Nufarm Limited
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25 March 2020

The Manager
Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Nufarm Limited - Financial results for the half-year ended 31 January 2020

In accordance with the Listing Rules, I enclose the following for immediate release to the market:

1. Appendix 4D – Half-Year Report;
2. Directors' Report;
3. Half-Year Results and Operations Review: and
4. Half-Year Financial Report,

for the half-year ended 31 January 2020.

The enclosed documents comprise the information required by Listing Rule 4.2A and should be read in conjunction with Nufarm's Annual Financial Report for the financial year ended 31 July 2019 and any public disclosures made by Nufarm in accordance with the continuous disclosure requirement of the Listing Rules and the Corporations Act 2001.

Nufarm will conduct an investor briefing on the half-year results at 10am AEDT. The briefing will be audio webcast live at nufarm.com/financial-reports/.

This announcement has been released simultaneously to the New Zealand Stock Exchange.

Authorised for lodgement by:

Fiona Smith
Company Secretary

Investor and media contact:
Nerida Mossop
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Half-year report incorporating Appendix 4D

Nufarm Limited and its controlled entities

For the period ended 31 January 2020, under Listing Rule 4.2

Nufarm

Grow a better tomorrow

Results for announcement to the market

Appendix 4D for the period ended 31 January 2020

All amounts are in Australian dollars unless otherwise specified.

1. Results for announcement to the market

Nufarm Limited	Half-year ended 31 January 2020			
	2020 $000	2019 $000	Movement $000	%
Continuing Operations				
Revenue from ordinary activities	901,155	1,023,603	(122,448)	(12%)
Profit/(loss) from ordinary activities after tax attributable to members				
- before material items	(114,453)	(50,671)	(63,782)	126%
- after material items	(159,524)	(52,729)	(106,795)	203%
Discontinued operations				
Revenue from ordinary activities	575,790	552,505	23,285	4%
Profit/(loss) from ordinary activities after tax attributable to members				
- before material items	29,259	39,144	(9,885)	(25%)
- after material items	37,789	39,144	(1,355)	(3%)
Total Group				
Revenue from ordinary activities	1,476,945	1,576,108	(99,163)	(6%)
Profit/(loss) from ordinary activities after tax attributable to members				
- before material items	(85,194)	(11,527)	(73,667)	639%
- after material items	(121,735)	(13,585)	(108,150)	796%

2. Dividends and distributions

Dividends to shareholders	Half-year ended 31 January 2020	
	Amount per share (cents)	Franked amount per share (cents)
Interim dividend paid for period ended 31 January 2019	-	-
Final dividend paid for period ended 31 July 2019	-	-
Interim dividend paid for period ended 31 January 2020	-	-

No interim dividend will be paid for the period 31 January 2020

Nufarm Step-up securities distribution	Distribution rate (%)	Total amount ($000)
15 October 2018	6.08	7,651
15 April 2019	6.00	7,511
15 October 2019	5.67	7,138

Preference securities distribution	Distribution rate (%)	Total amount ($000)
31 October 2019	6.00	1,458
31 January 2020	6.00	1,475

3. Other summary data

Metric	31 January 2020	31 January 2019
Gearing ratio (net debt/net debt + equity)	43%	41%
Net tangible assets per ordinary share	A$1.77	A$1.43
Staff employed	3,375	3,357

Directors' report

In accordance with a resolution of the Board of Directors (the Board), the Directors present their report on the consolidated entity (Nufarm Limited) consisting of Nufarm Limited and the entities it controlled at the end of or during the half year ended 31 January 2020.

Directors

Directors who held office during the half-year ended 31 January 2020 and until the date of this report are as follows:

Director	Period of directorship
Donald G McGauchie	Chairman since 2010, Director since 2003
Anne B Brennan	Director since 2011
Gordon R Davis	Director since 2011
Frank A Ford	Director since 2012
Peter M Margin	Director since 2011
Marie E McDonald	Director since 2017
Toshikazu Takasaki	Director since 2012
Greg A Hunt	Managing Director and Chief Executive Officer since 2015

Results and review of operations

Information on the operations and the results of those operations for Nufarm Limited during the half-year is set out on pages 5 to 9 of the Half-year results and review of operations accompanying this Directors' report.

Events Subsequent to Reporting Date

On 4 February 2020, the group increased the limit of its senior secured bank facility by $100 million to $795 million. On the 6 March 2020 the Administrative Council of Economic Defence (CADE) in Brazil published their clearance of the sale of Nufarm Brazil to Sumitomo Chemical Company. No appeals were lodged during the mandatory 15 day appeal period. Nufarm expects completion of the sale to occur on 1 April 2020.

The group is monitoring the potential impacts arising from travel restrictions and other measures taken by various Governments from February onwards as a result of the COVID-19 outbreak. The group also notes unusually large volatility in global markets which has impacted exchange rates and other markets. While demand for our products is strong following the end of the financial period, future demand and the group's ability to meet demand could be impacted in an escalation in disruptions. Earnings and the carrying value or amount realised in respect of inventories, foreign currency derivates, receivables, property, plant and equipment, intangible assets and other assets and liabilities disclosed in the half year accounts could be impacted. The potential impact of these items cannot reasonably be estimated at this time. Nufarm continues to monitor and manage market developments.

Shares

The equity attributable to equity holders of Nufarm Limited as at 31 January 2020 was $1,921 million.

Auditors' independence declaration

A copy of the Auditors' independence declaration is on page 4 and forms part of this report.

Rounding of amounts

Nufarm Limited is a company of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and issued pursuant to section 341(1) of the *Corporations Act 2001*. As a result, amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars, unless otherwise indicated.

This report is made on 25 March 2020 in accordance with a resolution of the Directors.

Donald G McGauchie
Chairman
25 March 2020

Greg A Hunt
Managing Director
25 March 2020

Auditors’ independence declaration

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

To the Directors of Nufarm Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Nufarm Limited for the half-year ended 31 January 2020 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

Chris Sargent
Partner
Melbourne
25 March 2020

Half-year results and review of operations

Group results

During the half Nufarm announced the sale of the South American businesses to Sumitomo for A$1,188 million. Completion of the sale is expected to occur on 1 April 2020 and the financial performance of these businesses has been included as a discontinued operation for the purposes of this review. Comparative information for the first half of 2019 has been restated on this basis to enable comparison and understanding of the performance of the continuing businesses.

All amounts are in Australian dollars unless otherwise specified.

Summary financial results (continuing operations unless specified)	1H20 $000	1H19 $000	Change %
Revenue	901,155	1,023,603	-12.0%
Gross profit	242,420	279,029	-13.1%
Gross profit margin	26.9%	27.3%	-0.4%
Underlying EBITDA (1)	(5,639)	48,591	-111.6%
Underlying EBIT (1)(2)	(104,452)	(30,081)	-247.2%
Operating profit / (loss)	(131,469)	(32,174)	-308.6%
Net external interest	(36,153)	(33,500)	-7.9%
Foreign exchange (gains) / losses	(7,385)	1,766	-518.2%
Net financing costs	(43,538)	(31,734)	-37.2%
Underlying net profit / (loss) after tax	(114,453)	(50,671)	-125.9%
Underlying net profit / (loss) after tax - discontinued operations	29,259	39,144	-25.3%
Underlying net profit / (loss) after tax - total group	(85,194)	(11,527)	-639.1%
Underlying effective tax rate	22.7%	18.0%	4.6%
Net profit / (loss) after tax	(159,524)	(52,729)	-202.5%
Net profit / (loss) after tax - discontinued operations	37,789	39,144	-3.5%
Net profit / (loss) after tax - total group	(121,735)	(13,585)	-796.1%
Statutory effective tax rate	8.8%	17.5%	-8.6%
Basic earnings per share - excluding material items (cents)	(34.6)	(15.7)	120.4%
Basic earnings per share (cents)	(44.2)	(16.3)	171.2%
ROFE - total group	4.5%	6.4%	-1.9%

Earnings

Nufarm reported a loss for the six months ended 31 January 2020 of $122 million.

Revenue from continuing operations declined 12 per cent due to lower demand in North America and Indonesia as customers de-stocked following poor weather conditions, and weak demand in Australia where continued drought reduced sales into summer crop markets. The decline was partially offset by increased revenue in Europe where product availability was improved with the supply chain for products from the acquired portfolios transitioning to Nufarm control.

Gross profit margin from continuing businesses remained relatively stable with the decline in underlying EBITDA of $54 million for the half largely attributable to the reduced revenues in North America, Australia and Indonesia. Lower earnings in the European business also impacted the result with an estimated additional EBITDA contribution of $8 million from the acquired European portfolios more than offset by the impact of strong competition and higher manufacturing, selling, distribution and support costs.

Depreciation costs for continuing operations increased by $20 million, with $12 million of this attributable to the adoption of Accounting Standard AASB 16 Leases. The adoption of this standard had a positive impact on underlying EBITDA from continuing operations of $14 million and increased interest costs by $3 million.

Earnings from discontinued operations in South America benefited from strong demand and revenue growth however this was offset by strong competition impacting margins and resulting in a small decline in earnings. A higher effective tax rate also impacted earnings, and this was offset by recognition of tax assets as a material item.

Material items for the group of $37 million after tax related to the sale of the South American businesses (including costs relating to a planned debt restructuring that did not eventuate due to the decision to divest the South American businesses), recognition and derecognition of deferred taxation assets due to a change in the geographic distribution of assessable income, legal costs for the action brought in the United States to enforce Nufarm's rights in relation to the omega-3 canola patent estate, and costs relating to implementation of the performance improvement program in Australia.

