

March 29, 2005

Report to shareholders 6 months ended January 31, 2005

Nufarm Limited has generated an operating profit of \$27 million for the half year period ending on January 31, 2005. This result includes a contribution of \$18.2 million relating to Nufarm's investment in Brazilian crop protection company, Agripec.

The reported profit, which includes a net \$1.3 million gain from a number of non-operating items, is \$28.3 million.

Excluding the contribution of Agripec, the 2005 interim operating profit generated by existing operations is \$8.8 million compared to a loss of \$1.9 million in the previous year.

Directors said the excellent first half results reflect improved summer cropping conditions in Australia and strong sales growth in a number of Nufarm's key overseas markets, in particular the USA.

Earnings per share were 16.8 cents, compared to (1.2) cents for the six months to January 31, 2004.

Sales for the period increased by 27% to \$686 million. 54% of revenues were generated in Australasia (57% in first half 2004); 24% in the Americas (19%); and 22% in Europe (24%).

The interim dividend has been increased from 8 cents to 9 cents (fully franked) and will be paid on April 29 to all holders of ordinary shares in the company as of April 8.

There was an increase in comparable working capital levels at the half year, mainly attributable to higher inventories associated with the BASF product range in Australia (not present in the first half of 2004); and the manufacture and stocking of additional product in Nufarm's US business in anticipation of higher second half sales.

Net debt to equity at the half year was 126% (113% previous corresponding period), reflecting increased debt associated with the Agripec acquisition. The current performance of the business, including projected cash flows and working capital management in the second half, indicates that previous guidance on target gearing levels for the full year will be comfortably met.

Review of operations

Crop Protection

Crop protection revenues were \$628 million and up 31% in the first half. They accounted for 92% of total revenues.

Segment profit (operating profit pre tax and unallocated costs but including Agripec) was \$58.2 million (\$26.8m p.c.p.), with the gross margin slightly lower at 42.5%. The drop in gross margin is associated with product mix (higher first half sales of lower margin products) and with increased sales in generally lower margin markets.

Sales in Australia were approximately 20% up on the same period last year. This was due to generally favourable seasonal conditions in the key regions creating good demand for

summer weed products; strong sales into an expanded cotton crop and an early marketing program on some glyphosate products aimed at smoothing demand.

The Australian business also benefited from its distribution of BASF crop protection products for the first time during this period.

Higher raw material and transportation costs impacted margins on some products, however measures have been put in place to substantially recover those positions by year end.

New Zealand sales are on budget but slightly behind last year.

Asian sales for the first half are ahead of last year, with Malaysia, Indonesia and Japan generating strong results and well positioned for an above budget sales and profit outcome for the full year.

In the USA, Nufarm has continued to gain market share, as the major distributors continue to support the company and the product range is expanded. Sales into the main agriculture segment are well ahead for the first six months of 2004, driven by increased glyphosate and phenoxy volumes. Sales into the turf and specialty segment are also significantly higher than for the corresponding period last year.

Costs in the US have also increased, largely due to increased warehousing and transportation requirements associated with higher sales volumes.

The company has established a new product development laboratory in Research Triangle Park (North Carolina) to support expanded development and formulation work as Nufarm broadens its product portfolio and evaluates new opportunities in fungicides and insecticides.

The company secured higher sales in South America, with a strong performance from the existing Nufarm business in Brazil – and higher sales in Argentina and Chile – all making positive contributions. Nufarm's branded products business in Brazil will be integrated with the Agripec business within the current financial year.

A late winter and cold conditions in northern Europe negatively impacted demand for product, particularly during the latter months of the period. Despite this, Nufarm's presence continued to grow in the major European markets of France, Germany, the UK and Spain. This growth was partly driven by strong sales of the former BASF phenoxy brands, acquired by Nufarm in January of 2004.

Efforts to transition the French business from a predominantly third party supplier to a branded products business are showing encouraging results, with improved margins on increased sales in the first half.

First half sales in Spain are some 20% above the same period last year, but drought conditions in the south of the country have had a negative impact on cropping activity.

