Half Year Report 2018

Nufarm

Grow a better tomorrow

First half revenue growth positions Nufarm for a strong full year.

Highlights

- Group revenues: $1.46 billion, up by 7.4 per cent (up 9.9 per cent in constant currency)
- Underlying EBITDA[1,2] of $123.2 million, down by 4.3 per cent (up 0.9 per cent in constant currency)
- Underlying EBIT[1,2] of $75.0 million, down by 11.8 per cent
- Underlying net profit after tax[3] of $10.7 million (2017 1H: $19.8 million)
- Reported net profit after tax of $12.0 million (2017 1H: $20.0 million)
- Performance improvement program on track to deliver targeted $116 million by end of this financial year
- European acquisitions completed; integration well planned and execution underway
- Omega-3 canola approval received in Australia
- Average net working capital to sales: 37.8 per cent (2017 1H: 37.1 per cent)
- Interim dividend: 5 cents per share (2017 interim: 5 cents per share)

Results in Brief

		Consolidated			
12 months ended 31 July 2017 $000	Trading results	Six months ended 31 Jan 2018 $000	Six months ended 31 Jan 2017 $000	Increase/ (decrease) $000	Increase/ (decrease) %
3,111,115	Revenue from ordinary activities	**1,460,130**	1,360,070	100,060	7
	Profit/(loss) from ordinary activities after tax attributable to members				
135,823	– before material items	**10,671**	19,771	(9,100)	(46)
114,467	– after material items	**11,959**	20,035	(8,076)	(40)
	Net profit/(loss) attributable to members				
135,823	– before material items	**10,671**	19,771	(9,100)	(46)
114,467	– after material items	**11,959**	20,035	(8,076)	(40)

Dividends to shareholders	Amount per security ¢	Franked amount per security ¢
Interim dividend paid for the period ended 31 January 2017	5.0	-
Final dividend paid for the period ended 31 July 2017	8.0	-
Interim dividend for the period ended 31 January 2018	5.0	-

Nufarm step-up securities distribution	Distribution rate %	Total amount $000	Payment date
Nufarm step-up securities distribution	6.36	7,997	15 Oct 2016
Nufarm step-up securities distribution	5.89	7,372	18 April 2017
Nufarm step-up securities distribution	5.87	7,381	16 Oct 2017

31 July 2017	Metric	31 Jan 2018	31 Jan 2017
30%	Gearing ratio (net debt/net debt plus equity)	**21%**	36%
$2.67	Net tangible assets per ordinary share	**$3.34**	$2.50
3,189	Staff employed	**3,247**	3,246

The financial information in our half year report has been prepared in accordance with IFRS. Refer to page 9 for definitions of the non-IFRS measures used in the half year report. All references to the prior period are to the six months ended 31 January 2017 unless otherwise stated. Non-IFRS measures have not been subject to audit or review.

Report to Shareholders

Six months ended 31 January 2018

Nufarm Limited's underlying earnings before interest, tax and amortisation (EBITDA) decreased by four per cent to $123.2 million and underlying earnings before interest and tax (EBIT) decreased by 11.8 per cent to $75.0 million for the six months to 31 January 2018.

Reported net profit after tax was $12.0 million for the six months to 31 January 2018. The statutory profit result includes the impact of $20.8 million in pre-tax one-off acquisition costs, which are more than offset by a $22.1 million tax credit, mainly related to the change in the United States tax rate. The statutory profit after tax of $12.0 million compares to $20.0 million in the first half of last year.

Group revenues increased by 7.4 per cent to $1.46 billion (2017 1H: $1.36 billion), despite a period of little to no growth in the overall industry. The group's strong first half revenue performance reflected sales growth in North America, Europe and Asia and in our seeds business. Revenues were generally in line with the prior period in Australia and New Zealand, but were lower in Latin America (when reported in Australian dollars) where market conditions were challenging.

The half year results were impacted by a scheduled plant upgrade in Australia and tougher operating conditions in the Brazil market. Underlying net profit after tax was $10.7 million, down 46 per cent on the $19.8 million reported in the prior period. Earnings per share (excluding material items) were 1.8 cents (2017 1H: 5.2 cents).

The company remains confident of delivering underlying EBIT growth in the range of five per cent to 10 per cent for the full year, driven by continued revenue growth and benefits from the performance improvement program.

Average net working capital to sales was 37.8 per cent (2017 1H: 37.1 per cent). There is a continued strong focus on working capital management.

Net debt at 31 January was $544 million, down on the $856 million in 2017. The net debt was impacted by the proceeds from the acquisition-related equity raising of $437 million in the first half. These acquisitions were completed in the second half of the financial year.

Interim dividend

Directors declared an unfranked interim dividend of 5 cents per share (2017 interim dividend: 5 cents).

The interim dividend will be paid on 4 May 2018 to the holders of all fully paid shares in the company as at the close of business on 6 April 2018. The interim dividend will be 100 per cent conduit foreign income.

The Dividend Reinvestment Plan (DRP) will be made available to shareholders for the interim dividend. Directors have determined that the Issue Price will be calculated on the volume weighted average of the company's ordinary shares on the ASX over a period of 10 consecutive trading days commencing 9 April and ending 20 April. The last election date for shareholders who are not yet participants in the DRP is 9 April 2018.

Interest/tax/cash flow

Net external interest expense was $42.1 million, which is $4.2 million lower than the previous period. The lower interest expense is primarily driven by reduced Brazil average debt levels and a reduction in the Brazil base borrowing rates. The proceeds from the equity raising ($437 million) received in the first half and associated with the acquisitions (settled in the second half), also reduced interest expense. The net interest expense for the full year is expected to be in the $95 million to $100 million range, including the funding cost of the acquisitions.

Total underlying net financing costs were $56.3 million, compared to $52.5 million in the prior period. Foreign exchange losses were $14.2 million, compared to $6.2 million recorded in the first half of 2017. The exchange loss relates mainly to the cost of hedging the Latin American operations ($5.4 million) and exchange losses in the United Kingdom ($2.6 million) and emerging markets. The cost of hedging Latin American exposures is expected to continue at $1 million to $1.5 million per month.

The underlying effective tax rate was 44.9 per cent for the period, reflecting the mix of profits in the first half. This compares to 38.4 per cent in the prior period. The company expects the full year tax rate to be close to 30 per cent. The first half income tax expense includes a $15.6 million credit, due to the reduction in the United States statutory tax rate, and its subsequent effect on the deferred tax assets/liabilities on the United States entity's balance sheet. The United States tax rate reduction should result in a one per cent fall in the group effective tax rate in the near term.

The business recorded a net underlying operating cash outflow of $190 million in the first six months of the year, which is in line with the prior period.

Acquisitions

During the first half, Nufarm signed and announced agreements to acquire crop protection product portfolios, from FMC Corporation for US$85 million and from Adama and Syngenta for US$490 million. The acquisitions were subject to regulatory approval, and both acquisitions were subsequently completed in the first quarter of 2018 calendar year. The acquired portfolios consist of established brands, formulations and registrations for the European market. These product portfolios strengthen the company's position in our core crops and key markets in Europe and provide additional scale that will make Nufarm more relevant in the industry. The integration process for the acquisitions is well planned and execution is underway.

Material items

The company incurred one-off material items relating to the two European acquisitions ('Century' portfolio from ADAMA/Syngenta and cereal herbicide portfolio from FMC), the sale of a former manufacturing site in New Zealand, and the change in the United States corporate tax rate.

One-off transaction costs of $4.9 million were incurred in relation to the European acquisitions. Further acquisition costs of up to $20 million will be booked in the second half relating to the completion of the transactions.

Following the Century acquisition announcement, the group raised additional equity in Australian dollars to help fund the acquisition. To eliminate the cash flow risk associated with the settlement of the purchase price in US dollars, the group entered into a forward derivative for the Australian dollar value of the deal. This derivative does not qualify for hedge accounting. At 31 January 2018, an unrealised loss of $20.1 million was recognised on the mark-to-market value of the derivative as the Australian dollar had appreciated against the US dollar. The derivative was settled with the completion of the Century acquisition earlier this month, and resulted in a realised loss to the group of $1.8 million being booked in the second half.

Nufarm sold a former manufacturing site located in New Zealand that was closed as part of the performance improvement program. The net cash generated from the sale was $5.4 million, with a profit on sale recognised of $4.2 million.

