



# First half profit growth continued progress on working capital.

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## KEY EVENTS

- Underlying net profit up by 41 per cent
- Earnings growth in all major crop protection regions
- Disappointing first half in seeds
- Interim dividend increased by 33 per cent

## FACTS IN BRIEF

| 12 months ended<br>31 July 2014 | Consolidated   | 6 months ended<br>31 Jan 2015 | 6 months ended<br>31 Jan 2014 | Increase/<br>(decrease) | Percentage<br>increase/<br>(decrease) |
|---------------------------------|--|-------------------------------|-------------------------------|-------------------------|---------------------------------------|
|                                 |  |                               |                               |                         |                                       |
| 2,622,704                       | <b>Trading results</b>   | <b>1,183,730</b>              | 1,138,211                     | 45,519                  | 4                                     |
|                                 | Revenue from ordinary activities   |                               |                               |                         |                                       |
|                                 | Profit/(loss) from ordinary activities after tax attributable to members |                               |                               |                         |                                       |
| 86,411                          | – before material items  | <b>26,472</b>                 | 18,801                        | 7,671                   | 41                                    |
| 37,707                          | – after material items   | <b>23,152</b>                 | 18,801                        | 4,351                   | 23                                    |

| <b>Dividends to shareholders</b>                      | Amount per<br>security ¢ | Franked<br>amount per<br>security ¢ |
|---|--------------------------|-------------------------------------|
|   |                          |                                     |
| Final dividend paid for the period ended 31 July 2014 | 5.0                      | –                                   |
| Interim dividend for the period ended 31 January 2015 | 4.0                      | –                                   |

| <b>Nufarm step-up securities distribution</b> | Distribution<br>rate % | Total<br>amount<br>\$000 | Payment<br>date |
|---|------------------------|--------------------------|-----------------|
|   |                        |                          |                 |
| Nufarm step-up securities distribution        | 6.52                   | 8,156                    | 15 April 2014   |
| Nufarm step-up securities distribution        | 6.95                   | 8,749                    | 15 Oct 2013     |

| 31 July 2014 | Other summary data                            | 31 Jan 2015   | 31 Jan 2014 |
|--------------|---|---------------|-------------|
| 24%          | Gearing ratio (net debt/net debt plus equity) | <b>35%</b>    | 38%         |
| \$2.84       | Net tangible assets per ordinary share        | <b>\$2.75</b> | \$2.90      |
| 3,445        | Staff employed                                | <b>3,548</b>  | 3,547       |

The financial information in our half year report has been prepared in accordance with IFRS. Refer to page 7 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 2014 unless otherwise stated. Non-IFRS measures have not been subject to audit or review.

# REPORT TO SHAREHOLDERS

## SIX MONTHS ENDED 31 JANUARY 2015

Nufarm Limited generated a 12 per cent increase in underlying earnings before interest and tax (EBIT) of \$63.4 million and a 41 per cent increase in underlying net profit after tax (NPAT) of \$26.5 million.

Group revenues were \$1.18 billion, an increase of four per cent on first half revenues in the previous year (\$1.14 billion).

The statutory NPAT was \$23.1 million, up 23 per cent on the \$18.8 million reported for the first six months of the previous financial year. This includes a net impact of \$3.3 million associated with restructuring and asset rationalisation costs incurred in the first half period.

Earnings per share (excluding material items) were 7.7 cents, compared to 4.7 cents in the first half of 2014.

Business conditions were challenging in some of the company's major markets, particularly in Australia and Brazil. Despite this, the company achieved earnings growth in all major crop protection regions. A combination of later than normal sales and a lower margin sales mix resulted in the seed technologies segment generating revenues and an average gross margin below that of the corresponding period last year.

Net debt at 31 January was \$890 million, down from \$1.02 billion at the same time in the previous year. Net working capital at period end was also lower at \$1.17 billion (31 January 2014: \$1.33 billion) and the average net working capital to sales ratio at 31 January was 43.9 per cent compared to 49.4 per cent last year.

### Interim dividend

Directors declared an unfranked interim dividend of four cents per share (2014 interim dividend: three cents).

The interim dividend will be paid on 8 May 2015 to the holders of all fully paid shares in the company as at the close of business on 10 April 2015. 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 price of the company's ordinary shares on the ASX over a period of 10 consecutive trading days commencing after the record date and concluding prior to the date of allotment of ordinary shares under the plan. The last election date for shareholders who are not yet participants in the DRP is 13 April 2015. The board has determined that, for this dividend payment, no discount will apply to shares issued under the DRP. Shares issued under the DRP will rank equally in all respects with existing ordinary shares.

### Interest/tax/cash flow

Net external interest expense was \$30 million, which was in line with the previous period. While average net debt was lower than in the first half of 2014, this benefit was offset by higher interest rates in Brazil and increased financing costs in Argentina.

At 31 January, the company booked a net foreign exchange gain, mainly relating to financing activities, of \$7.9 million, driven primarily by a strengthening United States dollar. This compared to a net foreign exchange loss of \$3.5 million at 31 January 2014. In the period since 31 January, we have seen considerable currency volatility and in the month of February, have incurred a foreign exchange loss of approximately \$5 million, the majority of which resulted from exposures that are uneconomic to hedge in emerging markets.

Total financing costs in the first six months of 2015 were \$25.6 million, well below the \$40.8 million recorded for the same period of the prior year.

The company's effective tax rate in the first half was 30.8 per cent, which is in line with the expectation for the full year. This compares to a tax benefit of 18.4 per cent in

the first half of 2014, which was impacted by a number of one-off tax credits.

The business recorded a net operating cash outflow of \$213 million in the first six months of the year. This compares to a cash outflow of \$296 million in the previous period. The improvement in operating cash flow was driven by lower average net working capital. While the second half is expected to see continued progress towards our 2016 target of 40 per cent average net working capital to sales, growth in the business may result in the actual net working capital number at 31 July being higher than at the same time last year. Consequently, operating cash flow will not be as strong as in the prior year.

### Business review

The first half period encompasses the key selling season in South America and the summer cropping season in Australia. The larger cereal growing season in Australia and key seasons and demand periods in Nufarm's major northern hemisphere markets occur in the second half of the financial year.

South America's largest market, Brazil, experienced a dry start to the season but average climatic conditions for most of the period. Lower crop prices have contributed to a fall in the total value of crop protection sales in Brazil. The Australian business was again impacted by hot and dry seasonal conditions in the major summer cropping regions of Queensland and northern New South Wales. However, rainfalls in December and January generated strong demand over the last six weeks of the reporting period.

Gross profit was 26.7 per cent of sales, broadly in line with the first half of the previous year (26.9 per cent). Net expenses were down, as a proportion of sales (21.8 per cent versus 22.4 per cent), as were corporate (head office) costs.

# REPORT TO SHAREHOLDERS CONTINUED

## SIX MONTHS ENDED 31 JANUARY 2015

### Operating segments summary

The table below provides a summary of the performance of the operating segments for the first half of 2015 and the corresponding period of the previous year.

#### Australia/New Zealand

The Australian and New Zealand businesses generated \$238 million in segment sales, down slightly on the \$249 million recorded in the first half of 2014. This represented 21 per cent of total crop protection revenues in the first half period. Underlying EBIT was \$11.2 million compared to \$8.9 million in the prior period.

Climatic conditions in Australia were again challenging for most of the period, with a dry end to winter and a dry spring season. Some late rains – particularly in the eastern states – generated strong demand in January and some positive momentum heading into the second half of the year.

While sales were down on the first six months of the prior year, some improvement in margin contributed to a stronger EBIT result in Australia.

Nufarm's 'Weedmaster' glyphosate brand performed strongly and the company continues to hold the leading share in this segment.

In New Zealand, climatic conditions were mixed, with good rains supporting sales activity in the spring pasture and cropping segments, but a dry end to the period, particularly in the South Island. The important dairy market remains challenged due to lower global demand.

New Zealand sales and EBIT were slightly down on the first half of the prior year.

In March 2014, the company announced a re-organisation of its Australian and New Zealand manufacturing footprint. This involves the closure of manufacturing facilities in Auckland (New Zealand), Lytton (Queensland) and Welshpool (Western Australia). Capacity is being relocated to two other existing facilities in Laverton (Victoria) and a facility in Kwinana (Western Australia).