The German business is marginally ahead of last year. Sales of the proprietary and higher margin 'Ralon Super' herbicide have been delayed due to the cold/wet conditions and will occur in the second half.

The late winter has also impacted timing of sales in the UK, however Nufarm continues to strengthen its position in branded products and a restructuring of the UK based manufacturing facility has provided some important improvements in logistics for this business.

Agripec

Nufarm completed a 49.9% investment in Brazilian crop protection company Agripec in the reporting period. The transaction, valued at US\$120 million, saw Nufarm receive a full 6 months contribution from this investment for the reporting period. Given the seasonality of Agripec's sales and profit – which is concentrated in the August to December period – the majority of the full year contribution from this investment is recorded in Nufarm's first half.

The net contribution from Agripec for the six months to January 31, 2005, is \$18.2 million. Borrowing costs were minimal given the timing of completion of the transaction towards the end of the six month period.

Agripec generated US\$210 million in sales in calendar year 2004, an increase of approximately 80% on its 2003 revenues. A large part of Agripec's sales growth – and that of other major crop protection suppliers in Brazil – was driven by higher sales of fungicides to treat Asian Rust in the country's soybean crop. This need is now being met and demand for fungicides is expected to level off in 2005.

Agripec moved from 10th to 8th in local supplier rankings and retained its position as the second largest supplier of glyphosate in the Brazil behind Monsanto.

Industrial chemicals

Industrial chemical revenues were \$57.4 million, down 8% on the previous six month period. Segment profit was \$3.8 million (\$2.1 million in 2003).

Revenues from the company's two chlor alkali plants (80% owned) in Western Australia were slightly down compared to last year, with lower than expected chlorine off-take and a subsequent impact on revenues from caustic soda sales.

The Nufarm Specialty Products business was divested in January and contributed a net \$0.8 million for the first six months.

The SEAC pharmaceutical intermediates business generated sales approximately in line with 2003. Negotiations relating to the proposed sale of the SEAC business are well advanced and – as previously advised – it is anticipated that this divestment will be completed within the current financial year.

Divestments / non operating items

The net impact of one-off items, at January 31, is a gain of \$1.3 million. These items included several divestments; some restructuring costs; and the write-down of intangibles relating to several small businesses. The major components were:

- The Nufarm Specialty Products business – based in South Carolina, USA – was sold for total consideration of US\$31 million. The company also sold its share of a business in Australia called Biological Wool Harvesting. The net gain after tax on these two divestments was approximately \$14.5 million.
- The company continued its review of manufacturing assets and took a number of initiatives aimed at maximising efficiency and return on capital employed. Work undertaken during the period included the transfer of some synthesis activity from Nufarm's Belvedere manufacturing plant in the UK to the company's phenoxy plant in Botlek, Netherlands; and the installation at Belvedere of new formulation and packaging facilities to service Nufarm's growing branded product sales in the UK. An

after tax charge of some \$10 million was taken in the period in association with those works. No additional costs in relation to these initiatives are anticipated for the balance of the 2005 financial year.

- Minor write-downs of two intangible assets were recorded in the half. The company has vigorously tested the carrying value of all its investments, including intangible assets, and no further adjustments are required.

Outlook

Directors believe Nufarm is in an excellent position to capitalise on average to good seasonal conditions in the company's major crop protection markets during the balance of the 2005 financial year.

The seasonality of the business remains heavily weighted to the second half, with April to July representing the peak selling period in all of the company's major markets except South America.

While trading conditions remain very competitive in many of Nufarm's markets, any adverse impact on margins is expected to be offset by higher volume sales in those regions.

At the half year, the signs are very encouraging that the French business will deliver a much improved performance over the full 12 months, as the restructuring program continues to generate additional sales of branded products.

The Agripec investment in Brazil is now forecast to contribute approximately \$22 - \$24 million for the full year. The upwards revision in this forecast reflects continued growth in Agripec's sales – and the Brazil market generally – lower than originally forecast borrowing costs associated with this investment, and clarification of the tax incentive program available to Agripec and its consequential benefit to Nufarm.

Due to the sale of Nufarm Specialty Products and the pending sale of SEAC, it is anticipated that the total net operating profit contribution from these businesses in the current financial year will be approximately \$1 million.