Operating segments summary

The table below provides a summary of the performance of the operating segments for the first half of the 2018 financial year and the prior corresponding period.

Australia and New Zealand

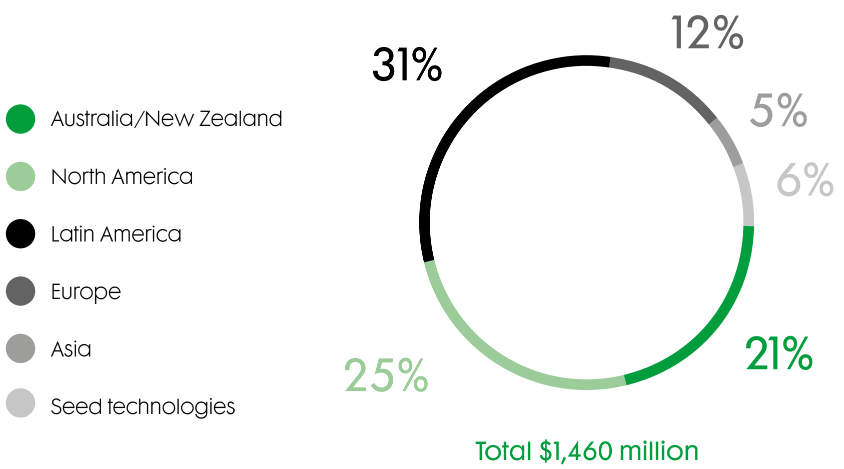
Australian and New Zealand sales were in line with the prior year, despite the total market being down in the second half of 2017, caused by weak spring fungicide and summer herbicide markets. The business continues to focus on regaining volume and share. Pricing in the market remains very competitive.

The Australian and New Zealand business generated sales of $300.5 million, down two per cent on the previous year (2017 1H: $306.3 million). Underlying EBIT was $6.5 million compared to $13.3 million in the prior period.

The EBIT result was impacted by a scheduled plant upgrade at the Laverton manufacturing site. The 2,4-D plant was down for a total of nearly eight weeks, and works included the replacement of two reactors involved in the synthesis process. This will improve the long term efficiency and productivity of the plant. Lost recoveries from the scheduled shutdowns impacted the first half result by $7.6 million. For the second half, 2,4-D production is expected to be 34 per cent ahead of the first half, and 12 per cent ahead of the second half last year.

Sales revenue by region

Crop protection segment



Climatic conditions in Australia saw a poor finish to the winter cropping season, resulting in the grain harvests being down 36 per cent on the prior year. Summer rainfall has been mixed, with key cropping zones of northern NSW and southern Queensland very dry, but the west received good rainfall, which provides an optimistic outlook for that region for the coming winter season.

The merger of the company's two brands in Australia, Nufarm and Crop Care, has progressed well, with the integration providing business efficiencies and better service to customers.

Asia

Asian crop protection sales were $95.3 million compared to $94.3 million in the first half of the prior year. Underlying EBIT was $14.9 million, up on the $14.5 million generated in the prior year.

Indonesia sales were up two per cent on last year, driven by good weather, stable glyphosate sales and good phenoxy sales. The Asian business has a longer term strategy to diversify the sales base across crops, and to that end there were several new products successfully launched into the TNVV (trees, nuts, vines and vegetables) and seed treatment markets during the first half period. Sales into Japan were down on the prior period, as additional competition in the glyphosate non-crop segment impacted sales.

Six months ended 31 January ($000)	Revenue 2018	Revenue 2017	Revenue Change (%)	Underlying EBIT 2018	Underlying EBIT 2017	Underlying EBIT Change (%)
Crop protection						
Australia and New Zealand	**300,485**	306,255	-1.9	**6,481**	13,255	-51.1
Asia	**95,251**	94,299	1.0	**14,935**	14,514	2.9
Europe	**173,061**	150,881	14.7	**2,489**	8,830	-71.8
North America	**371,735**	291,108	27.7	**22,425**	17,699	26.7
Latin America	**450,884**	466,921	-3.4	**52,693**	55,840	-5.6
Total crop protection	**1,391,416**	1,309,464	6.3	**99,023**	110,138	-10.1
Seed technologies – global	**68,714**	50,606	35.8	**4,549**	(194)	n/a
Corporate	**-**	-	n/a	**(28,610)**	(24,944)	14.7
Nufarm group	**1,460,130**	1,360,070	7.4	**74,962**	85,000	-11.8

North America

North American crop protection sales grew by 28 per cent to $371.7 million. Underlying EBIT was $22.4 million compared to $17.7 million in the prior year.

The good momentum in the North American business continues, with strong sales of commodity products into the broadacre segment providing additional selling opportunities for the broader portfolio. We continue to strengthen customer relationships, and a positive reaction to early sales programs has led to market share gains. The Canadian business has performed well with sales ahead of the prior period. T&O (turf and ornamental) sales are in line with last year, despite the negative impact of the hurricanes in Florida. The hurricanes affected the citrus and greenhouse nursery markets and pushed logistics costs higher by approximately $4 million across the entire business.

Latin America

Latin American crop protection sales were down three per cent on the first half of the previous year (2018 1H: $451 million v 2017 1H: $467 million), and represented 31 per cent of the total first half group revenues. Underlying EBIT at $52.7 million was down six per cent on the prior period's $55.8 million.

The first half period encompasses the key selling season in Latin America. The largest market, Brazil, experienced average climatic conditions, but pricing was very competitive, leading to lower margins.

The value of the Brazil crop protection market was down seven per cent in 2017 (as measured in US dollars) compared to the 2016 calendar year. Nufarm's local currency sales were up by four per cent, and we increased share over the 2017 calendar year. The sales growth was driven by higher volumes (+5.3 per cent), offset by pricing pressure (-1.7 per cent). The short term pricing pressure resulted from the market not passing on cost increases relating to active ingredient supplies from China.

Argentina sales were down six per cent in local currency, impacted by climatic conditions, a reduction in glyphosate volumes and competitive pricing. The weather started well, with good rainfall during July and August having a positive impact on winter cereal yields. But the end of the calendar year saw drought conditions that delayed corn and soybean plantings, and reduced the use of crop protection products. Despite this, the business grew margins by reducing the number of active accounts and concentrating on top tier, loyal channel partners. The weaker peso impacted Argentina earnings when translated to Australian dollars.

Risk management remains a key priority. The Latin American business managed its currency exposure well in the first half, with exchange losses in line with guidance. A stronger Australian dollar had an adverse impact on the translation of local currency earnings. Latin America net working capital showed an improvement on the prior year, with better collections and longer financing terms from suppliers.

Europe

European sales were up on the prior period by 15 per cent (2018 1H: $173 million v 2017 1H: $151 million). Underlying EBIT deteriorated to $2.5 million, from the $8.8 million posted in the first half of 2017; however, historically 90 per cent of the Europe earnings come in the second half of the financial year. The lower EBIT was due to manufacturing interruptions and currency impacts on sales into the Americas. Seasonal conditions were generally average, except for dry spells in Spain, Portugal and Italy, which impacted opportunities in those countries.

Nufarm's branded sales were up 14 per cent on the prior year, with good demand for most products and increased sales of Kyleo (glyphosate and 2,4-D mixture). The gross margin percentage remained stable for the branded products, as cost increases were able to be passed on in selling prices.

The European Industrial business (third party technical sales) suffered in the first half. Volumes were down five per cent, with MCPA output behind schedule due to steam outages affecting production levels in the first half, but production is now back at normal levels. Gross margins also suffered as export sales (based in US dollars) into North America and Latin America were impacted by the stronger euro (+seven per cent) and Great British pound (+four per cent) during the first half as compared to the prior period.

The European back office harmonisation project is on track, with the initial countries live on the new Oracle ERP system from 1 November 2017. Subsequent countries go live in June and August this calendar year. The shared service centre has been established in Krakow, Poland, and is adding value to the business. This project will start to deliver benefits to the business in the second half of the current financial year, with further benefits in the next financial year.

