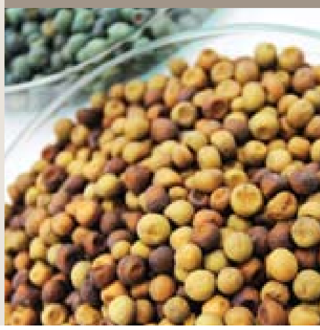
NUFARM LIMITED HALF YEAR REPORT



2010

Nufarm

CONTENTS

KEY EVENTS

- Climatic conditions reduce sales opportunities
- Glyphosate segment remains challenging
- Strong competition leads to margin pressure in Brazil
- Improvement in working capital

FACTS IN BRIEF

12 months ended 31 July 2009	Trading results $000	Consolidated 6 months ended 31 Jan 2010	Consolidated 6 months ended 31 Jan 2009	Percentage change %
2,677,083	Revenue from ordinary activities	890,290	1,235,377	-28
	Profit from ordinary activities after tax attributable to members			
159,632	- before material items	(4,240)	65,129	-107
79,877	- after material items	(39,986)	65,655	-161
	Net profit attributable to members			
159,632	- before material items	(4,240)	65,129	-107
79,877	- after material items	(39,986)	65,655	-161

Distribution to shareholders	Amount per security ¢	Franked amount per security ¢
Dividend paid per ordinary share on 13 November 2009	15	–
Dividend paid per ordinary share on 17 November 2008	23	23
No interim dividend is proposed for six month period ended 31 January 2010		
Interim dividend for 2009 was 12 cents per share		

Nufarm Step-up Securities distribution	Distribution rate %	Total amount $000	Payment date
Nufarm Step-up Securities distribution	5.02	6,313	15 Oct 09
Nufarm Step-up Securities distribution	7.48	9,361	15 Apr 09

31 July 2009	Other summary data	31 Jan 2010	31 Jan 2009
57%	Gearing ratio (debt/equity)	69%	106%
50%	Equity ratio	46%	36%
$3.59	Net tangible assets per ordinary share	$3.07	$2.79
3,155	Staff employed	3,150	3,226

REPORT TO SHAREHOLDERS
6 MONTHS ENDED 31 JANUARY 2010

NUFARM LIMITED HAS GENERATED A HEADLINE LOSS OF $40 MILLION FOR THE SIX MONTHS ENDING 31 JANUARY 2010. THIS RESULT INCLUDES A NEGATIVE IMPACT ASSOCIATED WITH MATERIAL ITEMS OF $35.8 MILLION, MOSTLY ASSOCIATED WITH GLYPHOSATE RELATED LOSSES. THE COMPANY'S OPERATING RESULT FOR THE PERIOD WAS A LOSS OF $4.2 MILLION.

Excluding the impact of material items, operating earnings before interest and tax (EBIT) were $19.1 million, 85 per cent down on the $130.2 million recorded in the first six months of the previous year.

Group sales were $890 million (compared with $1.24 billion in the previous corresponding period). The reduction in sales in the current period reflects the price reduction in glyphosate globally and adverse climatic conditions in the northern hemisphere. The company considers that market share has been maintained. Thirty three per cent of first half revenues were generated in Australasia (2009 first half: 28 per cent); 19 per cent in Europe (20 per cent); 24 per cent in North America (29 per cent); and 24 per cent in South America (23 per cent).

Net working capital at 31 January 2010 of $1.12 billion is a $435 million reduction from January 2009 levels. The single biggest contributor to that reduction was a decrease in the value of glyphosate inventory amounting to $364 million. Net debt at 31 January 2010 was $1.03 billion, a reduction of $539 million from the same period of the previous year.

Working capital is expected to reduce to approximately $800 million at the end of July 2010 and net debt – after the impact of the previously announced capital raising – is forecast to be approximately $350 million. Year-end gearing (net debt to equity) is therefore expected to fall from 69 per cent at end January 2010 (compared to 106 per cent at end January 2009) to between 20 and 25 per cent at end July 2010.

No dividend will be paid at the half year. The dividend position will be reviewed when the full year result is considered. That result is expected to show a strong recovery in profitability in the second six months of the financial year.

Material items

The headline loss of $40 million includes material items that generated a net loss of $35.8 million. Of this amount, $29.4 million was associated with glyphosate-related losses and costs relating to pricing support, the majority of which pertained to inventory held at the end of the 2009 financial year.

Glyphosate pricing fell to unexpected lows in the first few months of the financial year. This was driven by much higher than average season-ending inventory levels and strong competition from global glyphosate suppliers looking to shift that inventory. With Nufarm's US inventory levels at the end of last financial year equating to some six months of forecast sales, the company elected to secure its longer term market positions by selling those stocks at the lower market prices. Given those prices were below the adjusted book value at end July, further losses were recorded on these sales.

