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Preliminary announcement

Results for the year ended 31 July, 2012

Nufarm reports strong growth in earnings

Highlights

- **Group revenues: $2.18 billion, up by 5%**
- **Statutory net profit after tax of $72.6 million, compared to statutory net loss after tax of $49.9 million in 2011**
- **Underlying EBIT(1)(2) of $206 million (up 20%)**
- **Underlying net profit after tax(3) of $115.4 million (up 17%)**
- **Gross profit margin improves to 28.0% (2011: 27.0%)**
- **Lower net working capital and average net debt**
- **Final dividend: 3 cents per share, fully franked**
- **Further positive progress on execution of strategic plan, including strong recovery in Brazil and continued growth of the seed technologies segment**

Year ended 31 July	2012 $000	2011 $000	Change %
Revenue	2,181,551	2,083,589	4.7%
Gross profit	610,894	561,946	8.7%
Underlying EBITDA (1)	267,754	231,836	15.5%
Underlying EBIT (1)(2)	205,973	171,779	19.9%
Operating profit	144,972	28,089	416.1%
Underlying net profit after tax(3)	115,440	98,279	17.5%
Net profit after tax	72,594	(49,851)	n/a
Net operating cash flow	166,505	165,233	0.8%
Basic earnings per share - excluding material items (cents)	38.7	32.9	17.7%
Basic earnings per share (cents)	22.3	(23.7)	n/a
Total dividend per share declared in respect of period (cents)	6.0	-	n/a

The financial information contained within our statutory accounts has been prepared in accordance with IFRS. Refer to page 11 for footnotes, including explanations of the non-IFRS measures used in this announcement. All references to the prior period are to the year ended 31 July 2011 unless otherwise stated. This report is based on financial statements which have been audited by KPMG. Non-IFRS measures have not been subject to audit or review. Refer to the 31 July 2012 Nufarm Limited Financial Report for the independent auditor's report to the members of Nufarm Limited.

Nufarm Limited today announced a statutory profit after tax of $72.6 million for the 12 months to 31 July, 2012. This compares to a statutory loss after tax of $49.9 million in the previous financial year.

The company reported an underlying net profit after tax of $115.4 million. This represents a 17% increase on the underlying net profit after tax of $98.3 million generated in the previous year.

Underlying earnings before interest and tax (EBIT) was $206.0 million, an increase of 20% on the $171.8 million recorded in the 2011 financial year.

Group revenues increased by just under 5% to $2.18 billion (2011: $2.08 billion). On a constant currency basis(3), revenues increased by almost 10%.

Material items amounted to a net loss of $42.8 million, including an after tax impact of $30.5 million associated with the proposed settlement of a shareholder class action (refer to 'Subsequent Events' in this report).

Earnings per share were 22.3 cents (2011: a loss of 23.7 cents per share). Excluding material items, earnings per share were 38.7 cents (2011: 32.9 cents).

The underlying result represents strong growth on the previous year and further progress in respect of the company's strategic growth plan.

Net working capital at 31 July was $771 million (31 July, 2011: $814 million) while net debt increased marginally to $468 million from $465 million at the same time in the previous year. This small increase included the impact of a debt funded US$55 million acquisition to support growth in the seeds business. Average net debt was lower in 2012 and reflects more efficient management of working capital through the course of the full year.

Final Dividend

Directors declared a fully franked final dividend of 3 cents per share, resulting in a full year dividend of 6 cents. No dividend was paid in the previous year.

The final dividend will be paid on 16 November, 2012 to the holders of all fully paid shares in the company as at the close of business on 19 October, 2012. There is no conduit foreign income attributed to the dividend.

The Dividend Reinvestment Plan (DRP) will be made available to shareholders for the final dividend.

Directors have determined that the Issue Price will be calculated on the volume weighted average of the company's ordinary shares on the ASX over a period of 10 consecutive trading days commencing 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 October 19. The Board has determined that, for this dividend payment, no discount will apply to shares issued under the DRP.