Given strong trading conditions to date in our major global markets; the revised contribution from the Agripec investment; and the positive outlook for the remainder of the financial year, we are now confident of achieving approximately 35% growth in our full year operating profit.

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Nufarm Limited

12 months ended 31.7.2004		Consolidated 6 months ended 31.1.2005	6 months ended 31.1.2004	% Change
RESULTS FOR ANNOUNCEMENT TO THE MARKET				
TRADING RESULTS (\$000)				
1,576,815	Revenue from ordinary activities	685,771	540,323	27%
76,202	Profit/(Loss) from ordinary activities after tax attributable to members	28,309	(1,876)	N/A
76,202	Net profit/(loss) attributable to members	28,309	(1,876)	N/A
DISTRIBUTION TO SHAREHOLDERS				
		Amount per security		Franked amount per security
	Dividend paid per ordinary share on 15 November 2004	15c		15c
	Dividend paid per ordinary share on 7 November 2003		13c	13c
	Dividend proposed 9 cents per ordinary share fully franked, with record date for entitlement 8 April 2005			
OTHER SUMMARY DATA				
RATIOS				
61%	Gearing ratio	126%	113%	
39.2%	Equity ratio	32.6%	32.2%	
\$2.17	Net tangible assets per ordinary share	\$2.21	\$1.74	
2,613	Staff employed	2,611	2,645	

Nufarm Limited

Condensed statement of financial performance

for the six months ended 31 January 2005

	Note	Consolidated	
		31.1.2005 \$000	31.1.2004 \$000
Revenue from ordinary activities		685,771	540,323
Cost of sales		(394,482)	(281,073)
Gross profit		291,289	259,250
Interest income		672	618
Other revenue	3	52,485	9,021
		344,446	268,889
Expenses			
Depreciation and amortisation		(33,120)	(28,441)
Borrowing costs		(16,692)	(15,631)
Operating expenses	3	(278,638)	(225,617)
Total expenses		(328,450)	(269,689)
		15,996	(800)
Share of net profits/(losses) of associates		19,150	(60)
Profit/(Loss) from ordinary activities before income tax expense		35,146	(860)
Income tax expense relating to ordinary activities		5,981	153
Net profit/(loss)		29,165	(1,013)
Net profit attributable to outside equity interest		856	863
Net profit/(loss) attributable to members of the parent entity	7	28,309	(1,876)
Net exchange differences arising on translation of opening net investment in foreign operations, net of related hedges		(14,750)	(5,958)
Share issue costs		-	(450)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		(14,750)	(6,408)
Total changes in equity other than those resulting from transactions with owners as owners		13,559	(8,284)
Earnings per share			
Basic earnings per share (cents per share)		16.8	(1.2)
Diluted earnings per share (cents per share)		16.8	(1.2)

The accompanying notes form an integral part of these financial statements

Nufarm Limited
Condensed statement of financial position
At 31 January 2005

	Note	31.1.2005 \$000	Consolidated 31.1.2004 \$000	31.7.2004 \$000
Current assets				
Cash assets		35,723	37,586	56,826
Receivables		279,537	304,129	232,518
Inventories		511,816	429,138	432,139
Tax assets		9,893	5,370	6,858
Prepayments		23,738	28,670	7,951
Total current assets		860,707	804,893	736,292
Non-current assets				
Receivables		45,724	43,141	38,535
Equity accounted investments		205,465	16,986	24,953
Other financial assets		1,767	5,307	3,713
Property, plant and equipment		350,493	362,016	376,632
Deferred tax assets		37,337	36,608	34,302
Intangible assets		178,725	191,525	196,021
Other		20,267	21,667	21,130
Total non-current assets		839,778	677,250	695,286
TOTAL ASSETS		1,700,485	1,482,143	1,431,578
Current liabilities				
Payables		350,115	370,773	397,939
Interest bearing liabilities		403,515	186,577	112,411
Tax liabilities		15,599	6,032	15,401
Provisions		20,262	17,643	25,111
Total current liabilities		789,491	581,025	550,862
Non-current liabilities				
Interest bearing liabilities		329,640	389,703	287,180
Deferred tax liabilities		15,932	25,208	22,673
Provisions		11,435	9,398	10,369
Total non-current liabilities		357,007	424,309	320,222
TOTAL LIABILITIES		1,146,498	1,005,334	871,084
NET ASSETS		553,987	476,809	560,494
Equity				
Contributed equity	6	215,877	191,674	210,530
Reserves		3,006	19,738	17,854
Retained profits	7	327,417	258,448	324,401
Equity attributable to members of the parent entity		546,300	469,860	552,785
Outside equity interest		7,687	6,949	7,709
TOTAL EQUITY		553,987	476,809	560,494

