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MEDIA STATEMENT – 7 May 2007

Outstanding Result Driven by Strategy and Delivered by our People

Incitec Pivot Limited (IPL) today announced an underlying Net Profit After Tax (NPAT) of \$49.6 million for the six months ending 31 March, 2007.

This NPAT excluding individually material items was 80% up on the previous corresponding period (pcp). NPAT including individually material items was \$57.2M compared to \$10.1M in the pcp. Earnings Before Interest and Tax (EBIT) was up 106% from \$40.7 million to \$83.9 million.

IPL shareholders will benefit with an interim dividend of 69 cents per share, fully franked, which is up 214% on the 2006 interim dividend of 22 cents per share.

“This outstanding result, in a period of adverse conditions for our customers, has been driven by IPL’s strategic commitment to own the product and to create the lowest cost base, and has been delivered by our people,” said IPL Managing Director, Julian Segal.

“Two years ago, the IPL management team set out to create a fully-integrated agricultural business which could control its own destiny and provide solid returns despite the cycles. This result demonstrates the success of that approach.

“Our determination to own the product – the manufacturing base – has enabled us to improve the quality of our earnings and our Business Efficiency Program has delivered dollars.

“We recognise the difficulties that many of our customers are facing through the drought and restrictions on supply of fertilisers because of extremely high global demand and we are doing what we can to assist,” Mr Segal said.

Highlights of the Half Year included:

- the integration of Southern Cross which is operating efficiently at nameplate capacity and is providing very good returns,
- the completion of the Gibson Island scheduled maintenance shut, Reset 2007, on-budget and on-time and with efficiencies delivered – a remarkable performance in the middle of a mining boom which created high demand for materials and labour,
- our traditional businesses continuing to perform solidly notwithstanding the impact of the ongoing drought conditions and a highly competitive commercial environment,

- Business Efficiency Program, known as “Tardis 2”, delivering \$19.7 million before tax providing confidence of Full Year 2007 benefits of \$45.0M before tax which is up 157% on the plan for the Full Year, a marvellous performance by the IPL team,
- the construction of a Desalination plant at Gibson Island to provide 1 million litres of water a day. Subsequent to Half Year End, the plant will be commissioned this week.

In looking to the future, Mr Segal said he was “cautiously optimistic”. “We expect continued earnings momentum from the Business Efficiency Program and strong global fertiliser prices to underpin manufacturing profitability.

“However, this is tempered by the uncertain weather outlook including the impact on irrigation allocations and the stronger Australian dollar,” he said.

Further information:

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