Business review

The business performed solidly in the 2012 financial year, against a backdrop of mixed seasonal and market conditions in the various geographies in which Nufarm operates.

Australia experienced average seasonal conditions; market conditions in Brazil were mostly positive although areas of the country were impacted by drought; while the US – after a good start to the season - was impacted by severe drought. Most European markets had challenging climatic conditions during key periods of the year, while economic and credit risks were also elevated in Europe.

In the 2012 financial period, the company continued to implement important changes in support of its strategic growth plan. This included a review and realignment of development programs; the further diversification of product offerings; additional resources to support higher value growth segments; and the strengthening of business systems and management at both a corporate head office and regional level.

Corporate (head office) costs were higher in 2012 at $41.4 million (2011: $30.5 million). This reflected investment in additional management resources and systems as well as increased incentive payments made in parallel with the earnings recovery in the business.

Nufarm's crop protection business, which accounts for 94% of group revenues, grew sales by 3% to $2.06 billion and generated an average gross margin[(3)] of 27% (2011: 27%). The company's seed technologies business grew sales by 39% to $121.0 million and generated an average gross margin of 53%, slightly up on the previous year (52%).

Underlying EBIT is a measure used internally that excludes material items. The difference between underlying EBIT and operating profit is set out in the following table:

Year ended 31 July	2012 $000	2011 $000
Underlying EBIT	205,973	171,779
Material items impacting operating profit	(61,001)	(143,690)
Operating profit	144,972	28,089

Material items

The after tax loss associated with material items was $42.8 million (2011: net loss $148.1 million).

Major items included $30.4 million in costs associated with the settlement of a shareholder class action; $5 million in restructuring costs; just under $7 million in refinancing costs; and the final amortisation charge associated with the phase-out of several products in Brazil ($3.7 million). Other one-off costs related to litigation expenses and an impairment charge of just under $2 million relating to Nufarm’s minority equity investment in Excel Crop Care Ltd in India.

A $7.7 million gain was booked in relation to the mark to market revaluation of Nufarm’s Step-Up Securities (NSS).

Year ended 31 July 2012	Pre-tax $000	After-tax $000
Material items by category		
Class action settlement	(43,500)	(30,450)
Restructuring costs	(7,295)	(5,013)
Due diligence and litigation costs	(3,552)	(2,427)
Investment in associate write down	(1,993)	(1,993)
Intangibles write off - Brazil	(3,708)	(3,708)
Debt re-financing costs	(9,931)	(6,952)
Net foreign exchange gains/(losses) on Nufarm Step-up Securities financing	11,050	7,697
Total material items	**(58,929)**	**(42,846)**
add back material items impacting net finance costs		
Debt re-financing costs impacting net finance costs only	*8,978*	*6,285*
Net foreign exchange gains/(losses) on Nufarm Step-up Securities financing	*(11,050)*	*(7,697)*
Total material items impacting operating profit	**(61,001)**	**(44,258)**

Interest / tax / cash flow

Net external interest costs[3] were lower ($40.9 million versus $48.9 million) due to lower average net debt and more cost effective facilities.

The reported effective tax rate is 34%. Excluding material items, the underlying effective tax rate is 31.7% (2011: 31.0%) which has been impacted by a number of non-recurring items including tax related write-offs in France and Argentina. Adjusting for those non-recurring items, the effective tax rate for the year was 30%.

The business generated net operating cash flow of $166.5 million, which was in line with the previous year ($165.2 million).

Operating segments summary

The following table provides a summary of the performance of the operating segments for the 2012 financial year and the corresponding period.

