Appendix 4D
Half-year report

Incitec Pivot Limited
ABN 42 004 080 264

Financial half-year ended ('current period')	Previous financial half-year ended ('previous corresponding period')
31 March 2007	31 March 2006

Results for announcement to the market

Extracts of the Incitec Pivot Limited results for the half year ended 31 March 2007 **$A'000**

Revenues from ordinary activities	up	37%	to	543,587
Profit for the half-year	up	469%	to	57,152
Net profit for the half-year	up	469%	to	57,152

Dividends	Amount per security cents	Franked amount per security cents
Current Period Interim dividend	69	69
Previous corresponding period Interim dividend	22	22
Year end dividend - 2006 Final dividend	81	81

Record date for determining entitlements to the interim dividend:	**21 June 2007**
Payment date of interim dividend:	**5 July 2007**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$3.91	$5.85

For the profit commentary and any other significant information needed by an investor to make an informed assessment of Incitec Pivot Limited's results please refer to the profit report on pages 2 to 6.

The information should be read in conjunction with the most recent annual financial report.

Contents

The profit report and the half-year financial report provide information on material factors affecting the earnings and operations of the economic entity during the financial half-year ended 31 March 2007.

For further information, please contact:

Investor Relations
Simon Atkinson – Deputy Chief Financial Officer
T: 03 8695 4515 M: 0405 513 768
E: simon.atkinson@incitecpivot.com.au

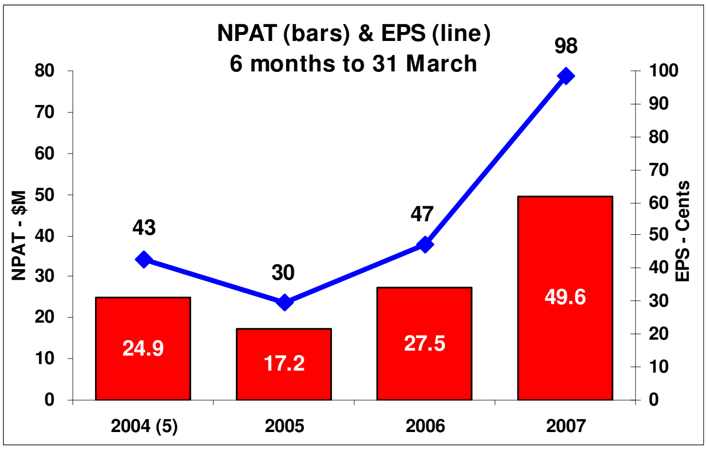
DELIVERING ON OUR PROMISES

RESULTS FOR THE SIX MONTHS ENDED 31 March 2007

Incitec Pivot has successfully integrated Southern Cross and delivered on the next phase of its business efficiency program with Net Profit After Tax (NPAT) excluding individually material items up 80% to $49.6M (previous corresponding period (pcp) $27.5M).

NPAT including individually material items for the six months ended 31 March 2007 was $57.2M compared to $10.1M in pcp.

A$M	6 Months Ended 31 March 2007	2006	Change
Sales Revenue	543.6	395.5	37%
EBITDA [2]	102.1	56.0	82%
EBIT [1]	83.9	40.7	106%
NPAT - excl. individually material items	49.6	27.5	80%
NPAT - Incl. individually material items	57.2	10.1	466%
Returns excluding individually material items:			
Dividend per share (cents)	69	22	214%
EPS [3] - pre individually material items	98	47	109%
Share price at 31 March ($)	48.50	19.10	154%
Financial Items			
Net debt	400.1	137.9	(190%)
Gearing (%)	50.5%	20.6%	
Interest cover [4]	6.0	10.6	(43%)



KEY FINANCIALS

- NPAT of $49.6M (excluding individually material items) up $22.1M (pcp: $27.5M).
- Business efficiency benefits (“Tardis 2”) of $19.7M before tax delivered with expected full year 2007 benefits of $45.0M before tax – up 157% on plan.
- Trade Working Capital (TWC) improvements delivered through supply chain optimisation resulting in a $46M reduction on pcp.
- Financial discipline maintained with peak cycle gearing at 50.5% (pcp: 20.6%) establishing significant investment capacity and a strong base for shareholder returns.

SHAREHOLDER RETURNS

- Earnings per share (excluding individually material items) up 109% to 98 cents per share.
- Interim dividend up 214% to 69 cents per share, fully franked (2006: 22cps).

KEY BUSINESS OUTCOMES

- Southern Cross integrated and operating efficiently at nameplate capacity.
- Gibson Island ‘Reset 07’ completed on-budget and efficiencies delivered.
- Underlying business performance maintained notwithstanding ongoing drought conditions.

OUTLOOK – SECOND HALF

- Cautious optimism.
- Continued earnings momentum from Tardis 2 business efficiency program.
- Earnings are biased to the second-half which is significantly influenced by the winter cropping period and pre-plant fertiliser application for the cotton crop.
- Uncertain weather outlook impacting irrigation allocations and the cotton segment.
- Continued strong global fertiliser prices underpinning manufacturing profitability, partly offset by Gibson Island ‘Reset 07’ and a strengthening Australian dollar.

Further Information:
Investor Relations : Simon Atkinson – Deputy CFO
T: +61 3 8695 4515 M: +61 405 513 768
E: simon.atkinson@incitecpivot.com.au
Media : Stewart Murrihy - +61 418 121 064

Notes
1: EBIT – Earnings Before Interest and Tax and excluding individually material items,
2: EBITDA – EBIT plus depreciation and amortisation
3: EPS – Earnings Per Share
4: Interest Cover based on interest expense excluding non-cash unwinding of discounts
5: 2004 based on reported pre AIFRS NPAT and EPS, adjusted for amortisation of goodwill

SALES

SALES VOLUME

Sales volume for the six months to March 2007 was up 28% to 1.3M tonnes (pcp 1.0M tonnes).

