

NUFARM LIMITED



Nufarm

**HALF
YEAR
REPORT
2013**

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KEY EVENTS

- > Strong performance in overseas markets
- > Adverse seasonal conditions in Australia
- > Strong growth in Brazil

FACTS IN BRIEF

12 months ended 31 July 2012 \$000	Trading results \$000	Consolidated 6 months ended 31 Jan 2013	6 months ended 31 Jan 2012	increase/ (decrease)	Percentage increase/ (decrease)
2,181,551	Revenue	934,409	862,696	71,713	8
	Profit/(loss) after tax attributable to members				
115,440	- before material items	10,613	23,933	(13,320)	(56)
72,594	- after material items	8,389	18,022	(9,633)	(53)
Distribution to shareholders		Amount per security ¢	Franked amount per security ¢		
Interim dividend paid for the period ended 31 January 2012		3.0	3.0		
Final dividend paid for the period ended 31 July 2012		3.0	3.0		
Interim dividend for the period ended 31 January 2013		3.0	3.0		
Nufarm step-up securities distribution		Distribution rate %	Total amount \$000	Payment date	
Nufarm step-up securities distribution		8.11	10,146	15 Oct 2012	
Nufarm step-up securities distribution		6.61 and 8.61	10,253	16 April 2012	
31 July 2012 Other summary data		31 Jan 2013	31 Jan 2012		
24%	Gearing ratio (net debt/net debt plus equity)	33%	31%		
\$2.88	Net tangible assets per ordinary share	\$2.79	\$2.91		
3,401	Staff employed	3,459	3,264		

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 2012 unless otherwise stated. Non-IFRS measures have not been subject to audit or review.

REPORT TO SHAREHOLDERS

SIX MONTHS ENDED 31 JANUARY 2013

Nufarm Limited generated a 25 per cent increase in underlying earnings before interest and tax (EBIT) of \$47.3 million. This compares to \$37.8 million in the previous half year period.

Group revenues increased by eight per cent to \$934 million. On a constant currency basis, revenues increased by 12 per cent.

The statutory profit after tax was \$8.4 million, down on the \$18.0 million for the first six months of the previous financial year. Excluding the impact of material items, the company reported an underlying net profit after tax for the period of \$10.6 million, which compares to the \$23.9 million recorded in the first half of 2012. The impact of foreign exchange losses on financing activities (loss of \$9.2 million compared to a gain of \$14.4 million in previous period) was the major contributing factor to the lower statutory and underlying net profit outcomes.

Earnings per share were 0.4 cents compared to 4.4 cents in the first half of 2012.

The underlying EBIT result reflects strong earnings growth in the key regional markets of Europe and the Americas and a very poor first half in Australia, driven by adverse climatic conditions. The result underlines the importance of a globally diverse business.

Interim dividend

Directors declared a fully franked interim dividend of three cents per share (2012 interim dividend: three cents).

The final dividend will be paid on 10 May 2013 to the holders of all fully paid shares in the company as at the close of business on 12 April 2013. There is no conduit foreign income attributed to the dividend.

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 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 12 April 2013. The board has determined that, for this dividend payment, no discount will apply to shares issued under the DRP.

Material items

The after tax loss associated with material items was \$2.2 million (2012: net loss \$5.9 million).

During the half year, the Federal Court gave final approval to the settlement of the class action brought against the company in early 2011. The settlement agreement was amended to cover an expanded number of claims, with Nufarm agreeing to pay a total of \$46.6 million (previously \$43.5 million). Consistent with previous treatment, the additional settlement amount and related costs have been reported as a material item.

In the previous period, the company booked an after tax gain of \$5.8 million associated with the mark-to-market revaluation on proceeds from the Nufarm's step-up securities (NSS) and reported this gain as a material item. In the current period, the net foreign exchange related gain/loss on the NSS was not material.

Six months ended 31 January 2013

Material items by category	Pre-tax \$000	After tax \$000
Class action settlement	(3,177)	(2,224)
Total material items	(3,177)	(2,224)

REPORT TO SHAREHOLDERS CONTINUED

SIX MONTHS ENDED 31 JANUARY 2013

Interest/tax/cash flow

Net external interest expense was higher than in the previous period (\$20.6 million versus \$19.8 million). This reflected a slightly higher average net debt level (up three per cent) and higher interest costs associated with the senior unsecured notes issued in October 2012.

The reported effective tax rate for the first half was 12.5 per cent and is abnormally low due to tax benefits relating to the prior period reported in the current year. The company expects the current full year effective tax rate to be in the range of 30 per cent to 32 per cent.