The accompanying notes form an integral part of these financial statements

Condensed statement of cash flows

for the six months ended 31 January 2005

	Note	Consolidated 31.1.2005 \$000	31.1.2004 \$000
Inflows/(outflows)			
Cash flows from operating activities			
Receipts from customers		710,027	570,991
Dividends received		121	-
Interest received		471	397
Payments to suppliers and employees		(843,442)	(635,523)
Borrowing costs paid		(16,692)	(15,631)
Income tax paid		(17,544)	(28,434)
Net operating cash flows		(167,059)	(108,200)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,790	443
Proceeds from sale of investments		-	794
Proceeds from business sale	8	51,319	6,347
Payments for plant and equipment		(33,762)	(19,127)
Payments for investments		(162,475)	(66)
Payments for major project development expenditure, trademarks and technology rights		(2,200)	(1,998)
Proceeds from foreign currency investment hedges (net)		-	28,445
Purchase of businesses, net of cash acquired	8	(14,796)	(21,885)
Net investing cash flows		(159,124)	(7,047)
Cash flows from financing activities			
Proceeds from issue of shares		-	39,550
Proceeds from call on partly paid shares		1	2
Proceeds from borrowings (Net)		297,629	83,544
Proceeds from foreign currency loans hedges (net)		-	-
Dividends paid		(25,588)	(20,470)
Net financing cash flows		272,042	102,626
Net increase (decrease) in cash held		(54,141)	(12,621)
Cash at the beginning of the period		(15,472)	(15,880)
Exchange rate fluctuations on foreign cash balances		(2,147)	(2,320)
Cash at the end of the period		(71,760)	(30,821)

The accompanying notes form an integral part of these financial statements

Notes

Notes to the half-year financial statements

1 Basis of preparation

These general purpose condensed financial statements have been prepared for the half year ended 31 January 2005 in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB1029 'Interim Financial Reporting', the recognition and measurement requirements of applicable AASB standards and Urgent Issues Group Consensus Views. It is recommended that this report be read in conjunction with the 31 July 2004 Annual Report and any public announcements made by Nufarm Limited during the half year in accordance with the continuous disclosure obligations of the Corporations Act 2001 and Australia Stock Exchange Listing Rules. The notes to the condensed financial statements do not include all information normally contained with the notes to an annual financial report.

The accounting policies used are consistent with those applied to the 31 July 2004 Annual Report.

These condensed financial statements have been prepared in accordance with the historical cost convention and do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

2 Seasonality

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. Refer to the report to shareholders for further commentary on operations.

	Consolidated	
	31.1.2005	31.1.2004
	\$000	\$000

3 Profit from ordinary activities

Profit from ordinary activities after charging the following revenues and expenses

Other revenue

Sundry income	3,777	2,018
Gross proceeds from sale of non-current assets	2,790	7,003
Gross proceeds from sale of businesses	45,918	-
Total other revenue	52,485	9,021

Operating expenses

Carrying cost of non-current assets sold	3,389	7,058
Carrying cost of non-current assets written off	17,589	-
Carrying cost of disposed businesses	19,403	-
Staff expenses	105,983	97,666
Occupancy expenses	13,293	11,429
Plant related expenses	28,707	28,794
Sales and distribution expenses	34,219	34,649
Research and development costs	6,273	5,887
Travel	10,081	9,940
Insurance	12,310	7,268
Operating lease expenses	2,854	2,609
Other operating expenses	24,537	20,317
Total operating expenses	278,638	225,617