Net interest expense from continuing operations increased from $34 million to $36 million with $3 million of additional interest expense recognised as a result of adoption of Accounting Standard AASB 16 Leases.

Foreign exchange costs for continuing operations increased by $9 million with foreign exchange losses of $7 million for the period compared to $2 million of gains in the prior period.

Basic earnings per share declined due to the decline in earnings outlined above.

Cash flow

Cash flow results	1H20 $000	1H19 $000	Change %
Underlying net operating cash flow	(7,156)	(202,629)	96.5%
Underlying net operating cash flow - discontinued operations	(180,453)	(183,221)	1.5%
Underlying net operating cash flow - total group	(187,608)	(385,850)	51.4%
Underlying net investing cash flow	(95,562)	(70,843)	-34.9%
Underlying net investing cash flow - discontinued operations	(4,913)	(3,631)	-35.3%
Underlying net investing cash flow - total group	(100,475)	(74,474)	-34.9%
Underlying free cash flow - total group	(288,083)	(460,324)	37.4%

Cash outflows are typical for the first half of the financial year as working capital is built for the main selling season in the second half.

Underlying free cash flow for the group improved by $172 million compared to the prior half with a smaller build in net working capital balances compared to the prior period.

Underlying net investing cash flows increased $26 million largely due to the finalisation of payments relating to the new Greenville formulation facility.

Financial position

Financial position	1H20 $000	1H19 $000	Change %
Net debt	1,707,133	1,577,130	8.2%
Net w orking capital	1,176,556	1,774,167	-33.7%
Net w orking capital (PY restated for divestment)	1,176,556	1,196,105	-1.6%
Disclosed leverage - total group	4.68	4.11	0.56
Disclosed leverage - excluding leases adjustments - total group	4.48	4.11	0.37
Disclosed interest coverage ratio - total group	3.33	4.08	(0.75)
Disclosed gearing % - total group	43.0%	41.4%	1.6%

Net debt increased $130 million due to the inclusion of lease liabilities of $143 million following adoption of Accounting Standard AASB 16 Leases.

After excluding the impact of the reclassification of the South American business assets and liabilities as held for sale, a small improvement was made to net working capital balances as at 31 January. This was largely due to a significant reduction in inventory in the Australian business which was partially offset by higher inventories in Europe and North America.

Dividend

Directors determined that the interim dividend would remain suspended.

Review of operations

Nufarm's business has two main reporting segments, crop protection and seed technologies. The crop protection business is focused on major agricultural markets in Europe, North America, South America (discontinued operations), Australia New Zealand and Asia. The seeds technologies business operates in more than 30 countries across the globe.

	Revenue			Underlying EBITDA			Underlying EBIT		
($000s)	1H20	1H19	Change %	1H20	1H19	Change %	1H20	1H19	Change %
Crop protection									
Australia and New Zealand	170,174	222,210	-23.4%	1,202	3,996	-69.9%	(7,802)	(1,414)	451.8%
Asia	72,721	100,748	-27.8%	11,524	14,462	-20.3%	9,282	12,839	-27.7%
Europe	227,021	199,641	13.7%	(10,116)	12,826	-178.9%	(70,481)	(38,613)	82.5%
North America	384,489	445,927	-13.8%	16,135	40,259	-59.9%	295	27,891	-98.9%
Latin America	-	-	0.0%	-	-	0.0%	-	-	0.0%
Total Crop protection	*854,405*	*968,526*	*-11.8%*	*18,745*	*71,544*	*-73.8%*	*(68,706)*	*703*	*-9873.3%*
Seed Technologies - global	46,750	55,077	-15.1%	2,372	6,636	-64.3%	(7,875)	(82)	9503.7%
Corporate	-	-	n/a	(26,756)	(29,589)	9.6%	(27,871)	(30,702)	9.2%
Nufarm Group	**901,155**	**1,023,603**	**-12.0%**	**(5,639)**	**48,591**	**-111.6%**	**(104,452)**	**(30,081)**	**247.2%**
Discontinued operations	575,790	552,505	4.2%	71,221	72,355	-1.6%	66,232	69,005	-4.0%
Nufarm Group	**1,476,945**	**1,576,108**	**-6.3%**	**65,582**	**120,946**	**-45.8%**	**(38,220)**	**38,924**	**-198.2%**

Australia and New Zealand

Continued drought conditions in Australia limited sales into summer crop markets, reducing revenues and impacting earnings.

The decline in underlying EBITDA of $3 million was mostly attributable to lower sales, partially offset by an incremental benefit of approximately $5 million from the performance improvement program launched at the end of the first half of the prior year. The program has already reached the lower end of the targeted range of annualised benefits of $10 million to $15 million. The program will now be incorporated into the group-wide program recently launched.

Inventory reduction remained a priority and net working capital was reduced by approximately $170 million relative to the first half of the prior year. In response to the weak external demand, production volumes remained at levels below which overhead costs are fully absorbed. The unrecovered overhead costs included in earnings were in line with the first half of the prior year.

Rainfall following the half-year end has stimulated demand and production volumes have been increased.

Asia

Revenue and earnings in Asia were impacted by drought conditions in Indonesia reducing demand and increasing competition. Sales into other Asian markets were impacted by a shift in the timing of sales to the second half of the financial year with February sales up on the prior year.

Europe

Sales revenue continued to increase with market share gains in key cereals markets and improved product availability for the acquired portfolios as the supply chain transitions to Nufarm control.

The acquired portfolios contributed an estimated additional $8 million to underlying EBITDA compared to the prior year. This was more than offset by increased manufacturing, selling, distribution and support costs. Earnings were also impacted by $9 million of rebates relating to the prior year which were brought to account in the current period (as previously advised on 25 November 2019).

The second half of the year has commenced with demand in line with the prior year. Supply constraints relating to the availability of some products from China continue, and raw material costs remain at elevated levels, similar to the prior year.

North America

Demand in crop protection markets was impacted by high channel inventory following adverse weather and tariff impacts. The turf and ornamental segment continued to see market share improvement however some sales shifted to the second half of the year.

Earnings declined $24 million, with margins impacted by strong competition on foundational products in an oversupplied market. Greenville commissioning costs also had a small negative impact on earnings for the first half.

Successful commissioning of the Greenville formulation plant will support customers in southern and eastern US States in the second half and a positive EBITDA benefit is expected in the 2021 financial year. A new distribution agreement with Nutrichem to market Goal® herbicides from September 2020 will further strengthen market presence.

South America

On 30 September 2019, Nufarm announced the sale of crop protection and seed treatment operations in Brazil, Argentina, Columbia and Chile to Sumitomo Chemical Company Limited for $1,188 million. The sale is expected to complete on 1 April 2020.

Increased soy plantings in Brazil drove volume and revenue growth. This was offset by strong competition which reduced margins, resulting in a small decline in earnings.

It is expected that the South American operations will contribute an EBITDA loss of approximately $10 million in the second half of the year prior to completion of the sale, reflecting the normal seasonal trading patterns of these businesses.

At the time of the sale, Nufarm entered into a two-year agreement to supply Sumitomo with certain crop protection products for the South American businesses. The supply contract operates on a cost basis plus a procurement fee. Future sales from this arrangement will be reported as external sales for the regions manufacturing or procuring the relevant products.

Seed Technologies

The seed technologies segment includes sales of seed managed by the Nuseed business and seed treatment chemistry. Prior year comparatives have been adjusted to reflect the sale of the South American seed treatment businesses to Sumitomo. These sales are included in the discontinued operations segment.

Seed technology revenues and earnings were impacted by poor weather conditions in Australia and North America and a shift of sunflower sales in Europe into the second half of the financial year.

Sorghum, canola and sunflower demand is expected to strengthen in the second half driven by new product launches, including our first hybrid canola registration in Canada. An improved outlook for winter cropping conditions in Australia may also positively impact second half earnings. Our new seed treatment product, Trunemco™ was launched in the first half with sales expected to ramp up into FY21.

In November 2019 Nuseed acquired assets relating to the commercialisation of the oil seed crop carinata, a best-in-class, plant-based feedstock for the production of biofuels. Carinata has undergone small scale testing and development in South America over the past two years and the first commercial sales are forecast for the second half of the financial year.

During the half, Nuseed received validation of the omega-3 canola oil patent estate with a favourable finding from a USA federal court.

ADM has been contracted to provide crushing and processing services to support the first commercial sales of the omega-3 canola oil in the second half. Plans to more than double oil production in 2020 for the 2021 season are underway.

While the aquaculture market remains the initial focus for commercialisation, omega-3 canola oil is also being developed for the human nutrition market and is in the final stages of a clinical trial evaluation.

Outlook

The majority of Nufarm's full year earnings for continuing businesses are generated in the second half of the financial year.

The discontinued operations in South America are expected to contribute a loss of approximately $10 million EBITDA in the second half of the year prior to completion of the sale, reflecting normal seasonality of these businesses.

The sale is expected to result in a loss for accounting purposes and this will be recorded as a material item in the second half. Additional costs relating to the completion of the sale will also be recorded as a material item. Further legal costs concerning the omega 3 canola patent estate and restructuring costs relating to a group wide program to improve costs and efficiencies are also expected to be reported as material items in the second half.

Interest costs for continuing and discontinued businesses are expected to be approximately $90 million to $100 million for the financial year. This includes approximately $6 million of increased financing costs relating to adoption of accounting standard AASB 16.

Hedging costs and foreign exchange gains and losses will continue to be incurred in relation to management of currency exposures in continuing crop protection and seed technologies businesses.

Depreciation and amortisation costs are expected to be approximately $220 million for the financial year assuming no significant movement from exchange rates prevailing at the end of the half year.