The program is on schedule, with all changes to be fully implemented by June 2016, with forecast annualised savings of \$16 million expected to be realised from the 2017 financial year. The rationalisation of the regional manufacturing footprint will permanently lower the company's cost base, will improve utilisation and overhead recoveries at the retained facilities and will increase Nufarm's competitiveness.

#### Asia

Asian crop protection sales were \$83 million compared to \$71 million in the first half of the previous year. Asia accounted for seven per cent of total crop protection revenues in the period. Underlying EBIT was \$8.6 million; slightly down on the first half of 2014 (\$9.3 million).

Seasonal conditions across most of Nufarm's markets in Asia were average. Newly established offices in Vietnam and South Korea helped generate increased business in those markets.

#### North America

North American crop protection sales increased by 26 per cent to \$228 million (20 per cent of total crop protection sales) and regional EBIT was \$0.5 million, compared to a loss of \$6.9 million in the first half of 2014. On a local currency basis, United States sales were up by 28 per cent on the previous period, with local currency sales in Canada down on the prior year.

Much of the United States experienced another severe winter, and drought conditions persisted in the western states.

| Six months ended 31 January (\$000) | Revenue          |                  |            | Underlying EBIT |               |             |
|-------------------------------------|------------------|------------------|------------|-----------------|---------------|-------------|
|                                     | 2015             | 2014             | Change (%) | 2015            | 2014          | Change (%)  |
| <b>Crop protection</b>              |                  |                  |            |                 |               |             |
| Australia and New Zealand           | <b>238,278</b>   | 248,983          | (4.3)      | <b>11,221</b>   | 8,951         | 25.4        |
| Asia                                | <b>83,009</b>    | 71,225           | 16.5       | <b>8,558</b>    | 9,253         | (7.5)       |
| Europe                              | <b>169,412</b>   | 170,420          | (0.6)      | <b>3,203</b>    | 1,496         | 114.1       |
| North America                       | <b>227,911</b>   | 180,696          | 26.1       | <b>518</b>      | (6,853)       | n/a         |
| South America                       | <b>422,238</b>   | 412,834          | 2.3        | <b>65,031</b>   | 60,032        | 8.3         |
| <b>Total crop protection</b>        | <b>1,140,848</b> | 1,084,158        | 5.2        | <b>88,531</b>   | 72,879        | 21.5        |
| Seed technologies – global          | <b>42,882</b>    | 54,053           | (20.7)     | <b>(5,235)</b>  | 3,287         | n/a         |
| Corporate                           | –                | –                | n/a        | <b>(19,870)</b> | (19,440)      | (2.2)       |
| <b>Nufarm group</b>                 | <b>1,183,730</b> | <b>1,138,211</b> | <b>4.0</b> | <b>63,426</b>   | <b>56,726</b> | <b>11.8</b> |

# REPORT TO SHAREHOLDERS CONTINUED

## SIX MONTHS ENDED 31 JANUARY 2015

Nufarm received good support for new products launched in the cropping and industrial vegetative management (IVM) segments and undertook a successful early order and marketing program for its turf and ornamental portfolio. This portfolio is benefitting from the addition of the Valent (Sumitomo) range of products that are now being sold by Nufarm.

In Canada, Nufarm has introduced differentiated burndown products for the canola, soybean and cereals markets and is building its presence in the glyphosate resistance segment.

### South America

South American crop protection sales were up slightly on the first half of the previous year (\$422 million versus \$413 million) and represented 37 per cent of total first half crop protection revenues. Underlying EBIT was up by just over eight per cent to \$65 million (2014 first half: \$60 million).

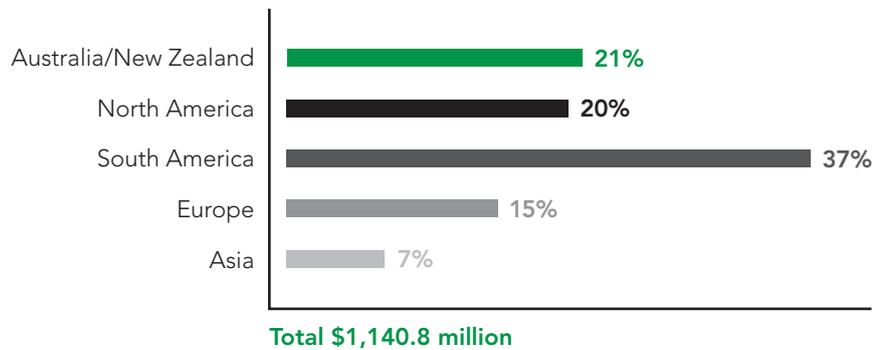
In local currency, sales in Brazil were in line with the prior period. Dry conditions in the central areas of Brazil contributed to a late start to the season and growers delayed purchases of inputs while assessing the impact of lower soft commodity prices. Climatic conditions improved after cropping activity commenced, particularly in the south of the country, which received good rains.

Pest and disease pressure was lower than normal, reducing the opportunity for fungicide and insecticide sales.

Margins in Brazil improved strongly, driven by a better product mix and strong demand for a number of Nufarm's differentiated offerings that were able to command premium pricing.

Sales in Argentina were up strongly on the prior period, with the business benefitting from generally favourable seasonal conditions and a stronger product portfolio. However, very high interest rates and currency volatility added to the risk and cost of doing business.

### Sales revenue by region Crop protection segment



### Europe

European sales were in line with the prior period (\$169 million versus \$170 million) and accounted for 15 per cent of crop protection sales for the group. Regional EBIT improved to \$3.2 million, ahead of the \$1.5 million posted in the first half of 2014.

Nufarm's branded sales in Europe were up by more than 11 per cent on the prior period, with favourable autumn conditions generating positive demand for crop protection inputs. Technical sales – which generate a lower margin – were down compared to the first half of 2014.

The company successfully launched a number of new products across regional markets, with the collaboration with Sumitomo Chemical Company generating several of those product introductions.

On a local currency basis, European markets generating strongest sales growth included France, Romania, Hungary and Portugal.

Sales in Nufarm's developing markets of Africa and the Middle East (reported as part of the European region) increased strongly, with additional resources invested in building the business in these areas.

On 5 February 2015, the company announced a rationalisation of its European manufacturing footprint

involving the proposed closure of a synthesis facility in the Netherlands and increased production activity at sites in England and France. The changes are estimated to result in annualised savings of €16 million (\$23 million) when fully implemented by June 2016 (see subsequent events on page 6).

### Major product segments Crop protection

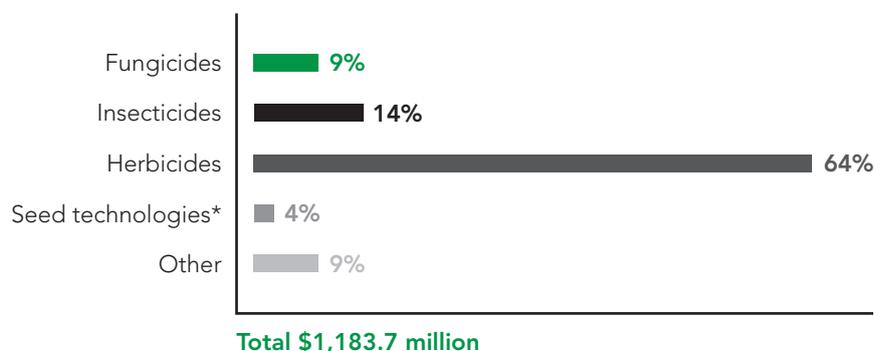
Crop protection sales increased by five per cent on the first half of 2014 (\$1.14 billion versus \$1.08 billion) and represented 96 per cent of total group revenues. All regions reported an improvement in crop protection margins.

Herbicide sales were up seven per cent to \$761 million. The higher sales were driven by a combination of stronger overall demand for weed control applications in some markets, and the successful launch and growth of Nufarm herbicide offerings. There was an improvement in the gross margins achieved on glyphosate sales, with differentiated formulations in Brazil ('Crucial') and Australia ('Weedmaster DST') receiving strong support. Phenoxy herbicide sales were up on the prior period, but margins came under pressure in the Americas due to weaker market conditions, higher than normal inventories and increased competition. Dicamba sales were up strongly, driven by additional usage in pre-sowing burndown applications to

# REPORT TO SHAREHOLDERS CONTINUED

## SIX MONTHS ENDED 31 JANUARY 2015

### Sales by product segment



Other includes equipment, adjuvants, plant growth regulators and industrial.