Fertiliser Sales By market segment:
Fertiliser sales volumes (excluding trade sales) were down 2% on pcp with drought conditions impacting the pasture and summer crop segments, partly offset by stronger sales into sugar and early purchasing of winter crop fertilisers:

- Fertiliser volumes into sugar markets were up 11% or 20kt on pcp. This reflected higher application rates supported by a stronger sugar price and a return of industry confidence arresting the decline in planted area.
- Sales into the summer crop segment were down 60% or 67kt on pcp with poor rainfall in the key planting window from November to January.
- Sales volumes into pasture markets were down 24% or 69kt on pcp. Market conditions were extremely poor due to the drought with significant de-stocking in extensive pasture regions.
- Pre-season winter crop sales were up 91% or 97kt leading into the season with a positive commodity price outlook and commensurate increase in farm confidence.

Trade Sales
Trade sales up 53% to 84kt with increased exports of Gibson Island manufactured ammonium sulphate into Asia.

Southern Cross Sales:
Southern Cross external sales of 282kt were strong reflecting robust global demand on the back of a stronger commodity price outlook and demand for biofuel inputs in North America.

Sales Summary	6 Months Ended 31 March		
	2007	2006	Change
Tonnes '000's			
Fertilisers	800	819	(2%)
Trade	84	55	53%
Southern Cross	282	0	n/a
Industrial	142	146	(3%)
Total tonnes	1,308	1,020	28%
Sales Revenue A$M			
Fertilisers	357.7	344.2	4%
Trade	31.0	17.6	76%
Southern Cross	125.1	0.0	n/a
Industrial	29.8	33.7	(11%)
Total sales revenue	543.6	395.5	37%
Average fertiliser selling price per tonne	447	420	6%
Other			
Urea - lagged exchange rate (A$/US$)*	76.3	75.0	(2%)
DAP - W.Ave exchange rate (A$/US$)**	78.1	76.0	(3%)
Global Urea price FOB - US$/t*	228	242	(6%)
Global DAP price FOB - US$/t**	293	247	19%

* lagged by 3 months
** 2007 based on weighted average DAP Tampa FOB price
** 2006 based on acquisition proforma

SALES REVENUE

Sales revenue was up $148M or 37% to $543M (pcp: $395M) reflecting a full 6 months of Southern Cross, increased trade sales and higher global fertiliser prices.

Average fertiliser selling prices were up by 6% or $27 per tonne on pcp.

EARNINGS BEFORE INTEREST AND TAX (EBIT)

EBIT increased by 106% or $43.2M to $83.9M (pcp: $40.7M). Earnings quality improved with an increased exposure to manufacturing margins following the Southern Cross acquisition. EBIT margin was up 5.1% points to 15.4% of sales.

Positive factors were:

- $28.8M: underlying contribution from Southern Cross - refer comments on next page.
- $5.5M: pre-season winter crop volume up 91% reflecting greater farm confidence in line with a higher commodity price outlook.
- $21.7M: benefits arising from a full year of Tardis 1 cost savings ($2M up on pcp) and delivery of Tardis 2 business efficiencies in Southern Cross ($16.0M), manufacturing ($1.5M), and supply chain ($2.2M). 2007 full year benefits are expected to be $45M. Total program benefits are now forecast at $88.2M up 6% on the initial target of $83.0M.

Negative factors were:

- $7.7M: lower sales volume – refer sales comment on previous page.
- $3.6M: adverse fixed cost into stock movement attributable to the reduction in stock levels flowing from the Tardis 2 supply chain initiatives.

Earnings Summary	**6 Months Ended 31 March**		
A$M	**2007**	**2006**	**Change**
EBIT	83.9	40.7	106%
Borrowing costs	(16.4)	(4.2)	(290%)
Tax expense	(17.9)	(9.0)	(99%)
NPAT - excl. individually material items	**49.6**	**27.5**	80%
Individually material items after tax	7.6	(17.4)	143%
NPAT - incl. individually material items	**57.2**	**10.1**	467%
EBIT/sales	15.4%	10.3%	

Borrowing Costs	**6 Months Ended 31 March**		
A$M	**2007**	**2006**	**Change**
Net business interest	(2.2)	(3.8)	43%
Interest - Southern Cross Acquisition	(5.5)		
Interest - buyback	(6.2)		
Net interest	**(13.9)**	**(3.8)**	(263%)
Non-cash unwinding of discounts	(2.5)	(0.4)	(520%)
Total	**(16.4)**	**(4.2)**	(290%)
EBIT interest cover (times)	6.0	10.6	

Individually Material Items	**6 Months Ended 31 March 2007**		
A$M	**Gross**	**Tax**	**Net**
Sale & leaseback *	13.7	(4.1)	9.6
Writeback of SCF acquisition provisions	2.5	(0.7)	1.8
Business Efficiency Implementation	(2.4)	0.7	(1.7)
Orica separation & SCF integration	(0.3)	0.1	(0.2)
Wallaroo environmental costs	(2.7)	0.8	(1.9)
Total	**10.8**	**(3.2)**	**7.6**

* Ammonia linehaul and Big N depot to farm fleet

BORROWING COSTS

Total borrowing costs of $16.4M were $12.2M higher than pcp of $4.2M:

- Net business interest expense of $2.2M was 43% down on pcp (pcp: $3.8M) reflecting strong cash flow from Southern Cross, reduced investment in working capital, strict control on capital spending, and cash inflow from the sale and leaseback of the ammonia linehaul and Big N depot to farm fleet.
- Interest incurred on funding the Southern Cross acquisition ($5.4M) and share buy-back ($6.2M).
- A non-cash expense of $2.5M (pcp: $0.4M) was incurred reflecting the unwinding of discounts on non-current provisions.

TAX

Tax expense, excluding individually material items, of $17.9M was 99% up on pcp (pcp: $9.0M), reflecting improved first-half earnings in 2007. The effective tax rate was 27%.

NET PROFIT AFTER TAX (NPAT)

NPAT excluding individually material items was up 80% to $49.6M (pcp: $27.5M). NPAT including individually material items, was up 467% to $57.2M (pcp: $10.1M).