Year ended 31 July	Revenue			Underlying EBIT [1][2]		
($000s)	2012	2011	Change %	2012	2011	Change %
Crop protection						
Australia and New Zealand	701,022	674,827	3.9%	105,982	94,723	11.9%
Asia	125,586	142,297	-11.7%	16,735	22,319	-25.0%
Europe	431,095	435,794	-1.1%	43,223	38,346	12.7%
North America	470,243	418,931	12.2%	33,327	16,456	102.5%
South America	332,636	324,544	2.5%	17,526	4,107	326.7%
Total Crop protection	*2,060,582*	*1,996,393*	3.2%	*216,793*	175,951	23.2%
Seed Technologies - global	120,969	87,196	38.7%	30,589	26,318	16.2%
Corporate	-	-	n/a	(41,409)	(30,490)	35.8%
Nufarm Group	**2,181,551**	**2,083,589**	**4.7%**	**205,973**	**171,779**	**19.9%**

Australia / New Zealand

The Australian and New Zealand businesses generated $701.0 million in segment sales, representing 34% of total crop protection revenues. This compares with 2011 sales of $674.8 million (also 34% of total). Underlying EBIT increased from $94.7 million in the 2011 financial year to $106.0 million in 2012, with the majority of the improvement contributed by New Zealand and the Croplands spray machinery business.

Seasonal conditions in Australia were average, with generally good rainfalls in most of the Eastern and Southern states, and a late and dry season in Western Australia. Both pest and disease pressure was below that of the previous year.

A solid first half performance was driven by higher value herbicide sales into the cotton and horticulture segments. Glyphosate margins experienced increased pressure with the high level of formulated Chinese imports, but there was solid demand for the company's post emergent herbicide range, and the launch of a new 2,4-D formulation – Amicide Advance – was very successful.

A number of other new products were launched under both the Nufarm and Crop Care brands, and Crop Care's proprietary 'suSCon' controlled release technology continued to secure increased market support.

The Croplands machinery business benefitted from increased capital expenditure in the farm sector and generated strong sales and an improved margin.

Nufarm's New Zealand business also generated higher sales and improved profitability on the previous year with the important pasture and horticulture markets performing solidly. The company's New Zealand based insecticide and fungicide manufacturing facility, which produces product for export to Nufarm's global markets, contributed strongly in its first full year of operation.

Asia

Asian crop protection sales were $125.6 million in 2012 (6% of total revenues), compared to $142.3 million in the previous year (7% of total revenues). Underlying EBIT was $16.7 million, down from $22.3 million in 2011.

Nufarm's Indonesian business was negatively impacted by a prolonged dry season which reduced applications in major crops, including the important plantation segment. Increased pressure on glyphosate margins also contributed to lower sales and a lower EBIT result.

A number of new products were launched during the year as the Nufarm businesses in Asia further diversified their portfolios in the rice and fruit and vegetable segments.

North America

North American crop protection sales increased by just over 12% to $470.2 million. Measured in local currency, the increase in US sales was slightly higher. The region generated 23% of total crop protection revenues (2011: 21%). Underlying EBIT was up strongly, increasing to $33.3 million from $16.5 million in the previous year. After a positive and early start to the major cropping season in the US, conditions deteriorated significantly, with key agricultural regions experiencing the worst drought in many years. Nufarm was able to capitalise on the strong early season conditions with large plantings of corn and soybeans supporting positive demand for herbicides during that period. Glyphosate pricing remained competitive in the US.

The dry conditions negatively impacted the turf and ornamental segment, particularly opportunities for fungicide sales in the latter months of the financial year. Despite this, Nufarm increased its sales in this segment, reflecting its strong market position and customer relationships. The company also performed strongly in the industrial vegetative management (IVM) segment.

Seasonal conditions in Canada were mixed, but increased cropping activity drove stronger demand for crop protection inputs after several years of flood-affected below average plantings. Nufarm Canada benefited from the addition of the Valent range of products in the second half of the financial year. Valent is a subsidiary of Sumitomo Chemical Company.

South America

South American crop protection sales increased slightly to $332.6 million (2011: $324.5 million), but generated a much stronger underlying EBIT, $17.5 million versus $4.1 million in 2011. Regional sales comprised 16% of total crop protection revenues, the same proportion as in the previous year.

