

COMPANY ANNOUNCEMENT

16 June, 2009

**Nufarm adjusts earnings guidance
Share Purchase Plan extended**

Nufarm Limited announced today that it will not achieve previous earnings guidance for the current financial year because of a decline in demand for glyphosate and increased price competition for fewer sales opportunities in key markets.

The company said that glyphosate sales in May and through the first half of June are tracking significantly below previous forecasts and it is now apparent that the full year contribution from Nufarm's glyphosate business will not meet earnings targets.

Nufarm Managing Director Doug Rathbone said it is not yet possible to accurately estimate the impact on Nufarm's year end net operating profit, but – on current projections - the company expects to miss the previous guidance of approximately \$220 million by about 15%.

"Given the importance of the final six weeks of the financial year, we will not be in a position to assess the final impact on group earnings until the end of July."

Mr Rathbone said a combination of later than normal buying decisions; seasonal impacts; lower application rates and distribution customers not able or willing to hold normal inventory levels have combined to dramatically impact the glyphosate business in recent weeks.

"We have been saying for some time that the buying patterns this year were much later than normal, but trading over recent weeks has revealed that volumes are also going to be down and will not recover in the current season."

Mr Rathbone said sales over the past six weeks in Nufarm's two largest glyphosate markets – the USA and Australia – are well below those of the previous year and recent price competition is substantially impacting margins on the sales that are being achieved.

"The planting seasons in those markets are now well advanced and the window for achieving additional glyphosate sales before the end of the company's financial year (July 31) is closing quickly."

He said the most dramatic impact is being felt in the US glyphosate market, with growers in many areas planting crops very late in the season and requiring fewer applications of glyphosate.

"Over the past few weeks, we have also seen an aggressive response from competitors in the glyphosate business, cutting prices in an attempt to capture a reduced volume opportunity. Our need to respond to this increased level of competition means that margins are being adversely impacted."

While seasonal conditions in Australia are reasonable in most cropping regions - and a winter crop plantings are estimated to be approximately in line with last year's plantings - sales demand for glyphosate is well below last year and significantly below the company's original forecasts.

Mr Rathbone said it appeared many growers were electing this year to move from an emphasis on pre-plant weed control to a post-plant weed control regime.

"While this will be favourable for our selective herbicide sales, some of those sales may well fall into the new financial year."

Mr Rathbone said the company remains focused on achieving its targeted reduction in glyphosate inventory and has adjusted purchasing of raw materials and production to assist in that regard.

He said the remainder of Nufarm's business was performing to expectations, with strong sales being generated in relation to other products.

"We are seeing a number of things come together to generate some short term headwinds in the global glyphosate business. With agricultural markets expected to be strong in 2010, we'll see a return to more normal purchasing and demand patterns.

"More generally, I expect 2010 to demonstrate that Nufarm is very well placed to achieve solid growth across both our geographic operations and in our major product positions."

Nufarm also announced today that it will extend the closing date for the current Share Purchase Plan. Applications from eligible shareholders under the SPP from will now be accepted up until 5pm (Australian Eastern Time) on Tuesday, June 23.

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