The business recorded a negative net operating cash flow of \$148.2 million, compared to a negative cash flow in the previous period of \$71.1 million. Excluding the impact of the settlement payment associated with the class action, the net operating cash flow was a negative \$101.6 million. Given the seasonality of the company's earnings, it is usually the case that operating cash flow is negative at the half year and, given the growth in the business, this operating cash flow performance reflects a further modest improvement in net working capital management.

Review of operations

Climatic conditions across Nufarm's various geographic markets were mixed. Australia experienced dry and hot conditions for much of the period, which significantly reduced demand for crop protection inputs, while climatic conditions in most other regions were average.

Nufarm's business in Brazil generated a significant improvement in first half earnings, with high crop prices driving an increase in planted acres and resulting strong demand for crop protection inputs. The North American and European businesses also delivered improved performance in the period.

Gross profit, at 27.0 per cent of sales, was up on the first half of the previous year (26.9 per cent). Net expenses were slightly down, as a proportion of sales, as were corporate (head office) costs.

Operating segments summary

The following table provides a summary of the performance of the operating segments for the first half of 2013 and the corresponding period of the previous year.

Australia/New Zealand

The Australian and New Zealand businesses generated \$236 million in segment sales, down 22 per cent on the \$304 million recorded in the first half of 2012. This represented 26 per cent of total crop protection revenues in the first half period. Underlying EBIT was well down on the previous period at \$10.3 million versus \$41.8 million.

Australia experienced unseasonably dry and hot conditions for most of the first half period, particularly in the northern summer cropping regions. With low levels of moisture and unusually low pest and disease pressure, demand for crop protection products was consequently very weak and increased competition for fewer sales opportunities also impacted on pricing and margins.

The first half period typically generates relatively high value product sales in Australia and the loss of those sales had a significant impact on margins and EBIT in the period.

New Zealand sales were ahead of the previous period and the business performed solidly.

6 months ended 31 January (\$000)	Revenue			Underlying EBIT		
	2013	2012	Change (%)	2013	2012	Change (%)
Crop protection						
Australia and New Zealand	235,783	303,894	(22.4)	10,280	41,768	(75.4)
Asia	62,722	64,606	(2.9)	7,485	9,007	(16.9)
Europe	153,604	139,173	10.4	11,315	(2,258)	n/a
North America	170,265	144,175	18.1	(346)	(3,609)	n/a
South America	272,056	179,390	51.7	34,861	10,308	238.2
Total crop protection	894,430	831,238	7.6	63,595	55,216	15.2
Seed technologies – global	39,979	31,458	27.1	4,363	5,739	(24.0)
Corporate	-	-	n/a	(20,635)	(23,113)	10.7
Nufarm group	934,409	862,696	8.3	47,323	37,842	25.1

REPORT TO SHAREHOLDERS CONTINUED

SIX MONTHS ENDED 31 JANUARY 2013

Asia

Asian crop protection sales were \$63 million (seven per cent of total crop protection revenues), compared to \$65 million in the previous period. Underlying EBIT was slightly down at \$7.5 million, versus \$9.0 million.

A significant fall in the price for palm oil resulted in lower demand for crop inputs in the important plantation segment in Indonesia, which is Nufarm's largest regional market in Asia. Glyphosate margins also continued to come under pressure.

North America

North American crop protection sales increased by 18 per cent to \$170 million and this represented 19 per cent of total crop protection revenues. Underlying EBIT improved from a loss of \$3.6 million in the first half of 2012 to a loss of \$0.3 million.

An extended fall/autumn selling period provided increased opportunities for Nufarm's portfolio of herbicides in the 'burndown' segment ahead of winter crop plantings. Strong support from distribution customers helped drive higher sales into the US turf and ornamental market, while the business also performed strongly in the forestry segment.

Nufarm completed the acquisition of US-based Cleary Chemical Corporation in January 2013. Cleary Chemical Corporation is a marketer of fungicides, insecticides and plant growth regulators to the turf and ornamental horticulture industries, and the acquisition will strengthen Nufarm's product offering in those segments. Acquisition consideration totalled approximately US\$12.5 million, including working capital adjustments.

A new manufacturing facility and regional head office was also commissioned at Alsip in Chicago. The facility will specialise in the production of insecticide and fungicide products and custom seed treatment applications.

Sales in Canada were also up on the previous period. Nufarm benefited from more favourable conditions in the wheat and soy segments and from a broader product portfolio.

South America

South American crop protection sales increased by 52 per cent to \$272 million (31 per cent of total first half crop protection revenues). Underlying EBIT was also up strongly at \$34.9 million versus \$10.3 million in the previous period.