Report to Shareholders continued

Six months ended 31 January 2018

Major product segments

Crop protection

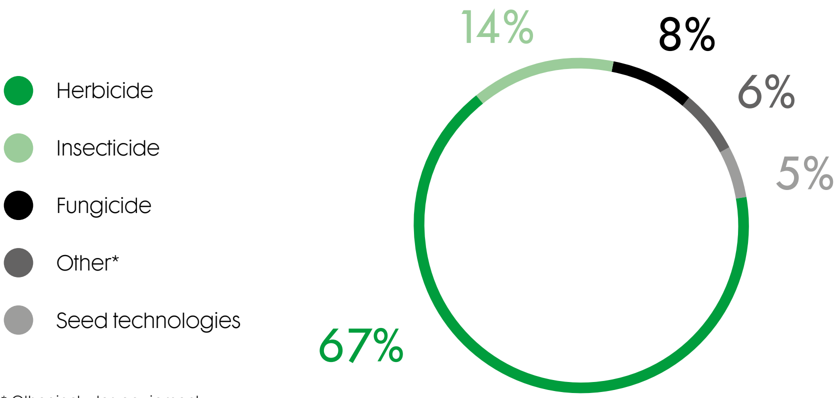
Nufarm's crop protection business generated $1.39 billion in revenues, which was up six per cent on the previous year sales of $1.31 billion.

Herbicide sales were up 12 per cent to $976 million. Glyphosate sales are well up on last year due to a higher average technical price and improved volumes in North America and Europe. The glyphosate margin percentage is in line with the prior period. Phenoxy herbicide revenues are up 10 per cent on last year, but margin is slightly down, driven by currency impacts. Other herbicides are well ahead of last year, with picloram and carfentrazone being the main drivers.

Group insecticide sales were up six per cent to $197 million, and margin percentage is in line with the prior period. The increased sales were driven mainly by Imidacloprid sales in seed treatment applications. Abamectin and Etoxazole sales for mite control were also up in Brazil.

Fungicide sales were down by nine per cent to $113 million, with margins in line with the prior year. The fungicide portfolio was impacted by the low disease levels in Brazil, where the total market for fungicide products was down over 20 per cent in the 2017 calendar year.

Sales by product segment



* Other includes equipment, adjuvants, PGR's, and industrial.

Total $1,460 million

Seed technologies

The company's seed technologies segment includes sales of seeds, managed under our Nuseed business, and seed treatment chemistry. Revenues in this segment were $68.7 million, 36 per cent ahead of the prior period sales of $50.6 million. The segment generated a profit of $4.5 million at the underlying EBIT level, compared to a $0.2 million loss in the prior first half.

A combination of higher seed treatment sales and strong first half seed sales in Latin America have delivered good sales growth in the seed technologies segment. The seed treatment sales growth was across most regions with highlights being the launch of Fipronil in Brazil, better sales of Flutriafol in Australia and New Zealand, and good sales in North America. For seeds, we saw good market share gains in Latin America and Australian canola end point royalties in line with the prior period. Nuseed continues to grow ahead of the market, driven by a strong pipeline of new products and its Beyond Yield strategy.

On 13 February 2018, Australian regulators approved the company's omega-3 canola for production and use in feed and human consumption. The omega-3 canola program, in partnership with CSIRO and GRDC, continues to progress towards commercial activity in 2019. Successful pre-commercial production of grain and conversion to oil from our United States base – under the United States Department of Agriculture notification process – is facilitating downstream application trials. We have strong engagement from potential customers who will move forward with field tests with our omega-3 product. The Australian approval facilitates the submission of other regulatory applications in priority markets that recognise Australia as a reference country. Nuseed's proprietary position in the technology continues to strengthen, and we are well positioned to be first to market with a land-based, sustainable, long-chain omega-3 solution.

Balance sheet management

Net debt at 31 January 2018 was $544 million versus $856 million in the prior year. The net debt was impacted by the cash proceeds from the equity raising ($437 million) associated with the acquisitions. The cash had been received at 31 January but the acquisitions were settled in the second half of the financial year. Excluding the impact of the equity proceeds, the net debt would be $981 million, which is a $125 million increase on the prior year. The higher net debt is in line with the increased net working capital of $119 million over the same period.

Average net debt was lower than in the previous six-month period (2018 1H: $688 million v 2017 1H: $805 million) due to the equity raising proceeds.

Management continued its focus on driving efficiencies in working capital management, with average net working capital to sales at 37.8 per cent (2017 1H: 37.1 per cent). For the full year, we are targeting a 37 per cent average net working capital to sales ratio. Despite the sales growth in the business, the actual net working capital at 31 July should be broadly in line with last year; however, the year end net working capital position is highly influenced by the phasing of sales through the second half of the financial year.

Average net working capital over the last 12 months was $1,213 million compared to $1,101 million in the prior period. Receivables and inventories were the main drivers of the increase in the average net working capital.

Gearing (net debt to net debt plus equity) was 21.2 per cent (2017 1H: 35.8 per cent). Excluding the proceeds from the equity raise, the gearing would be 32.7 per cent. The leverage ratio (net debt divided by the 12-month rolling EBITDA) was 1.41x (2017 1H: 2.21x). Excluding the proceeds from the equity raise, the leverage ratio would be 2.55x.

Cost savings and performance improvement program

The company continues to make progress on its cost savings and performance improvement program, which is on track to deliver a cumulative net benefit of $116 million in underlying EBIT by the end of the current financial year.

The performance improvement program covers a broad range of initiatives across all areas of the business including manufacturing footprint and efficiencies, procurement practices, supply chain and logistics; selling, general and administrative expenses and product portfolio.

The company had delivered $101 million in benefits from the performance improvement program to the end of the 2017 financial year. Additional benefits in the current year will result from manufacturing efficiencies, procurement benefits and from selling, general and administrative expense savings.

Outlook

Nufarm's sales and earnings remain heavily weighted to the second six months of the financial year, with the major cropping seasons in Australia, North America and Europe occurring in that period. The majority of sales relating to the seed technologies segment also take place in the second half.

The company's performance in Australia will continue to improve, with the key focus on volume and market share recovery. The scheduled plant shutdowns in the first half will result in improved productivity through the second half of the financial year. Good summer rains in Western Australia and recent rains in Queensland and northern NSW provide an optimistic outlook for the winter cropping season. Given normal weather, the business is expected to generate full year earnings broadly in line with the 2017 financial year.

Report to Shareholders continued
Six months ended 31 January 2018

With the good business momentum generated in North America in recent years, and the strong support we are receiving from channel partners, the North American business is well positioned to outperform in the second half (in local currency).

The second half will be challenging in Latin America. The delayed Brazil soybean season has impacted the second half Safrinha corn plantings, and the dry conditions in Argentina have reduced the soybean plantings. Despite these downside risks, we expect the second half Latin America earnings to be in line with the prior period.

Given normal seasonal conditions, the European business is expected to have a better second half than last year. The growth will come from continued focus on higher margin products and the benefits of the manufacturing efficiency programs. The new acquisitions are not expected to have a material impact on EBIT in the 2018 financial year, but are forecast to generate a combined EBITDA contribution of $110 million to $115 million in the 2019 financial year. Amortisation on the acquisitions is expected to be $55 million, giving an EBIT range of $55 million to $60 million in the 2019 financial year.

Assuming adequate planting conditions, the seed technologies segment is expecting another solid year of sales and earnings growth. The current outlook for Australian canola is optimistic, with good moisture in Western Australia and canola pricing attractive compared to wheat. The second half is expected to see continued positive progress on the omega-3 canola program, as we move forward with field tests with potential customers, and scale up the pre-commercial activity ahead of a planned commercial launch in the United States next year. This assumes United States regulatory approval, which is progressing to expectations.

Nufarm expects net interest expense to be in the $95 million to $100 million range, including the funding cost of the acquisitions. The guidance for foreign exchange impact is in the $20 million to $25 million range, assuming $1 million to $1.5 million per month of hedging cost for Latin America in the second half.

The combination of cost saving benefits and revenue growth in most of the company's businesses is expected to result in underlying EBIT growth of between five per cent and 10 per cent for the 2018 financial year. This assumes relatively normal second half seasonal conditions in our key geographic markets.

A strong focus will be maintained on balance sheet objectives, in particular working capital efficiencies.

Greg Hunt
Managing director and chief executive officer

Melbourne
21 March 2018

Report to Shareholders continued
Six months ended 31 January 2018

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 amortisation of $48.224 million for the half year ended 31 January 2018 and $43.696 million for the half year ended 31 January 2017. 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.