\* Seed technologies includes seed plus seed treatment.

control glyphosate resistant weeds. Insecticide sales were down slightly on the prior period (\$163 million versus \$171 million). Generally dry conditions and low insect pressure in key markets reduced demand for insecticide applications.

Fungicide sales were \$106 million, up on the \$100 million recorded in the first half of 2014. The fungicide portfolio performed strongly in the period, with relatively low disease pressure in Brazil and Australia offset by a positive autumn season in Europe and North America and the continued roll-out of new fungicide products.

Sales of biorational products, plant growth regulators, adjuvants, machinery and industrial products were \$109 million (2014 first half: \$102 million). The company continues to strengthen its position in the expanding biorational and plant growth regulator segments, with additional product launches helping to grow sales.

### Seed technologies

The company's seed technologies segment includes sales of seeds, managed under our Nuseed business, and seed treatment chemistry. Segment sales were down in the first half compared to the previous year (\$43 million versus \$54 million) and the segment generated a loss

of \$5.2 million at the underlying EBIT level, compared to a positive contribution of \$3.3 million in the corresponding period last year.

With higher value sales in the period down on the prior year, the segment generated an average gross margin of 41 per cent versus 49 per cent in the first half of 2014. A higher value product mix in the second half is expected to result in a stronger average gross margin by year end.

The business faced some challenging conditions in the first half in a number of its higher value markets. Dry conditions in Australia limited summer sorghum and sunflower plantings, increased competitive activity in the China sunflower market impacted on sales and margins and United States based seed treatment sales were down on the prior half year period.

Changing dynamics in the China confectionary sunflower market are resulting in deterioration in both sales and value potential for Nuseed and the company is re-evaluating its focus on, and investment in, that market. With confectionary markets in North America and Europe continuing to develop positively, the company still sees substantial opportunities for growth in this high-value segment. There was an increased investment in research and development in

the seeds business, with excellent progress on the continued development of new hybrid varieties and other pipeline projects.

The first field trials associated with the company's DHA omega-3 canola project were completed and produced encouraging data. Follow-up field trials are now underway.

A combination of adverse weather and increased competition resulted in lower than expected sales of seed treatment applications in the first half. A number of new alliances were finalised that will provide access to additional chemistry for seed treatment products, with these new products expected to generate higher sales over the coming years.

### Balance sheet

Net debt at the end of the first half was \$890 million, some \$130 million lower than at 31 January, 2014 (\$1.02 billion). Despite growth in the business and an adverse currency impact, average net debt for the first half was \$793 million compared to \$908 million in the first half of 2014.

Average net working capital for the half was \$160 million lower than for the same period last year. Average net working capital to sales was 43.9 per cent; also well down on the 49.4 per cent at the end of January last year. Management is targeting average net working capital to sales to be at or below 40 per cent by 31 July 2016 (31 July 2014: 47.7 per cent).

All major crop protection regions reported an improvement in average net working capital to sales. Across the group, receivables were up slightly on the prior period, inventories were down and payables were higher.

Gearing (net debt to net debt plus equity) was 34.8 per cent (2014 first half: 38.3 per cent).

# REPORT TO SHAREHOLDERS CONTINUED

## SIX MONTHS ENDED 31 JANUARY 2015

### Subsequent events

#### Managing director

On 4 February 2015, the company announced that managing director and chief executive officer Doug Rathbone had stepped down and that the group executive for commercial operations, Greg Hunt, had been appointed chief operating officer and acting chief executive officer.

The company has retained the services of Mr Rathbone as a consultant to the company for 12 months from 23 March 2015. Mr Rathbone will consult exclusively to Nufarm on a number of specific commercial activities and his remuneration will be commensurate with the work undertaken on these projects.

#### European manufacturing restructure

On 5 February 2015, the company announced a rationalisation of its manufacturing operations in Europe, involving the planned closure of a synthesis facility in Botlek (the Netherlands) and increased activity at plants in Wyke (England) and Gaillon (France). The changes will be implemented over a period of approximately 18 months and, when complete, are estimated to result in annualised savings of €16 million.

Associated with these changes, the company will incur one-off restructuring costs of up to €30 million, the majority of which will be booked in the second half of the current financial year. Some €15 million are non-cash costs. There will be incremental capital expenditure of €9 million associated with the changes to existing facilities.

#### Performance improvement program

On 5 February 2015, the company announced that it is pursuing a \$100 million cost reduction and continuous improvement program. The program is expected to result in a net benefit (measured at an EBIT level) of \$100 million and an increase in return on funds employed (ROFE) to 16 per cent in the medium term.

The projected savings associated with the European manufacturing restructure (€16 million or approximately \$23 million) are included in this target. Additional initiatives are currently being implemented or evaluated in areas including procurement, supply chain, logistics, product development, and potential savings associated with selling, general and administrative (SG&A) expenses.

#### 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.

Australian climatic conditions in the February to March period have been generally more favourable than at the same time in the previous year. Western Australia, however, is still relatively dry and good rains will be needed ahead of the crop planting period to drive sales demand in that region. With some improvement in demand, the business is expected to generate a stronger second half result than in 2014.

A more normal spring season in the United States will be a key driver of earnings recovery in our North American business. With a stronger product portfolio in the crop and non-crop (turf and ornamental) segments, the business is well positioned to capitalise on more

positive seasonal conditions, should they occur. Channel stocks, however, are higher than normal and this may weigh on demand as the season gets underway.

The second six months represents the smaller sales season in Brazil. It is estimated that safrinha (second season) corn plantings are down by up to 10 per cent on the previous year, which – together with relatively low insect and disease pressure – will reduce crop protection requirements.

Given normal seasonal conditions, the European business is expected to have a slightly stronger second half than in the previous year.

A re-phasing of some sales from first half to second half will result in the seed technologies segment generating a stronger performance in the period, with this segment expected to again post EBIT growth on a full year basis. The second half is expected to see continued positive progress on the canola DHA omega-3 program with the objective of moving into a regulatory approval process by calendar year end.

Management will remain strongly focused on working capital efficiency initiatives, on continued progress associated with the restructuring programs in Australia and Europe and on securing further cost savings and efficiencies throughout the business.

Given relatively normal seasonal conditions in our key geographic markets, the company remains confident of generating improved profitability over the prior year.



Greg Hunt  
Chief operating officer and  
acting chief executive officer

Melbourne  
25 March 2015

# REPORT TO SHAREHOLDERS CONTINUED

## SIX MONTHS ENDED 31 JANUARY 2015

### 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 NPAT 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 release:

- Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is underlying EBIT before depreciation and amortisation of \$39.016 million for the six months ended 31 January 2015 and \$40.501 million for the six months ended 31 January 2014. 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.
- 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               | 2015<br>\$000 | 2014<br>\$000 |
|---|---------------|---------------|
| Underlying EBIT                           | 63,426        | 56,726        |
| Material items impacting operating profit | (4,539)       | –             |
| Operating profit                          | 58,887        | 56,726        |

- Non-IFRS measures are defined as follows:

- Underlying NPAT – 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 and lease expense – finance charges as described in note 17 to the 31 January 2015 Nufarm Limited interim 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 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 2015 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  
T Takasaki

#### Executive director

DJ Rathbone AM (resigned 4 February 2015)

Except as noted, 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 3,500 people at its various locations in Australia and New Zealand, Asia, the Americas, Europe and Africa. The company is listed on the Australian Stock 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 2015 is \$23.152 million, after including the material items described in note 7. The comparable figure for the six months to 31 January 2014 was a net profit of \$18.801 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 2015.

### 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.



DG McGauchie AO  
Director



FA Ford  
Director

Melbourne  
25 March 2015

## LEAD AUDITOR'S INDEPENDENCE DECLARATION

### UNDER SECTION 307C OF THE CORPORATIONS ACT 2001



#### To: the directors of Nufarm Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 January 2015 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.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Gordon Sangster'.