Seasonal impacts in Brazil were mixed during the year, with drought conditions in the south of Brazil affecting demand in the first half of the period and dry conditions in the north east of the country negatively impacting some sales in that region in the latter months of the second half. Conditions in the important central cropping regions were positive, however, and supported a very large 'safrinha' corn crop. Brazilian growers looked to capitalise on strong crop prices, and this generated positive demand for crop protection inputs.

Nufarm's Brazilian business strengthened its positions in pasture and sugar cane and introduced new products into several segments, including vegetable crops. In local currency, Brazil sales were up by nearly 14% to R$488 million. Improved margins were driven by new product introductions and a more balanced portfolio.

Dry conditions in the north of Argentina affected summer cropping activity, however Nufarm generated increased sales and an improved margin. The business in Chile also performed well but a combination of seasonal impacts and increased competition in some segments resulted in Nufarm's Colombian operations generating a result in line with the previous year.

Europe

European sales were $431.1 million, down slightly on the previous year (2011:$435.8 million) and represented 21% of total crop protection revenues (2011: 22%). Underlying EBIT improved to $43.2 million, up 13% on the prior year ($38.3 million).

Climatic conditions were varied across Europe, with a dry autumn and very cold winter negatively impacting demand in the first half of the year in Northern and Eastern markets before conditions improved in the spring and summer seasons. Southern Europe also experienced mixed seasonal conditions and the UK recorded its wettest summer in 100 years.

A number of European markets were also impacted by challenging economic and credit conditions and this required careful risk management in relation to receivables exposure.

On a local currency basis, Nufarm sales were higher in Germany, France, Romania, Hungary and Ukraine and the company reinforced its strong position in the corn herbicide market. Most Mediterranean markets, including Spain and Italy, recorded lower sales

In Italy, Nufarm entered into an agreement with Sumitomo Chemical Company's local subsidiary and will now sell its crop protection portfolio via Sumitomo's larger distribution platform. The agreement took effect from 1 August, 2012.

Nufarm's European based phenoxy herbicide manufacturing facilities made a significant contribution to the regional result. Global demand for this range of products was strong and the facilities in Holland, Austria and the UK all produced increased volumes on the previoius year and generated improved overhead recoveries.

Major product segments

Crop Protection

Nufarm's crop protection business, which accounts for 94% of group revenues, grew sales by 3% to $2.06 billion and generated an average gross margin of 27% (2011: 27%).

Herbicide sales were up 5% on the previous year to $1.43 billion and generated an average gross margin of 26% (2011: 26%).

Glyphosate sales were 22% of crop protection revenues, slightly higher than in the previous year (21%). Pricing and margins improved in some markets, including South America, but increased competitive pressure in Australia and Indonesia led to a fall in glyphosate profitability. Phenoxy herbicides were in strong demand in most markets and Nufarm's leadership position in this segment helped facilitate both higher sales and an increase in margins. Several new formulations and mixtures were successfully launched and a new production facility for a proprietary dry formulation of 2,4-D, was commissioned in India. An expanded position in the pasture market in Brazil helped drive increased sales of picloram, and several other herbicides – including bromoxynil and trifluralin – also recorded increased sales.

Insecticide sales were down on the previous year ($184 million v $197 million) but when these numbers are adjusted to reflect several products that were phased out at the end of last financial year, the segment generated 8% growth. These sales generated an average gross margin of 35% (2011: 36%).

Insect pressure in South America was relatively high, leading to strong demand for Nufarm's insecticide portfolio, in particular products based on imidacloprid. Two insecticides that had generated $27.5 million in sales for Nufarm in 2011 were phased out in Brazil at the end of that year, however replacement products generating improved margins have been introduced into the portfolio. Insect pressure in Europe was below average in most markets and Australia did not see a repeat of the locust infestation that generated very high sales of products such as fipronil in the previous year. Other insecticide products to perform strongly in 2012 included lambda-cyhalothrin, on which several new product launches were based, and abamectin.

Fungicide sales in 2012 were $213 million versus $244 million in the previous year. A lower average gross margin (28% versus 32%) was achieved.