Notes

Notes to the half-year financial statements continued

	Crop protection	Industrial chemicals	Other	Eliminations	Consolidated
	\$000	\$000	\$000	\$000	\$000

4 Segments

Business segments

2005

Revenue

Sales to outside customers	628,352	57,419	-	-	685,771
Inter segment sales	912	1,747	-	(2,659)	-
Sales revenue	629,264	59,166	-	(2,659)	685,771
Other revenue	10,189	41,161	1,135	-	52,485
Total segment revenue	639,453	100,327	1,135	(2,659)	738,256
Unallocated revenue					672
Total consolidated revenue					738,928

Results

Segment result - operating	58,191	3,838	(838)	-	61,191
Segment result - non operating	(14,528)	19,396	-	-	4,868
Segment result - total	43,663	23,234	(838)	-	66,059
Unallocated expenses					(30,913)
Profit/(loss) from ordinary activities before taxes					35,146
Income tax expense					5,981
Net profit/(loss)					29,165

Assets

Segment assets	1,476,242	122,738	54,276	-	1,653,256
Unallocated assets					47,229
Total assets					1,700,485

Liabilities

Segment liabilities	340,724	29,986	11,102	-	381,812
Unallocated liabilities					764,686
Total liabilities					1,146,498

Other segment information

Equity accounted investments included in segment assets	204,536	929	-	-	205,465
Acquisition of property, plant and equipment, intangible assets and other non-current assets	196,076	6,597	-	-	202,673
Depreciation	16,675	4,231	127	-	21,033
Amortisation	10,896	529	662	-	12,087
Other non-cash expenses	4,743	701	433	-	5,877

	Australasia \$000	Europe \$000	Americas \$000	Consolidated \$000
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Geographic segments

Revenue

Sales to outside customers	369,888	153,531	162,352	685,771
Other revenue	8,348	9,343	34,794	52,485
Total segment revenue	378,236	162,874	197,146	738,256

Assets

Segment assets	602,707	632,580	465,198	1,700,485
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Other segment information

Acquisition of property, plant and equipment, intangible assets and other non-current assets	23,131	15,667	163,875	202,673
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Notes to the half-year financial statements continued

	Crop protection \$000	Industrial chemicals \$000	Other \$000	Eliminations \$000	Consolidated \$000
4 Segments					
Business segments					
2004					
Revenue					
Sales to outside customers	477,123	62,738	462	-	540,323
Inter segment sales	854	68	-	(922)	-
Sales revenue	477,977	62,806	462	(922)	540,323
Other revenue	767	818	7,436	-	9,021
Total segment revenue	478,744	63,624	7,898	(922)	549,344
Unallocated revenue					618
Total consolidated revenue					549,962
Results					
Segment result	26,793	2,145	(754)	-	28,184
Unallocated expenses					(29,044)
Profit/(loss) from ordinary activities before taxes					(860)
Income tax expense					153
Net profit/(loss)					(1,013)
Assets					
Segment assets	1,215,388	166,682	58,096	-	1,440,166
Unallocated assets					41,977
Total assets					1,482,143
Liabilities					
Segment liabilities	348,028	36,334	13,452	-	397,814
Unallocated liabilities					607,520
Total liabilities					1,005,334
Other segment information					
Equity accounted investments included in segment assets	15,680	1,306	-	-	16,986
Acquisition of property, plant and equipment, intangible assets and other non-current assets	85,863	4,178	45	-	90,086
Depreciation	15,850	4,263	87	-	20,200
Amortisation	7,238	228	775	-	8,241
Other non-cash expenses	4,243	1,472	1,540	-	7,255
Geographic segments					
Revenue					
Sales to outside customers		307,213	130,456	102,654	540,323
Other revenue		8,465	412	144	9,021
Total segment revenue		315,678	130,868	102,798	549,344
Assets					
Segment assets		611,982	612,908	257,253	1,482,143
Other segment information					
Acquisition of property, plant and equipment, intangible assets and other non-current assets		8,246	69,052	12,788	90,086

Nufarm Limited

Notes

Notes to the half-year financial statements continued

	Consolidated	
	31.1.2005	31.1.2004
	\$'000	\$'000
5 Non-operating income and expenses		
Gain on sale of businesses	23,473	-
Write down of UK fixed assets	(14,191)	-
Write down of intangibles	(3,398)	-
Restructuring costs - France	(1,016)	-
Non-operating items before tax	4,868	-
Tax expense thereon	(3,590)	-
Non-operating items after tax	1,278	-

During the period, the Nufarm Specialty Products and the Biological Wool Harvesting businesses were sold. Refer Note 8.