The underlying effective tax rate is expected to increase as a result of the sale of the South American businesses, with the non-recognition of current year tax losses in certain countries also impacting the outlook for the financial year. As a result, the effective tax rate is expected to be higher than the outlook of 33 per cent provided in September 2019.

Corona virus COVID-19

Nufarm is monitoring the potential impacts arising from travel restrictions and other measures taken by various Governments from February onwards as a result of the COVID-19 outbreak. The company also notes unusually large volatility in global markets which has impacted exchange rates and other markets.

Demand for our products is strong following the end of the financial period, reflecting the fact that the majority of earnings are derived from customers exposed to end markets in food production.

Product supply from China is progressively recovering from the initial delays caused by COVID-19. While regional restrictions are creating distribution delays and upward cost pressure in some countries, the impacts have been manageable.

Future demand and the company's ability to meet demand could be impacted by an escalation in disruptions.

The potential future impact on Nufarm's financial performance cannot reasonably be estimated at this time.

IFRS and Non-IFRS financial information

Nufarm results are reported under International Financial Reporting Standards (IFRS) including underlying EBIT and underlying EBITDA which are used to measure segment performance. This release also includes certain non-IFRS measures including Underlying net profit after tax and Gross profit margin. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review.

The following notes explain the terms used throughout this profit release:

(1) Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is underlying EBIT before depreciation and amortization of ($5.639) million loss for the half year ended 31 January 2020 and $48.591 million gain for the half year ended 31 January 2019 on a continuing basis. We believe that underlying EBIT and underlying EBITDA provide useful information, but should not be considered as an indication of, or an alternative to, profit / (loss) for the period as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.

(2) Underlying EBIT is used to reflect the underlying performance of Nufarm's operations. Underlying EBIT is reconciled to operating profit below on a continuing basis.

Summary financial results	1H20 $000	1H19 $000
Underlying EBIT	(104,452)	(30,081)
Material items impacting operating profit	(27,017)	(2,093)
Operating profit	(131,469)	(32,174)

(3) Non-IFRS measures are defined as follows:

Term	Definition
Underlying EBIT	Earnings before net financing costs, taxation and material items.
Underlying EBITDA	Underlying EBIT before depreciation and amortisation.
Underlying net profit after tax	Profit/(loss) for the period attributable to the equity holders of Nufarm Limited excluding material items.
Gross profit margin	Gross profit as a percentage of revenue.
Net external interest	Comprises other financial income, interest expense – external / debt establishment transaction costs and lease expense – finance charges as described in note 17 to the 31 January 2020 Nufarm Limited interim financial report.
ROFE	12 months rolling underlying EBIT divided by the average of opening and closing funds employed (total equity plus net debt).
Net debt	Total debt less cash and cash equivalents.
Net w orking capital	Current trade and other receivables, non-current trade receivables/trade finance receivables and inventories less current trade and other payables.
Underlying net operating cash flow	Net cash from operating activities excluding material items
Underlying net investing cash flow	Net cash from investing activities excluding material items
Underlying free cash flow	Net cash from operating activities excluding material items plus net cash from investing activities excluding material items
Underlying income tax benefit/(expense)	Income tax benefit/(expense) excluding material items
Underlying effective tax rate	Underlying income tax benefit/(expense) divided by underlying net profit after tax
Disclosed leverage	Net debt / rolling 12 months underlying EBITDA
Disclosed interest coverage ratio	Rolling 12 months underlying EBITDA / rolling 12 months net external interest
Disclosed gearing %	Net debt / (net debt plus equity)

Nufarm Limited

Condensed consolidated income statement and statement of other comprehensive income

For the six months ended 31 January 2020

	Note	31 Jan 2020 $000	31 Jan 2019* $000 restated
Continuing operations			
Revenue	6	**901,155**	**1,023,603**
Cost of sales		(658,735)	(744,574)
Gross profit		**242,420**	**279,029**
Other income		2,082	5,662
Sales, marketing and distribution expenses		(232,894)	(209,181)
General and administrative expenses		(127,292)	(95,777)
Research and development expenses		(15,585)	(11,777)
Share of net profits/(losses) of associates	10	(200)	(130)
Operating profit/(loss)		**(131,469)**	**(32,174)**
Financial income		1,104	1,397
Financial expenses excluding foreign exchange gains/(losses)		(37,257)	(34,897)
Net foreign exchange gains/(losses)		(7,385)	1,766
Net financial expenses		(44,642)	(33,131)
Net financing costs	17	**(43,538)**	**(31,734)**
Profit/(loss) before tax		**(175,007)**	**(63,908)**
Income tax benefit/(expense)		15,483	11,179
Profit/(loss) from continuing operations		**(159,524)**	**(52,729)**
Discontinued operation			
Profit/(loss) from discontinued operation, net of tax	11	37,789	39,144
Profit/(loss) for the period		**(121,735)**	**(13,585)**

* Comparative information has been re-presented due to a discontinued operation (note 11). The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

The condensed consolidated income statement and statement of other comprehensive income is to be read in conjunction with the attached notes.

Nufarm Limited

Condensed consolidated income statement and statement of other comprehensive income (continued)

For the six months ended 31 January 2020

	Note	31 Jan 2020 $000	31 Jan 2019* $000
Profit/(loss) for the period		**(121,735)**	**(13,585)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences for foreign operations		12,314	30,703
Effective portion of changes in fair value of cash flow hedges		233	85
Effective portion of changes in fair value of net investment hedges		(4,185)	(2,975)
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans		(3,487)	(3,813)
Income tax on share based payment transactions		(537)	-
Other comprehensive income/(loss) for the period, net of income tax		**4,338**	**24,000**
Total comprehensive income/(loss) for the period		**(117,397)**	**10,415**

	Note	31 Jan 2020 $000	31 Jan 2019* $000
Profit/(loss) attributable to:			
Equity holders of the parent		(121,735)	(13,585)
Total profit/(loss) for the period		**(121,735)**	**(13,585)**
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		(117,397)	10,415
Total comprehensive income/(loss) for the period		**(117,397)**	**10,415**
Earnings/(loss) per share			
Basic earnings/(loss) per share (cents)	15	(34.2)	(5.4)
Diluted earnings/(loss) per share (cents)	15	(34.3)	(5.4)
Earnings/(loss) per share - Continuing operations			
Basic earnings/(loss) per share (cents)	15	(44.2)	(16.3)
Diluted earnings/(loss) per share (cents)	15	(44.2)	(16.3)

* Comparative information has been re-presented due to a discontinued operation (note 11). The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

The condensed consolidated income statement and statement of other comprehensive income is to be read in conjunction with the attached notes.

Nufarm Limited

Condensed consolidated statement of changes in equity

For the six months ended 31 January 2020

	Note	Attributable to equity holders of the Company						Non-controlling interest	
		Share Capital $000	Translation Reserve $000	Capital Profit Reserve $000	Other Reserves $000	Retained Earnings $000	Total $000	Other Securities $000	Total Equity $000
Balance at 1 August 2018		1,537,502	(339,388)	33,627	(3,365)	496,316	1,724,692	246,932	1,971,624
Adjustment on initial application of AASB 15 (net of tax)		-	-	-	-	(7,017)	(7,017)	-	(7,017)
Adjustment on initial application of AASB 9 (net of tax)		-	-	-	-	(13,708)	(13,708)	-	(13,708)
***Adjusted balance at 1 August 2018**		1,537,502	(339,388)	33,627	(3,365)	475,591	1,703,967	246,932	1,950,899
Profit/(loss) after taxation		-	-	-	-	(13,585)	(13,585)	-	(13,585)
Other comprehensive income:									
Actuarial gains/(losses) on defined benefit plans		-	-	-	-	(3,813)	(3,813)	-	(3,813)
Foreign exchange translation differences for foreign operations		-	30,703	-	-	-	30,703	-	30,703
Gains/(losses) on cash flow hedges taken to equity		-	-	-	85	-	85	-	85
Gains/(losses) on net investment hedges taken to equity		-	-	-	(2,975)	-	(2,975)	-	(2,975)
Income tax on share based payment transactions		-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period		-	30,703	-	(2,890)	(17,398)	10,415	-	10,415
Transactions with owners, recorded directly in equity									
Employee share award entitlements and share issuances		347	-	-	(502)	-	(155)	-	(155)
Dividends paid to shareholders		-	-	-	-	(19,662)	(19,662)	-	(19,662)
Dividend reinvestment plan		738	-	-	-	-	738	-	738
Distributions to Nufarm Step-up Security holders		-	-	-	-	(5,625)	(5,625)	-	(5,625)
Contributions of equity net of transaction costs		296,033	-	-	-	-	296,033	-	296,033
Balance at 31 January 2019		1,834,620	(308,685)	33,627	(6,757)	432,906	1,985,711	246,932	2,232,643
Balance at 1 August 2019		1,834,594	(270,302)	33,627	(12,833)	475,926	2,061,012	343,932	2,404,944
Adjustment on initial application of AASB 16 (net of tax)		-	-	-	-	(15,910)	(15,910)	-	(15,910)
**** Adjusted balance at 1 August 2019**		1,834,594	(270,302)	33,627	(12,833)	460,016	2,045,102	343,932	2,389,034
Profit/(loss) after taxation		-	-	-	-	(121,735)	(121,735)	-	(121,735)
Other comprehensive income:									
Actuarial gains/(losses) on defined benefit plans		-	-	-	-	(3,487)	(3,487)	-	(3,487)
Foreign exchange translation differences for foreign operations		-	12,314	-	-	-	12,314	-	12,314
Gains/(losses) on cash flow hedges taken to equity		-	-	-	233	-	233	-	233
Gains/(losses) on net investment hedges taken to equity		-	-	-	(4,185)	-	(4,185)	-	(4,185)
Income tax on share based payment transactions		-	-	-	(537)	-	(537)	-	(537)
Total comprehensive income/(loss) for the period		-	12,314	-	(4,489)	(125,222)	(117,397)	-	(117,397)
Transactions with owners, recorded directly in equity									
Employee share award entitlements and share issuances		340	-	-	1,198	-	1,538	-	1,538
Dividends paid to shareholders		-	-	-	-	-	-	-	-
Dividend reinvestment plan		-	-	-	-	-	-	-	-
Distributions to Other Security holders		-	-	-	-	(8,185)	(8,185)	-	(8,185)
Contributions of equity net of transaction costs		-	-	-	-	-	-	-	-
Balance at 31 January 2020		1,834,934	(257,988)	33,627	(16,124)	326,609	1,921,058	343,932	2,264,990

*The group has initially applied AASB 15 and AASB 9 at 1 August 2018. Under the transition method chosen comparative information is not restated.