Six months ended 31 January	2018 $000	2017 $000
Underlying EBIT	**74,962**	85,000
Material items impacting operating profit	**50**	264
Operating profit	**75,012**	85,264

3. Non-IFRS measures are defined as follows:
   - Underlying net profit after tax – comprises profit/(loss) for the period attributable to the equity holders of Nufarm Limited less material items.
   - Average gross margin – defined as average gross profit as a percentage of revenue.
   - Average gross profit – defined as revenue less a standardised estimate of production costs excluding material items and non-product specific rebates and other pricing adjustments.
   - Net external interest expense – comprises interest income – external, interest expense – external/debt establishment transaction costs and lease amortisation – finance charges as described in note 16 to the 31 January 2018 Nufarm Limited financial report.
   - ROFE – defined as 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.
   - Average net debt – net debt measured at each month end as an average.
   - Net working capital – current trade and other receivables, non-current trade receivables, and inventories less current trade and other payables.
   - Average net working capital – net working capital measured at each month end as an average.

Directors' Report

The board of directors of Nufarm Limited has pleasure in submitting its report together with the condensed consolidated financial statements as at and for the six-month period ended 31 January 2018 and the auditor's review report thereon.

Directors

The names of the directors in office during the period were:

Non-executive directors

DG McGauchie AO (Chairman)
AB Brennan
GR Davis
FA Ford
Dr WB Goodfellow
PM Margin
ME McDonald (appointed 22 March 2017)
T Takasaki

Executive director

GA Hunt (Managing Director)

All directors held their position as a director throughout the entire period and up to the date of this report.

Principal activities

Nufarm manufactures and supplies a range of agricultural chemicals used by farmers to protect crops from damage caused by weeds, pests and disease. The company has production and marketing operations throughout the world and sells products in more than 100 countries. Nufarm's crop protection products enjoy a reputation for high quality and reliability and are supported by strong brands, a commitment to innovation and a focus on close customer relationships. The company also operates a seeds business focused on canola, sorghum and sunflower seeds.

Nufarm employs in excess of 3,200 people at its various locations in Australia and New Zealand, Asia, the Americas, Europe and Africa. The company is listed on the Australian Securities Exchange (symbol NUF), and its head office is located at Laverton North in Melbourne.

Results

The net profit attributable to members of the group for the six months to 31 January 2018 is $11.959 million, after including the material items described in note 7. The comparable figure for the six months to 31 January 2017 was a net profit of $20.035 million.

Review of operations

The review of operations forms part of the report to shareholders.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is enclosed and forms part of the directors' report for the six months ended 31 January 2018.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

This report has been made in accordance with a resolution by directors.

DG McGauchie AO
Director

GA Hunt
Managing director

Melbourne
21 March 2018

Lead Auditor's Independence Declaration

Under Section 307C of the Corporations Act 2001

KPMG

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 2018 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

Gordon Sangster
Partner

Melbourne
21 March 2018

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Condensed Consolidated Income Statement

For the six months ended 31 January 2018

	Note	31 Jan 2018 $000	31 Jan 2017 $000
Revenue	6	**1,460,130**	1,360,070
Cost of sales		**(1,047,905)**	(964,773)
Gross profit		**412,225**	395,297
Other income		**3,874**	4,812
Sales, marketing and distribution expenses		**(226,572)**	(201,726)
General and administrative expenses		**(94,951)**	(90,937)
Research and development expenses		**(19,564)**	(22,098)
Share of net profits/(losses) of associates	10	**-**	(84)
Operating profit/(loss)		**75,012**	85,264
Financial income		**4,924**	4,835
Financial expenses excluding foreign exchange gains/(losses)		**(47,730)**	(51,153)
Net foreign exchange gains/(losses)		**(34,346)**	(6,210)
Net financial expenses		**(82,076)**	(57,363)
Net financing costs	16	**(77,152)**	(52,528)
Profit/(loss) before tax		**(2,140)**	32,736
Income tax benefit/(expense)		**13,680**	(12,481)
Profit/(loss) for the period		**11,540**	20,255
Attributable to:			
Equity holders of the parent	14	**11,959**	20,035
Non-controlling interest	14	**(419)**	220
Profit/(loss) for the period		**11,540**	20,255
Earnings/(loss) per share attributable to ordinary equity holders			
Basic earnings/(loss) per share (cents)	14	**2.2**	5.3
Diluted earnings/(loss) per share (cents)	14	**2.2**	5.3

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

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2018

	31 Jan 2018 $000	31 Jan 2017 $000
Net profit/(loss) for the period	**11,540**	20,255
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences for foreign operations	**13,805**	(16,116)
Effective portion of changes in fair value of cash flow hedges	**(17,455)**	1,889
Effective portion of changes in fair value of net investment hedges	**(4,310)**	4,676
Net changes in fair value of available-for-sale financial assets	**-**	1,342
Available-for-sale financial assets – reclassified to profit or loss	**-**	(894)
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	**3,148**	(7,918)
Other comprehensive income/(loss) for the period, net of income tax	**(4,812)**	(17,021)
Total comprehensive income/(loss) for the period	**6,728**	3,234
Attributable to:		
Shareholders of the company	**7,147**	3,014
Non-controlling interest	**(419)**	220
Total comprehensive income/(loss) for the period	**6,728**	3,234

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

Condensed Consolidated Balance Sheet

As at 31 January 2018

	Note	31 Jan 2018 $000	31 July 2017 $000	31 Jan 2017 $000
Current assets				
Cash and cash equivalents	15	**392,425**	235,145	253,386
Trade and other receivables		**1,226,437**	1,027,516	1,112,012
Inventories		**1,085,039**	763,039	871,301
Current tax assets		**29,823**	25,615	35,942
Total current assets		**2,733,724**	2,051,315	2,272,641
Non-current assets				
Trade and other receivables		**107,340**	110,701	125,789
Investments in equity accounted investees		**334**	334	374
Other investments		**395**	384	441
Deferred tax assets		**249,311**	240,248	264,452
Property, plant and equipment	11	**368,013**	350,520	360,796
Intangible assets	12	**928,795**	891,386	867,892
Total non-current assets		**1,654,188**	1,593,573	1,619,744
TOTAL ASSETS		**4,387,912**	3,644,888	3,892,385
Current liabilities				
Bank overdraft	15	**11,202**	11,384	3,157
Trade and other payables		**1,155,844**	826,367	942,925
Loans and borrowings	15	**480,383**	426,026	513,499
Employee benefits		**18,072**	18,679	17,855
Current tax payable		**18,342**	17,628	12,738
Provisions		**10,667**	15,718	10,329
Total current liabilities		**1,694,510**	1,315,802	1,500,503
Non-current liabilities				
Payables		**16,049**	12,796	14,552
Loans and borrowings	15	**444,656**	478,028	593,122
Deferred tax liabilities		**113,020**	137,644	145,701
Employee benefits		**98,099**	97,695	104,079
Total non-current liabilities		**671,824**	726,163	857,454
TOTAL LIABILITIES		**2,366,334**	2,041,965	2,357,957
NET ASSETS		**2,021,578**	1,602,923	1,534,428
Equity				
Share capital		**1,536,628**	1,090,197	1,089,080
Reserves		**(305,731)**	(301,741)	(287,972)
Retained earnings		**543,749**	563,140	481,639
Equity attributable to equity holders of the parent		**1,774,646**	1,351,596	1,282,747
Non-controlling interest:				
Nufarm step-up securities		**246,932**	246,932	246,932
Other		**-**	4,395	4,749
TOTAL EQUITY		**2,021,578**	1,602,923	1,534,428