	Number of shares 31.1.2005	Consolidated 31.1.2005 \$'000	Number of shares 31.1.2004	Consolidated 31.1.2004 \$'000
6 Contributed equity				
Ordinary shares issued and fully paid				
Balance at the beginning of the year	167,735,767	210,528	155,823,293	149,219
Issue of shares	203,754	1,465	8,257,287	42,452
Share options exercised	1,437,692	3,882	900	-
Partly paid shares fully paid up during the year	300	-	-	-
Balance at the end of the period	169,377,513	215,875	164,081,480	191,671
Ordinary shares issued and partly paid to 1.0 cent				
Balance at the beginning of the year	233,325	2	386,800	3
Partly paid shares fully paid up during the year	(300)	-	(900)	-
Balance at the end of the period	233,025	2	385,900	3
Total contributed equity	169,610,538	215,877	164,467,380	191,674

On 26 October 2004 203,754 fully paid ordinary shares at an average price of \$7.19 per share, were issued in accordance with the Nufarm executive share plan (2000), the employee global share plan and the non-executive directors share plan.

On 26 October 2004 871,249 options were exercised under the above mentioned executive share plan at \$2.70 per share. On 13 December 2004, a further 566,443 options were exercised at \$2.70 per share. No options were exercised in the prior year.

	Consolidated		
	31.1.2005	31.1.2004	
	\$'000	\$'000	
7 Retained profits			
Balance at the beginning of the year	324,401	280,793	
Net profit/(loss) attributable to members of the parent entity	28,309	(1,876)	
Aggregate amounts transferred from reserves	-	10	
Dividends paid	(25,293)	(20,479)	
Balance at the end of the year	327,417	258,448	
DISTRIBUTION TO SHAREHOLDERS	Amount per security		Franked amount per security
Dividend paid per ordinary share on 15 November 2004	15c		15c
Dividend paid per ordinary share on 7 November 2003		13c	13c

Nufarm Limited

Notes

Notes to the half-year financial statements continued

	Consolidated	
	31.1.2005	31.1.2004
	\$'000	\$'000

8 Acquisition/disposal of controlled entities

(a) Businesses acquired

The Ag-Seed Research business was acquired on 28 September 2004. Ag-Seed Research is involved in the research, breeding and commercialisation of canola varieties in Australia.

The 2004 acquisitions include the BASF global Phenoxy business and the distribution rights to various cereal fungicides for Germany and Austria.

The aggregate amounts of net assets acquired were

Cash	-	-
Receivables	-	-
Inventory	-	20,425
Tax assets	-	-
Property, plant and equipment	600	-
Intangibles	3,342	70,087
Accruals	(64)	-
Tax liabilities	-	-
Total consideration	3,878	90,512
Amount paid for businesses acquired in prior years	12,918	-
Cash deferred	(2,000)	(68,627)
Cash consideration paid	14,796	21,885
Cash included in net assets acquired	-	-
Bank overdraft included in net assets acquired	-	-
Net cash effect	14,796	21,885

The deferred cash settlement represents the value of the remaining consideration payable.

(b) Businesses sold

Sale of the Nufarm Specialty Products and Biological Wool Harvesting businesses.

The Florigene business was sold in 2004.

Net assets disposed of were

Receivables	5,145	561
Inventory	2,168	33
Property, plant and equipment	12,811	51
Intangibles	755	4,140
Cash assets	-	213
Tax assets	-	1,886
Payables	(2,055)	(703)
Other	579	379
Cash gain on disposal	23,473	-
Total consideration	42,876	6,560
Cost of disposal	3,042	-
Cash consideration received	45,918	6,560
Cash included in assets sold	-	(213)
Cash received for businesses sold in prior years	5,401	-
Net cash effect	51,319	6,347

Notes

Notes to the financial statements continued

	Consolidated
	31.1.2005
	31.1.2004
	\$000
	\$000

9 Discontinued operations

Effective 31 December 2004, the group sold the Nufarm Specialty Products business.