Gordon Sangster  
Partner

Melbourne  
25 March 2015

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

### SIX MONTHS ENDED 31 JANUARY 2015

|   | Note | 31 Jan 2015<br>\$000 | 31 Jan 2014<br>\$000 |
|---|------|----------------------|----------------------|
| Revenue   | 6    | 1,183,730            | 1,138,211            |
| Cost of sales   |      | (867,182)            | (832,434)            |
| <b>Gross profit</b>   |      | <b>316,548</b>       | 305,777              |
| Other income  |      | 5,585                | 5,911                |
| Sales, marketing and distribution expenses                        |      | (159,289)            | (150,691)            |
| General and administrative expenses                               |      | (85,696)             | (79,387)             |
| Research and development expenses                                 |      | (18,004)             | (25,118)             |
| Share of net profits/(losses) of associates                       | 11   | (257)                | 234                  |
| <b>Operating profit</b>   |      | <b>58,887</b>        | 56,726               |
| Financial income excluding foreign exchange gains/(losses)        |      | 4,188                | 2,594                |
| Net foreign exchange gains/(losses)                               |      | 7,881                | (3,537)              |
| Net financial income  |      | 12,069               | (943)                |
| Financial expenses  |      | (37,682)             | (39,864)             |
| <b>Net financing costs</b>  | 17   | <b>(25,613)</b>      | (40,807)             |
| <b>Profit before tax</b>  |      | <b>33,274</b>        | 15,919               |
| Income tax benefit/(expense)                                      |      | (10,177)             | 2,925                |
| <b>Profit for the period</b>                                      |      | <b>23,097</b>        | 18,844               |
| <b>Attributable to:</b>   |      |                      |                      |
| Equity holders of the parent                                      | 14   | 23,152               | 18,801               |
| Non-controlling interest  | 14   | (55)                 | 43                   |
| <b>Profit for the period</b>                                      |      | <b>23,097</b>        | 18,844               |
| <b>Earnings per share attributable to ordinary equity holders</b> |      |                      |                      |
| Basic earnings per share (cents)                                  | 14   | 6.4                  | 4.7                  |
| Diluted earnings per share (cents)                                | 14   | 6.4                  | 4.7                  |

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### SIX MONTHS ENDED 31 JANUARY 2015

|  | 31 Jan 2015<br>\$000 | 31 Jan 2014<br>\$000 |
|--|----------------------|----------------------|
| Net profit/(loss) for the period   | 23,097               | 18,844               |
| <b>Other comprehensive income</b>  |                      |                      |
| Items that may be reclassified subsequently to profit or loss:             |                      |                      |
| Foreign exchange translation differences for foreign operations            | 72,012               | (1,909)              |
| Effective portion of changes in fair value of cash flow hedges             | 2,145                | (368)                |
| Effective portion of changes in fair value of net investment hedges        | (2,791)              | (5,185)              |
| Items that will not be reclassified to profit or loss:                     |                      |                      |
| Actuarial gains/(losses) on defined benefit plans                          | (19,222)             | (7,425)              |
| Income tax on share based payment transactions                             | 484                  | (38)                 |
| <b>Other comprehensive income/(loss) for the period, net of income tax</b> | <b>52,628</b>        | <b>(14,925)</b>      |
| <b>Total comprehensive income/(loss) for the period</b>                    | <b>75,725</b>        | <b>3,919</b>         |
| <b>Attributable to:</b>  |                      |                      |
| Shareholders of the company  | 75,780               | 3,876                |
| Non-controlling interest   | (55)                 | 43                   |
| <b>Total comprehensive income/(loss) for the period</b>                    | <b>75,725</b>        | <b>3,919</b>         |

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 2015

|  | Note | 31 Jan 2015<br>\$000 | 31 July 2014<br>\$000 | 31 Jan 2014<br>\$000 |
|--|------|----------------------|-----------------------|----------------------|
| <b>Current assets</b>                                      |      |                      |                       |                      |
| Cash and cash equivalents                                  | 16   | 292,567              | 241,638               | 217,053              |
| Trade and other receivables                                |      | 1,012,102            | 724,555               | 923,012              |
| Inventories  |      | 883,550              | 632,901               | 921,147              |
| Current tax assets   |      | 47,692               | 30,362                | 59,519               |
| <b>Total current assets</b>                                |      | <b>2,235,911</b>     | 1,629,456             | 2,120,731            |
| <b>Non-current assets</b>                                  |      |                      |                       |                      |
| Receivables  |      | 66,682               | 67,481                | 37,253               |
| Equity accounted investments                               |      | 8,530                | 7,786                 | 6,325                |
| Other investments  |      | 517                  | 477                   | 449                  |
| Deferred tax assets  |      | 254,466              | 235,741               | 219,620              |
| Property, plant and equipment                              |      | 388,423              | 371,055               | 412,494              |
| Intangible assets  |      | 939,501              | 859,450               | 886,655              |
| <b>Total non-current assets</b>                            |      | <b>1,658,119</b>     | 1,541,990             | 1,562,796            |
| <b>TOTAL ASSETS</b>  |      | <b>3,894,030</b>     | 3,171,446             | 3,683,527            |
| <b>Current liabilities</b>                                 |      |                      |                       |                      |
| Bank overdraft   | 16   | 1,189                | –                     | –                    |
| Trade and other payables                                   |      | 730,362              | 515,933               | 512,256              |
| Loans and borrowings                                       | 16   | 372,268              | 318,948               | 439,268              |
| Employee benefits  |      | 20,002               | 19,423                | 18,943               |
| Current tax payable  |      | 10,158               | 20,605                | 25,399               |
| Provisions   |      | 13,586               | 15,701                | 3,055                |
| <b>Total current liabilities</b>                           |      | <b>1,147,565</b>     | 890,610               | 998,921              |
| <b>Non-current liabilities</b>                             |      |                      |                       |                      |
| Payables   |      | 27,865               | 42,326                | 47,055               |
| Loans and borrowings                                       | 16   | 808,724              | 436,057               | 800,336              |
| Deferred tax liabilities                                   |      | 147,158              | 124,562               | 125,877              |
| Employee benefits  |      | 93,556               | 69,191                | 61,102               |
| <b>Total non-current liabilities</b>                       |      | <b>1,077,303</b>     | 672,136               | 1,034,370            |
| <b>TOTAL LIABILITIES</b>                                   |      | <b>2,224,868</b>     | 1,562,746             | 2,033,291            |
| <b>NET ASSETS</b>  |      | <b>1,669,162</b>     | 1,608,700             | 1,650,236            |
| <b>Equity</b>  |      |                      |                       |                      |
| Issued capital   |      | 1,073,332            | 1,068,871             | 1,067,654            |
| Reserves   |      | (177,102)            | (248,573)             | (208,718)            |
| Retained earnings  |      | 520,826              | 536,241               | 539,136              |
| <b>Equity attributable to equity holders of the parent</b> |      | <b>1,417,056</b>     | 1,356,539             | 1,398,072            |
| Non-controlling interest:                                  |      |                      |                       |                      |
| Nufarm step-up securities                                  |      | 246,932              | 246,932               | 246,932              |
| Other  |      | 5,174                | 5,229                 | 5,232                |
| <b>TOTAL EQUITY</b>  |      | <b>1,669,162</b>     | 1,608,700             | 1,650,236            |