** The group has initially applied AASB 16 at 1 August 2019. Under the transition method chosen comparative information is not restated.

The amounts recognised directly in equity are disclosed net of tax.

The condensed consolidated statement of changes in equity is to be read in conjunction with the attached notes.

Nufarm Limited

Condensed consolidated balance sheet

As at 31 January 2020

	Note	31 Jan 2020 $000	31 Jul 2019* $000	31 Jan 2019* $000
Current assets				
Cash and cash equivalents	16	316,727	505,687	340,139
Trade and other receivables		1,113,629	1,378,751	1,493,629
Inventories		1,302,293	1,228,241	1,521,835
Current tax assets		29,675	36,320	25,178
Preference securities receivable		-	97,500	-
Assets held for sale	11	1,118,847	-	-
Total current assets		3,881,171	3,246,499	3,380,781
Non-current assets				
Trade and other receivables		3,315	101,977	102,891
Investments in equity accounted investees		1,835	2,010	1,716
Other investments		415	421	451
Deferred tax assets		194,234	212,997	246,140
Property, plant and equipment	12	492,496	393,582	352,758
Intangible assets	13	1,592,695	1,719,034	1,691,648
Total non-current assets		2,284,990	2,430,021	2,395,604
TOTAL ASSETS		6,166,161	5,676,520	5,776,385
Current liabilities				
Bank overdraft	16	2,257	-	1,659
Trade and other payables		1,239,366	1,221,261	1,337,699
Loans and borrowings	16	588,504	494,986	486,546
Employee benefits		14,223	19,275	19,850
Current tax payable		15,192	18,971	19,651
Provisions		17,926	17,216	8,236
Liabilities held for sale	11	326,400	-	-
Total current liabilities		2,203,868	1,771,709	1,873,641
Non-current liabilities				
Payables		5,256	11,058	11,134
Loans and borrowings	16	1,433,099	1,257,830	1,429,064
Deferred tax liabilities		142,322	125,883	127,268
Employee benefits		116,626	105,096	102,635
Total non-current liabilities		1,697,303	1,499,867	1,670,101
TOTAL LIABILITIES		3,901,171	3,271,576	3,543,742
NET ASSETS		2,264,990	2,404,944	2,232,643
Equity				
Share capital		1,834,934	1,834,594	1,834,620
Reserves		(240,485)	(249,508)	(281,815)
Retained earnings		326,609	475,926	432,906
Equity attributable to equity holders of the parent		1,921,058	2,061,012	1,985,711
Other securities		343,932	343,932	246,932
TOTAL EQUITY		2,264,990	2,404,944	2,232,643

* The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

The condensed consolidated balance sheet is to be read in conjunction with the attached notes.

Nufarm Limited

Condensed consolidated statement of cash flows

For the six months ended 31 January 2020

	Note	31 Jan 2020 $000	31 Jan 2019* $000
Cash flows from operating activities			
Profit/(loss) for the period - before tax		(126,124)	(13,208)
Adjustments for:			
Depreciation & amortisation		103,803	82,022
Inventory write down		7,898	4,471
Net finance expense		46,617	44,308
Other		14	481
Movements in working capital items:			
(Increase)/decrease in receivables		(127,805)	(304,016)
(Increase)/decrease in inventories		(352,178)	(346,610)
Increase/(decrease) in payables		318,856	177,159
Exchange rate change on foreign controlled entities working capital items		(38,148)	25,511
Cash generated from operations		(167,067)	(329,882)
Interest received		4,766	4,358
Interest paid		(47,947)	(46,392)
Taxes paid		(8,014)	(20,195)
Net operating cash flows		(218,262)	(392,111)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		617	1,858
Payments for plant and equipment	12	(55,623)	(28,842)
Purchase of businesses, net of cash acquired		-	-
Payment for investment in joint venture		-	(1,440)
Payments for acquired intangibles and major product development expenditure		(45,469)	(46,050)
Net investing cash flows		(100,475)	(74,474)
Cash flows from financing activities			
Share issue proceeds (net of costs)		-	296,033
Debt establishment transaction costs		(574)	(1,934)
Proceeds from borrowings		866,449	798,697
Repayment of borrowings		(735,690)	(563,710)
Distributions to other security holders	15	(10,071)	(7,651)
Dividends paid	15	-	(18,924)
Net financing cash flows		120,114	502,511
Net increase/(decrease) in cash and cash equivalents		(198,623)	35,926
Cash at the beginning of the year		505,687	294,343
Exchange rate fluctuations on foreign cash balances		7,406	8,211
Cash and cash equivalents at 31 January [(a)]	16	314,470	338,480

(a) Represented by cash at bank of $316.727 million and bank overdraft of $(2.257) million (31 January 2019: cash at bank of $340.139 million and bank overdraft of $(1.659) million).

* The group has initially applied AASB 16 at 1 August 2019. Under the transition method chosen comparative information is not restated.

The condensed consolidated statement of cash flows is to be read in conjunction with the attached notes.

Condensed notes to the consolidated interim financial report

1 Reporting entity

Nufarm Limited (the 'company') is domiciled in Australia. The condensed consolidated interim financial statements of the company as at and for the six months ended 31 January 2020 comprises the company and its subsidiaries (together referred to as the 'group') and the group's interest in associates and jointly controlled entities.

The consolidated annual financial statements of the group as at and for the year ended 31 July 2019 are available upon request from the company's registered office at 103-105 Pipe Road, Laverton North, Victoria, Australia or at http://www.nufarm.com/investor-centre/.

2 Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting*, the Corporations Act 2001 and IAS 134 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 31 July 2019.

This is the first set of the group's financial statements where AASB 16 *Leases* has been applied. Changes to significant accounting policies are described in Note 3.

These condensed consolidated interim financial statements were approved by the Board of Directors on 25 March 2020.

(b) Reclassification

Where applicable, comparatives have been adjusted to present them on the same basis as current period figures.

(c) Rounding of amounts

Amounts in this financial report have, unless otherwise indicated, been rounded to the nearest thousand dollars.

3 Significant accounting policies

Except as described below the accounting policies applied by the group in these condensed consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements as at and for the year ended 31 July 2019.

The changes in accounting policies are also expected to be reflected in the group's consolidated financial statements as at and for the year ending 31 July 2020.

(a) AASB 16 Leases

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. As lessee, the group will recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The group has applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 August 2019. Accordingly, the comparative information presented has not been restated - i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The following details the change in accounting policy and its impacts.

3 Significant accounting policies (continued)

(a) AASB 16 Leases (continued)

Definition of a lease

Previously, the group determined at the contract inception whether an arrangement was or contained a lease under Interpretation 4 Determining Whether an Arrangement Contains a Lease. The group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under AASB 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to AASB 16, the group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed. Therefore, the definition of a lease under AASB 16 has been applied only to contracts entered into or changed on or after 1 August 2019.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties, the group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As a lessee

The group leases many assets including, but not limited to, motor vehicles, plant and equipment, office buildings and land.

As a lessee, the group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the group recognises right-of-use assets and lease liabilities.

However, the group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets, including those previously recognised as finance leases, are as below:

	Land and buildings $000	Plant and machinery $000	Total $000
Balance at 1 August 2019	117,444	15,916	133,360
Balance at 31 January 2020*	110,595	10,584	121,179

*31 January 2020 excludes any right-of-use assets that are classified as held for sale (refer note 11).

The group presents lease liabilities in Loans and borrowings in the balance sheet (refer note 16).

Significant accounting policies

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate relevant to the location of the lease. Generally, the group uses incremental borrowing rates as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

3 Significant accounting policies (continued)

(a) AASB 16 Leases (continued)

Significant accounting policies (continued)

The group has applied judgement to determine the lease term for some lease contracts in which the group has renewal options. The assessment of whether the group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the group generally classified the leases relating to motor vehicles, plant equipment, warehouse, storage facilities and land as operating leases under AASB 117. The terms on these leases varied from less than 12 months to 50 years, with the majority of leases containing lease terms of 3 to 7 years. Some leases include options to renew after the end of the non-cancellable period, and some leases provide for additional payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rates as at 1 August 2019. Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application (the group applied this approach to its largest land lease); or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments (the group applied this approach to all other leases).

The group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term, except where there is an option and intent to renew or extend.
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The group classified certain leases as finance leases under AASB 117. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 August 2019 were determined at the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date (i.e. 31 July 2019).

Impacts on financial statements

Impacts on transition

On transition to AASB 16, the group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings.