2004 includes the Florigene business.

Proceeds from divestment of business	39,918	6,560
Carrying value of assets sold in divestment	(16,813)	(6,706)
Amortisation of intellectual property	(755)	-
Other costs of divestment	(2,042)	-
Gain/(loss) on divestment	20,308	(146)
Related income tax	7,924	-
Gain/(loss) on divestment (net of income tax expense)	12,384	(146)

10 Associates and Joint Ventures**(a) Associates**

During the period the group acquired 49.9% of Agripec Quimica e Farmaceutica SA, a crop protection company based in Brazil. Acquisition cost of this investment was \$161 million. Agripec's contribution to profit for the period is as follows:

Group's share of profit from ordinary activities before tax	25,965	-
Notional goodwill	(4,014)	-
Income tax on ordinary activities	(3,586)	-
Profit share of associate in equity income	18,365	-
Financing expense (after tax)	(176)	-
Profit share of associate in net profit after tax	18,189	-

(b) Joint Ventures

The company has an 80% interest in the Nufarm-Coogee Joint Venture representing its two chlor alkali plants in Western Australia.

Group's share of Joint Venture entities profits:

Profit from ordinary activities before tax	3,857	5,078
Income tax on ordinary activities	1,157	1,523
Net profit after tax	2,700	3,555

11 Contingent Liabilities

Contingent liabilities total \$45.2 million compared to \$34.6 million at July 2004. Material changes to the July 2004 contingent liabilities are set out below.

Increase of \$12.4 million from July 2004 is the result of receivables sold to financiers where there is recourse to the company.

Reduction of \$1.4 million on guarantee given on the sale of business in France. The guarantee relates to possible remediation costs for soil and groundwater contamination. The guarantee reduces progressively to nil by 2010.

12 Subsequent events

On 29 March 2005, the directors declared an interim dividend of 9 cents per share, fully franked, payable 29 April 2005. Interim dividend for 2004 was 8 cents per share fully franked.

13 Impact of adopting AASB equivalents to IASB standards

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. This means that Nufarm will be required to prepare financial statements for the year ending 31 July 2006 that comply with Australian equivalents of IFRS and their related pronouncements as issued and recognised by the AASB.

Nufarm will report its compliance with IFRS for the first time for the half-year ended 31 January 2006. The transitional rules for the first time adoption of IFRS require entities to restate their comparative financial statements using all Australian equivalents of IFRS. The majority of the adjustments required on transition will be made to opening retained earnings in the opening IFRS balance sheet as at 1 August 2004. Comparatives restated under IFRS will not be reported in the financial statements until 31 January 2006, being the first half year reported in compliance with IFRS.

Nufarm has continued to transition its accounting policies and financial reporting from current Australian standards to Australian equivalents of IFRS. The company has allocated internal resources and engaged external consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. Nufarm has graded the impact of each change in standard as either high, medium or low and prioritised its emphasis accordingly.

Set out below are the key areas where accounting policies may change and have an impact on the financial reports of Nufarm. It should be noted that at this stage Nufarm has not fully quantified the impact of each area on the financial statements.

Goodwill

Under AASB 3 Business Combinations, goodwill will no longer be amortised but instead will be subject to annual impairment testing focusing on the cash flows of related cash generating units. This will result in a change in the group's current accounting policy which amortises goodwill on a straight line basis over the period in which benefits are expected to arise, not exceeding 20 years.

Impairment of assets

Under AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new policy, if there is impairment of assets it will likely be recognised immediately in the Statement of Financial Performance.