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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### SIX MONTHS ENDED 31 JANUARY 2015

|   | Note | 31 Jan 2015<br>\$000 | 31 Jan 2014<br>\$000 |
|---|------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                                 |      |                      |                      |
| Cash receipts from customers  |      | 982,993              | 1,015,683            |
| Cash paid to suppliers and employees  |      | (1,133,182)          | (1,256,783)          |
| Cash generated from operations  |      | (150,189)            | (241,100)            |
| Interest received   |      | 4,188                | 2,594                |
| Dividends received  |      | 505                  | 215                  |
| Interest paid   |      | (32,642)             | (29,914)             |
| Income tax paid   |      | (27,157)             | (27,854)             |
| Material items  |      | (7,817)              | –                    |
| <b>Net cash used in operating activities</b>                                |      | <b>(213,112)</b>     | <b>(296,059)</b>     |
| <b>Cash flows from investing activities</b>                                 |      |                      |                      |
| Proceeds from sale of property, plant and equipment                         |      | 1,825                | 449                  |
| Proceeds from sales of business and investments                             |      | –                    | 2,240                |
| Payments for plant and equipment  |      | (24,121)             | (22,631)             |
| Payments for acquired intangibles and major product development expenditure |      | (26,087)             | (31,478)             |
| <b>Net investing cash flows</b>   |      | <b>(48,383)</b>      | <b>(51,420)</b>      |
| <b>Cash flows from financing activities</b>                                 |      |                      |                      |
| Proceeds from borrowings  |      | 636,698              | 599,632              |
| Repayment of borrowings   |      | (321,889)            | (275,653)            |
| Debt establishment transaction costs  |      | (1,009)              | (4,719)              |
| Distribution to Nufarm step-up securities holders                           | 14   | (8,339)              | (8,749)              |
| Dividends paid  | 14   | (10,861)             | (11,676)             |
| <b>Net financing cash flows</b>   |      | <b>294,600</b>       | <b>298,835</b>       |
| Net increase/(decrease) in cash and cash equivalents                        |      | 33,105               | (48,644)             |
| Cash and cash equivalents at the beginning of the period                    |      | 241,638              | 264,972              |
| Exchange rate fluctuations on foreign cash balances                         |      | 16,635               | 725                  |
| <b>Cash and cash equivalents at the end of the period</b>                   | 16   | <b>291,378</b>       | <b>217,053</b>       |

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### SIX MONTHS ENDED 31 JANUARY 2015

|   | Share<br>capital<br>\$000 | Translation<br>reserve<br>\$000 | Attributable to equity<br>Other<br>reserves<br>\$000 |
|---|---------------------------|---------------------------------|--|
| <b>Balance at 1 August 2013</b>                                 | 1,063,992                 | (196,643)                       | (35,654)   |
| Profit/(loss) after taxation                                    | -                         | -                               | -  |
| <b>Other comprehensive income:</b>                              |                           |                                 |  |
| Actuarial gains/(losses) on defined benefit plans               | -                         | -                               | -  |
| Foreign exchange translation differences for foreign operations | -                         | (1,909)                         | -  |
| Gains/(losses) on cash flow hedges taken to equity              | -                         | -                               | (368)  |
| Gains/(losses) on net investment hedges taken to equity         | -                         | -                               | (5,185)  |
| Income tax on share based payment transactions                  | -                         | -                               | (38)   |
| <b>Total comprehensive income/(loss) for the period</b>         | -                         | (1,909)                         | (5,591)  |
| <b>Transactions with owners, recorded directly in equity</b>    |                           |                                 |  |
| Accrued employee share award entitlement                        | -                         | -                               | 881  |
| Issuance of shares under employee share plans                   | 2,172                     | -                               | (2,172)  |
| Remeasurement of non-controlling interest option                | -                         | -                               | (1,257)  |
| Dividends paid to shareholders                                  | -                         | -                               | -  |
| Dividend reinvestment plan                                      | 1,490                     | -                               | -  |
| Distributions to Nufarm step-up security holders                | -                         | -                               | -  |
| <b>Balance at 31 January 2014</b>                               | 1,067,654                 | (198,552)                       | (43,793)   |
| <b>Balance at 1 August 2014</b>                                 | <b>1,068,871</b>          | <b>(258,779)</b>                | <b>(23,421)</b>                                      |
| Profit/(loss) after taxation                                    | -                         | -                               | -  |
| <b>Other comprehensive income:</b>                              |                           |                                 |  |
| Actuarial gains/(losses) on defined benefit plans               | -                         | -                               | -  |
| Foreign exchange translation differences for foreign operations | -                         | <b>72,012</b>                   | -  |
| Gains/(losses) on cash flow hedges taken to equity              | -                         | -                               | <b>2,145</b>   |
| Gains/(losses) on net investment hedges taken to equity         | -                         | -                               | <b>(2,791)</b>                                       |
| Income tax on share based payment transactions                  | -                         | -                               | <b>484</b>   |
| <b>Total comprehensive income/(loss) for the period</b>         | -                         | <b>72,012</b>                   | <b>(162)</b>   |
| <b>Transactions with owners, recorded directly in equity</b>    |                           |                                 |  |
| Accrued employee share award entitlement                        | -                         | -                               | <b>2,242</b>   |
| Issuance of shares under employee share plans                   | <b>2,104</b>              | -                               | <b>(2,104)</b>                                       |
| Remeasurement of non-controlling interest option                | -                         | -                               | <b>(517)</b>   |
| Dividends paid to shareholders                                  | -                         | -                               | -  |
| Dividend reinvestment plan                                      | <b>2,357</b>              | -                               | -  |
| Distributions to Nufarm step-up security holders                | -                         | -                               | -  |
| <b>Balance at 31 January 2015</b>                               | <b>1,073,332</b>          | <b>(186,767)</b>                | <b>(23,962)</b>                                      |

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  
SIX MONTHS ENDED 31 JANUARY 2015

| holders of the company |                                    |                               |                  | Non-controlling interest              |                |                       |
|------------------------|------------------------------------|-------------------------------|------------------|---------------------------------------|----------------|-----------------------|
|                        | Capital profit<br>reserve<br>\$000 | Retained<br>earnings<br>\$000 | Total<br>\$000   | Nufarm step-up<br>securities<br>\$000 | Other<br>\$000 | Total equity<br>\$000 |
|                        | 33,627                             | 547,302                       | 1,412,624        | 246,932                               | 5,189          | 1,664,745             |
|                        | –                                  | 18,801                        | 18,801           | –                                     | 43             | 18,844                |
|                        | –                                  | (7,425)                       | (7,425)          | –                                     | –              | (7,425)               |
|                        | –                                  | –                             | (1,909)          | –                                     | –              | (1,909)               |
|                        | –                                  | –                             | (368)            | –                                     | –              | (368)                 |
|                        | –                                  | –                             | (5,185)          | –                                     | –              | (5,185)               |
|                        | –                                  | –                             | (38)             | –                                     | –              | (38)                  |
|                        | –                                  | 11,376                        | 3,876            | –                                     | 43             | 3,919                 |
|                        | –                                  | –                             | 881              | –                                     | –              | 881                   |
|                        | –                                  | –                             | –                | –                                     | –              | –                     |
|                        | –                                  | –                             | (1,257)          | –                                     | –              | (1,257)               |
|                        | –                                  | (13,166)                      | (13,166)         | –                                     | –              | (13,166)              |
|                        | –                                  | –                             | 1,490            | –                                     | –              | 1,490                 |
|                        | –                                  | (6,376)                       | (6,376)          | –                                     | –              | (6,376)               |
|                        | 33,627                             | 539,136                       | 1,398,072        | 246,932                               | 5,232          | 1,650,236             |
|                        | <b>33,627</b>                      | <b>536,241</b>                | <b>1,356,539</b> | <b>246,932</b>                        | <b>5,229</b>   | <b>1,608,700</b>      |
|                        | –                                  | 23,152                        | 23,152           | –                                     | (55)           | 23,097                |
|                        | –                                  | (19,222)                      | (19,222)         | –                                     | –              | (19,222)              |
|                        | –                                  | –                             | 72,012           | –                                     | –              | 72,012                |
|                        | –                                  | –                             | 2,145            | –                                     | –              | 2,145                 |
|                        | –                                  | –                             | (2,791)          | –                                     | –              | (2,791)               |
|                        | –                                  | –                             | 484              | –                                     | –              | 484                   |
|                        | –                                  | 3,930                         | 75,780           | –                                     | (55)           | 75,725                |
|                        | –                                  | –                             | 2,242            | –                                     | –              | 2,242                 |
|                        | –                                  | –                             | –                | –                                     | –              | –                     |
|                        | –                                  | –                             | (517)            | –                                     | –              | (517)                 |
|                        | –                                  | (13,218)                      | (13,218)         | –                                     | –              | (13,218)              |
|                        | –                                  | –                             | 2,357            | –                                     | –              | 2,357                 |
|                        | –                                  | (6,127)                       | (6,127)          | –                                     | –              | (6,127)               |
|                        | <b>33,627</b>                      | <b>520,826</b>                | <b>1,417,056</b> | <b>246,932</b>                        | <b>5,174</b>   | <b>1,669,162</b>      |

# 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 2015 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 2014 are available upon request from the company's registered office at 103–105 Pipe Road, Laverton North, Victoria, Australia or at [www.nufarm.com](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*, the *Corporations Act 2001* and IAS 34: *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 2014.