Nufarm has also taken actions to support the company's distribution partners in a number of markets with one-off price protection measures on glyphosate product that was sold last year.

Other material items included costs associated with operational restructuring activities in the UK and France and due diligence costs relating to the Sinochem takeover proposal.

Review of operations

The first six months of the 2010 financial year have presented some significant challenges for the business, with trading conditions contrasting markedly to those that existed in the corresponding period of the previous year.

The 2009 interim result was characterised by an excellent summer cropping season in Australia; early season sales in both North America and Europe; and a much stronger pricing environment.

Less favourable climatic conditions had an impact on the 2010 period with prolonged winters in the northern hemisphere and pricing pressure driven by lower demand and increased competition.

While actual losses relating to glyphosate sales have been classified as a material item, the reduction in earnings from those sales had a significant impact on the operating result in all regions. Average prices for glyphosate during the first six months of 2010 were approximately half of those that applied in the same period of 2009.

Australasia

Australian crop protection sales were $205 million, down some 18 per cent on the previous corresponding period (pcp). Summer cropping conditions in Australia were less favourable, with late summer rains reducing sales opportunities in northern regions. That rainfall, however, will prove to be beneficial for the autumn/winter plantings.

Total Asian sales were down, however the Indonesian business posted an improved performance for the half and this helped generate a small increase in operating EBIT for the six month period.

On a segment basis, Australasia reported an operating profit (before any impact of material items) of $12.3 million, well down on the previous corresponding period.

North America

Climatic conditions had a significant impact on first half sales in North America. Nufarm's US sales were down by almost 45 per cent for the six month period and sales in Canada were down by 21 per cent. These reductions in revenue were also a product of sharply reduced glyphosate prices.

As previously reported, Nufarm finished the 2009 financial year with approximately six months of glyphosate inventory in the US. With a number of other major suppliers also looking to lock up positions in distribution and reduce inventory levels, 'pre-season' pricing in the US was extremely competitive. Having moved that inventory into distribution, Nufarm is now purchasing glyphosate acid at market competitive prices and expects to generate more acceptable margins on sales that take place in the balance of the year.

As in other markets, seasonal demand for phenoxy herbicides was low in the first six months. Nufarm's turf and speciality business performed relatively strongly in the period.

The North American segment result shows revenues of $216 million (versus $357 million pcp) and an operating profit of $3 million compared to $53 million for the same period in 2009, when early season sales and much stronger pricing and margins contributed to that result.

South America

Segment sales in South America were $209 million, compared to $282 million in the first six months of the previous year. The segment result showed a loss of $4.5 million, compared to a profit of $27.5 million in the first half of 2009.

While the period saw a slight easing in credit related pressures in Brazil, competition for lower risk sales remained intense and the impact on margins was dramatic. Brazilian sales were down by 22 per cent in Australian dollars and by 15 per cent in local currency. Gross margins moved from 26 per cent to 14.5 per cent on a comparable basis.

Argentina recorded an improved profit result despite sales being down on the previous corresponding period.

Europe

Climatic conditions were also a negative factor in the European results for the first half. A very dry autumn followed by severe winter conditions throughout most of Europe had a dramatic impact on the opportunity for crop protection sales.

Segment revenues were $170 million compared to $255 million in 2009.

European manufacturing activity was also disrupted by adverse weather at a number of Nufarm's manufacturing facilities, leading to a two-fold impact of reduced product availability and lower overhead recoveries in those facilities.

Segment profit (before material items) was $19 million, compared to $28 million in the previous period.

Seeds

The Nufarm seeds business generated increased sales, following the acquisition – in August of 2009 – of Texas based Richardson Seeds Ltd and MMR Genetics Ltd.

Richardson Seeds is a major producer and marketer of sorghum seed hybrids, with a leading market share in the US and expanding market positions in Mexico, South America, Europe, Japan and the Middle East. MMR Genetics is a global leader in the development of elite sorghum germplasm, used by many of the world's top seed companies.

During the period, approval was granted by the West Australian government for the planting of Roundup Ready canola in that state. This will extend market access for Nufarm's Roundup Ready canola products and associated herbicide and seed treatment chemistry.

Strategic investment by Sumitomo Chemical Company

On 29 December 2009, the company announced that the Nufarm board had received and would support a proposal from Sumitomo Chemical Company (Sumitomo) to acquire 20 per cent of the issued ordinary shares of Nufarm from Nufarm shareholders for $14.00 cash per share via a tender offer.

That announcement followed confirmation that Nufarm had terminated discussions with Sinochem Corporation in relation to a conditional take-over offer involving an indicative price of $12.00 per share.