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2018

	Note	31 Jan 2018 $000	31 Jan 2017 $000
Cash flows from operating activities			
Cash receipts from customers		**1,298,974**	1,102,870
Cash paid to suppliers and employees		**(1,430,260)**	(1,239,826)
Cash generated from operations excluding material items		**(131,286)**	(136,956)
Material items		**(9,374)**	38,584
Cash generated from operations		**(140,660)**	(98,372)
Interest received		**4,924**	4,835
Dividends received		**-**	1,431
Interest paid		**(43,936)**	(49,282)
Taxes paid		**(19,471)**	(7,658)
Net operating cash flows		**(199,143)**	(149,046)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**369**	374
Proceeds from sale of property, plant and equipment (material items)		**5,351**	-
Payments for plant and equipment		**(33,877)**	(30,190)
Purchase of businesses, net of cash acquired	9	**(7,304)**	-
Payments for acquired intangibles and major product development expenditure		**(56,678)**	(32,777)
Net investing cash flows		**(92,139)**	(62,593)
Cash flows from financing activities			
Share issue proceeds (net of costs)		**436,917**	-
Debt establishment transaction costs		**(2,101)**	(511)
Proceeds from borrowings		**626,516**	711,892
Repayment of borrowings		**(587,945)**	(503,511)
Distribution to Nufarm step-up security holders	14	**(7,381)**	(7,997)
Dividends paid	14	**(20,121)**	(17,173)
Net financing cash flows		**445,885**	182,700
Net increase/(decrease) in cash and cash equivalents		**154,603**	(28,939)
Cash at the beginning of the period		**223,761**	281,444
Exchange rate fluctuations on foreign cash balances		**2,859**	(2,276)
Cash and cash equivalents at the end of the period[1]	15	**381,223**	250,229

1. Represented by cash at bank of $392.425 million and bank overdraft of $(11.202) million (31 January 2017: cash at bank of $253.386 million and bank overdraft of $(3.157) million).

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2018

		Attributable to equity holders of		
	Note	Share capital $000	Translation reserve $000	Capital profit reserve $000
Balance at 1 August 2016		1,080,768	(287,307)	33,627
Profit/(loss) after taxation		-	-	-
Other comprehensive income:				
Actuarial gains/(losses) on defined benefit plans		-	-	-
Foreign exchange translation differences for foreign operations		-	(16,116)	-
Gains/(losses) on cash flow hedges taken to equity		-	-	-
Gains/(losses) on net investment hedges taken to equity		-	-	-
Net changes in fair value of available-for-sale financial assets		-	-	-
Available-for-sale financial assets – reclassified to profit or loss		-	-	-
Income tax on share based payment transactions		-	-	-
Total comprehensive income/(loss) for the period		-	(16,116)	-
Transactions with owners, recorded directly in equity				
Accrued employee share award entitlement		-	-	-
Issuance of shares under employee share plans		6,737	-	-
Remeasurement of non-controlling interest option		-	-	-
Dividends paid to shareholders		-	-	-
Dividend Reinvestment Plan		1,575	-	-
Distributions to Nufarm step-up security holders		-	-	-
Balance at 31 January 2017		1,089,080	(303,423)	33,627
Balance at 1 August 2017		**1,090,197**	**(316,406)**	**33,627**
Profit/(loss) after taxation		-	-	-
Other comprehensive income:				
Actuarial gains/(losses) on defined benefit plans		-	-	-
Foreign exchange translation differences for foreign operations		-	**13,805**	-
Gains/(losses) on cash flow hedges taken to equity		-	-	-
Gains/(losses) on net investment hedges taken to equity		-	-	-
Income tax on share based payment transactions		-	-	-
Total comprehensive income/(loss) for the period		-	**13,805**	-
Transactions with owners, recorded directly in equity				
Accrued employee share award entitlement		-	-	-
Issuance of shares under employee share plans		**7,473**	-	-
Remeasurement of non-controlling interest option		-	-	-
Acquisition of remaining interest in non-controlling interest	9	-	**1,249**	-
Dividends paid to shareholders		-	-	-
Dividend Reinvestment Plan		**2,041**	-	-
Distributions to Nufarm step-up security holders		-	-	-
Contributions of equity net of transaction costs		**436,917**	-	-
Balance at 31 January 2018		**1,536,628**	**(301,352)**	**33,627**

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

Condensed Consolidated Statement of Changes in Equity continued

For the six months ended 31 January 2018

the Company			Non-controlling interest		
Other reserves $000	Retained earnings $000	Total $000	Nufarm step-up securities $000	Other $000	Total equity $000
(22,468)	494,055	1,298,675	246,932	4,621	1,550,228
-	20,035	20,035	-	220	20,255
-	(7,918)	(7,918)	-	-	(7,918)
-	-	(16,116)	-	-	(16,116)
1,889	-	1,889	-	-	1,889
4,676	-	4,676	-	-	4,676
1,342	-	1,342	-	-	1,342
(894)	-	(894)	-	-	(894)
-	-	-	-	-	-
7,013	12,117	3,014	-	220	3,234
2,354	-	2,354	-	-	2,354
(6,737)	-	-	-	-	-
1,662	-	1,662	-	-	1,662
-	(18,656)	(18,656)	-	(92)	(18,748)
-	-	1,575	-	-	1,575
-	(5,877)	(5,877)	-	-	(5,877)
(18,176)	481,639	1,282,747	246,932	4,749	1,534,428
(18,962)	**563,140**	**1,351,596**	**246,932**	**4,395**	**1,602,923**
-	**11,959**	**11,959**	**-**	**(419)**	**11,540**
-	**3,148**	**3,148**	**-**	**-**	**3,148**
-	**-**	**13,805**	**-**	**-**	**13,805**
(17,455)	**-**	**(17,455)**	**-**	**-**	**(17,455)**
(4,310)	**-**	**(4,310)**	**-**	**-**	**(4,310)**
-	**-**	**-**	**-**	**-**	**-**
(21,765)	**15,107**	**7,147**	**-**	**(419)**	**6,728**
1,351	**-**	**1,351**	**-**	**-**	**1,351**
(7,889)	**-**	**(416)**	**-**	**-**	**(416)**
(379)	**-**	**(379)**	**-**	**-**	**(379)**
9,638	**(7,658)**	**3,229**	**-**	**(3,229)**	**-**
-	**(21,414)**	**(21,414)**	**-**	**(747)**	**(22,161)**
-	**-**	**2,041**	**-**	**-**	**2,041**
-	**(5,426)**	**(5,426)**	**-**	**-**	**(5,426)**
-	**-**	**436,917**	**-**	**-**	**436,917**
(38,006)	**543,749**	**1,774,646**	**246,932**	**-**	**2,021,578**

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 2018 comprise 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 2017 are available upon request from the company's registered office at 103–105 Pipe Road, Laverton North, Victoria, Australia or at www.nufarm.com

2. 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 2017.

These condensed consolidated interim financial statements were approved by the Board of Directors on 21 March 2018.

3. Accounting policies

(a) 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 2017.

A number of new standards and amendments to standards are effective for annual reporting periods beginning on or after 1 August 2017. The group has not early adopted the following new or amended standards in preparing these condensed consolidated interim financial statements.

Amendments

The following amended standards are not expected to have a significant impact on the group's consolidated financial statements:

- Classification and Measurement of Share-based Payment Transactions (Amendments to AABS 2);
- Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128);
- Disclosure Initiative (Amendments to AASB 107); and
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to AASB 112).

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. AASB 15 is effective for the group for the annual reporting period beginning on 1 August 2018.

The group continues to assess the potential impact of the adoption of AASB 15 on its consolidated financial statements. This involves identifying significant revenue streams, liaising with the global finance teams and reviewing significant sales and distribution contract terms.

Key areas identified requiring further detailed analysis remain consistent with those disclosed in the 2017 consolidated financial statements. Work in 2018 will include further reviews of individual contracts and the development of group policies.

The group expects to apply the cumulative method approach upon adoption. Application of this approach generally results in recognising the cumulative effect of applying the new standard at the beginning of the year of initial application, with no restatement of comparative periods.

3. Accounting policies (continued)

(a) Significant accounting policies (continued)

AASB 9 Financial Instruments

AASB 9 is effective for the group beginning on or after 1 August 2018.

The actual impact of adopting AASB 9 on the group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the group holds and economic conditions at that time, as well as accounting elections and judgements that the group will make in the future.

The group expects to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9 generally will be recognised in retained earnings and reserves as at 1 August 2018.

Key areas identified requiring further detailed analysis remain consistent with those disclosed in the 2017 consolidated financial statements. Implementation activities centre on the group's treasury operations, which hold the majority of the group's financial instruments. Further detailed analysis during 2018 will focus on the application of the expected credit loss method in the calculation of impairment losses on financial assets and applying the revised hedge accounting model.

AASB 16 Leases

AASB 16 is effective for the group beginning on or after 1 August 2019.