INDIVIDUALLY MATERIAL ITEMS

Individually material items were $7.6M after tax:

- $9.6M: profit on the sale and leaseback of the ammonia linehaul and Big N depot to farm fleet.
- $1.8M: gain on the write-back of Southern Cross acquisition provisions following the favourable resolution of claims.
- ($1.7M): costs incurred implementing the business efficiency program.
- ($0.2M): Costs attributable to the separation from Orica and integration of Southern Cross
- ($1.9M): Wallaroo site clean and pre-sale costs.

In the second half an additional cost of $5.0M (after tax) will be incurred as part of the Orica separation and Southern Cross integration.

SOUTHERN CROSS

Southern Cross was acquired from BHP Billiton on 1 August 2006 and is Australia's largest producer of ammonium phosphates, which it manufactures in a modern world scale plant at Phosphate Hill in Queensland. The acquisition reflects IPL's strategy of "owning the product" and builds on IPL's core manufacturing capability.

Southern Cross made a positive contribution for the 6 months to 31 March 2007, including:

- Production at 492kt for the period representing full year proforma volumes of 970kt.
- $16.0M in Tardis 2 business efficiencies.
- Underlying EBITDA of $69.7M (45% of acquisition value) and underlying EBIT of $65.5M.
- On consolidation reported EBITDA was $49.0M, EBIT $44.8M, and NPAT $27.0M.

Southern Cross Operations	**6 Months Ended 31 March**		
A$M	**Underlying**	**Eliminations**	**Reported**
Production tonnes	492		492
Sales tonnes	519	(237)	282
Sales Revenue	225.9	(108.4)	117.5
EBITDA	69.7	(20.7)	49.0
EBIT	**65.5**	**(20.7)**	**44.8**
Borrowing costs	(7.3)		(7.3)
Tax Expense	(16.7)	6.2	(10.5)
NPAT - excl. individually material items	**41.5**	**(14.5)**	**27.0**

DIVIDEND

Directors have declared a fully franked interim dividend of 69 cps (pcp: 22 cps). The record date for the dividend is 21 June 2007 and the payment date is 5 July 2007.

The interim dividend represents:

- a 214% increase on pcp,
- 70% of NPAT before individually material items, and
- distribution of 100% of the available franking credits.

The interim dividend is consistent with the board's dividend policy of targeting a normal pay-out ratio of between 65% to 75% of NPAT through the cycle.

Interim Dividend	**6 Months Ended 31 March**		
Cents per share (cps)	**2007**	**2006**	**Change**
Normal dividend	69.0	22.0	214%
Pay-out ratio	70%	47%	
Franking (%)	100%	100%	0%
Record date: 21 June 2007			
Dividend paid: 5 July 2007			

BALANCE SHEET

Incitec Pivot has maintained its strong balance sheet position.

Total Trade Working Capital (TWC) of $251M was $12M lower than pcp notwithstanding an additional $34M from Southern Cross. On a like-for-like basis, TWC was $46M lower than March 2006.

Debt is at its peak at half year. March 2007 net debt of $400M equates to gearing (measured as net debt to total capitalisation) of 50.5%. This provides Incitec Pivot with considerable reinvestment capacity in the balance sheet and/or the capacity to distribute excess funds to shareholders.

Financial position A$M		31-Mar 2007	31-Mar 2006	30-Sep 2006
Excluding Southern Cross				
Trade working capital (TWC)		217	263	114
Net property plant and equipment		296	286	280
Intangibles		195	184	190
Environmental & restructuring		(63)	(60)	(67)
Net other assets		0	(3)	(20)
	Sub-total	**645**	**670**	**497**
Southern Cross				
Trade working capital (TWC)		34	n/a	41
Net other assets		113	n/a	117
	Sub-total	**148**	n/a	**158**
NET ASSETS		**793**	**670**	**655**
Net business debt		71	138	(54)
Southern Cross funding		155		155
Buyback funding		174		174
Total Net Debt		**400**	**138**	**275**
Equity		392	532	380
Total Capitalisation		**793**	**670**	**655**
Gearing		50.5%	20.6%	42.0%

CASH FLOW

Net operating cash flows were an outflow of $53.2M (pcp: outflow of $90.5M). Major factors were:

- EBITDA of $102.1M (pcp: $56.0M) up $46.1M reflecting flat earnings in the base business and a positive contribution from Southern Cross ($49.0M)
- Tax paid of $21.1M (pcp: $8.9M) reflecting the final tax payment for the 2006 year ($16M).
- Interest paid of $12.9M (pcp: $4.5M) reflecting the higher debt attributable to the Orica buyback ($174M) and Southern Cross acquisition ($155M).
- Increase in trade working capital of $105.0M (pcp: $121.9) reflecting the normal working capital build ahead of the winter cropping period.
- Other ($16.3M) comprises Orica separation, business restructuring and site clean up costs.

Net investing cash flows were an outflow of $30.6M (pcp: $9.1M) with inflows from sale and lease-back of the ammonia linehaul and Big N depot to farm fleet ($22.2M) offset by spending on:

- $29.0M: Gibson Island 'Reset 07'.
- $8.4M: Southern Cross gypsum cell.
- $1.9M: IT software to facilitate the Orica separation and integration of Southern Cross.
- $1.0M: GI water recycling (desalination plant).
- $12.8M: Sustenance capital spending.

Net financing cash flows were an outflow of $141.0M, (pcp: inflow of $116.4M), reflecting:

- $40.8M: 2006 final dividend paid (pcp: $29.1M), and
- $100.1M: movement in net debt.