The Sumitomo proposal received approval by the Sumitomo Board on 22 January 2010 and Nufarm shareholders voted to approve the making of an offer at an Extraordinary General Meeting on 2 March.

The tender offer was launched on 12 March and will remain open until 9 April. If Sumitomo achieves a minimum acceptance equating to 15 per cent of the issued capital of Nufarm it will be entitled to appoint one director to the Nufarm board.

Sumitomo's proposed investment places an appropriate value on the company and provides all Nufarm shareholders with the opportunity to realise a fair price for some of their shares. It also establishes a strategic relationship between Nufarm and Sumitomo that is expected to deliver meaningful benefits to Nufarm and its shareholders.

Subsequent events

Nufarm and Sumitomo executed an agreement on 26 February to allow Nufarm to distribute a number of Sumitomo crop protection products in Brazil. The companies have also agreed to pursue similar distribution agreements in other markets including Europe, Canada and Indonesia. Joint management committees have also been formed to review opportunities for co-operation in areas such as product development and manufacturing and logistics.

In March 2010, Nufarm completed the acquisition of Druetto Criadero y Semillero, an Argentinian seed company based in Sunchales. The Druetto seed business, established some 35 years ago, is focused on the breeding development, production, processing and sales of hybrid sorghum. Druetto currently produces sorghum across six production zones in South America and supplies a large share of the leading sorghum genetics into the South American market.

The acquisition of the Druetto business allows Nufarm to optimise breeding, production and operations between North America, South America and Australia and moves Nufarm into a world leading position in the sorghum crop. The Druetto business will transfer immediately to operate under the Nuseed Argentina brand.

Outlook

The second six months of the current financial year are expected to show that recovery is well underway across important areas of the business.

While glyphosate pricing is expected to remain very competitive, Nufarm will generate acceptable margins in most markets, with the US glyphosate segment still making the transition to a more normal level of profitability. Climatic factors will largely determine demand for glyphosate and most other crop protection products, with pricing likely to strengthen as the key selling seasons get underway in Australia, North America and Europe.

Australia has experienced excellent rainfalls in many important cropping regions, with the eastern states seeing a substantial improvement in water storage levels and river flows. Product demand is already strong in those regions and the outlook for crop plantings in Australia is extremely positive. After a long, cold winter, temperatures are increasing in the US and the arrival of spring conditions will see grower purchasing activity increase.

Similarly, in Europe, we are now seeing a gradual warming in climatic conditions and the next few months will result in stronger demand in our various European markets.

The company is forecasting a headline result for the full year – including the impact of material items – of between $80 million and $100 million and an operating result of between $110 million and $130 million.

These forecasts assume at least average climatic conditions and subsequent demand in the key selling regions and a gradual improvement in glyphosate margins through the balance of the financial year.

With forecast reductions in working capital and the proceeds from the rights issue, Nufarm's balance sheet will be in a strong position to support the continued growth of the business.

Doug Rathbone AM
Managing director
and Chief executive

Melbourne
29 March 2010

DIRECTORS' REPORT

The board of directors of Nufarm Limited has pleasure in submitting its report together with the consolidated financial statements for the six month period ended 31 January 2010 and the auditor's review report thereon.

Directors

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

KM Hoggard (Chairman)
GDW Curlewis (Deputy chairman)
DJ Rathbone AM
Dr RJ Edgar
Dr WB Goodfellow
GA Hounsell
DG McGauchie AO
Dr JW Stocker AO

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

Principal activities

Nufarm Limited 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.

Nufarm employs 3,150 people at its various locations.

The company is listed on the Australian Securities Exchange (symbol NUF). Its head office is located at Laverton in Melbourne.

Results

The net loss attributable to members of the group for the six months to 31 January 2010 is $39.99 million, after including the material items described in note 9. The comparable figure for the six months to 31 January 2009 was a net profit of $65.65 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 2010.

Rounding of amounts

The parent entity is a company of the kind specified in Australian Securities and Investments Class Order 98/0100. In accordance with that class order, amounts in the consolidated financial statements and the directors' report have been rounded to the nearest thousand dollars unless specifically stated otherwise.