These condensed consolidated interim financial statements were approved by the board of directors on 25 March 2015.

## 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 2014.

During the current reporting period, a number of new or amended standards became applicable for the first time. These standards did not materially affect the entity's accounting policies or any of the amounts recognised in the financial statements but there will be some changes to the disclosures in the 31 July 2015 annual report as a consequence of these amendments.

### New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these interim financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the group, except for AASB 9 *Financial Instruments*, which becomes mandatory for the group's 2019 consolidated financial statements, and IFRS 15 *Revenue from contracts with customers*, which becomes mandatory for 2018 consolidated financial statements.

AASB 9 could change the classification and measurement of financial assets and IFRS 15 could change revenue recognition practices. The group does not currently plan to adopt these standards early and the extent of the impact (if any) has not been determined.

### (b) Reclassification

Comparatives have been adjusted to present them on the same basis as current period figures.

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONTINUED

## 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 2014.

## 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 2014.

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 2015.

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 South America. The North America region includes Canada and United States.

The South 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.

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONTINUED

## 6. Segment reporting (continued)

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 chief executive officer. 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 corporate segment comprises mainly corporate expenses, interest-bearing loans, borrowings and corporate assets.

| Operating segments 2015                                       | Crop protection                 |            |              |                     |                     | Total \$000 | Seed technologies | Corporate | Group         |
|---|---------------------------------|------------|--------------|---------------------|---------------------|-------------|-------------------|-----------|---------------|
|   | Australia and New Zealand \$000 | Asia \$000 | Europe \$000 | North America \$000 | South America \$000 |             | Global \$000      | \$000     | Total \$000   |
| <b>Revenue</b>  |                                 |            |              |                     |                     |             |                   |           |               |
| Total segment revenue   | 238,278                         | 83,009     | 169,412      | 227,911             | 422,238             | 1,140,848   | 42,882            | -         | 1,183,730     |
| <b>Results</b>  |                                 |            |              |                     |                     |             |                   |           |               |
| Underlying EBITDA <sup>(a)</sup>                              | 19,943                          | 10,264     | 18,895       | 8,260               | 66,611              | 123,973     | (2,102)           | (19,429)  | 102,442       |
| Depreciation and amortisation excluding material items        | (8,722)                         | (1,706)    | (15,692)     | (7,742)             | (1,580)             | (35,442)    | (3,133)           | (441)     | (39,016)      |
| Underlying EBIT <sup>(a)</sup>                                | 11,221                          | 8,558      | 3,203        | 518                 | 65,031              | 88,531      | (5,235)           | (19,870)  | 63,426        |
| Material items included in operating profit (refer note 7)    |                                 |            |              |                     |                     |             |                   |           | (4,539)       |
| Material items included in net financing costs (refer note 7) |                                 |            |              |                     |                     |             |                   |           | -             |
| Net financing costs (excluding material items)                |                                 |            |              |                     |                     |             |                   |           | (25,613)      |
| <b>Profit/(loss) before tax</b>                               |                                 |            |              |                     |                     |             |                   |           | <b>33,274</b> |

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

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONTINUED

## 6. Segment reporting (continued)

| Operating segments 2014                                       | Crop protection                 |            |              |                     |                     | Total \$000 | Seed technologies | Corporate | Group Total \$000 |
|---|---------------------------------|------------|--------------|---------------------|---------------------|-------------|-------------------|-----------|-------------------|
|   | Australia and New Zealand \$000 | Asia \$000 | Europe \$000 | North America \$000 | South America \$000 |             | Global \$000      | \$000     |                   |
| <b>Revenue</b>  |                                 |            |              |                     |                     |             |                   |           |                   |
| Total segment revenue   | 248,983                         | 71,225     | 170,420      | 180,696             | 412,834             | 1,084,158   | 54,053            | –         | 1,138,211         |
| <b>Results</b>  |                                 |            |              |                     |                     |             |                   |           |                   |
| Underlying EBITDA <sup>(a)</sup>                              | 19,082                          | 10,700     | 17,747       | 956                 | 62,009              | 110,494     | 5,688             | (18,955)  | 97,227            |
| Depreciation and amortisation excluding material items        | (10,131)                        | (1,447)    | (16,251)     | (7,809)             | (1,977)             | (37,615)    | (2,401)           | (485)     | (40,501)          |
| Underlying EBIT <sup>(a)</sup>                                | 8,951                           | 9,253      | 1,496        | (6,853)             | 60,032              | 72,879      | 3,287             | (19,440)  | 56,726            |
| Material items included in operating profit (refer note 7)    |                                 |            |              |                     |                     |             |                   |           | –                 |
| Material items included in net financing costs (refer note 7) |                                 |            |              |                     |                     |             |                   |           | –                 |
| Net financing costs (excluding material items)                |                                 |            |              |                     |                     |             |                   |           | (40,807)          |
| <b>Profit/(loss) before tax</b>                               |                                 |            |              |                     |                     |             |                   |           | <b>15,919</b>     |

(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 2015 \$000               | 31 Jan 2014 \$000 |
| Australia                | 205,890                         | 211,500           |
| New Zealand              | 37,378                          | 43,651            |
| Asia                     | 87,559                          | 71,225            |
| Europe                   | 183,842                         | 176,608           |
| United States            | 213,788                         | 178,741           |
| Rest of North America    | 18,773                          | 29,482            |
| Brazil                   | 343,192                         | 351,732           |
| Rest of South America    | 93,308                          | 75,272            |
| <b>Total</b>             | <b>1,183,730</b>                | <b>1,138,211</b>  |

## 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.

| Material items by category:             | Consolidated 31 Jan 2015 |                 | Consolidated 31 Jan 2014 |                 |
|---|--------------------------|-----------------|--------------------------|-----------------|
|   | \$000 pre-tax            | \$000 after-tax | \$000 pre-tax            | \$000 after-tax |
| Asset rationalisation and restructuring | (4,539)                  | (3,320)         | –                        | –               |
|   | (4,539)                  | (3,320)         | –                        | –               |

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONTINUED

## 7. Items of material income and expense (continued)

### Asset rationalisation and restructuring

Asset rationalisation and restructuring costs relate to the planning and execution of certain group-wide business restructuring initiatives undertaken during the six-month period ended 31 January 2015.

Material items are classified by function as follows:

| Six months ended 31 January 2015<br>\$000         | Cost of sales | Selling, marketing and distribution expense | General and administrative expense | Net financing costs | Total pre-tax |
|---|---------------|---|------------------------------------|---------------------|---------------|
| Asset rationalisation and restructuring           | –             | (1,360)                                     | (3,179)                            | –                   | (4,539)       |
| Total material items                              | –             | (1,360)                                     | (3,179)                            | –                   | (4,539)       |
| Total material items included in operating profit | –             | (1,360)                                     | (3,179)                            | –                   | (4,539)       |

| Six months ended 31 January 2014<br>\$000         | Cost of sales | Selling, marketing and distribution expense | General and administrative expense | Net financing costs | Total pre-tax |
|---|---------------|---|------------------------------------|---------------------|---------------|
| None  | –             | –   | –                                  | –                   | –             |
| Total material items                              | –             | –   | –                                  | –                   | –             |
| Total material items included in operating profit | –             | –   | –                                  | –                   | –             |

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

## 9. Other expenses

The following expenses were included in the operating result:

|                               | Consolidated         |                      |
|-------------------------------|----------------------|----------------------|
|                               | 31 Jan 2015<br>\$000 | 31 Jan 2014<br>\$000 |
| Depreciation and amortisation | (39,016)             | (40,501)             |

## 10. Acquisition of businesses

### Business acquisitions – 2015

No business acquisitions arose in the six months ended 31 January 2015.

### Business acquisitions – 2014

No business acquisitions arose in the six months ended 31 January 2014.