The group has commenced an initial assessment of the potential impact on its consolidated financial statements and has not yet quantified the impact on its reported assets and liabilities of adoption of AASB 16. So far, the most significant impact identified is that the group will recognise new assets and liabilities for its operating leases of warehouse and factory facilities in the United Kingdom. In addition, the nature of expenses related to those leases will now change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The group is still considering available options for transition.

(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.

4. Estimates

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 2017.

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 2017.

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 2018.

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, North America and Latin America. The North America region includes Canada and the United States. The Latin America region includes Brazil, Argentina, Chile, Uruguay, Paraguay, Bolivia, Colombia, Mexico and other Andean and Central American countries.

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.

	Crop protection						Seed technologies	Non-operating corporate	Group
2018 Operating segments	**Australia and New Zealand $000**	**Asia $000**	**Europe $000**	**North America $000**	**Latin America $000**	**Total $000**	**Global $000**	**$000**	**Total $000**
Revenue									
Total segment revenue	300,485	95,251	173,061	371,735	450,884	1,391,416	68,714	-	1,460,130
Results									
Underlying EBITDA[a]	13,454	16,420	23,047	32,172	55,889	140,982	10,248	(28,044)	123,186
Depreciation and amortisation excluding material items	(6,973)	(1,485)	(20,558)	(9,747)	(3,196)	(41,959)	(5,699)	(566)	(48,224)
Underlying EBIT[a]	6,481	14,935	2,489	22,425	52,693	99,023	4,549	(28,610)	74,962

Material items included in operating profit (refer note 7)	50
Material items included in net financing costs (refer note 7)	(20,804)
Total material items (refer note 7)	(20,754)
Net financing costs (excluding material items)	(56,348)
Profit/(loss) before tax	(2,140)

6. Segment reporting (continued)

2017 Operating segments	Crop protection: Australia and New Zealand $000	Asia $000	Europe $000	North America $000	Latin America $000	Total $000	Seed technologies: Global $000	Non-operating corporate $000	Group: Total $000
Revenue									
Total segment revenue	306,255	94,299	150,881	291,108	466,921	1,309,464	50,606	-	1,360,070
Results									
Underlying EBITDA[(a)]	19,612	16,457	26,784	27,134	58,877	148,864	4,479	(24,647)	128,696
Depreciation and amortisation excluding material items	(6,357)	(1,943)	(17,954)	(9,435)	(3,037)	(38,726)	(4,673)	(297)	(43,696)
Underlying EBIT[(a)]	13,255	14,514	8,830	17,699	55,840	110,138	(194)	(24,944)	85,000

Material items included in operating profit (refer note 7)	264
Material items included in net financing costs (refer note 7)	-
Total material items (refer note 7)	264
Net financing costs (excluding material items)	(52,528)
Profit/(loss) before tax	32,736

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

Geographical information	Revenue by location of customer: 31 Jan 2018 $000	31 Jan 2017 $000
Brazil	**402,073**	398,826
United States	**314,191**	235,999
Australia	**270,006**	272,321
Rest of world[(b)]	**473,860**	452,924
Total	**1,460,130**	1,360,070

(b) Other than Australia, the United States and Brazil, sales to other countries are individually less than 10 per cent of the group's total revenues.

7. Items of material income and expense

Material items are those items where their nature and/or amount is considered material to the financial statements. Such items included within the group's profit for the half year are detailed below.

	Consolidated 31 Jan 2018 $000 pre-tax	Consolidated 31 Jan 2018 $000 after-tax	Consolidated 31 Jan 2017 $000 pre-tax	Consolidated 31 Jan 2017 $000 after-tax
Material items by category:				
Asset rationalisation and restructuring	**4,229**	**4,158**	(630)	(630)
Sale of Excel Crop Care investment	**-**	**-**	894	894
Business acquisition costs – other	**(4,914)**	**(4,914)**		
Business acquisition costs – hedging gains/(losses)	**(20,069)**	**(13,547)**	-	-
United States tax reform	**-**	**15,591**	-	-
Total	**(20,754)**	**1,288**	264	264

Condensed Notes to the Consolidated Interim Financial Report
continued

7. Items of material income and expense (continued)

2018 Asset rationalisation and restructuring

During the six months ended 31 January 2018, the group sold a former manufacturing site located in New Zealand that was closed as part of the asset rationalisation and restructuring activity undertaken during the financial year ended 31 July 2016. The net cash generated from the sale of this site was $5.351 million with a profit on sale recognised of $4.177 million.

2018 Business acquisition costs – other

During the six months ended 31 January 2018, the group announced its intention to acquire two separate European businesses consisting of product portfolios based in Europe (refer note 18 for further details). At 31 January 2018, one-off transaction costs incurred to effect the acquisitions include, but are not limited to, advisor fees, integration costs and other financing expenses. Further one-off transaction costs are expected to be incurred in the six months ending 31 July 2018.

2018 Business acquisition costs – hedging gains (losses)

Following the announcement to acquire two separate businesses based in Europe (refer note 18 for further details), the group raised share capital via the issuance of equity generating $436.964 million net of costs. To eliminate the foreign currency cash flow risks associated with the US dollar denominated acquisition by a euro functional currency group subsidiary, the group entered into a derivative for the Australian dollar value of the new equity raised. This derivative did not qualify for hedge accounting. At 31 January 2018, an unrealised loss was recognised on the mark-to-market value of the derivative due to the Australian dollar appreciating against the US dollar from the date that the derivative was entered until the period end date.

Subsequently, in March 2018, as part of the acquisition settlement this derivative was settled resulting in a realised loss to the group of $1.807 million, which represents a reversal of $18.262 million of the unrealised loss recognised at 31 January 2018 (note 18).

2018 US tax reform

The United States Tax Cuts and Jobs Act (TCJA) became effective on 1 January 2018. The tax reforms affecting the group include, but are not limited to, a reduction in the United States corporate tax rate from 35 per cent to 21 per cent, and changes to international tax provisions. The material income tax credit of $15.591 million primarily relates to the reduced United States corporate income tax rate, which resulted in the re measurement of the group's deferred tax position.

2017 Asset rationalisation and restructuring

The asset rationalisation and restructuring program was completed during the year ended 31 July 2016 and resulted in the rationalisation of under utilised assets and a restructure throughout the Nufarm group. As the sale of manufacturing sites in Australia and New Zealand were finalised, additional costs of $0.630 million were incurred in the half year ended 31 January 2017 for manufacturing excellence.

2017 Sale of Excel Crop Care investment

During October 2016, Nufarm recorded a gain of $0.894 million on the sale of its 14.69 per cent interest in Excel Crop Care.

Material items are classified by function as follows:

Six months ended 31 January 2018 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expenses	Other income	Net financing costs	Total pre-tax
Asset rationalisation and restructuring	-	-	4,229	-	-	-	4,229
Business acquisition costs – other	-	-	(4,179)	-	-	(735)	(4,914)
Business acquisition costs – hedging gains/(losses)	-	-	-	-	-	(20,069)	(20,069)
Total material items	-	-	50	-	-	(20,804)	(20,754)
Total material items included in operating profit	-	-	50	-	-	-	50

Condensed Notes to the Consolidated Interim Financial Report
continued

7. Items of material income and expense (continued)

Six months ended 31 January 2017 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expenses	Other income	Net financing costs	Total pre-tax
Asset rationalisation and restructuring	-	-	(630)	-	-	-	(630)
Sale of Excel Crop Care investment	-	-	-	-	894	-	894
Total material items	-	-	(630)	-	894	-	264
Total material items included in operating profit	-	-	(630)	-	894	-	264

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 – 2018

Transactions with non-controlling interests

On 29 December 2017, the group acquired an additional 49 per cent of the equity interest in Atlantica Sementes SA ('Atlantica'), a business based in Brazil specialising in the sale and distribution of seed-related products, via the exercising of a written put option. As a result, the group's equity interest in Atlantica increased from 51 per cent to 100 per cent. The group recognised a liability for the present value of the exercise price of the put option up to the date of acquisition and exercise of the put option. The carrying amount of Atlantica's net assets in the group's condensed consolidated financial statements on the date of acquisition was $6.590 million. Given the transaction is deemed as a common control transaction the impact has been recognised in equity, resulting in a transfer of non-controlling interests to retained earnings.

Business acquisitions – 2017

No business acquisitions arose in the six months ended 31 January 2017.