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

KM Hoggard
Director

DJ Rathbone AM
Director

Melbourne
29 March 2010

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 for the half year ended 31 January 2010 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

BW Szentirmay
Partner

Melbourne
29 March 2010

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 JANUARY 2010

	Note	Consolidated 31 Jan 2010 $000	Consolidated 31 Jan 2009 $000
Continuing operations			
Revenue		890,290	1,235,377
Cost of sales		(756,228)	(846,060)
Gross profit		134,062	389,317
Other income		6,760	3,046
Sales, marketing and distribution expenses		(87,200)	(116,216)
General and administrative expenses		(70,846)	(133,921)
Research and development expenses		(17,697)	(24,219)
Share of net profits/(losses) of associates	11	(632)	2,169
Operating result		(35,553)	120,176
Net non-cash revaluation profit/(loss) on proceeds from Nufarm Step-up Securities financing		2,788	13,490
Profit/(loss) before net financing costs and income tax		(32,765)	133,666
Financial income		2,619	4,274
Financial expenses		(29,153)	(62,243)
Net financing costs		(26,534)	(57,969)
Profit/(loss) before tax		(59,299)	75,697
Income tax benefit/(expense)		19,324	(9,952)
Profit/(loss) for the period		(39,975)	65,745
Attributable to:			
Equity holders of the parent	13	(39,986)	65,655
Non-controlling interest	13	11	90
Profit/(loss) for the period		(39,975)	65,745
Earnings per share attributable to ordinary equity holders			
Basic earnings per share	13	(20.4)	30.5
Diluted earnings per share	13	(20.4)	30.5

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 2010

	Note	Consolidated 31 Jan 2010 $000	Consolidated 31 Jan 2009 $000
Net profit/(loss) for the period		(39,975)	65,745
Other comprehensive income			
Foreign exchange translation differences for foreign operations	5	(53,107)	140,908
Actuarial gains/(losses) on defined benefit plans		(5,240)	(1,659)
Other comprehensive income/(loss) for the period, net of income tax		(58,347)	139,249
Total comprehensive income/(loss) for the period		(98,322)	204,994
Attributable to:			
Shareholders of the company		(98,333)	204,904
Non-controlling interest		11	90
Total comprehensive income/(loss) for the period		(98,322)	204,994

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

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31 JANUARY 2010

	Note		Consolidated	
		31 Jan 2010 $000	31 Jan 2009 $000	31 Jul 2009 $000
Current assets				
Cash and cash equivalents		56,179	83,628	84,312
Trade and other receivables		899,326	1,044,600	787,760
Inventories		726,813	1,317,646	797,383
Current tax assets		48,035	74,315	48,973
Assets held for sale	15	7,907	–	–
Total current assets		1,738,260	2,520,189	1,718,428
Non-current assets				
Receivables		25,368	25,056	33,125
Equity accounted investments	11	11,377	28,621	12,468
Other investments		7,790	9,670	7,442
Deferred tax assets		191,141	125,308	194,960
Property, plant and equipment		427,446	481,486	435,468
Intangible assets		826,036	954,874	848,739
Other		383	–	967
Total non-current assets		1,489,541	1,625,015	1,533,169
TOTAL ASSETS		3,227,801	4,145,204	3,251,597
Current liabilities				
Bank overdraft		31,101	33,729	35,669
Trade and other payables		505,505	805,624	407,421
Loans and borrowings	16	858,959	1,040,861	584,692
Employee benefits		18,145	33,148	20,671
Current tax payable		3,927	19,919	17,772
Provisions		20,104	6,177	26,091
Total current liabilities		1,437,741	1,939,458	1,092,316
Non-current liabilities				
Payables		27,409	34,633	17,695
Loans and borrowings	16	197,708	580,364	402,327
Deferred tax liabilities		33,374	85,490	64,215
Employee benefits		35,480	27,733	43,105
Total non-current liabilities		293,971	728,220	527,342
TOTAL LIABILITIES		1,731,712	2,667,678	1,619,658
NET ASSETS		1,496,089	1,477,526	1,631,939
Equity				
Issued capital		812,444	475,795	812,844
Reserves	5	(66,111)	147,541	(13,006)
Retained earnings		501,994	605,943	584,348
Equity attributable to equity holders of the parent		1,248,327	1,229,279	1,384,186
Nufarm Step-up Securities		246,932	246,932	246,932
Non-controlling interest		830	1,315	821
TOTAL EQUITY		1,496,089	1,477,526	1,631,939

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 2010

	Note	Consolidated 31 Jan 2010 $000	Consolidated 31 Jan 2009 $000
Cash flows from operating activities			
Cash receipts from customers		793,976	1,242,385
Cash paid to suppliers and employees		(762,866)	(1,565,407)
Cash generated from operations		31,110	(323,022)
Interest received		2,619	4,274
Dividends received		199	–
Interest paid		(29,154)	(62,243)
Income tax paid		(26,396)	(19,835)
Net cash used in operating activities		(21,622)	(400,826)
Cash flows from investing activities			
Proceeds from business sale		278	306
Payments for plant and equipment		(29,000)	(28,812)
Payments for investments		–	(8,321)
Purchase of businesses, net of cash acquired		(22,583)	(14,454)
Payments for acquired intangibles and major product development expenditure		(25,374)	(38,451)
Net investing cash flows		(76,679)	(89,732)
Cash flows from financing activities			
Proceeds from borrowings		114,034	538,954
Distribution to NSS holders		(6,313)	(12,547)
Dividends paid	13	(32,709)	(34,481)
Net financing cash flows		75,012	491,926
Net increase/(decrease) in cash and cash equivalents		(23,289)	1,368
Cash and cash equivalents at the beginning of the year		48,643	38,302
Exchange rate fluctuations on foreign cash balances		(276)	10,229
Cash and cash equivalents at the end of the year		25,078	49,899