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

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## 11. Equity accounted investments

The group has the following equity accounted investments:

|   | Country     | Ownership and voting interest |                  | Share of after-tax profit/(loss) |                      |
|---|-------------|-------------------------------|------------------|----------------------------------|----------------------|
|   |             | 31 Jan 2015<br>%              | 31 Jan 2014<br>% | 31 Jan 2015<br>\$000             | 31 Jan 2014<br>\$000 |
| Excel Crop Care Ltd   | India       | 14.69                         | 14.69            | 781                              | 601                  |
| F&N joint ventures  | East Europe | 50                            | 50               | (544)                            | (17)                 |
| Lotus Agrar joint venture   | Germany     | 50                            | 50               | (494)                            | (331)                |
| Other   |             |                               |                  | –                                | (19)                 |
| Share of after-tax profits/(losses) of equity accounted investments |             |                               |                  | (257)                            | 234                  |

Nufarm's investment in Excel Crop Care Ltd is equity accounted due to Nufarm holding 14.69 per cent of voting rights in Excel Crop Care Ltd, the transactions undertaken between the parties and Nufarm's ability to appoint two directors to the board. The relationship extends to manufacturing and marketing collaborations and the sale/purchase of crop protection products.

The F&N joint ventures represents the group's interest in three joint ventures with FMC Corporation, which operate in Poland, Czech Republic and Slovakia. The joint ventures sell Nufarm and FMC products within their country.

Lotus Agrar is a joint venture with Verwaltungsgesellschaft Hermann Stroetmann GmbH & Co. KG. This joint venture sells generic agrochemicals in Germany.

## 12. Property plant and equipment

### Acquisition and disposals

During the six months ended 31 January 2015, the group acquired assets with a cost of \$24.121 million (six months ended 31 January 2014: \$22.631 million). No assets were acquired through business combinations in the six months to 31 January 2015 (six months ended 31 January 2014: \$nil). Assets with a book value of \$1.592 million were disposed of during the six months ended 31 January 2015 (six months ended 31 January 2014: \$0.338 million). There were no assets disposed of through the sale of discontinued operations in the six-month period to 31 January 2015 or in the comparative period for 2014.

### Capital commitments

During the six months ended 31 January 2015, the group entered into contracts to purchase property, plant and equipment for \$6.621 million (six months ended 31 January 2014: \$3.459 million).

## 13. Contingent assets and liabilities

The company's 2013 annual financial report previously disclosed a contingent liability of \$74.6 million in respect of potential pre-acquisition tax liabilities of its Brazilian business, which was acquired in 2007. The company continued to defend the related tax claims during the period. The agreements relating to the purchase of the business included indemnities that allow Nufarm to recover the majority of any such tax liabilities from the previous owners. These indemnities have been confirmed via an independent arbitration process.

During December 2013, the company elected to participate in a federal tax program instigated by the Brazilian government that allows taxpayers to reduce their tax liabilities by offering discounts on claims (including penalties and interest) applying to a period ending on 30 November 2008. The decision to participate in the program reduced the company's potential future liability and provided a final resolution of the claims to which the program applied.

Entering into the program gave rise to a tax liability that originally was to result in a cash outflow of approximately \$300,000 per month for five years commencing January 2014 and the utilisation of tax losses. In November 2014 the company elected to take advantage of changes to the federal tax program, which allowed for the balance of the aforementioned liabilities to be fully settled via the utilisation of tax losses.

As previously disclosed, cash inflows from the previous owner, via enforcement of the indemnities currently under arbitration, will follow the settlement of the tax obligations.

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONTINUED

## 13. Contingent assets and liabilities (continued)

The recognition of the liability during the year ended 31 July 2014 was offset by the benefit of previously unrecognised tax assets. The tax assets will be recovered via a combination of recoupment in the normal course of business and enforcement of the indemnities provided by the previous owner.

At 31 January 2015, the total contingent liability relating to future potential tax liabilities in Brazil is \$21.6 million (2014: \$12.2 million), which relate to claims not covered by the federal tax program, some of which may also be covered by the indemnities. These cases will continue to be defended.

Further to the above, the group has 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.

## 14. Capital and reserves

|  | 31 Jan 2015<br>\$000 | 31 Jan 2014<br>\$000 |
|--|----------------------|----------------------|
| <b>Dividends</b>   |                      |                      |
| Dividends paid during the period:  |                      |                      |
| There was a 5 cent (2014: 5 cent) prior year final dividend declared and paid by the group during the six months ended 31 January 2015:  |                      |                      |
| \$0.05 per ordinary share (2014: \$0.05)   | (13,218)             | (13,166)             |
| Dividends declared in respect of the period:   |                      |                      |
| Subsequent to the half year end on 25 March 2015, the company declared an interim dividend of 4 cents per share (\$10.598 million), which will be paid on 8 May 2015 (31 January 2014: 3 cents per share). 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. |                      |                      |
| <b>Distributions on the Nufarm step-up securities</b>  |                      |                      |
| The following distributions were paid by Nufarm Finance (NZ) Ltd:  |                      |                      |
| Nufarm step-up securities distribution rate 6.63 per cent (2014: 6.95 per cent)  | (8,339)              | (8,749)              |
| 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 \$6.127 million (six months ended 31 January 2014: \$6.376 million).   |                      |                      |
| <b>Earnings/(loss) per share</b>   |                      |                      |
| Net profit/(loss) for the six months ended 31 January  | 23,097               | 18,844               |
| Net (profit)/loss attributable to non-controlling interests  | 55                   | (43)                 |
| Net profit/(loss) attributable to equity holders of the parent   | 23,152               | 18,801               |
| Nufarm step-up securities distribution (net of tax)  | (6,127)              | (6,376)              |
| Earnings/(loss) used in the calculations of basic and diluted earnings per share   | 17,025               | 12,425               |
| Earnings/(loss) from continuing operations   | 17,025               | 12,425               |
| (Add)/subtract after-tax impact of material items profit/(loss) (refer note 7)   | (3,320)              | –                    |
| Earnings/(loss) excluding material items used in the calculation of underlying earnings per share  | 20,345               | 12,425               |

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONTINUED

## 14. Capital and reserves (continued)

|  | Number of shares |             |
|--|------------------|-------------|
|  | 31 Jan 2015      | 31 Jan 2014 |
| Weighted average number of ordinary shares used in calculation of basic earnings per share   | 264,456,311      | 263,317,974 |
| Weighted average number of ordinary shares used in calculation of diluted earnings per share | 265,690,278      | 264,621,997 |

| Earnings/(loss) per share   | Cents per share |             |
|---|-----------------|-------------|
|   | 31 Jan 2015     | 31 Jan 2014 |
| Basic earnings/(loss) per share – from continuing operations                            | 6.4             | 4.7         |
| Diluted earnings/(loss) per share – from continuing operations                          | 6.4             | 4.7         |
| Basic earnings per share – excluding items of material income and expense from note 7   | 7.7             | 4.7         |
| Diluted earnings per share – excluding items of material income and expense from note 7 | 7.7             | 4.7         |

## 15. Assets held for sale

There were no assets held for sale in the current period or 2014.

## 16. Net debt

|   | 31 Jan 2015    | 31 Jan 2014      |
|---|----------------|------------------|
|   | \$000          | \$000            |
| <b>Current</b>                                  |                |                  |
| Bank loans – secured                            | 258,914        | 278,949          |
| Bank loans – unsecured                          | 118,240        | 164,683          |
| Deferred debt establishment costs               | (6,308)        | (5,106)          |
| Finance lease liabilities – secured             | 586            | 365              |
| Other loans – unsecured                         | 836            | 377              |
| Loans and borrowings – current                  | 372,268        | 439,268          |
| <b>Non-current</b>                              |                |                  |
| Bank loans – secured                            | 379,936        | 396,590          |
| Bank loans – unsecured                          | 4,845          | 41,113           |
| Senior unsecured notes                          | 416,799        | 361,436          |
| Deferred debt establishment costs               | (7,826)        | (13,389)         |
| Finance lease liabilities – secured             | 13,149         | 12,982           |
| Other loans – unsecured                         | 1,821          | 1,604            |
| Loans and borrowings – non current              | 808,724        | 800,336          |
| Cash and cash equivalents                       | (292,567)      | (217,053)        |
| Bank overdraft                                  | 1,189          | –                |
| Net cash and cash equivalents                   | (291,378)      | (217,053)        |
| <b>Net debt</b>                                 | <b>889,614</b> | <b>1,022,551</b> |
| <b>Accessible</b>                               |                |                  |
| Bank loan facilities and senior unsecured notes | 1,806,824      | 1,494,941        |
| Other facilities                                | 2,657          | 1,981            |
| Total financing facilities                      | 1,809,481      | 1,496,922        |
| <b>Utilised</b>                                 |                |                  |
| Bank loan facilities and senior unsecured notes | 1,178,734      | 1,242,771        |
| Other facilities                                | 2,657          | 1,981            |
| Total financing facilities                      | 1,181,391      | 1,244,752        |

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONTINUED

## 16. Net debt (continued)

Key group facilities include a \$300 million group trade receivables securitisation facility, a US\$325 million senior unsecured notes offering due in October 2019, and a senior secured syndicated bank facility of \$530 million, of which \$30 million is due in December 2017, \$490 million is due in December 2016 and \$10 million is due in December 2015. On 19 December 2013, the refinancing of the syndicated bank facility was completed with the facility increasing from \$406 million to \$530 million.