10. Equity accounted investments

The group has the following equity accounted investments:

		Ownership and voting interest		Share of after tax profit/(loss)	
		31 Jan 2018	31 Jan 2017	31 Jan 2018	31 Jan 2017
	Country	%	%	$000	$000
Seedtech Pty Ltd[1]	Australia	25	25	-	-
F&N joint ventures	Eastern Europe	0	0	-	(84)
Share of after tax profits/(losses) of equity accounted investments				-	(84)

1. Seedtech is a company that offers services to the seed industry such as cleaning, packaging, distribution and storage of seeds.

11. Property, plant and equipment

Acquisition and disposals

During the six months ended 31 January 2018, the group acquired assets with a cost of $33.877 million (six months ended 31 January 2017: $30.190 million).

Assets with a book value of $1.024 million were disposed of during the six months ended 31 January 2018 (six months ended 31 January 2017: $0.275 million).

Capital commitments

During the six months ended 31 January 2018, the group entered into contracts to purchase property, plant and equipment for $9.222 million (six months ended 31 January 2017: $3.307 million).

12. Intangibles

Acquisition and disposals

During the six months ended 31 January 2018, the group acquired computer software intangible assets with a cost of $21.136 million (six months ended 31 January 2017: $6.941 million), capitalised development cost intangibles with a cost of $33.883 million (six months ended 31 January 2017: $22.266 million), and other intangible assets with a cost of $3.047 million (six months ended 31 January 2017: $0.678 million).

Intangible assets with a book value of $0.293 million were disposed of during the six months ended 31 January 2018 (six months ended 31 January 2017: $0.863 million).

13. Contingent assets and liabilities

Brazilian taxation proceedings

As at 31 January 2018, the total contingent liability relating to future potential tax liabilities (excluding the goodwill deductibility case) in Brazil is $24.932 million (31 January 2017: $31.561 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.

Brazilian taxation proceedings – goodwill deductibility

As at 31 January 2018, the total contingent liability relating to the future potential tax liabilities in relation to the goodwill deductibility case in Brazil is $16.300 million (31 January 2017: nil). 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). Nufarm considers that it is not probable that a liability will arise in respect of this matter and has been successful in a lower court hearing. During the year, the Brazilian tax authorities continued to pursue this assessment.

There are six levels of Brazilian courts, and Brazilian tax disputes can take 10–15 years to be settled. It is possible that assessments could be received in future periods. In the event contingent Brazilian tax obligations crystallise, they will be settled using tax assets and cash.

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.

Other

Other than identified above, as at 31 January 2018 there have been no significant changes to the contingent assets or liabilities disclosed at 31 July 2017.

14. Capital and reserves

	Parent company	
Share capital	**Number of ordinary shares 31 Jan 2018**	**Number of ordinary shares 31 Jan 2017**
Balance at 1 August	**266,928,840**	265,899,295
Issue of shares	**60,669,744**	914,172
Balance at 31 January	**327,598,584**	266,813,467

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.

In October 2017, the directors of the group agreed to issue 59,551,672 new shares to fund the acquisition of two European businesses (note 18) pursuant to the terms of an underwritten accelerated renounceable entitlement offer. Following the announcement in October 2017, on 6 November 2017, 44,777,979 shares at $7.50 were issued under the institutional entitlement offer, and on 24 November 2017, 14,773,693 shares at $7.50 were issued under the retail entitlement offer.

On 6 October 2017, 756,172 shares at $8.3667 were issued under the Nufarm short term incentive plan and Nufarm executive long term incentive plan. On 10 November 2017, 228,101 shares at $8.9479 were issued under the Dividend Reinvestment Plan. On 11 December 2017, 69,695 shares at $8.3667 were issued under the Nufarm short term incentive plan. On 5 January 2018, 64,104 shares at $8.78 were issued under the global share plan.

14. Capital and reserves (continued)

	31 Jan 2018 $000	31 Jan 2017 $000
Dividends		
Dividends paid during the period:		
There was a 8 cent (2017: 7 cent) prior year final dividend declared and paid by the group during the six months ended 31 January 2018:		
$0.08 per ordinary share (2017: $0.07)	**(21,414)**	(18,656)
Distributions on the Nufarm step-up securities		
The following distributions were paid by Nufarm Finance (NZ) Ltd:		
Nufarm step-up securities distribution rate on 16 October 2017 was 5.87 per cent (15 October 2016: 6.36 per cent)	**(7,381)**	(7,997)

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 $5.426 million (six months ended 31 January 2017: $5.877 million).

Earnings/(loss) per share

	31 Jan 2018 $000	31 Jan 2017 $000
Net profit/(loss) for the six months ended 31 January	**11,540**	20,255
Net (profit)/loss attributable to non-controlling interests	**419**	(220)
Net profit/(loss) attributable to equity holders of the parent	**11,959**	20,035
Nufarm step-up securities distribution (net of tax)	**(5,426)**	(5,877)
Earnings/(loss) used in the calculations of basic and diluted earnings per share	**6,533**	14,158
Earnings/(loss) from continuing operations	**6,533**	14,158
(Add)/subtract after tax impact of material items profit/(loss) (refer note 7)	**1,288**	264
Earnings/(loss) excluding material items used in the calculation of underlying earnings per share	**5,245**	13,894

	Number of shares	
	31 Jan 2018	31 Jan 2017
Weighted average number of ordinary shares used in calculation of basic earnings per share	**293,928,377**	266,406,135
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**294,972,623**	267,457,197

	Cents per share	
Earnings/(loss) per share	31 Jan 2018	31 Jan 2017
Basic earnings per share		
From continuing operations	**2.2**	5.3
	2.2	5.3
Diluted earnings per share		
From continuing operations	**2.2**	5.3
	2.2	5.3
Underlying earnings per share (excluding items of material income/(expense) – see note 7)		
Basic earnings per share	**1.8**	5.2
Diluted earnings per share	**1.8**	5.2

15. Net debt

	31 Jan 2018 $000	31 Jan 2017 $000
Current		
Bank loans – secured	**343,786**	307,235
Bank loans – unsecured	**138,190**	208,478
Deferred debt establishment costs	**(3,279)**	(3,581)
Finance lease liabilities – secured	**419**	439
Other loans – unsecured	**1,267**	928
Loans and borrowings – current	**480,383**	513,499
Non-current		
Bank loans – secured	**6,501**	119,237
Bank loans – unsecured	**29,487**	40,085
Senior unsecured notes	**395,451**	422,884
Deferred debt establishment costs	**(974)**	(3,301)
Finance lease liabilities – secured	**12,051**	11,535
Other loans – unsecured	**2,140**	2,682
Loans and borrowings – non-current	**444,656**	593,122
Cash and cash equivalents	**(392,425)**	(253,386)
Bank overdraft	**11,202**	3,157
Net cash and cash equivalents	**(381,223)**	(250,229)
Net debt	**543,816**	856,392
Accessible		
Bank loan facilities and senior unsecured notes	**2,108,720**	1,699,266
Other facilities	**3,407**	3,610
Total financing facilities	**2,112,127**	1,702,876
Utilised		
Bank loan facilities and senior unsecured notes	**913,415**	1,097,919
Other facilities	**3,407**	3,610
Total financing facilities	**916,822**	1,101,529

As at 31 January 2018, the key group facilities included a group trade receivables securitisation facility, a US$325 million senior unsecured notes offering due in October 2019, and a senior secured bank facility of $665 million.

On 24 October 2017, the group announced that it had entered into an agreement with Adama Agricultural solutions Ltd ('Adama') and Syngenta Crop Protection AG and related group companies ('Syngenta') to purchase a European business (refer note 18). In conjunction with the acquisition announcement the group entered into an unsecured bank facility for US$115 million (31 January 2017: nil) due in August 2018. This facility was undrawn during the six months ended 31 January 2018.

On 24 January 2018, the senior secured bank facility was refinanced such that the total facility amount increased to $665 million, of which $665 million is due in January 2021 (31 January 2017: $30 million was due in January 2018, $415 million was due in January 2019, and $40 million was due in January 2021).