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 2010

				Attributable to equity
	Share capital $000	Translation reserve $000	Other reserves $000	Capital profit reserve $000
Balance at 1 August 2008	453,824	(26,805)	3,046	33,627
Total comprehensive income for the period	–	140,719	–	–
Transactions with owners, recorded directly in equity				
Shares issued as consideration for business acquisition	7,975	–	–	–
Shares issued and accrued to employees	3,862	–	(1,252)	–
Dividend reinvestment plan	8,340	–	–	–
Dividends paid to shareholders	–	–	–	–
Distributions to Nufarm Step-up Security holders	–	–	–	–
Balance at 31 January 2009	474,001	113,914	1,794	33,627
Balance at 1 August 2009	810,504	(46,633)	2,340	33,627
Total comprehensive income/(loss) for the period	–	(53,105)	–	–
Transactions with owners, recorded directly in equity				
Shares issued as consideration for business acquisition	–	–	–	–
Shares issued and accrued to employees	698	–	(1,098)	–
Dividend reinvestment plan	–	–	–	–
Dividends paid to shareholders	–	–	–	–
Distributions to Nufarm Step-up Security holders	–	–	–	–
Balance at 31 January 2010	811,202	(99,738)	1,242	33,627

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

holders of the company

Retained earnings $000	Nufarm Step-up Securities $000	Total $000	Non-controlling interest $000	Total equity $000
593,558	246,932	1,304,182	1,036	1,305,218
63,996	–	204,715	279	204,994
–	–	7,975	–	7,975
–	–	2,610	–	2,610
–	–	8,340	–	8,340
(42,828)	–	(42,828)	–	(42,828)
(8,783)	–	(8,783)	–	(8,783)
605,943	246,932	1,476,211	1,315	1,477,526
584,348	246,932	1,631,118	821	1,631,939
(45,226)	–	(98,331)	9	(98,322)
–	–	–	–	–
–	–	(400)	–	(400)
–	–	–	–	–
(32,709)	–	(32,709)	–	(32,709)
(4,419)	–	(4,419)	–	(4,419)
501,994	246,932	1,495,259	830	1,496,089

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 2010 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 2009 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

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with AASB 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 2009.

These condensed consolidated interim financial statements were approved by the board of directors on 29 March 2010.

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 2009.

Presentation of financial statements

The group applied revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the group presents in the consolidated statement of changes of equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months ended 31 January 2010.

Segment reporting

AASB 8 Operating Segments is applicable for interim and annual reporting periods beginning on or after 1 January 2009. AASB 8 requires segment information disclosure based on segments monitored by the chief operating decision maker in allocating resources and in assessing their performance. In the interim condensed consolidated financial statements to 31 January 2010, the operating segments have remained the same but the key reporting measures have been aligned with the internal reporting measures presented to the chief operating decision maker (note 6).

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Business combinations

Revised AASB 3 Business Combinations is applicable for business combinations occurring in interim and annual reporting periods beginning on or after 1 July 2009. The main impact on the interim condensed consolidated financial statements arising from revised AASB 3 is that transaction costs associated with business combinations have been expensed immediately.

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 2009.

Valuation of receivables

Nufarm and a major supplier are currently in dispute with respect to a claim that the supplier is liable for a relevant share of losses attributable to the sale of product during the 2009 financial year and the 2010 interim period. The parties entered into an Agreement in 2002 that provides for the sharing of costs and proceeds associated with Nufarm's sale of products. Nufarm's claim is being contested by the supplier. Nufarm has obtained legal advice on this matter and will vigorously pursue its claim. Nufarm is confident it will recover the amount owing, which at 31 January 2010 is $60.2 million (31 July 2009: $39.9 million).

5. Financial risk management

The group uses foreign exchange contracts and interest rate caps to manage the foreign currency and interest rate exposures between the Nufarm Step-up Securities issued in Australia and New Zealand, and the group funding to several jurisdictions to which the funds were advanced. The foreign exchange contracts cover the exposure on the principal advanced to group companies in US dollars, Euros, the British Pound and the Canadian dollar. The interest rate caps hedge the interest rate risk on the distribution to Nufarm Step-up Security holders. The distribution rate is the average mid-rate for bills with a term of six months plus a margin of 1.90 per cent.