Cash Flow Items A$M	6 Months Ended 31 March 2007	2006	Change
Net operating cash flows			
EBITDA	102.1	56.0	82%
Net interest paid	(12.9)	(4.5)	(188%)
Net income tax paid	(21.1)	(8.9)	(138%)
Trade working capital movement	(105.0)	(121.9)	14%
Other	(16.3)	(11.2)	(45%)
Total	**(53.2)**	**(90.5)**	41%
Net investing cash flows			
Proceeds from surplus asset sales	22.5	0.7	3116%
Capital spending	(53.1)	(16.8)	(216%)
Other	0.0	7.0	(100%)
Total	**(30.6)**	**(9.1)**	(237%)
Net financing cashflows			
Movement in net debt	(100.1)	145.5	(169%)
Dividends paid	(40.8)	(29.1)	(40%)
Total	**(141.0)**	**116.4**	(221%)

Half-year Financial Report

Contents

Directors' Report

The directors of Incitec Pivot Limited present their report together with the consolidated financial report for the half-year ended 31 March 2007 and the auditor's review report thereon.

Directors

The directors of the Company during the financial half-year and up to the date of this report are:

Name, qualification and special responsibilities	Period of directorship
Non-executive directors	
J C Watson AM, MAICD Chairman	Appointed as a director on 15 December 1997 and was appointed Chairman in 1998.
B Healey FAICD, FAIM Deputy Chairman	Appointed as a director on 1 June 2003.
A D McCallum Dip. Ag Science, MAICD	Appointed as a director on 15 December 1997.
A C Larkin FCPA, FAICD	Appointed as a director on 1 June 2003.
J Marlay BSc, FAICD	Appointed as a director on 20 December 2006.
Executive directors	
J Segal BSc, MBA Managing Director and Chief Executive Officer	Appointed as Managing Director & CEO on 3 June 2005.
J E Fazzino BEc(Hons), CPA Finance Director and Chief Financial Officer	Appointed as a director on 18 July 2005.

Review of operations

A review of the operations of the consolidated entity during the half-year and of the results of those operations is contained in the accompanying Profit Report on pages 2 to 6.

Earnings are biased to the second half of the financial year and are significantly influenced by the winter planting season which is dependent upon autumn and early winter rainfall.

Events subsequent to balance date

Since the end of the half-year, the directors have declared an interim dividend of 69 cents per share. This dividend is fully franked at the 30% corporate tax rate and is payable on 5 July 2007.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2007, that has affected or may affect the operations of the consolidated entity, the result of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Directors' Report (continued)

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 10 and forms part of the directors' report for the half-year ended 31 March 2007.

Rounding

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, the amounts shown in this report and in the financial statements have been rounded off, except where otherwise stated, to the nearest thousand dollars.

This report is made in accordance with a resolution of directors.

Signed on behalf of the Board

John C Watson, AM
Chairman
Dated at Melbourne this 4th day of May 2007

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Incitec Pivot Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 March 2007 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Alison Kitchen

Alison Kitchen
Partner

Melbourne

4 May 2007

Consolidated Interim Income Statement

For the half-year ended 31 March 2007

	Notes	Consolidated March 2007 $000	March 2006 $000
Revenue	(3)	**543,587**	395,461
Other income (incl. individually material items)	(3) (4)	**19,716**	11,437
Operating expenses			
Changes in inventories of finished goods and work in progress		**(18,754)**	118,241
Raw materials and consumables used and finished goods purchased for resale		**(234,224)**	(370,292)
Employee expenses (incl. individually material items)	(4)	**(60,893)**	(36,082)
Depreciation and amortisation expense		**(18,222)**	(15,001)
Borrowing and finance costs		**(18,920)**	(4,550)
Purchased services (incl. individually material items)	(4)	**(41,303)**	(26,555)
Repairs and maintenance		**(20,059)**	(15,136)
Outgoing freight		**(51,491)**	(12,562)
Lease payments - operating leases		**(13,720)**	(5,422)
Asset write-downs, clean-up and environmental provisions (incl. individually material items)	(4)	**(2,701)**	(28,306)
Other expenses		**(4,784)**	(1,630)
		(485,071)	(397,295)
Profit before income tax		**78,232**	9,603
Income tax benefit/(expense)		**(21,080)**	448
Profit for the half-year		**57,152**	10,051

		cents	cents
Earnings per share			
Basic earnings per share from continuing operations	(5)	**113**	17
Diluted earnings per share from continuing operations	(5)	**113**	17

The consolidated interim income statement should be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 15 to 26.

Consolidated Interim Balance Sheet

For the half-year ended 31 March 2007

	Notes	March 2007 $000	Restated [1] September 2006 $000
Current assets			
Cash and cash equivalents		**49,253**	161,658
Trade and other receivables		**205,119**	121,445
Other financial assets		**1,610**	2,019
Inventories		**262,057**	300,633
Other assets		**8,392**	8,886
Assets classified as held for sale		**3,678**	2,876
Total current assets		**530,109**	597,517
Non-current assets			
Trade and other receivables		**279**	265
Other financial assets		**1,323**	-
Property, plant and equipment	(6)	**505,422**	478,070
Intangible assets		**195,140**	196,209
Deferred tax assets		**17,345**	31,048
Other assets		**3,053**	876
Total non-current assets		**722,562**	706,468
Total assets		**1,252,671**	1,303,985
Current liabilities			
Trade and other payables		**228,167**	282,598
Interest bearing liabilities	(7)	**94,382**	7,103
Other financial liabilities		**8,666**	5,683
Current tax liabilities		**5,112**	19,329
Provisions		**41,399**	47,478
Total current liabilities		**377,726**	362,191
Non-current liabilities			
Trade and other payables		**59,383**	64,632
Interest bearing liabilities	(7)	**355,000**	430,000
Other financial liabilities		**-**	1,774
Retirement benefit obligation		**3,393**	3,393
Provisions		**64,760**	61,998
Total non-current liabilities		**482,536**	561,797
Total liabilities		**860,262**	923,988
Net assets		**392,409**	379,997
Equity			
Issued capital	(8)	**360,797**	360,797
Reserves	(9)	**(10,089)**	(5,829)
Retained earnings	(9)	**41,701**	25,029
Total equity		**392,409**	379,997

The consolidated interim balance sheet should be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 15 to 26.