The impact on the consolidated net assets as at 1 August 2019, is summarised below (increase / (decrease)):

	$000
Property, plant and equipment	123,099
Trade and other payables	185
Deferred tax assets	37,856
Payables	6,531
Deferred tax liabilities	(32,549)
Interest bearing loans and borrowings	(151,032)
Retained earnings	15,910

When measuring lease liabilities for leases that were classified as operating leases, the group discounted lease payments using relevant incremental borrowing rates at 1 August 2019. The weighted average rate applied is 4.03%.

	$000
Operating lease commitment at 31 July 2019 as disclosed in the group's consolidated financial statements	241,491
Discounted using the relevant incremental borrowing rate	142,004
Finance lease liabilities recognised as at 31 July 2019	12,852
Recognition exemptions and extension options reasonably certain to be exercised	9,028
Lease liabilities recognised at 1 August 2019	163,884

3 Significant accounting policies (continued)

(a) AASB 16 Leases (continued)

Transition (continued)

Impacts for the period

As a result of initially applying AASB 16, in relation to the leases that were previously classified as operating leases, the group has recognised $110.406 million of right-of-use assets and $142.920 million of lease liabilities as at 31 January 2020. This excludes right-of-use assets and lease liabilities recognised on transition that have been subsequently reclassified as assets or liabilities held for sale.

Also in relation to those leases under AASB 16, the group has recognised depreciation and interest costs, instead of operating lease expenses. During the six months ended 31 January 2020, the group recognised $13.812 million of depreciation charges and $3.011 million of interest costs from these leases. Of the amounts recognised, $12.400 million of depreciation charges, and $2.791 million of interest costs were recognised as part of continuing operations.

(b) Other

AASB Interpretation 23 Uncertainty over Income Tax Treatment

This interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 Income Taxes. The interpretation does not apply to taxes or levies ouside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The group has reviewed its internal policies and tax risk frameworks and has determined that adoption of the Interpretation will not have a material impact. The Interpretation had an effective date for the group of 1 August 2019.

IFRIC agenda decision - Lease Term and Useful Life of Leadhold Improvements

In November 2019, the International Financial Reporting standards Interpretations Committee (IFRIC) issued a final agenda decision, Lease Term and Useful Life of Leasehold Improvements, on how the lease term of a cancellable or renewable lease should be determined for both the lessor and lessee when applying AASB 16 Leases. The decision clarifies that the broader economics and not only the contractual termination payments should be considered in determining lease terms. The group has considered and adopted this IFRIC Agenda Decision as at 31 January 2020.

IFRIC draft agenda decision - Multiple Tax Consequences of Recovering an Asset

In November 2019, the International Financial Reporting standards Interpretations Committee (IFRIC) issued a draft agenda decision, Multiple Tax Consequences of Recovering an Asset, on how to account for deferred taxes during a business combination, when the carrying amount of acquired assets gives rise to multiple tax consequences. The draft IFRIC agenda decision clarified that the principles and requirements in IAS 12 Income Taxes provide an adequate basis for an entity to account for deferred tax. The group is considering how the decision may impact on the carrying value of assets acquired via a business combination and associated deferred taxes.

4 Estimates and judgements

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2019, except for new significant judgements and key sources of estimation uncertainty related to the application of AASB 16, which are described in Note 3.

5 Financial risk management

The group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 July 2019.

The group holds a number of derivative contracts to manage its exposure to foreign currency and interest rate risk. A selection of these derivative contracts are designated and accounted for as net investment, cash flow and fair value hedges as at 31 January 2020.

The movement in the foreign currency translation reserve relates to the translation differences from converting the net assets of overseas subsidiaries from their functional currencies to the presentation currency of the group, which is Australian dollars.

6 Segment reporting

Segment information is presented in respect of the group's key operating segments. The operating segments are based on the group's management and internal reporting structure.

Operating segments

The group operates predominantly along two business lines, being crop protection and seed technologies.

The crop protection business deals in the manufacture and sale of crop protection products used by farmers to protect crops from damage caused by weeds, pests and disease. It is managed by major geographic segments, being Australia and New Zealand, Asia, Europe and North America. During the period ended 31 January 2020 the former geographic segment of Latin America was partially classified as a discontinued operation (refer note 11). Any continuing Latin American operations (Mexico) are now managed via the North American segment together with the USA and Canada.

The seed technologies business deals in the sale of seeds and seed treatment products. The seed technologies business is managed on a worldwide basis.

Information regarding the results of each operating segment is included below. Performance is measured based on underlying EBIT as included in the internal management reports that are reviewed by the group's CEO. Underlying EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment. Segment revenue is based on the geographic location of customers. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The non-operating corporate segment comprises mainly corporate expenses, interest-bearing loans, borrowings and corporate assets.

31 Jan 2020 Operating segments	Australia and New Zealand $000	Asia $000	Europe $000	North America $000	Total $000	Seed Technologies Global $000	Non-Operating Corporate $000	**Continuing** Total $000	**Discontinued operations** Total $000	**Group** Total $000
Revenue										
Total segment revenue	170,174	72,721	227,021	384,489	854,405	46,750	-	901,155	575,790	1,476,945
Results										
Underlying EBITDA [(a)]	1,202	11,524	(10,116)	16,135	18,745	2,372	(26,756)	(5,639)	71,221	65,582
Depreciation & amortisation excluding material items	(9,004)	(2,242)	(60,365)	(15,840)	(87,451)	(10,247)	(1,115)	(98,813)	(4,989)	(103,802)
Underlying EBIT [(a)]	**(7,802)**	**9,282**	**(70,481)**	**295**	**(68,706)**	**(7,875)**	**(27,871)**	**(104,452)**	**66,232**	**(38,220)**
Material items included in operating profit (refer note 7)								(27,017)		
Material items included in net financing costs (refer note 7)								-		
Total material items (refer note 7)								(27,017)		
Net financing costs (excluding material items)								(43,538)		
Profit/(loss) before tax								**(175,007)**		

31 Jan 2019* Operating segments - restated	Australia and New Zealand $000	Asia $000	Europe $000	North America $000	Total $000	Seed Technologies Global $000	Non-Operating $000	**Continuing** Total $000	**Discontinued operations** Total $000	**Group** Total $000
Revenue										
Total segment revenue	222,210	100,748	199,641	445,927	968,526	55,077	-	1,023,603	552,505	1,576,108
Results										
Underlying EBITDA [(a)]	3,996	14,462	12,826	40,259	71,544	6,636	(29,589)	48,591	72,355	120,946
Depreciation & amortisation excluding material items	(5,410)	(1,623)	(51,439)	(12,368)	(70,841)	(6,718)	(1,113)	(78,672)	(3,350)	(82,022)
Underlying EBIT [(a)]	**(1,414)**	**12,839**	**(38,613)**	**27,891**	**703**	**(82)**	**(30,702)**	**(30,081)**	**69,005**	**38,924**
Material items included in operating profit (refer note 7)								(2,093)		
Material items included in net financing costs (refer note 7)								-		
Total material items (refer note 7)								(2,093)		
Net financing costs (excluding material items)								(31,734)		
Profit/(loss) before tax								**(63,908)**		

(a) Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is Underlying EBIT before depreciation, amortisation and impairments.

* Comparative information has been re-presented due to a discontinued operation (note 11). The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

31 Jan 2020 Operating segments	Latin America $000	Australia and New Zealand $000	Asia $000	Europe $000	North America $000	**Total $000**	Seed Technologies Global $000	Non-Operating Corporate $000	**Total $000**	Held for Sale $000	**Group Total $000**
Segment Assets	-	454,123	113,231	2,063,337	1,165,100	**3,795,791**	557,352	694,171	**5,047,314**	1,118,847	**6,166,161**
Segment Liabilities	-	171,994	365,209	348,619	453,940	**1,339,762**	55,254	2,179,755	**3,574,771**	326,400	**3,901,171**

31 Jul 2019 Operating segments**	Latin America $000	Australia and New Zealand $000	Asia $000	Europe $000	North America $000	**Total $000**	Seed Technologies Global $000	Non-Operating Corporate $000	**Total $000**	Held for Sale $000	**Group Total $000**
Segment Assets	997,737	455,942	106,839	1,873,952	912,105	**4,346,575**	489,170	840,775	**5,676,520**	-	**5,676,520**
Segment Liabilities	284,393	124,353	330,084	346,254	240,715	**1,325,799**	52,842	1,892,935	**3,271,576**	-	**3,271,576**

31 Jan 2019 Operating segments**	Latin America $000	Australia and New Zealand $000	Asia $000	Europe $000	North America $000	**Total $000**	Seed Technologies Global $000	Non-Operating Corporate $000	**Total $000**	Held for Sale $000	**Group Total $000**
Segment Assets	1,177,356	665,428	131,628	1,779,032	964,972	**4,718,416**	458,107	599,862	**5,776,385**	-	**5,776,385**
Segment Liabilities	257,872	211,788	471,167	314,106	176,976	**1,431,909**	51,963	2,059,870	**3,543,742**	-	**3,543,742**

** The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

6 Segment reporting (continued)

Geographical information	Revenue by location of customer 31 Jan 2020 $000	31 Jan 2019* $000
USA	321,381	385,592
Australia	130,416	182,078
Rest of world (b)	449,358	455,933
Total continuing operations	901,155	1,023,603
Brazil - discontinuing	502,038	473,612
Rest of world - discontinuing	73,752	78,893
Total	1,476,945	1,576,108

(b) Other than Australia and United States of America sales to other countries are individually less than 10% of the group's total continuing revenues.

*Comparative information has been re-presented due to a discontinued operation (note 11).

7 Items of material income and expense

Individually material items are those items where their nature, including the expected frequency of the events giving rise to them, and/or amount is considered material to the consolidated interim financial report. Such items included within the group's profit for the half year are detailed below.