Other aspects of 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 2009.

The movement in the foreign currency translation reserve relates to the differences from converting the net assets of overseas subsidiaries from their functional currencies to the presentation currency of the group, which is Australian dollars. The difference arises from the opening versus closing rate for the reporting period.

6. Segment reporting

Segment information is presented in respect of the group's business and geographic segments. The primary format, geographic segments, is based on the group's management and internal reporting structure.

The group operates predominantly in one business segment, being the crop protection industry. The business is managed on a worldwide basis, with the major geographic segments for reporting being Australasia, Europe, North America and South America. The North America region includes Canada, USA, Mexico, the Central American countries and the Andean region. The South America region includes Brazil, Argentina, Chile, Uruguay, Paraguay and Bolivia.

In presenting information on the basis of geographic segments, 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. Unallocated items comprise mainly interest-bearing loans, borrowings and expenses, and corporate assets and expenses. Inter-segment pricing is determined on an arm's length basis.

6. Segment reporting (continued)

Geographic segments 2010	Australasia $000	Europe $000	North America $000	South America $000	Corporate $000	Consolidated $000
Revenue						
Total segment revenue	295,469	169,907	215,636	209,278	–	890,290
Results						
Operating earnings	11,251	21,414	2,824	(4,547)	(16,585)	14,357
Exchange gains/(losses)	521	(1,038)	159	4,798	907	5,347
Share of net profit/(losses) of associates	535	(1,189)	–	–	22	(632)
Segment result	12,307	19,187	2,983	251	(15,656)	19,072
Material items of income/(expense) (note 9)	(7,722)	(17,780)	(27,977)	–	(1,146)	(54,625)
Net non-cash revaluation profit on proceeds from Nufarm Step-up Securities financing	2,788	–	–	–	–	2,788
Segment result including material items	7,373	1,407	(24,994)	251	(16,802)	(32,765)
Net financing costs						(26,534)
Income tax benefit/(expense)						19,324
Profit/(loss) for the period						(39,975)

Geographic segments 2009	Australasia $000	Europe $000	North America $000	South America $000	Corporate $000	Consolidated $000
Revenue						
Total segment revenue	341,701	254,768	356,882	282,026	–	1,235,377
Results						
Operating earnings	56,243	51,936	55,640	27,516	(14,755)	176,580
Exchange gains/(losses)	24,920	(25,361)	(3,016)	(46,429)	1,324	(48,562)
Share of net profit/(losses) of associates	248	1,871	50	–	–	2,169
Segment result	81,411	28,446	52,674	(18,913)	(13,431)	130,187
Material items of income/(expense) (note 9)	–	(237)	(367)	–	(9,407)	(10,011)
Net non-cash revaluation profit on proceeds from Nufarm Step-up Securities financing	13,490	–	–	–	–	13,490
Segment result including material items	94,901	28,209	52,307	(18,913)	(22,838)	133,666
Net financing costs						(57,969)
Income tax benefit/(expense)						(9,952)
Profit for the period						65,745

7. 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 business, particularly in Australia, Europe and North America.

8. Other expenses

	Consolidated	
	31 Jan 2010 $000	31 Jan 2009 $000
The following expenses were included in the operating result:		
Depreciation and amortisation	(28,730)	(34,279)
Exchange gains/(losses)	5,347	(48,562)

9. Items of material income and expense

	Consolidated		Consolidated	
	31 Jan 2010 $000 Pre-tax	31 Jan 2010 $000 After-tax	31 Jan 2009 $000 Pre-tax	31 Jan 2009 $000 After-tax
The following material items of income/(expense) were included in the period result:				
Cost of sales items				
Net realisable value adjustment – period end inventories	(1,850)	(1,389)	–	–
Net realisable value adjustment – product sold	(41,176)	(28,013)	–	–
Restructuring costs – Europe	(6,343)	(4,517)	–	–
	(49,369)	(33,919)	–	–
General and administrative expense items				
Commerce Commission inquiry costs	(465)	(321)	(7,025)	(6,717)
Due diligence costs	(1,952)	(1,558)	(2,986)	(2,200)
Restructuring costs – Europe	(917)	(619)	–	–
Provision for non-collectibility of sale proceeds	(1,922)	(1,281)	–	–
	(5,256)	(3,779)	(10,011)	(8,917)
Disclosed on face of the income statement				
Net non-cash revaluation profit/(loss) on proceeds from Nufarm Step-up Securities financing	2,788	1,952	13,490	9,443
	(51,837)	(35,746)	3,479	526

10. Acquisition of businesses

On 3 August 2009, the group acquired the shares in Richardson Seeds Pty Ltd and MMR Genetics. Richardson Seeds is a leading producer of sorghum seed hybrids and MMR Genetics is a global leader in the development of elite sorghum germplasm. Both businesses are based in Texas, USA.