(1) Comparative information has been restated to reflect the amendments to provisional fair values on acquisition of Southern Cross Fertilisers Pty Limited (see note 11).

Consolidated Interim Statement of Recognised Income and Expense

For the half-year ended 31 March 2007

	Notes	**March 2007 $000**	March 2006 $000
Cash flow hedges			
Effect of changing an accounting policy - financial instruments		**-**	(5,186)
Changes in fair value of cash-flow hedges	(9)	**(1,048)**	(5,671)
Losses in cash-flow hedges transferred to profit and loss	(9)	**59**	461
Net income/(expense) recognised directly in equity		**(989)**	(10,396)
Profit for the half-year		**57,152**	10,051
Total recognised income and expense for the half-year		**56,163**	(345)

Other movements in equity arising from transactions with owners as owners are set out in note 9. The amounts recognised directly in equity are disclosed net of tax.

The consolidated interim statement of recognised income and expense should be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 15 to 26.

Consolidated Interim Statement of Cash Flows

For the half-year ended 31 March 2007

	March 2007 $000 Inflows/ (Outflows)	March 2006 $000 Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from customers	**455,684**	362,344
Payments to suppliers and employees	**(476,850)**	(417,144)
Interest received	**2,213**	314
Borrowing costs	**(15,151)**	(3,680)
Rental income	**34**	59
Other trading revenue received	**2,003**	81
Income taxes paid	**(21,145)**	(8,906)
Net cash flows from operating activities	**(53,212)**	(66,932)
Cash flows from investing activities		
Payments for property, plant and equipment and intangibles	**(53,139)**	(16,783)
Proceeds from sale of investments	**-**	6,992
Proceeds from sale of property, plant and equipment	**22,510**	722
Net cash flows from investing activities	**(30,629)**	(9,069)
Cash flows from financing activities		
Net Movement in short-term financing	**12,279**	113,420
Dividends paid	**(40,843)**	(29,071)
Net cash flows from financing activities	**(28,564)**	84,349
Net increase/(decrease) in cash and cash equivalents held	**(112,405)**	8,348
Cash and cash equivalents at the beginning of the half-year	**161,658**	3,351
Cash and cash equivalents at the end of the half-year	**49,253**	11,699

The consolidated interim statement of cash flows should be read in conjunction with the condensed notes to the consolidated interim financial report set out on pages 15 to 26.

Condensed Notes to the Consolidated Interim Financial Report

For the half-year ended 31 March 2007

1. Significant accounting policies

Incitec Pivot Limited is a Company domiciled in Australia. The consolidated interim financial report of the Company as at and for the 6 months ended 31 March 2007 comprises the Company and its controlled entities (collectively the "consolidated entity"). The consolidated annual financial report of the consolidated entity is available upon request from the Company's registered office at 70 Southbank Boulevard, Southbank Victoria 3006, Australia or at incitecpivot.com.au.

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 September 2006 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

This consolidated interim financial report was approved by the Board of directors on 4 May 2007.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated. The interim financial report is presented in Australian dollars.

Except as described below, the accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 September 2006.

In the prior financial year the consolidated entity adopted AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments*: *Recognition and Measurement* in accordance with the transitional rules of AASB 1.

This change has been accounted for by adjusting the opening balance of retained earnings and reserves at 1 October 2005 as set out in note 9.

The principal Australian Accounting standards and interpretations that have been early adopted since 30 September 2006 are:

- AASB 101 *Presentation of Financial Statements* (October 2006);
- AASB 1048 *Interpretation and Application of Standards* (March 2007)
- Interpretation 10 *Interim Financial Reporting and Impairment;* and
- Interpretation 11 *AASB 2 – Group and Treasury Share Transactions.*

The following standards were available for early adoption but have not been applied by the consolidated entity in the half-year financial report:

- AASB 8 *Operating Segments* (February 2007) requires disclosure of profit or loss, income and expense, assets and liabilities reported to the entity's chief operating decision maker. AASB 8 is applicable for annual reporting periods beginning on or after 1 January 2009.
- AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (February 2007) makes consequential amendments to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 6 *Explanation for and Evaluation of Mineral Resources*, AASB 102 *Inventories*, AASB 107 *Cash Flow Statements*, AASB 119 *Employee Benefits*, AASB 127 *Consolidated and Separate Financial* Statements, AASB 134 *Interim Financial Reporting*, AASB 136 *Impairment of Assets*, AASB 123 *General Insurance Contracts* and AASB 138 *Life Insurance contracts*, arising from the release of AASB 8. AASB 2007-3 is applicable for annual reporting periods beginning on or after 1 January 2009.

2. Segment report

During the half-years ended 31 March 2007 and 31 March 2006, the consolidated entity operated in one business segment in which the principal activities were the manufacture and distribution of fertiliser, and in one geographic location, Australia.

Condensed Notes to the Consolidated Interim Financial Report
For the half-year ended 31 March 2007

	Notes	**March 2007 $000**	March 2006 $000
3. Revenue and other income			
Revenue			
External sales		**543,587**	376,852
Sales to wholly-owned controlled entities		**-**	18,609
Total Revenue		**543,587**	395,461
Other income			
Interest income			
external parties		**2,508**	314
Rental income		**34**	59
Other income		**3,056**	2,218
From outside operating activities			
Unrealised gain on listed investment held at fair value through profit and loss		**-**	1,929
Realised gain on listed investment held at fair value through profit and loss		**-**	6,892
Net gain on sale of property, plant and equipment		**14,118**	25
Total other income		**19,716**	11,437
Total revenue and other income		**563,303**	406,898

Seasonality of operations

Earnings are biased to the second half of the financial year which is significantly influenced by the winter planting season. The following table presents selected results for the consolidated entity for the 12 months ended 31 March 2007:

Revenue from ordinary activities	**1,259,365**	1,048,156
Profit from ordinary activities before income tax	**127,886**	11,268