	Consolidated		Consolidated	
	31 Jan 2020 $000 Pre-tax	31 Jan 2020 $000 After-tax	31 Jan 2019 $000 Pre-tax	31 Jan 2019 $000 After-tax
Material items by category:				
Legal costs	(8,640)	(8,640)	(2,093)	(2,058)
Asset rationalisation and restructuring	(5,215)	(5,215)	-	-
South American business disposal			-	-
- transaction costs	(4,710)	(5,885)		
- cancelled debt restructure costs	(8,452)	(8,452)	-	-
Net tax loss write-off	-	(8,349)		
Total	(27,017)	(36,541)	(2,093)	(2,058)
Material items from continuing operations	(27,017)	(45,071)	(2,093)	(2,058)
Material items from discontinuing operations	-	8,530	-	-

2020 Material items

Legal costs

During the period, the group has incurred additional legal costs associated with the enforcement of Omega-3 canola trademark and patent matters.

Asset rationalisation and restructuring

A performance and improvement program commenced in the ANZ businesses during the year ended 31 July 2019 across all functions. This includes assessing the organisational structure and facilities. As at 31 January 2020 restructuring initiatives have begun to be implemented.

South American business disposal

On 30 September 2019, the group publicly announced the decision of its Board of Directors to divest its shares in certain entities, that together, comprise the majority of the Latin American crop protection segment and the South American seed treatment business (together known as the South American business).

As at 31 January 2020, one-off transaction costs to effect the disposal of $13.162 million have been incurred. These include, but are not limited to, advisor fees and separation costs. Additionally, costs amounting to $8.452 million were incurred during the period as the group advanced a debt restructuring alongside the sale of the South American business. This initiative was focussed on strengthening Nufarm's balance sheet, but was ceased post the announcement of the divestment.

Assessment of deferred taxation assets

The group assessed recognised and unrecognised deferred taxation assets and determined that certain amounts previously recognised in the balance sheet should be derecognised, and that certain amounts not previously recognised in the balance sheet should be recognised, reflecting changing expectations of the geographic distribution of assessable income. The net impact of the assessment is a reduction in the carrying value of the group's deferred taxation assets of $8.349 million.

2019 Material items

Legal costs

The group incurred legal costs associated with the enforcement of Omega-3 canola trademark and patent matters.

7 Items of material income and expense (continued)

Material items are classified by function as follows:

Six months ended 31 January 2020 $000	Cost of sales	Selling, marketing and distribution expense	General & administrative expense	Research and development expenses	Total Pre-tax
Legal costs	-	-	(8,640)	-	(8,640)
Asset rationalisation and restructuring	-	-	(5,215)	-	(5,215)
South American business disposal					
- transaction costs	-	-	(4,710)	-	(4,710)
- cancelled debt restructure costs	-	-	(8,452)	-	(8,452)
Total material items	-	-	(27,017)	-	(27,017)
Total material items included in operating profit	-	-	(27,017)	-	(27,017)

Six months ended 31 January 2019 $000	Cost of sales	Selling, marketing and distribution expense	General & administrative expense	Research and development expenses	Total Pre-tax
Legal costs	-	-	(2,093)	-	(2,093)
Total material items	-	-	(2,093)	-	(2,093)
Total material items included in operating profit	-	-	(2,093)	-	(2,093)

Material items impacting cash flows are as follows:

	31 Jan 2020 $000	31 Jan 2019 $000
Net operating cash flows	(218,262)	(392,111)
Net operating cash (inflows)/outflows arising on material items	30,654	6,261
Net cash from operating activities excluding material items	(187,608)	(385,850)
Net investing cash flows	(100,475)	(74,474)
Individually material (inflows)/outflows from sale of property, plant and equipment	-	-
Net cash from investing activities excluding material items	(100,475)	(74,474)

8 Seasonality of operations

The profitability and cash flow of the business remains seasonal with a strong weighting towards the second half. This reflects the key selling period for the crop protection and seeds business, particularly in Australia, Europe and North America.

9 Acquisition of businesses

Business acquisitions - 2020

No business acquisitions arose in the six months ended 31 January 2020.

Business acquisitions - 2019

No business acquisitions arose in the six months ended 31 January 2019.

10 Equity accounted investments

The group has the following equity accounted investments:

	Country	Ownership and voting interest		Share of after tax profit/(loss)	
		31 Jan 2020	31 Jan 2019	31 Jan 2020 $000	31 Jan 2019 $000
Seedtech Pty Ltd (1)	Australia	25%	25%	-	-
Leshan Nong Fu Trading Co., Ltd (2)	China	35%	35%	(200)	(130)
Share of after tax profits/(losses) of equity accounted investments				(200)	(130)

(1) Seedtech is a company that offers services to the seed industry such as cleaning, packaging, distribution and storage of seeds.
(2) Leshan Nong Fu Trading is a joint venture in which the group has joint control and a 35 percent ownership interest. The joint venture is focused on sales and marketing of formulation crop protection products in the Chinese domestic market. It is structured as a separate vehicle. In accordance with the agreement under which Leshan Nong Fu Trading was established, the investors in the joint venture have agreed to make capital contributions in proportion to their ownership interests to make up any losses, if required, or at the latest within 5 years after incorporation, up to a maximum amount of RMB 100 million. This commitment has not been recognised in this consolidated interim financial report.

11 Discontinued operation and disposal group held for sale

On 30 September 2019, the group publicly announced the decision of its Board of Directors to divest its shares in certain entities that, together, comprise the majority of the Latin American crop protection segment and the South American seed treatment business (together known as the South American business).

On 5 December 2019, the shareholders of the company approved the divestment of the South American business to Sumitomo Chemical Company for consideration of $1,188 million. At this time, the company considered the South American business to be classified as held-for-sale. At 31 January 2020 the South American business was classified as a discontinued operation, and the comparative condensed consolidated income statement and statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

On 6 March 2020 the Administrative Council of Economic Defence (CADE) in Brazil published their clearance of the sale of Nufarm Brazil to Sumitomo Chemical Company. No appeals were lodged during the mandatory 15 day period. Completion of the divestment is expected to occur on the 1st April 2020.

After consideration of the balance of the assets and liabilities held for sale, the foreign currency translation reserve losses previously recognised in other comprehensive income, and local tax payable on the transaction, at 31 January 2020 the group estimates that had the sale of the South American business occurred on this date, it would have generated a post-tax loss. This is primarily due to the reclassification from reserves to profit of the impact of foreign currency translation movements on the South American business during the period of the group's ownership. As at 31 January 2020 the cumulative impact of the currency movements was a loss of $398 million. Changes in these assumptions, including changes in foreign currency rates, as at the completion date may result in a different post-tax loss to that estimated as at 31 January 2020.

Results of discontinued operation - For the six months ended	31 Jan 2020 $000	31 Jan 2019* $000
Revenue	**575,790**	**552,505**
Cost of sales	(430,589)	(408,525)
Gross profit	**145,201**	**143,980**
Net operating expenses	(78,969)	(74,975)
Operating profit/(loss)	**66,232**	**69,005**
Net financing costs	**(17,349)**	**(18,305)**
Profit/(loss) before tax	**48,883**	**50,700**
Income tax benefit/(expense)	(11,094)	(11,556)
Profit/(loss) from discontinued operations	**37,789**	**39,144**

* The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

Basic earnings per share (cents)	10.0	10.9
Diluted earnings per share (cents)	9.9	10.9

The profit for the period from the discontinued operation of $37.789 million was attributable entirely to the equity holders of the parent.

Cash flows from (used in) in discontinued operation - For the six months ended	31 Jan 2020 $000	31 Jan 2019 $000
Net cash used in operating activities	(180,453)	(183,221)
Net cash from investing activities	(4,913)	(3,631)
Net cash flow for the period	(185,366)	(186,852)

11 Discontinued operation and disposal group held for sale (continued)

The consideration for the South American business is $1,188 million, which exceeds the carrying value of the assets and liabilities being acquired. At 31 January 2020, the disposal group is comprised of the following assets and liabilities.

	31 Jan 2020 $000
Assets	
Trade and other receivables	587,410
Inventories	270,227
Current tax assets	13,067
Other investments	17
Deferred tax assets	64,672
Property, plant and equipment	39,884
Intangible assets	143,570
Total assets held for sale	1,118,847
Liabilities	
Trade and other payables	296,540
Employee benefits	3,644
Current tax payable	4,590
Deferred tax liabilities	16,791
Loans and borrowings - Lease liabilities	4,835
Total liabilities held for sale	326,400
Net assets held for sale	792,447

12 Property, plant and equipment

Right-of-use assets

Refer to note 3 for a detailed description of the accounting policy changes and financial statement impacts from the implementation of AASB 16 from 1 August 2019. This includes the recognition of right-of-use assets within Property, plant and equipment fixed assets from 1 August 2019.

The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

Acquisition and disposals

During the six months ended 31 January 2020, the group acquired assets with a cost of $38.306 million (six months ended 31 January 2019: $28.842 million), this included $2.582 million of additional right-of-use assets.

Assets with a book value of $0.477 million were disposed of during the six months ended 31 January 2020 (six months ended 31 January 2019: $1.463 million). No right-of-use assets were disposed of during the six months ended 31 January 2020.

The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated.

Capital commitments

During the six months ended 31 January 2020, the group entered into contracts to purchase property, plant and equipment for $6.195 million (six months ended 31 January 2019: $11.536 million).

13 Intangibles

Acquisition and disposals

During the six months ended 31 January 2020, the group acquired computer software intangible assets with a cost of $7.147 million (six months ended 31 January 2019: $8.552 million), capitalised development cost intangibles with a cost of $33.162 million (six months ended 31 January 2019: $38.944 million), and other intangible assets with a cost of $5.160 million (six months ended 31 January 2019: $0.162 million).