Acquisitions in the six months to 31 January 2010	Recognised values $000	Fair value adjustments $000	Carrying amounts $000
Acquiree's net assets at acquisition date			
Cash and cash equivalents	345	–	345
Receivables	5,472	–	5,472
Inventory	9,424	496	9,920
Property, plant and equipment	3,982	2,680	6,662
Other assets	1,099	81	1,180
Trade and other payables	(1,859)	–	(1,859)
Interest bearing loans and borrowings	(7,480)	–	(7,480)
Other liabilities	(5,054)	–	(5,054)
Net identifiable assets and liabilities	5,929	3,257	9,186
Intangibles acquired on acquisition			7,630
Goodwill on acquisition			6,112
Consideration paid			22,928
Cash acquired			(345)
Net cash outflow			22,583

On 1 October 2008, the group acquired the shares in Lefroy Seeds Pty Ltd. Lefroy Seeds specialises in hybrid breeding, production and commercialisation activities in sunflower and sorghum with facilities located in Toowoomba, Queensland, Australia.

Acquisitions in the six months to 31 January 2009	Recognised values $000	Fair value adjustments $000	Carrying amounts $000
Acquiree's net assets at acquisition date			
Cash and cash equivalents	175	–	175
Receivables	353	–	353
Inventory	236	102	338
Property, plant and equipment	167	–	167
Intangibles	8	(8)	–
Other assets	621	–	621
Trade and other payables	(113)	–	(113)
Employee benefits	(21)	(85)	(106)
Other liabilities	(68)	–	(68)
Net identifiable assets and liabilities	1,358	9	1,367
Acquisition costs			(46)
Intangibles acquired on acquisition			5,074
Goodwill on acquisition			5,075
Consideration paid			11,470
Cash acquired			(175)
Consideration satisfied by issue of shares			(7,975)
Net cash outflow			3,320

11. Equity investments

The group has the following investments in associates:

		Ownership and voting interest		Share of after tax profit/(loss)	
	Country	31 Jan 2010 %	31 Jan 2009 %	31 Jan 2010 $000	31 Jan 2009 $000
Bayer CropScience Nufarm Limited	UK	–	25	–	1,246
Excel Crop Care Ltd	India	14.69	14.69	569	309
F&N joint ventures	East Europe	50	50	(1,190)	625
Other				(11)	(11)
Share of after tax profits/(losses) of associates				(632)	2,169

Effective 31 July 2009, Nufarm sold its 25 per cent share in Bayer CropSciences Limited to Bayer CropSciences Limited. The 14.69 per cent investment in Excel Crop Care Ltd is equity accounted as Nufarm has a director on the board and, together with an unrelated partner, has significant influence over nearly 35 per cent of the shares of the company. The relationship also extends to manufacturing and marketing collaborations.

The eastern European joint ventures are 50/50 ventures owned with FMC Corporation and exist in Poland, Slovakia and the Czech Republic.

12. Property, plant and equipment

Acquisition and disposals

During the six months ended 31 January 2010, the group acquired assets with a cost of $28,999,954 (six months ended 31 January 2009: $28,812,151). Assets acquired through business combinations in the six months to 31 January 2010 were $6,662,588 (six months ended 31 January 2009 $167,319). Assets with a book value of $277,651 were disposed of during the six months ended 31 January 2010 (six months ended 31 January 2009: $313,154). There were no assets disposed of through the sale of discontinued operations in the six month period to 31 January 2010 nor in the comparative period for 2009.

Capital commitments

During the six months ended 31 January 2010, the group entered into contracts to purchase property, plant and equipment for $14,540,102 (six months ended 31 January 2009: $11,935,946).

13. Capital and reserves

	31 Jan 2010 $000	31 Jan 2009 $000
Dividends		
The following dividend was paid by the group during the six months ended 31 January 2010 and represents the final 2009 dividend.		
$0.15 per ordinary share (2009: $0.23)	32,709	42,828
Distributions on the Nufarm Step-up Securities		
The following distributions were paid by Nufarm Finance (NZ) Ltd.		
Nufarm Step-up Securities distribution rate 5.02% (2009: 9.97%)	6,313	12,547

The distribution on the Nufarm Step-up Securities reported on the equity movement schedule has been reduced by the tax benefit on the distribution, giving an after-tax amount of $4.419 million (six months ended 31 January 2009 $8.783 million).