Condensed Notes to the Consolidated Interim Financial Report

For the half-year ended 31 March 2007

4. Individually material items

Profit includes the following revenues and expenses whose disclosure is relevant in explaining the financial performance of the consolidated entity:

	March 2007 Gross $000	March 2007 Tax $000	March 2007 Net $000	March 2006 Gross $000	March 2006 Tax $000	March 2006 Net $000
Business restructuring costs[1]						
Employee redundancies and allowances	**(2,194)**	**658**	**(1,536)**	-	-	-
Other direct costs	**(164)**	**49**	**(115)**	-	-	-
Total business restructuring	**(2,358)**	**707**	**(1,651)**	-	-	-
Business restructuring costs - Separation and Integration[2]						
Other direct costs	**(319)**	**96**	**(223)**	-	-	-
Total business restructuring	**(319)**	**96**	**(223)**	**-**	**-**	**-**
Clean-up and closure costs [3]						
Environmental clean-up	**(2,701)**	**810**	**(1,891)**	(21,023)	6,307	(14,716)
Closure and demolition	**-**	**-**	**-**	(7,283)	2,185	(5,098)
Total Clean-up and closure costs	**(2,701)**	**810**	**(1,891)**	(28,306)	8,492	(19,814)
Other						
Gain from Sale & Leaseback of BigN Assets [4]	**13,720**	**(4,116)**	**9,604**	-	-	-
Gain on write back of acquisition provisions [5]	**2,448**	**(734)**	**1,714**			
Gain from investment in listed Company held at fair value through profit and loss [6]						
Realised	**-**	**-**	**-**	6,892	(670)	6,222
Unrealised	**-**	**-**	**-**	1,929	(579)	1,350
Litigation ruling and dispute [7]	**-**	**-**	**-**	(7,400)	2,220	(5,180)
Total Other	**16,168**	**(4,850)**	**11,318**	1,421	971	2,392
Individually material items attributable to members of Incitec Pivot	**10,790**	**(3,237)**	**7,553**	(26,885)	9,463	(17,422)

[1] 2005 saw a significant rationalisation of the fertiliser industry, following which the Company incurred significant expenditure in reacting to the changed industry dynamics including developing and implementing a new business model and embarking on a major restructuring of the business. Additional provisions have been recognised in relation to further redundancies announced during the half-year, as well as other direct costs.

[2] Additional provisions for restructuring costs have been created during this half-year in relation to the separation from Orica during May 2006, and acquisition of Southern Cross Fertilisers Pty Limited in August 2006.

[3] An extra provision has been recognised in relation to the costs associated with soil and groundwater remediation and demolition works at the Wallaroo site. During the 2005 half-year a provision was recognised in relation to the costs associated with dismantling the manufacturing facility, remediating the site, demolition works and redundancies at Cockle Creek.

[4] As part of a restructuring of the BigN business, a sale and leaseback transaction was completed on the BigN mobile fleet during the half-year.

[5] During the half-year provisions recognised as part of the initial accounting for the Southern Cross Fertilisers Pty Limited acquisition, were written back.

[6] Realised and unrealised gains in relation to an investment previously held for resale in the listed gas producer Queensland Gas Company Limited. The investment was sold during August 2006.

[7] Represents payments made in respect of the dispute in the 2005 proceedings with Elders Limited for which orders were made by the Supreme Court of South Australia in favour of Elders Limited in April 2006. Payments in the order of $11 million (gross), $7.7 million (net of tax) were subsequently made during the six months to 30 September 2006.

Condensed Notes to the Consolidated Interim Financial Report

For the half-year ended 31 March 2007

	March 2007 Cents per share	March 2006 Cents per share
5. Earnings per share (EPS)		
Basic earnings per share		
including individually material items	**113**	17
excluding individually material items	**98**	47
Diluted earnings per share		
including individually material items	**113**	17
excluding individually material items	**98**	47

	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**50,423,885**	58,281,027

	$000	$000
Earnings used in the calculation of basic and diluted earnings per share including individually material items	**57,152**	10,051
Reconciliation of earnings used in the calculation of basic and diluted earnings per share excluding individually material items		
Profit for the half-year	**57,152**	10,051
Add / (deduct) individually material items after income tax	**(7,553)**	17,422
Earnings used in calculation of basic and diluted EPS excluding individually material items	**49,599**	27,473

Condensed Notes to the Consolidated Interim Financial Report
For the half-year ended 31 March 2007

6. Property, plant and equipment

Additions and disposals

During the six months ended 31 March 2007, the consolidated entity incurred capital expenditure of $51 million ($9.9 million – six months ended 31 March 2006), including $27.2 million relating to the Gibson Island manufacturing plant maintenance shutdown, $8.4 million relating to the commissioning of the gypsum cell 4B located at Phosphate Hill and $15.4m on sustenance.

Assets with a carrying amount of $7.2 million were disposed of during the half-year ended 31 March 2007 ($1.5 million - six months ended 31 March 2006) including the Big N mobile fleet with a carrying amount of $6.5 million, which were sold as part of the Big N business restructuring.

7. Interest bearing liabilities

The following non-current and current interest bearing liabilities (excluding unsecured other short term borrowings) were issued and repaid during the six months ended 31 March 2007:

	Currency	Effective Interest Rate	Face value $'000	Carrying amount $'000	Year of maturity
Balance at 1 October 2006					
External – term facility				430,000	
New issues					
Bilateral Facility	AUD	6.77%	85,000	85,000	2007
Repayments					
Term Debt Facility	AUD	6.82%	75,000	(75,000)	2011
Balance at 31 March 2007				440,000	

Significant terms and conditions

Interest expense is recognised progressively over the life of the facilities.

Bilateral Cash Advance Facility

The Company negotiated Bilateral Cash Advance Facilities for $210m to replace the $250m Short Term Cash Advance Facility previously provided by Orica Limited. The facilities mature between October 2007 and February 2008 and are subject to annual extensions. These facilities are revolving whereby any repayments can be redrawn at the Company's discretion.