Intangible assets with a book value of $0.159 million were disposed of during the six months ended 31 January 2020 (six months ended 31 January 2019: $nil).

13 Intangibles (continued)

Impairment testing for cash-generating units containing goodwill

For the impairment testing of these assets, the carrying amount of the asset is compared to its recoverable amount at a CGU level. Two valuation methods are used by the group.

Valuation method - Value in use

The group uses the value-in-use (VIU) method to estimate the recoverable amount. In assessing VIU, the estimated future cash flows are derived from the three year plan for each cash-generating unit with a growth factor applied to extrapolate a cash flow beyond year three. A perpetuity factor is then applied to the normalised cash flow beyond year five in order to include a terminal value in the VIU calculation. The terminal growth rate assumed for each CGU is generally a long term inflation estimate. The cash flow is then discounted to a present value using a discount rate which is the company's weighted average cost of capital, adjusted for country risk and asset-specific risk associated with each CGU.

Valuation method - Fair value less cost of disposal

Fair value less cost of disposal (FVLCD) is an estimate of the amount that a market participant would pay for an asset or a CGU, less the cost of disposal. The fair value is initially determined using discounted cash flows. This fair value is then benchmarked against the sum of the parts method, comparable market transactions, and company trading multiples. The cash flows are derived from Board approved management expectations of future outcomes taking into account past experience, adjusted for anticipated future developments. Cash flows are discounted using an appropriate post-tax market discount rate to arrive at a net present value of the asset which is compared against the asset's carrying value. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used (see note 18).

Valuation assumptions

Europe cash generating unit

The Europe CGU cashflow assumptions have been revised from 31 July 2019 given recent trading conditions. The other key assumptions used for impairment testing purposes for the Europe CGU are not materially different from those used and disclosed at 31 July 2019. Impairment modelling was updated for revised cashflow estimates and the introduction of AASB 16 Leases. At 31 January 2020, the key assumptions used for the European CGU were:

	Valuation method	Terminal growth rate	Discount rate	Total goodwill $000
Europe CGU	VIU	2.01%	8.50%	191,475

The terminal growth rate assumed is generally a long term inflation estimate. The discount rate assumed is the company's weighted average cost of capital, adjusted for country risk and asset-specific risk. The margin and volume assumptions generally reflect past experience for existing and enhanced portfolio products, while new products utilise external sources of information reflecting current market pricing in expected end use markets.

Management has determined that, the recoverable value of the assets is equal to the carrying value CGU assets. If there was an adverse movement in a key assumption (noted above) or Europe cash flows, in the absence of other factors, this may lead to impairment.

ANZ cash generating unit

Following the impairment loss recognised in the Australia and New Zealand (ANZ) cash generating unit (CGU) at 31 July 2018, the recoverable amount was equal to the carrying amount. At 31 July 2019, using a FVLCD methodology, management concluded that the recoverable amount was equal to the carrying amount, which remains unchanged at 31 January 2020.
If there was an adverse movement in a key assumption (terminal growth rate of 2.0% ordiscount rate of 11.0% to 12.5%) or ANZ cash flows, in the absence of other factors, this may lead to further impairment.

14 Contingent assets and liabilities

Brazilian taxation proceedings - goodwill deductibility

The Brazilian tax authorities are challenging the validity of goodwill deductions, in respect of certain years, arising from Nufarm's acquisition of Agripec (now known as Nufarm Brazil).

As at 31 January 2020, the total contingent liability relating to future potential tax liabilities in relation to the goodwill deductibility case in Brazil is $31.987 million (31 January 2019: $31.631 million).

There are six levels of Brazilian courts (3 levels of administrative court and 3 levels of judicial court), and Brazilian tax disputes can take 10-15 years to be settled. This dispute has been ongoing since 2013, during which period the following events have occurred:
- 2014 unfavourable decision at first level of administrative court
- 2017 favourable decision at second level of administrative court
- 2018 unfavourable decision at third level of administrative court

The contingent liability has been estimated based on assessments received. Nufarm considers that it is not probable that a liability will arise in respect of these assessments. It is possible that further assessments could be received in future periods.

Brazilian taxation proceedings - hedge costs deductibility

The Brazilian tax authorities are challenging the deductibility of hedge costs incurred in 2008. Nufarm received unfavourable decisions at the first and second levels of administrative court, but considers that it is not probable that a liability will arise in respect of this matter. The contingent liability of $7.771 million (31 January 2019: $9.365 million) has been estimated based on an assessment received.

In the event any of the contingent Brazilian tax obligations crystallise, it will result in a tax asset write-off and the tax liability will be settled using a combination of remaining recognised and unrecognised tax assets (refer note 18) and/or cash.

Brazilian taxation proceedings

As at 31 January 2020, the total contingent liability relating to future potential tax liabilities (excluding the goodwill and hedge cases) in Brazil is $15.578 million (31 January 2019: $33.528 million). The group considers that it is not probable that a liability will arise in respect of these cases and it continues to defend the cases.

Contingent asset

The group holds a contingent asset in respect of potential pre-acquisition tax credits of its Brazilian business acquired in 2007. Whilst the credits are deemed to be valid, the Brazilian courts are currently deliberating the value of the credits and therefore the full amount of this contingent asset is yet to be established. Such credits can be used to offset future federal tax payable.

Sale of South American business (refer note 11)

As is customary for transactions of this nature, Nufarm is providing certain warranties and indemnities under the share purchase agreement with Sumitomo Chemical Company for the divestment of the South American business (refer note 11). In particular, the group is providing ongoing indemnities relating to ongoing Brazilian tax litigation. Under the arrangements the parties will share in the risk associated with the ongoing litigation, the details of which are noted above.

Other

Other than identified above, as at 31 January 2020 there have been no significant changes to the contingent assets or liabilities disclosed at 31 July 2019.

15 Capital and reserves

	Parent Company	
Share capital	Number of ordinary shares 31 Jan 2020	Number of ordinary shares 31 Jan 2019
Balance at 1 August	379,639,334	327,704,975
Issue of shares	55,372	51,934,359
Balance at 31 January	379,694,706	379,639,334

The company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Condensed notes to the consolidated interim financial report

15 Capital and reserves (continued)

	31 Jan 2020	31 Jan 2019
Dividends	$000	$000
Dividends paid to equity holders of the parent during the period:		
There was $nil (2019: 6 cent) prior year final dividend declared and paid by the group during the six months ended 31 January 2020:		
$nil per ordinary share (2019: $0.06)	-	(19,662)

Distributions on Other Securities

Nufarm Step-up Securities

The following distributions were paid by Nufarm Finance (NZ) Ltd.

Nufarm Step-up Securities distribution rate on 15 October 2019 was 5.67% (15 October 2018: 6.08%)	(7,138)	(7,651)

The distribution on the Nufarm Step-up Securities reported in the statement of changes in equity has been reduced by the tax benefit on the distribution, giving an after-tax amount of $5.252 million (six months ended 31 January 2019: $5.625 million).

Sumitomo preference securities

The following distributions were paid by Nufarm Investment Pty Ltd

Nufarm Sumitomo preference securities distribution rate on 31 October 2019 was 6.0%	(1,458)	-
Nufarm Sumitomo preference securities distribution rate on 31 January 2020 was 6.0%	(1,475)	-
	(2,933)	

	31 Jan 2020	31 Jan 2019*
Earnings/(loss) per share	$000	$000
Net profit/(loss) for the six months ended 31 January	(121,735)	(13,585)
Net profit/(loss) attributable to equity holders of the parent	(121,735)	(13,585)
Other securities distributions (net of tax)	(8,185)	(5,625)
Earnings/(loss) used in the calculations of basic and diluted earnings per share	(129,920)	(19,210)
Net profit/(loss) for the six months ended 31 January from discontinued operations	37,789	39,144
Earnings/(loss) used in the calculations of basic and diluted earnings per share from continuing operations	(167,709)	(58,354)
(Add)/subtract after tax impact of material items profit/(loss) (refer note 7)	(36,541)	(2,058)
Earnings/(loss) excluding material items used in the calculation of underlying earnings per share from continuing operations	(131,168)	(56,296)

*Comparative information has been re-presented due to a discontinued operation (note 11).

	Number of shares	
	31 Jan 2020	31 Jan 2019
Weighted average number of ordinary shares used in calculation of basic earnings per share	379,643,848	358,993,959
Weighted average number of ordinary shares used in calculation of diluted earnings per share	380,614,488	359,666,642

Earnings/(loss) per share	Cents per share	
	31 Jan 2020	31 Jan 2019*
Basic earnings per share		
From continuing operations	(44.2)	(16.3)
From discontinuing operations	10.0	10.9
	(34.2)	(5.4)
Diluted earnings per share		
From continuing operations	(44.2)	(16.3)
From discontinuing operations	9.9	10.9
	(34.3)	(5.4)
Underlying earnings per share (excluding items of material income/(expense) - see note 7) from continuing operations		
Basic earnings per share	(34.6)	(15.7)
Diluted earnings per share	(34.6)	(15.7)

* Comparative information has been re-presented due to a discontinued operation (note 11). The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

16 Net debt

	31 Jan 2020 $000	31 Jan 2019* $000
Current		
Bank loans - secured	269,730	260,864
Bank loans - unsecured	300,406	228,516
Deferred debt establishment costs	(2,841)	(4,323)
Lease Liabilities	20,203	293
Other loans - unsecured	1,006	1,196
Loans and borrowings - current	588,504	486,546
Non current		
Bank loans - secured	417,218	601,849
Bank loans - unsecured	95,009	94,724
Brazil unsecured notes	69,969	75,259
Senior unsecured notes	709,485	652,742
Deferred debt establishment costs	(8,367)	(10,740)
Lease Liabilities	136,902	12,538
Other loans - unsecured	12,883	2,692
Loans and borrowings - non current	1,433,099	1,429,064
Cash and cash equivalents	(316,727)	(340,139)
Bank overdraft	2,257	1,659
Net cash and cash equivalents	(314,470)	(338,480)
Net debt	**1,707,133**	**1,577,130**

	31 Jan 2020 $000	31 Jan 2019* $000
Accessible		
Bank loan facilities and senior unsecured notes	2,293,184	2,272,944
Other facilities	13,889	3,888
Total financing facilities	2,307,073	2,276,832
Utilised		
Bank loan facilities and senior unsecured notes	1,861,817	1,913,954
Other facilities	13,889	3,888
Total financing facilities	1,875,706	1,917,842

* The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

Financing facilities

Refer to the section entitled "Liquidity Risk" in note 18 for detail regarding the group's financing facilities.