	31 Jan 2010 $000	31 Jan 2009 $000
Earnings/(loss) per share		
Net profit/(loss) for the six months ended 31 January	(39,975)	65,745
Net profit/(loss) attributable to non-controlling interests	(11)	(90)
Net profit/(loss) attributable to equity holders of the parent	(39,986)	65,655
Nufarm Step-up Securities distribution (net of tax)	(4,419)	(8,783)
Earnings/(loss) used in the calculations of basic and diluted earnings per share	(44,405)	56,872
Earnings/(loss) from continuing operations	(44,405)	56,872
Add/subtract material items profit/(loss) (refer note 9)	(35,746)	526
Earnings/(loss) excluding material items used in the calculation of operating earnings per share	(8,659)	56,346

	Number of shares	
	31 Jan 2010	31 Jan 2009
Weighted average number of ordinary shares used in calculation of basic earnings per share	218,077,247	186,690,913
Weighted average number of ordinary shares used in calculation of diluted earnings per share	218,077,247	186,690,913

13. Capital and reserves (continued)

	Cents per share 31 Jan 2010	Cents per share 31 Jan 2009
Earnings per share for continuing and discontinued operations		
Basic earnings per share		
From continuing operations	(20.4)	30.5
Diluted earnings per share		
From continuing operations	(20.4)	30.5
Earnings per share (excluding material items of profit/(loss) – see note 9)		
Basic earnings per share	(4.0)	30.2
Diluted earnings per share	(4.0)	30.2

14. Contingent liabilities

Contingent liabilities total $28.4 million at 31 January 2010 compared to $33.3 million at 31 July 2009.

15. Assets held for sale

The assets held for sale in the 31 January 2010 balance sheet relate to the land at Belvedere, UK. Manufacturing at the site ceased in October 2009 and it is currently being prepared for sale. The expected sale proceeds will at least equal the book value of the assets and remediation costs at the site.

16. Financing facilities

The group has total facilities of $1.65 billion at 31 January 2010, of which $1.2 billion is due to be renewed within the next 12 months. The group expects that these facilities will be renewed as they fall due.

17. Subsequent events

At an extraordinary general meeting held on 2 March 2010, Nufarm shareholders overwhelmingly approved a proposal by Sumitomo Chemical Company to proceed with a tender offer aimed at acquiring 20 per cent of the issued capital of Nufarm for a cash price of $14.00 per share. The tender offer opened on 12 March – which is also the record date for the offer – and will close on 9 April.

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 2010 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 and the Corporations Regulations 2001; 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:

KM Hoggard
Director

DJ Rathbone AM
Director

Melbourne
29 March 2010

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF NUFARM LIMITED

Report on the financial report

We have reviewed the accompanying interim financial report of Nufarm Limited (the 'company'), which comprises the condensed consolidated balance sheet as at 31 January 2010, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and consolidated statement of cash flows condensed for the interim period ended on that date, a statement of accounting policies and other explanatory note 4 and the directors' declaration of the group comprising the company and the entities it controlled at the half year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 2010 and its performance for the interim period 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 a 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.

Independence

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

KPMG, an Australian partnership and a member firm of the KPMG network of independent member films affiliated with KPMG International, a Swiss cooperative.

INDEPENDENT AUDITOR'S REVIEW REPORT CONTINUED
TO THE MEMBERS OF NUFARM LIMITED

Conclusion

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:

(a) giving a true and fair view of the group's financial position as at 31 January 2010 and of its performance for the interim period ended on that date; and

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

Material uncertainty regarding revenue recognised and valuation of accounts receivable relating to a claim made on a supplier

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As stated in note 4, the group and a major supplier are in dispute relating to liability for a share of losses pursuant to an Exclusive Distribution Agreement. During the interim period the group recorded an additional receivable of $20.3 million in relation to these losses and as at 31 January 2010 has recorded a total receivable owing by the supplier in relation to these losses of $60.2 million (31 July 2009: $39.9 million). The matter is the subject of a commercial dispute between the parties which may result in a negotiated settlement or legal proceedings, the outcome of which cannot currently be predicted with certainty. No provision has been made for any shortfall in recovery of the amount.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
29 March 2010

KPMG, an Australian partnership and a member firm of the KPMG network of independent member films affiliated with KPMG International, a Swiss cooperative.

DIRECTORY

Directors

KM Hoggard – Chairman
GDW Curlewis – Deputy chairman
DJ Rathbone AM – Managing director
Dr RJ Edgar
Dr WB Goodfellow
GA Hounsell
DG McGauchie AO
Dr JW Stocker AO

Company secretary

R Heath

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Nufarm