The 2012 financial year was characterised by lower fungal disease pressure in most of Nufarm’s major geographic markets. Dry conditions in the South of Brazil, severe drought through the major cropping regions of the United States and the severe winter experienced in much of Europe all contributed to softer demand for fungicide products in those markets and increased competition for lower sales. Australia also had a lower incidence of fungal disease. Initial registration approvals were secured by Nufarm in France and the UK for azoxystrobin, a major fungicide with global sales in excess of $1 billion. Additional registrations, and related product launches, will follow in other markets.

Sales of plant growth regulators (PGRs) were up by just over 12% year on year to $76 million, with a number of niche products positioned in the horticulture segment performing strongly and generating good margins.

Nufarm’s spray machinery business, Croplands (Australia and New Zealand), also recorded higher sales ($57 million versus $47 million) and a stronger EBIT contribution.

Seed Technologies

The company's seed technologies business grew sales by 39% to $121.0 million and generated an average gross margin of 53%, slightly up on the previous year (52%). Underlying EBIT was $30.6 million, up from $26.3 million in the previous corresponding period. This segment includes the global Nuseed business and Nufarm's seed treatment applications.

Generally positive seasonal conditions and strong oilseed prices drove growth in canola and sunflower markets in Australia. Nuseed Australia realised excellent growth in all segments including Roundup Ready canola, triazine tolerant canola, and high oleic sunflower. The Monola specialty canola oil business experienced a strong lift in demand with several new end-use customers, including KFC Australia, committing to the product for its high stability, low saturate and trans fat free profile.

Nuseed’s sorghum business achieved record volume and improved margin, driven by growth in the US domestic market and the establishment of demand for elite hybrids in emerging markets. Increased investment in product development, sales, and marketing within South America and Mexico resulted in improved market presence and branded sales growth. The company also invested in the development of its food grade, milling quality grain sorghum, which is attracting strong international interest and the emergence of a completely new high value segment.

The Nuseed sunflower business experienced strong organic and acquisition growth in 2012. With the purchase during the year of Seeds 2000 USA, Seeds 2000 Argentina, and the breeding assets of Super Seeds in Serbia, Nuseed has established a global breeding and development sunflower platform. Seeds 2000 experienced strong growth in its oilseed sunflower segments in the USA and in European markets. The China confection sunflower market saw a drop in total plant acreage in 2012 due to carry over grain stocks from the record crops in 2011. Despite this, Nuseed continued to gain total share of this high value segment.

Sales of seed treatment chemistry grew strongly in 2012, with the US, Brazil and European markets contributing the majority of that growth. Several new products were launched and registration approvals were secured to support additional product launches over the next 12 months. Nufarm supplied seed treatment solutions to a number of major seed companies and is increasingly seen as a reliable supply partner in this expanding market segment.

During 2012, Nuseed's global headquarters were relocated to Chicago, reflecting its expanding operations in North America. The company invested in strengthening management; in the optimisation of its seed technologies R&D pipeline; and in the establishment of the Nuseed brand.

Balance Sheet Management

Net debt at year end was $468 million, slightly above that recorded on 31 July of the previous year ($465 million). Average net debt was down from $672 million in 2011 to $614 million in 2012, reflecting more efficient management of working capital through the course of the year. This calculation excludes the impact of the Seeds 2000 acquisition (US$55 million) in December 2011.

Net working capital at 31 July reduced to $771 million from $814 million at the end of the previous year. While receivables were up on the prior period due to the late timing of sales in some markets, this was more than offset by improvements on the inventories and payables lines. The payables position at 31 July includes the settlement ($43.5 million) relating to a shareholder class action (refer to 'Subsequent Events' in this report).

Average net working capital as a proportion of sales was 45%, down from 50% in the previous year. This was particularly pleasing given the growth of the business in markets such as Brazil, where industry standard terms place increased pressure on working capital.

Gearing (net debt to net debt plus equity) was 24.6% (2011: 22.9%).

Capital expenditure in 2012 was $47.6 million, representing a return to more normal levels, compared to the $30.6 million expended in 2011 when the company was subject to a refinancing.