During the period ended 31 January 2018, the monthly facility limit for the group trade receivables securitisation facility reflecting the cyclical nature of the trade receivables being used to secure funding under the program was renegotiated. As at 31 January 2018, the monthly facility limit is set at $175 million for three months of the financial year, $275 million for one month of the financial year, $300 million for three months of the financial year, and at $375 million for five months of the financial year (31 January 2017: facility limit was $225 million for five months of the financial year, $300 million for four months of the financial year, and $375 million for three months of the financial year).

The majority of debt facilities that reside outside the senior unsecured notes, senior secured bank facility and the group trade receivables securitisation facility are regional working capital facilities, primarily located in Brazil and Europe totalling $606 million (2017: $566 million).

At 31 January 2018, the group had access to debt facilities of $2,112 million (31 January 2017: $1,703 million) under the notes, senior secured bank facility, group trade receivables facility, unsecured bank facility and other regional working capital facilities. A parent guarantee is provided to support working capital facilities in Europe, South America and the unsecured notes.

16. Finance income and expense

	31 Jan 2018 $000	31 Jan 2017 $000
Financial income excluding foreign exchange gains/(losses)	**4,924**	4,835
Net financial income	**4,924**	4,835
Interest expense – external	**(43,785)**	(48,300)
Interest expense – debt establishment transaction costs	**(3,059)**	(1,871)
Lease expense – finance charges	**(886)**	(982)
Net foreign exchange gains/(losses)	**(34,346)**	(6,210)
Financial expenses	**(82,076)**	(57,363)
Net financing costs	**(77,152)**	(52,528)

17. Financial instruments

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 2018	Carrying value $000	Fair value $000
Cash and cash equivalents	**392,425**	**392,425**
Trade and other receivables, excluding derivatives	**1,328,503**	**1,328,503**
Forward exchange contracts and options:		
Assets	**2,023**	**2,023**
Liabilities	**(40,837)**	**(40,837)**
Interest rate swaps:		
Assets	**3,251**	**3,251**
Liabilities	**(6,739)**	**(6,739)**
Trade and other payables, excluding derivatives	**(1,124,317)**	**(1,124,317)**
Bank overdraft	**(11,202)**	**(11,202)**
Secured bank loans	**(350,287)**	**(350,287)**
Unsecured bank loans	**(167,677)**	**(167,677)**
Senior unsecured notes	**(395,451)**	**(396,887)**
Other loans	**(3,407)**	**(3,407)**
Finance leases	**(12,470)**	**(12,470)**
	(386,185)	**(387,621)**

31 January 2017	Carrying value $000	Fair value $000
Cash and cash equivalents	253,386	253,386
Trade and other receivables, excluding derivatives	1,213,880	1,213,880
Forward exchange contracts and options:		
Assets	5,205	5,205
Liabilities	(6,084)	(6,084)
Interest rate swaps:		
Assets	18,716	18,716
Liabilities	(8,501)	(8,501)
Trade and other payables, excluding derivatives	(942,892)	(942,892)
Bank overdraft	(3,157)	(3,157)
Secured bank loans	(426,472)	(426,472)
Unsecured bank loans	(248,563)	(248,563)
Senior unsecured notes	(422,884)	(415,079)
Other loans	(3,610)	(3,610)
Finance leases	(11,974)	(11,974)
	(582,950)	(575,145)

17. Financial instruments (continued)

Fair value hierarchy

The table below 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).

	Consolidated			
2018	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Derivative financial assets	**-**	**5,274**	**-**	**5,274**
	-	**5,274**	**-**	**5,274**
Derivative financial liabilities	**-**	**(47,576)**	**-**	**(47,576)**
	-	**(47,576)**	**-**	**(47,576)**

	Consolidated			
2017	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Derivative financial assets	-	23,921	-	23,921
	-	23,921	-	23,921
Derivative financial liabilities	-	(14,585)	-	(14,585)
	-	(14,585)	-	(14,585)

There have been no transfers between levels in either 2018 or 2017.

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.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

18. Subsequent events

Business acquisitions – 2018

On 24 October 2017, the group announced that it had entered into an agreement with Adama Agricultural solutions Ltd ('Adama') and Syngenta Crop Protection AG and related group companies ('Syngenta') to purchase a European business comprising a portfolio of crop protection products registered in European markets for a cash consideration of US$490 million, plus approximately US$50 million of inventory ('Century Acquisition'). Subsequently, the group announced an issuance of 59,551,672 ordinary shares (note 14), which generated $436.964 million of additional share capital (net of costs).

On 8 November 2017, the group announced that it had entered into an agreement with FMC Corporation ('FMC') to purchase a European business comprising a portfolio of herbicide products registered in European markets for a cash consideration of US$85 million, plus approximately US$5 million of inventory ('FMC Acquisition').

At 31 January 2018, the Century Acquisition remained subject to European regulatory approval, while both the Century Acquisition and FMC Acquisition remained subject to the successful transfer of registration data relevant to the purchase agreements. In accordance with the group's financial risk management policies, the group entered into a number of derivative contracts to hedge the cash consideration price. Where possible, these derivatives were designated as cash flow hedges in accordance with the group's accounting policies.

On 1 February 2018, the FMC Acquisition was closed with the successful transfer of registration data and cash consideration in accordance with the transaction agreements. Derivative contracts related to the FMC Acquisition were utilised or closed as part of the acquisition completion.

On 16 March 2018, European regulatory approval was obtained in relation to the Century Acquisition. On 16 March 2018, the Century Acquisition was effectively closed with the successful transfer of registration data and cash consideration in accordance with the transaction agreements. Derivative contracts related to the Century Acquisition were utilised or closed as part of the acquisition completion; this included the derivative not designated for hedge accounting identified in note 7, which resulted in a realised loss for the group of $1.807 million in net financing costs.

As at the date of signing, the one-off transaction costs directly linked to the acquisitions incurred from 31 January 2018 to 21 March 2018 is approximately $15 million. The group expects to continue to incur one-off costs relating to legal, advisors and integration directly related to the acquisitions post 21 March 2018.

The acquisition of the above businesses increases the group's product portfolio offering within the European region. The business expects to extract revenue synergies from the acquisitions via opening up the existing business to new customers and cross-selling opportunities.

Identifiable assets acquired and liabilities assumed (provisional)

On a provisional basis, the following table summarises the assets acquired and liabilities assumed at the date of acquisition.

	FMC acquisition fair value on acquisition $000	Century acquisition fair value on acquisition $000	Total fair value on acquisitions $000
Acquiree's net assets at acquisition date			
Inventory[1]	2,871	30,364	33,235
Intangible assets	84,763	530,476	615,239
Net identifiable assets and liabilities	87,634	560,840	648,474
Goodwill on acquisition	26,308	105,403	131,711
Total fair value of assets acquired	113,942	666,243	780,185

Goodwill arising from the acquisition has been recognised as follows:	$000	$000	$000
Consideration to be transferred	113,942	666,243	780,185
Fair value of identifiable net assets	87,634	560,840	648,474
Goodwill	26,308	105,403	131,711

1. Inventory is based on preliminary estimates of inventory received. The invoicing of the inventory received as part of the Century acquisition will be finalised subsequent to 21 March 2018.

18. Subsequent events (continued)

Total goodwill of $131.711 million from business acquisitions is attributable mainly to the synergies expected to be achieved from integrating the respective businesses into the group's existing business.

Debt facilities

On the 20 March 2018, the US$115 million unsecured debt facility was cancelled. This facility remained undrawn from 31 January 2018 to the cancellation date.

On the 26 February 2018, a secured regional working capital facility located in Asia was refinanced such that the facility limit was increased from US$10 million to US$85 million, of which US$75 million is due in July 2018 and US$10 million is due in October 2018.

Dividends declared in respect of the period

Subsequent to the half year end, on 21 March 2018 the company declared an interim dividend of 5 cents per share ($16.380 million), which will be paid on 4 May 2018 (31 January 2017: 5 cents per share ($13.341 million)). In accordance with Australian Accounting Standards, dividends declared post balance date are not recorded as a liability at the end of the period to which they relate.

Other

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 2018, 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 2018 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; and

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
21 March 2018

Independent Auditor's Review Report

To the shareholders of Nufarm Limited

KPMG

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 2018 and of 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.

The **Interim Financial Report** comprises:

- the condensed consolidated balance sheet as at 31 January 2018
- the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended on that date
- notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information; and
- 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
- for 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 2018 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 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

Gordon Sangster
Partner

Melbourne
21 March 2018

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