Term Debt Facility

Part of the term facility was repaid in part in February 2007. The facility matures in 2011 and is repayable in whole or part at the discretion of the Company. Part repayments constitute a cancellation of the facility for the amount repaid and thus cannot be redrawn.

Condensed Notes to the Consolidated Interim Financial Report

For the half-year ended 31 March 2007

	March 2007 $'000	March 2006 $'000
8. Issued Capital		
Share Capital		
Ordinary shares authorised and issued - 50,423,885 (2006 - 58,281,027) [1]	**360,797**	532,445
	360,797	532,445

Movements in issued and fully paid ordinary shares of the Company:

Date	Details	Number of Shares	$'000
31 March 2006	Balance at the end of the previous half-year	58,281,027	532,445
11 July 2006	Shares bought back on market and cancelled 7,857,142 (2005: Nil) shares	(7,857,142)	(165,000)
	Buy-back transaction costs	-	(9,497)
	Deferred tax credit recognised directly in equity	-	2,849
31 March 2007	Balance at the end of the half-year	**50,423,885**	**360,797**

Share buy-back

On 11 July 2006, the Company purchased and cancelled 7,857,142 ordinary shares, representing 13.5% of ordinary shares on issue on that date, under the terms of a Buy-Back Agreement dated 9 May 2006. The share buy-back and cancellation were approved by shareholders at the General Meeting held on 6 July 2006. The shares were acquired at a price of $21 per share. The total cost of $171.6 million, including $6.6 million of after tax transaction costs, was deducted from shareholder equity.

There is no current on-market buy-back.

Terms and conditions

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

[1] Ordinary shares authorised and issued have no par value.

Condensed Notes to the Consolidated Interim Financial Report

For the half-year ended 31 March 2007

9. Reserves and retained earnings

	March 2007 $000	March 2006 $000
Reserves		
Share-based payments	**(9,818)**	(2,312)
Cash flow hedging	**(271)**	(931)
Reserves at the end of the half-year	**(10,089)**	(3,243)
Movement in reserves during the half-year		
Share-based payments		
Balance at the beginning of the half-year	**(6,547)**	(1,524)
Option expense	**917**	95
Loan repayments	**1,270**	219
Shareholder loans	**(5,458)**	(1,102)
Balance at the end of the half-year	**(9,818)**	(2,312)
Cash Flow Hedging Reserve		
Balance at the beginning of the half-year	**718**	-
Recognition of fair value of cash flow hedging instruments upon adoption of AASB 132 and AASB 139	**-**	4,279
Balance at beginning of the half-year restated	**718**	4,279
Changes in fair value of cash-flow hedges	**(1,048)**	(5,671)
Losses transferred to income statement	**59**	461
Balance at the end of the half-year	**(271)**	(931)
Movement in retained earnings during the half-year		
Retained earnings at the beginning of the half-year	**25,029**	29,045
Recognition of fair value of embedded derivative upon adoption of AASB 132 and AASB 139	**-**	(9,466)
Retained earnings at the beginning of the half-year restated	**25,029**	19,579
Profit after income tax	**57,152**	10,051
Less dividends paid		
2005 Final special dividend	**-**	(29,140)
2006 Final dividend	**(40,843)**	-
Share-based payment transactions		
Dividends received as loan repayment	**363**	74
Retained earnings at the end of the half-year	**41,701**	564

Share-based payments reserve: The share-based payments reserve represents the amount receivable from employees in relation to non-recourse loans for shares issued under long term incentive plans, as well as the fair value of shares treated as options recognised as an employee expense over the relevant vesting period.

Hedging reserve: The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Condensed Notes to the Consolidated Interim Financial Report

For the half-year ended 31 March 2007

	March 2007 $000	March 2006 $000
10. Dividends		
Dividends paid during the half-year ended 31 March were:		
Ordinary Shares		
November 2005 special dividend of 50 cents per share, fully franked at 30%, paid 9 January 2006	**-**	29,141
Final dividend of 81 cents per share, fully franked at 30%, paid 13 December 2006	**40,843**	-
Total ordinary share dividends paid in cash	**40,843**	29,141
Subsequent event		
Since the end of the half-year, the directors have declared the following dividends:		
Ordinary shares		
Interim dividend of 69 cents per share, fully franked at 30%, payable on 5 July 2007	**34,792**	

The financial effect of this dividend has not been recognised in the financial report and will be recognised in subsequent financial reports.

Condensed Notes to the Consolidated Interim Financial Report

For the half-year ended 31 March 2007

11. Business combination

On 1 August 2006, the consolidated entity acquired all the shares in Southern Cross Fertilisers Pty Limited for $155.3 million, inclusive of $6.4 million of transaction costs. The company manufactures and distributes ammonium phosphate fertilisers.

Since 30 September 2006 the following amendments to the initial fair value of assets and liabilities have been recognised due to additional information obtained during the half year in relation to the provisional fair values recognised:

	Provisional Fair Values as at 1 August 2006	Amendments	Fair Values
	$'000	$'000	$'000
Acquiree's net assets at the acquisition date			
Cash and cash equivalents	(37)	-	(37)
Trade and other receivables	44,736	-	44,736
Inventories	35,881	1,980	37,861
Property, plant and equipment	198,379	129	198,508
Deferred tax assets	29,959	235	30,194
Trade, other payables and other provisions	(43,106)	-	(43,106)
Provision for site restoration and mine rehabilitation	(22,840)	3,763	(19,077)
Deferred tax liabilities	(12,748)	(1,403)	(14,151)
Provision for employee entitelments	(5,985)	-	(5,985)
Intangible assets	340	(157)	183
Unfavourable contracts	(68,140)	(4,547)	(72,687)
Other liabilities	(1,147)	-	(1,147)
Net identifiable assets and liabilities	**155,292**	**-**	**155,292**
Less consideration paid in cash			155,292
Goodwill/discount on acquisition recognised			-

Additional amendments will be required to be made to the fair value of assets and liabilities accounted for at acquisition if further information is identified within the next 6 months which provides better evidence of the item's fair value.

