGRAPHIC SEG NON-CURRENT ASSETS OTHER THAN FINANCIAL INSTRUMENTS AND DEFERRED TAX							
Australia	2,842.5	2,702.5	2,702.5	2,567.5	2,590.3	2,590.3	3,278.1
North America	2,042.5	2,195.4	2,195.4	2,395.4	2,431.8	2,431.8	3,352.0
Turkey	137.9	146.2	146.2	-	-	-	-
Other	84.4	76.9	76.9	126.6	85.1	85.1	124.2
Total - IPL Group	***5,107.3***	***5,121.0***	***5,121.0***	***5,089.5***	***5,107.2***	***5,107.2***	***6,754.3***
FINANCIAL PERFORMANCE							
EBIT	273.8	648.3	418.2	230.1	575.7	303.5	272.2
Net Interest	(29.8)	(53.0)	(21.8)	(31.2)	(107.6)	(48.3)	(59.3)
Operating Profit Before Tax and Minorities	244.0	595.3	396.4	198.9	468.1	255.2	212.9
Income Tax Expense	(64.5)	(150.8)	(98.1)	(52.7)	(120.3)	(77.2)	(43.1)
NPAT pre Individually Material Items	179.5	444.5	298.3	146.2	347.8	178.0	169.8
Individually Material Items Before Tax	(19.2)	(55.4)	(34.9)	(20.5)	(782.7)	(681.6)	(101.1)
Tax on Individually Material Items	6.2	23.1	16.7	6.4	213.5	182.6	30.9
NPAT & Individually Material Items	***166.5***	***412.2***	***280.1***	***132.1***	***(221.4)***	***(321.0)***	***99.6***
NPAT attributable to shareholders of IPL	165.6	410.5	278.1	132.4	(221.4)	(321.0)	99.6
NPAT attributable to minority interest	0.9	1.7	2.0	(0.3)	-	-	-

Note i) Where applicable, balances have been adjusted to disclose them on the same basis as current period figures.

INCITEC PIVOT LIMITED FINANCIAL POSITION	March 2011 HY $mill	September 2010 FY $mill	September 2010 HY $mill	March 2010 HY $mill	September 2009 FY $mill	September 2009 HY $mill	March 2009 HY $mill
Cash	116.5	48.7	48.7	76.7	125.2	125.2	493.8
Inventories	606.3	336.5	336.5	446.7	397.1	397.1	737.5
Trade Debtors	402.4	438.6	438.6	303.8	275.3	275.3	384.3
Trade Creditors	(503.4)	(476.3)	(476.3)	(398.7)	(413.5)	(413.5)	(574.0)
Trade Working Capital	505.3	298.8	298.8	351.8	258.9	258.9	547.8
Net Property, Plant & Equipment	2,015.8	1,853.2	1,853.2	1,672.3	1,673.7	1,673.7	1,930.2
Intangibles	2,815.6	3,002.6	3,002.6	3,005.2	3,153.0	3,153.0	4,452.7
Net Other Assets	(424.8)	(446.2)	(446.2)	(316.2)	(282.6)	(282.6)	(595.3)
Net Interest Bearing Liabilities							
Current	(98.6)	(108.5)	(108.5)	(144.8)	(432.2)	(432.2)	(173.2)
Non-Current	(1,373.7)	(1,037.3)	(1,037.3)	(1,208.4)	(1,156.4)	(1,156.4)	(2,426.0)
Net Assets	***3,556.1***	***3,611.3***	***3,611.3***	***3,436.6***	***3,339.6***	***3,339.6***	***4,230.0***
Total Equity	***3,556.1***	***3,611.3***	***3,611.3***	***3,436.6***	***3,339.6***	***3,339.6***	***4,230.0***
Capital Expenditure (Accruals Basis) - Group							
Total Capital Expenditure	*277.0*	*363.1*	*272.1*	*91.0*	*344.2*	*149.0*	*195.2*
Depreciation and amortisation	74.7	139.0	72.5	66.5	170.5	78.6	91.9
Ratios							
EPS, cents pre individually material items	11.0	27.3	18.3	9.0	22.6	11.1	11.5
EPS, cents post individually material items	10.2	25.3	17.1	8.2	(14.4)	(21.1)	6.7
DPS, cents	3.3	7.8	6.0	1.8	4.4	2.3	2.1
Franking, %	0%	0%	0%	0%	48%	0%	100%
Interest Cover (times)	11.2	12.2	12.2	9.5	6.4	6.4	11.5
Gearing (net debt/net debt plus equity)	27.6%	23.3%	23.3%	27.1%	30.5%	30.5%	33.2%

Note i) Where applicable, balances have been adjusted to disclose them on the same basis as current period figures.