Employee benefits

Nufarm does not currently recognise an asset or liability for the net position of the defined benefit superannuation schemes it sponsors in the UK, Holland and France. Under AASB 119 Employee Benefits, Nufarm will be required to recognise the net surplus or deficit in their employer sponsored defined benefit superannuation funds as an asset or liability, respectively, based on actuarial valuations of each scheme. The initial adjustment on transition will be recognised through retained earnings and subsequent adjustments will be to the statement of financial performance.

Income taxes

Under AASB112 Income Taxes, a new method of accounting for income taxes, known as the "balance sheet liability method", will be adopted, replacing the current "tax effect income statement" approach. The new method recognises deferred tax balances in the statement of financial position when there is a difference between the carrying value of an asset or liability and its tax base. Adoption of this new method may result in increased deferred tax assets and liabilities in the balance sheet.

13 Impact of adopting AASB equivalents to IASB standards (cont)

Hedging and financial instruments

AASB 139 Financial Instruments: Recognition and Measurement, is required to be adopted by Nufarm from 1 August 2006. This standard requires all financial instruments to be recognised in the statement of financial position and most financial assets to be carried at fair value. AASB 139 recognises fair value hedge accounting, cash flow hedge accounting and hedges of investments in foreign operations. Fair value and cash flow hedge accounting can only be considered where effectiveness tests are met on both a prospective and retrospective basis. Ineffectiveness outside the prescribed range precludes the use of hedge accounting and may result in amounts recognised in the statement of financial performance, which had not been recognised previously.

Intangible assets

Under AASB 138 Intangible Assets, costs incurred in the research phase of the development of an internally generated intangible must be expensed. The group's current accounting policy allows capitalisation of significant, long-term product development costs of major new businesses to the extent that future benefits are expected beyond reasonable doubt. All research costs are expensed.

Share based payments

Under AASB 2 Share Based Payments, the fair value of equity instruments issued to employees as remuneration will be recognised as an expense in the Statement of Financial Performance over the respective vesting period. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. The company is currently reviewing all share-based payment plans to determine the impact on the financial statements.

Directors' declaration

The director's declare that:

- (a) the financial statements and associated notes are in accordance with the Corporations Act 2001 including the associated Regulations and comply with Australian Accounting Standard AASB 1029 "Interim Financial Reporting".
- (b) the financial statements and notes give a true and fair view of the financial position as at 31 January 2005 and performance of the consolidated entity for the half-year then ended; and
- (c) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as when they become due and payable, and the companies and the parent entity who are party to the deed of cross guarantee, will together be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee dated 10 July 2000.

This statement has been made in accordance with a resolution of directors.



KM Hoggard
Director



DJ Rathbone
Director

Melbourne, 29 March 2005

Directors' Report

The board of directors of Nufarm Limited has pleasure in submitting its report in respect of the six months period ended 31 January 2005.

Directors

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

KM Hoggard (Chairman)
D J Rathbone
GDW Curlewis
Dr WB Goodfellow
G A Hounsell (appointed 1 October 2004)
D G McGauchie AO
GW McGregor AO
Dr JW Stocker AO
RFE Warburton

Unless otherwise noted above, all directors held their position as a director throughout the entire period and up to the date of this report.

Principal activities

Nufarm Limited is an Australian science-based company, operating in two core business sectors: crop protection; and fine and performance chemicals.

It has manufacturing and marketing operations in Asia, Australia, Europe, New Zealand, North and South America.

Results

The consolidated profit of the economic entity for the period was \$28,309,000 after income tax, and outside equity interests.

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 half-year ended 31 January 2005.

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 to be otherwise.

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



KM Hoggard
Director



DJ Rathbone
Director

Melbourne, 29 March 2005



Independent review report to the members of Nufarm Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes 1 to 13 to the financial statements, and the directors' declaration for the Nufarm Limited Consolidated Entity ("the Nufarm Group"), for the half-year ended 31 January 2005. The Nufarm Group comprises Nufarm Limited ("the Company") and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Nufarm Group's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.





Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Nufarm Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Nufarm Group's financial position as at 31 January 2005 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory financial reporting requirements in Australia.

KPMG
KPMG

Paul J McDonald
Paul J McDonald
Partner

Melbourne

29 March 2005



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 2005 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.


KPMG


Paul J McDonald
Partner

Melbourne

29 March 2005