17 Finance income and expense (from continuing operations)

	31 Jan 2020 $000	31 Jan 2019** $000
Other financial income	1,104	1,397
Financial income	1,104	1,397
Interest expense - external	(31,177)	(31,818)
Interest expense - debt establishment transaction costs	(2,227)	(2,260)
Lease expense - finance charges	(3,853)	(819)
Net foreign exchange gains/(losses)	(7,385)	1,766
Financial expenses	(44,642)	(33,131)
Net financing costs	(43,538)	(31,734)

** Comparative information has been re-presented due to a discontinued operation (note 11). The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

18 Financial instruments

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Sales and operating profit are seasonal and are weighted towards the first half of the calendar year in Australia/New Zealand, North America and Europe, reflecting the planting and growing cycle in these regions while in Latin America the sales and operating profit is weighted towards the second half of the calendar year. This seasonal operating activity results in seasonal working capital requirements.

Principally, the group sources liquidity from cash generated from operations, and where required, external bank facilities. Working capital fluctuations due to seasonality of the business are supported by the short-term funding available from the group's trade receivable securitisation facility.

Debt facilities

As at 31 January 2020, the key group facilities included a group trade receivables securitisation facility, a US$475 million senior unsecured notes offering due in April 2026 (31 January 2019: US$475 million), and a senior secured bank facility of $695 million (31 January 2019: $645 million).

The majority of debt facilities that reside outside the group trade receivables securitisation facility, the senior unsecured notes, and the senior secured bank facility are regional working capital facilities, primarily located in Brazil and Europe totalling $638 million (2019: $725 million).

At 31 January 2020, the group had access to debt facilities of $2,307 million (31 January 2019: $2,276 million). A parent guarantee is provided to support working capital facilities in Europe, South America and the unsecured notes. Other than as described below, no material changes to the group facilities have occurred since 31 July 2019.

On 30 August 2019 the group reduced its senior secured bank facility (SFA) to $615 million. The facility was reduced again on 18 October to $595 million. On 27 November 2019 the group increased the limit to $645 million. On 19 December 2019 the group increased the limit to $695 million. At 31 January 2020 $100 million is due in April 2020, $125 million is due in January 2021 and $470 million is due in January 2022 (31 January 2019: $175 million is due in January 2021 and $470 million is due in 2022). On the 4 February 2020, the group increased the limit to $795 million. This increased facility amount of $100 million is due in April 2020.

Trade finance

The liquidity of the group is influenced by the terms suppliers extend in respect of purchases of goods and services. The determination of terms provided by suppliers is influenced by a variety of factors including supplier’s liquidity. Suppliers may engage financial institutions to facilitate the receipt of payments for goods and services from the group, which are often referred to as supplier financing arrangements. The group is aware that trade payables of $232.535 million at 31 January 2020 (31 January 2019: $365.307 million) are to be settled via such arrangements in future periods, this includes $81.650 million (31 January 2019: $288.667 million) in relation to the continuing operations of the group that are not held for sale.

In the event suppliers or financial institutions cease such arrangements the liquidity of the group’s suppliers may be affected. If suppliers subsequently seek to reduce terms on group’s purchases of goods and services in the future, the group’s liquidity will be affected.

To support the liquidity of the group and reduce the credit risk relating to specific customers, trade receivables held by the group are sold to third parties. The sales (or factoring) of receivables to third parties is primarily done on a non-recourse basis, and the group incurs a financing expense at the time of the sale. The group derecognises trade receivables where the terms of the sale allows for derecognition. At 31 January 2020 the group estimates $86.549 million (31 January 2019: $86.255 million) of derecognised trade receivables were being held by third parties, this includes $5.589 million (31 January 2019: $6.078 million) in relation to the continuing operations of the group. For clarity, the group trade receivables securitisation facility, noted above under Debt facilities, has terms which does not allow the group to derecognise these trade receivables.

18 Financial instruments (continued)

Fair values
The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated balance sheet, are as follows:

Consolidated

31 January 2020	Carrying value $000	Fair value $000
Cash and cash equivalents	316,727	316,727
Trade and other receivables, excluding derivatives	1,112,351	1,112,351
Forward exchange contracts and options:		
Assets	4,593	4,593
Liabilities	(11,409)	(11,409)
Interest rate swaps:		
Assets	-	-
Liabilities	-	-
Trade and other payables, excluding derivatives	(1,233,213)	(1,233,213)
Bank overdraft	(2,257)	(2,257)
Secured bank loans	(686,948)	(686,948)
Unsecured bank loans	(395,415)	(395,415)
Brazil unsecured notes	(69,969)	(69,969)
Senior unsecured notes	(709,485)	(709,485)
Other loans	(13,889)	(13,889)
Lease Liabilities	(157,105)	(157,105)
	(1,846,019)	(1,846,019)

31 January 2019*	Carrying value $000	Fair value $000
Cash and cash equivalents	340,139	340,139
Trade and other receivables, excluding derivatives	1,593,036	1,593,036
Forward exchange contracts and options:		
Assets	3,484	3,484
Liabilities	(6,437)	(6,437)
Interest rate swaps:		
Assets	-	-
Liabilities	-	-
Trade and other payables, excluding derivatives	(1,342,396)	(1,342,396)
Bank overdraft	(1,659)	(1,659)
Secured bank loans	(862,713)	(862,713)
Unsecured bank loans	(323,240)	(323,240)
Brazil unsecured notes	(75,259)	(75,259)
Senior unsecured notes	(652,742)	(652,742)
Other loans	(3,888)	(3,888)
Lease Liabilities	(12,831)	(12,831)
	(1,344,506)	(1,344,506)

* The group has initially applied AASB 16 at 1 August 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

Fair value hierarchy
The table following analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18 Financial instruments (continued)

Fair values (continued)

31 January 2020	Consolidated Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Derivative financial assets	-	4,593	-	4,593
	-	4,593	-	4,593
Derivative financial liabilities	-	(11,409)	-	(11,409)
	-	(11,409)	-	(11,409)

31 January 2019	Consolidated Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Derivative financial assets	-	3,484	-	3,484
	-	3,484	-	3,484
Derivative financial liabilities	-	(6,437)	-	(6,437)
	-	(6,437)	-	(6,437)

There have been no transfers between levels in either 2020 or 2019.

Valuation techniques used to derive fair values

The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date; and
- other techniques, such AS discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

19 Subsequent events

On 6 March 2020 the Administrative Council of Economic Defence (CADE) in Brazil published their clearance of the sale of Nufarm Brazil to Sumitomo Chemical Company. No appeals were lodged during the mandatory 15 day period. Nufarm expects completion of the sale to occur on 1 April 2020 (note 11).

On the 4 February 2020, the group increased the limit of its senior secured bank facility to $795 million (note 18). This represented an increase in the facility of $100 million, and is due in April 2020.

The group is monitoring the potential impacts arising from travel restrictions and other measures taken by various Governments from February onwards as a result of the COVID-19 outbreak. The group also notes unusually large volatility in global markets which has impacted exchange rates and other markets. While demand for our products is strong following the end of the financial period, future demand and the company's ability to meet demand could be impacted by an escalation in disruptions. Earnings and the carrying value or amounts realised in respect of inventories, foreign currency derivatives, receivables, property, plant and equipment, intangible assets and other assets and liabilities disclosed in the half year accounts could be impacted. The potential impact of these items cannot reasonably be estimated at this time. Nufarm continues to monitor and manage market developments and will reflect any relevant impacts in the appropriate future reporting periods.

Other than the matters outlined above, or elsewhere in the interim financial report, no matters or circumstances have arisen since the end of the period ending 31 January 2020, that have, or may significantly affect the operations, results or state of affairs of the group in subsequent reporting periods.

Directors' declaration

In the opinion of the directors of Nufarm Limited (the company):

1. the financial statements and notes set out in this report are in accordance with the Corporations Act 2001 including:

    (a) giving a true and fair view of the group's financial position as at 31 January 2020 and of its performance for the six month period ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting,* the Corporations Regulations 2001 and IAS 34: *Interim Financial Reporting*

2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

DG McGauchie AO
Director

GA Hunt
Managing Director

Melbourne
25 March 2020

Independent Auditor's Review Report

To the shareholders of Nufarm Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Nufarm Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Nufarm Limited 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 January 2020 and of 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*.

The ***Interim Financial Report*** comprises:

- the condensed consolidated balance sheet as at 31 January 2020
- the condensed consolidated income statement and statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for six months ended on that date
- Notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Nufarm Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a 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 Interim 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 January 2020 and its performance for the six months ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Nufarm Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

KPMG

KPMG

Chris Sargent
Partner
Melbourne
25 March 2020