Condensed Notes to the Consolidated Interim Financial Report

For the half-year ended 31 March 2007

12. Share Based Payments

Long Term Incentive (LTI) Performance Plans – 2006/08 and 2006/09

During the half-year, the Company established two further LTI Performance Plans under the LTI Plan Rules, being the 2006/08 and 2006/09 LTI Plans. The performance periods for each of the Plans is as follows: (i) 2006/08 LTI Plan – based on a two year performance cycle from 1 October 2006 to 30 September 2008 and (ii) 2006/09 LTI Plan – based on a three year performance cycle from 1 October 2006 to 30 September 2009. These plans, as with the previous LTI Performance Plan 2003/06 operate by way of the Company providing participants with limited recourse interest bearing loans, which are used to purchase Incitec Pivot shares on market. The loans are repayable from the proceeds of sale of the shares, and are deemed satisfied by the application of the proceeds of the sale of the shares, including where there is a shortfall against the outstanding loan amount. Participants may directly repay the whole or part of their loan at any time. Interest is charged on the loans at the FBT benchmark rate.

Awards, by way of forgiveness of loans, are granted only on the achievement of conditions relating to duration of employment and/or individual or Company performance over a rolling two or three year period.

The Board sets the criteria for the granting of awards under both LTI Plans at the beginning of the performance period covered by the LTI Plan (known as the LTI hurdles), and in the case of the 2006/08 LTI Plan, is based on the achievement at 30 September 2008 of a cumulative Net Profit after tax (NPAT) target; and for the 2006/09 LTI Plan, is based on the achievement at 30 September 2009 of a cumulative total shareholder returns (TSR) target.

Under both plans any LTI award received will be used firstly to pay the interest on the loans. Of the remainder of any LTI award, part will be provided as a loan waiver amount after the Company's FBT liability has been paid. A participant will not be eligible to receive any LTI award if the relevant NPAT or TSR target is not met.

If the Company waives any loan amount, a participant has full, unrestricted ownership of the shares to the value of the loan waiver. Prior to any loan waiver being awarded, a participant is the registered holder of the shares, however, cannot deal in the shares.

The shares allocated to participants under the 2006/08 LTI Plan and 2006/09 LTI Plan are treated as options for the purpose of AASB 2 *Share-Based Payments* (AASB 2). Participants were invited into the 2006/08 LTI Plan on 17 November 2006 and into the 2006/09 LTI Plan on 1 December 2006. Accordingly, the terms and conditions of the shares allocated, which are treated as options granted, during the six months ended 31 March 2007 are summarised as follows:

	Grant Date	**Expiry Date**	**Exercise price**	**Number of shares, treated as options, granted**
2006/08 LTI Plan	17 Nov 2006	30 Sep 2008	$25.35	151,370
2006/09 LTI Plan	1 Dec 2006	30 Sep 2009	$24.11	229,082

Condensed Notes to the Consolidated Interim Financial Report
For the half-year ended 31 March 2007

12. Share based payments (continued)

Fair value of shares treated as options granted during the six months ended 31 March 2007

The basis of measuring fair value is consistent with that disclosed in the consolidated financial report as at and for the year ended 30 September 2006. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the share treated as an option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the share treated as an option:

The model inputs for these shares treated as options, granted during the six months ended 31 March 2007 included:

	LTI Plan	
	2006/08	**2006/09**
Vesting period and conditions – 2006/08 LTI Plan		
Shares treated as options were granted at $25.35 per share, have a two year life, and vest after certain cumulative NPAT targets are met for the period 1 October 2006 to 30 September 2008 and are treated as exercisable at the earlier of 31 December 2008 or cessation of employment.		
Vesting period and conditions – 2006/09 LTI Plan		
Shares treated as options were granted at $24.11 per share, have a three year life, and vest after certain cumulative TSR targets are met for the period 1 October 2006 to 30 September 2009 and are treated as exercisable at the earlier of 31 December 2009 or cessation of employment.		
Grant date (in accordance with AASB 2)	17 Nov 2006	1 Dec 2006
Share price (at grant date)	$30.40	$32.90
Exercise price	$25.35	$24.11
Expected price volatility of the Company's shares	30%pa	30%pa
Expiry date	30 Sep 2008	30 Sep 2009
Expected dividends	2.5%	2.5%
Risk-free interest rate (based on Australian Government bonds)		
- with approximately 2 years to maturity (as at 17 November 2006)	6.1%pa	
- with approximately 3 years to maturity (as at 1 December 2006)		5.9%pa

	2006/08 LTI Plan	**2006/09 LTI Plan**
Fair value at grant date	$4.33	$5.54

Retention Award – Mr Segal

The terms and conditions of this Retention Award granted during 2006, is disclosed in the consolidated financial report as at and for the year ended 30 September 2006.

Condensed Notes to the Consolidated Interim Financial Report
For the half-year ended 31 March 2007

13. Events subsequent to reporting date

Since the end of the half-year, the directors have declared an interim dividend of 69 cents per share. This dividend is fully franked at the 30% corporate tax rate and is payable on 5 July 2007.

The directors have not become aware of any other significant matter or circumstance that has arisen since 31 March 2007, that has affected or may affect the operations of the consolidated entity, the result of those operations, or the state of affairs of the consolidated entity in subsequent years, which has not been covered in this report.

Directors' Declaration

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,

(a) the financial statements and notes set out on pages 11 to 26, 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 2007 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 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

John C Watson, AM
Chairman
Dated at Melbourne this 4th day of May 2007

Independent auditor's review report to the members of Incitec Pivot Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Incitec Pivot Limited, which comprises the consolidated interim balance sheet as at 31 March 2007, income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 13 and the directors' declaration set out on pages 11 to 27 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 March 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Incitec Pivot Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Incitec Pivot Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 March 2007 and of its performance for the half-year period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

Alison Kitchen

Alison Kitchen
Partner

Melbourne

4 May 2007