Note ii) Interest cover is calculated as 12 month rolling EBITDA/12 month rolling interest cost (where interest cost is calculated as interest expense less unwind on provisions plus capitalised interest)

INCITEC PIVOT LIMITED CASH FLOWS	March 2011 HY $mill Inflows/ (Outflows)	September 2010 FY $mill Inflows/ (Outflows)	September 2010 HY $mill Inflows/ (Outflows)	March 2010 HY $mill Inflows/ (Outflows)	September 2009 FY $mill Inflows/ (Outflows)	September 2009 HY $mill Inflows/ (Outflows)	March 2009 HY $mill Inflows/ (Outflows)
Net operating cash flows							
EBITDA	348.5	787.3	490.7	296.6	743.0	382.7	360.3
Net interest paid	(15.4)	(38.7)	(17.3)	(21.4)	(92.2)	(35.9)	(56.3)
Net income tax received/(paid)	20.0	(10.3)	(3.4)	(6.9)	(146.3)	(69.3)	(77.0)
TWC movement (excluding FX)	(215.4)	(34.3)	65.6	(99.9)	50.8	289.5	(238.7)
Moranbah provision release	(42.0)	(85.4)	(42.7)	(42.7)	(61.6)	(30.8)	(30.8)
Dyno Nobel profit from associates	(11.1)	(30.5)	(16.2)	(14.3)	(19.8)	(10.3)	(9.5)
Integration & restructuring costs	(19.2)	(52.0)	(31.5)	(20.5)	(87.4)	(57.3)	(30.1)
Other NTWC	19.9	(7.2)	4.5	(11.7)	(49.1)	(18.4)	(30.7)
Operating cash flows	***85.3***	***528.9***	***449.7***	***79.2***	***337.4***	***450.2***	***(112.8)***
Net investing cash flows							
Growth - Moranbah	(143.1)	(73.9)	(69.0)	(4.9)	(247.8)	(87.8)	(160.0)
Growth - Moranbah capitalised interest	(22.2)	(25.2)	(14.7)	(10.5)	(14.2)	(8.0)	(6.2)
Growth - Other	(13.0)	(18.5)	(12.1)	(6.4)	(26.2)	(26.2)	-
Sustenance	(123.7)	(198.7)	(131.8)	(66.9)	(104.8)	(30.3)	(74.5)
Investments	-	(103.7)	(99.8)	(3.9)	(2.0)	(2.0)	-
Net Investment Hedge	(20.6)	-	-	-	-	-	-
Proceeds from surplus asset sales	3.5	19.0	17.2	1.8	52.5	21.1	31.4
Investing cash flows	***(319.1)***	***(401.0)***	***(310.2)***	***(90.8)***	***(342.5)***	***(133.2)***	***(209.3)***
Net financing cash flows							
Equity raising	-	-	-	-	901.7	-	901.7
Equity raising fees	-	-	-	-	(37.8)	(1.1)	(36.7)
Dividends paid	(97.7)	(18.3)	(18.3)	-	(237.4)	-	(237.4)
Gain/(Loss) on translation of US$ Debt	73.7	48.0	39.2	8.8	(342.7)	21.6	(364.3)
Realised market value gains/(losses) on cross currency swaps	(8.0)	201.3	27.3	174.0	306.3	306.3	-
Borrowing costs	-	(8.3)	(8.3)	-	(18.3)	(2.0)	(16.3)
Non-cash movement in Net Debt	7.1	15.7	-	15.7	-	-	-
Debt acquired on acquisition of Dyno Nobel	-	-	-	-	-	-	-
Financing cash flows	***(24.9)***	***238.4***	***39.9***	***198.5***	***571.8***	***324.8***	***247.0***
Decrease/(increase) in net debt	***(258.7)***	***366.3***	***179.4***	***186.9***	***566.7***	***641.8***	***(75.1)***