People and organisation

During the 2012 financial year, the company continued to invest in the strengthening of management and the enhancement of business systems. At a head office level, key appointments were made in areas including global product management; finance; risk management; information services; and global procurement and supply chain. Several senior appointments were also made at a regional level and within the seed technologies business.

Subsequent events

On 1 August, 2012, the company entered into a conditional settlement agreement in relation to the class action proceedings commenced by Maurice Blackburn and Slater & Gordon in early 2011. The settlement covers claims made on behalf of group members who acquired shares during the period from September 2009 to August 2010.

The settlement agreement was reached 14 months before the scheduled trial date in September 2013, as part of a court ordered mediation process.

Nufarm has agreed to pay $43.5 million, which covers the claims, interest, the costs of the litigation funders and applicants' legal fees. The settlement is subject to court approval and, if court approval is obtained, the class action will be dismissed without admission of liability by Nufarm.

The settlement payment was recorded as a material item in Nufarm's 2012 financial year accounts.

In agreeing to the settlement, the Nufarm Board carefully considered risks and costs associated with a protracted litigation, and demand on management's time as the company implements its strategic growth plans.

Outlook

With considerable supply pressure on a number of key soft commodities, the pricing outlook in relation to those crops is very strong. If seasonal conditions are supportive, growers will look to take advantage of high crop prices by maximizing their yields and this is generally a positive driver of crop protection and seed technology sales.

Nufarm will continue to remain very focused on its strategic growth plans and will implement initiatives and make appropriate changes to support those plans. This will include an investment of capital in areas that are seen to deliver higher and more sustainable returns over the medium to long term.

The Australian business is expected to perform approximately in line with 2012, given seasonal conditions are similar over the course of the year.

The North American business is expected to generate modest growth at an EBIT level, with the benefit of several new product launches not scheduled to impact regional results until the 2014 financial year.

South America – and in particular, Brazil – is positioned for another year of strong growth and improved profit performance. Key drivers will be the very buoyant local market conditions, together with further diversification of Nufarm's portfolio.

While there remains considerable uncertainty in relation to market conditions in Europe, the company is expecting some improvement in its regional performance as structural changes and a more focused management approach begin to yield benefits.

The seeds technologies segment is again expected to deliver top line and EBIT growth, although 2013 will see additional investment in these businesses to strengthen and consolidate Nufarm's position. This additional investment will help deliver more secure long term profit growth in the seeds technologies segment.

Given at least average seasonal conditions in Nufarm's major geographic markets, the company is well positioned to generate an improved underlying earnings result in the 2013 financial year.

D J Rathbone
Managing Director

IFRS and Non-IFRS financial information

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

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

(1) Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is Underlying EBIT before depreciation and amortisation of $61.781 million for the year ended 31 July 2012 and $60.057 million for the year ended 31 July 2011. We believe that Underlying EBIT and Underlying EBITDA provide useful information, but should not be considered as an indication of, or an alternative to, Profit / (loss) for the period as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.

(2) Underlying EBIT is used to reflect the underlying performance of Nufarm's operations. Underlying EBIT is reconciled to Operating profit on page 3.

(3) Non-IFRS measures are defined as follows:
- Underlying net profit after tax – comprises Profit / (loss) for the period attributable to the equity holders of Nufarm Limited less material items as described on pages 3 and 4.
- Average gross margin – defined as average gross profit as a percentage of revenue.
- Average gross profit – defined as revenue less a standardized 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 10 to the 31 July 2012 Nufarm Limited financial report.
- Constant currency revenue – reconciled as per the below – whereby "(a)" represents the impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the Australian dollar. Constant currency results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the Australian dollar which would not have occurred if there had been a constant exchange rate.

Year ended 31 July	$000
FY 2011 Revenue as reported	2,083,589
Foreign currency translation impact (a)	(97,570)
Revenues constant currency adjusted	1,986,019
FY 2012 Revenue as reported	2,181,551
Change %	10%