The majority of debt facilities that reside outside the senior unsecured notes, syndicated bank facility and the group trade receivables securitisation facility are regional working capital facilities, primarily located in Brazil and Europe totalling \$686 million (2014: \$474 million).

## 17. Finance income and expense

|  | 31 Jan 2015 | 31 Jan 2014 |
|--|-------------|-------------|
|  | \$000       | \$000       |
| Net foreign exchange gains/(losses)                        | 7,881       | (3,537)     |
| Financial income excluding foreign exchange gains/(losses) | 4,188       | 2,594       |
| Net financial income                                       | 12,069      | (943)       |
| Interest expense – external                                | (33,282)    | (31,651)    |
| Interest expense – debt establishment transaction costs    | (3,412)     | (7,334)     |
| Lease expense – finance charges                            | (988)       | (879)       |
| Financial expenses   | (37,682)    | (39,864)    |
| Net financing costs  | (25,613)    | (40,807)    |

## 18. 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<br>31 January 2015                | Carrying value<br>\$000 | Fair value<br>\$000 |
|--|-------------------------|---------------------|
| Cash and cash equivalents                      | 292,567                 | 292,567             |
| Trade and other receivables                    | 1,058,292               | 1,058,292           |
| Forward exchange contracts and options:        |                         |                     |
| Assets   | 7,479                   | 7,479               |
| Liabilities                                    | (19,138)                | (19,138)            |
| Interest rate swaps                            | 9,664                   | 9,664               |
| Trade and other payables excluding derivatives | (735,740)               | (735,740)           |
| Bank overdraft                                 | (1,189)                 | (1,189)             |
| Secured bank loans                             | (638,850)               | (638,850)           |
| Unsecured bank loans                           | (123,085)               | (123,085)           |
| Senior unsecured notes                         | (416,799)               | (417,833)           |
| Other loans                                    | (2,657)                 | (2,657)             |
| Finance leases                                 | (13,735)                | (13,735)            |
|  | (583,191)               | (584,225)           |

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONTINUED

## 18. Financial instruments (continued)

| <b>31 January 2014</b>                         | <b>Carrying value<br/>\$000</b> | <b>Fair value<br/>\$000</b> |
|--|---------------------------------|-----------------------------|
| Cash and cash equivalents                      | 217,053                         | 217,053                     |
| Trade and other receivables                    | 958,226                         | 958,226                     |
| Forward exchange contracts and options:        |                                 |                             |
| Assets   | 2,039                           | 2,039                       |
| Liabilities                                    | (8,704)                         | (8,704)                     |
| Interest rate swaps                            | (20,050)                        | (20,050)                    |
| Trade and other payables excluding derivatives | (530,557)                       | (530,557)                   |
| Bank overdraft                                 | –                               | –                           |
| Secured bank loans                             | (675,539)                       | (675,539)                   |
| Unsecured bank loans                           | (205,796)                       | (205,796)                   |
| Senior unsecured notes                         | (361,436)                       | (362,872)                   |
| Other loans                                    | (1,981)                         | (1,981)                     |
| Finance leases                                 | (13,347)                        | (13,347)                    |
|  | <b>(640,092)</b>                | <b>(641,528)</b>            |

### 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).

|                                  | <b>Consolidated</b>      |                          |                          | <b>Total<br/>\$000</b> |
|----------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
|                                  | <b>Level 1<br/>\$000</b> | <b>Level 2<br/>\$000</b> | <b>Level 3<br/>\$000</b> |                        |
| <b>2015</b>                      |                          |                          |                          |                        |
| Derivative financial assets      | –                        | 20,492                   | –                        | 20,492                 |
|                                  | –                        | 20,492                   | –                        | 20,492                 |
| Derivative financial liabilities | –                        | (22,487)                 | –                        | (22,487)               |
|                                  | –                        | (22,487)                 | –                        | (22,487)               |

|                                  | <b>Consolidated</b>      |                          |                          | <b>Total<br/>\$000</b> |
|----------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
|                                  | <b>Level 1<br/>\$000</b> | <b>Level 2<br/>\$000</b> | <b>Level 3<br/>\$000</b> |                        |
| <b>2014</b>                      |                          |                          |                          |                        |
| Derivative financial assets      | –                        | 2,039                    | –                        | 2,039                  |
|                                  | –                        | 2,039                    | –                        | 2,039                  |
| Derivative financial liabilities | –                        | (28,754)                 | –                        | (28,754)               |
|                                  | –                        | (28,754)                 | –                        | (28,754)               |

There have been no transfers between levels in either 2015 or 2014.

# CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

CONTINUED

## 18. Financial instruments (continued)

### 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.

## 19. Subsequent events

### Managing director

On 4 February 2015, the company announced that managing director and chief executive Doug Rathbone had stepped down and that the group executive for commercial operations, Greg Hunt, had been appointed chief operating officer and is acting chief executive.

The company has also sought to retain the services of Mr Rathbone as a consultant to the company for 12 months from 23 March 2015. Mr Rathbone will consult exclusively to Nufarm on a number of specific commercial activities and his remuneration will be commensurate with those activities.

### Debt refinancing

Subsequent to 31 January 2015, the senior secured syndicated bank facility has been partially refinanced such that the total facility amount has increased to \$540 million, of which \$150 million is due in February 2018, \$30 million is due in December 2017, \$350 million is due in December 2016 and \$10 million is due in December 2015.

### European manufacturing footprint review

On 5 February 2015, the company announced a rationalisation of its manufacturing operations in Europe, involving the planned closure of a synthesis facility in Botlek (the Netherlands) and increased activity at plants in Wyke (England) and Gaillon (France). The changes will be implemented over a period of approximately 18 months and, upon completion, are estimated to result in annualised savings of €16 million (\$23 million).

Associated with these changes, the company will incur one-off restructuring costs of up to €30 million (\$44 million), the majority of which will be booked in the second half of the current financial year. Approximately €15 million (\$22 million) are non-cash costs. There will be incremental capital expenditure of €9 million (\$13 million) associated with the changes to existing facilities.

A consultation process is now underway with relevant worker representative groups.

## 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 2015 and of its performance for the six-month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and IAS 34: *Interim Financial Reporting*.
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



DG McGauchie AO  
Director



FA Ford  
Director

Melbourne  
25 March 2015

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



## Report on the financial report

We have reviewed the accompanying half-year financial report of Nufarm Limited (the 'Group'), which comprises the condensed consolidated balance sheet as at 31 January 2015, 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 half-year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information 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 half-year.

## Directors' responsibility for the half-year financial report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express a conclusion on the half-year 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 half-year 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 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. 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 half-year 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*.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Gordon Sangster  
Partner

Melbourne  
25 March 2015

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## DIRECTORY

### Directors

DG McGauchie AO – Chairman  
AB Brennan  
GR Davis  
FA Ford  
Dr WB Goodfellow  
PM Margin  
T Takasaki

### Company secretary

R Heath

### Solicitors

Arnold Bloch Leibler & Co  
333 Collins Street  
Melbourne Victoria 3000 Australia

### Auditors

KPMG  
147 Collins Street  
Melbourne Victoria 3000 Australia

### Trustee for Nufarm step-up securities

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Level 15, 20 Bond Street  
Sydney New South Wales 2000 Australia

### Share registrar

Australia  
Computershare Investor Services Pty Ltd  
GPO Box 2975EE  
Melbourne Victoria 3001 Australia  
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Outside Australia: +61 3 9415 4000

### Step-up securities registrar

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