Despite dryer than normal conditions in the north east of Brazil, which reduced the requirement for pasture products, demand for crop protection inputs was generally strong, driven by high crop prices and large plantings of key crops. Insect pressure was high, particularly in soy, corn and cotton crops, providing positive opportunities for Nufarm's insecticide products. The introduction of a new high load glyphosate formulation helped generate stronger margins. In local currency, Brazilian sales were up by 97 per cent.

The business also performed strongly in Argentina, with sales up 32 per cent in local currency. Seasonal conditions were mixed, however the introduction of several new products helped drive an improved profit outcome.

Europe

European sales were \$154 million, up 10 per cent on 2012 first half sales of \$139 million. Europe accounted for 17 per cent of crop protection sales for the group. Underlying EBIT improved to \$11.3 million, compared to a first half loss of \$2.3 million in the prior year.

The European business experienced mixed climatic conditions, with wetter than normal weather disrupting planting activity in some markets including the UK and France. Central European markets, including Germany, experienced more favourable conditions.



Sales revenue by region 2013

Crop protection segment

● Australia/New Zealand	26%
● North America	19%
● South America	31%
● Europe	17%
● Asia	7%

\$894.4 million

REPORT TO SHAREHOLDERS CONTINUED

SIX MONTHS ENDED 31 JANUARY 2013

Nufarm's cereal herbicides portfolio performed strongly and the company secured increased sales in oil seed rape and the non-crop segment in France, where Nufarm has expanded its product offerings.

Strong demand for phenoxy herbicides in Nufarm's global markets outside of Australia resulted in high production levels in the European based manufacturing facilities. In some markets, earlier than normal demand for those products saw a rephasing of manufacturing activity from the second half of the financial year into the first half, with higher than expected overhead recoveries booked in the period.

Major product segments

Crop protection

Nufarm's crop protection business accounted for 96 per cent of group revenues in the first half of 2013, up eight per cent on the previous period (\$894 million versus \$831 million). These revenues generated an average gross margin of 26.3 per cent, which was slightly up on the previous year (26.2 per cent).

Herbicide sales were \$588 million (2012 first half: \$581 million) and generated an average gross margin of 25 per cent (2012 first half: 25 per cent).

Glyphosate pricing remained very competitive in most markets, however strong demand and the successful introduction of a new high load glyphosate formulation lifted margins in Brazil. Sales and margins remained depressed in Australia, affected by very hot and dry climatic conditions and consequent low demand. Nufarm's phenoxy herbicide portfolio performed strongly, while sales of herbicides directed at the pasture segment in Brazil were down due to dryer than normal weather conditions.

Insecticide sales were strongly up on the first half of the previous year (\$113 million versus \$84 million). These sales generated an average gross margin of 31 per cent, down on the 38 per cent recorded in 2012. Margin was down due to higher sales of lower margin products and increased competition in some segments.

Insect pressure in South America was high, helping to offset very low demand for insecticide products in Australia.

First half fungicide sales were \$107 million, an increase of 22 per cent on the previous period. Average gross margin was 29 per cent (2012 first half: 30 per cent).

The increased sales outcome reflects positive demand for a range of Nufarm fungicide products in Brazil, and improved sales opportunities in the US and Europe.

Seed technologies

The company's seed technologies segment includes sales of seeds and seed treatment chemistry. Segment sales in the first half were \$40 million, up 27 per cent on the previous period. Seed technologies generated an average gross margin of 54 per cent, which was an improvement on the previous year (50 per cent). Underlying EBIT was \$4.4 million compared to \$5.7 million in 2012, reflecting a relatively high level of investment in additional resources and infrastructure to support future growth in the segment. Transaction expenses associated with the acquisition of a majority share in a Brazilian seed company, Atlantica, also had an impact on the EBIT outcome in the first half.

Dry conditions in northern Australia reduced demand for sunflower seeds, however Nuseed's premium varieties of sunflower and sorghum seed experienced increased sales in other markets. Demand for high quality hybrid seeds with output traits, such as high oleic, premium food-grade milling quality, and high feed energy continue to increase in Asian, European and African export markets.

Sales of seed treatment applications were up on the previous year, despite a timing shift associated with new product launches, which pushed a number of sales into the second half period.



Sales by product segment 2013

● Herbicides	63%
● Insecticides	12%
● Fungicides	12%
● Other#	9%
● Seed technologies*	4%

\$934.4 million

Other includes equipment, adjuvants, PGRs and industrial.

* Seed technologies includes seed plus seed treatment.

REPORT TO SHAREHOLDERS CONTINUED

SIX MONTHS ENDED 31 JANUARY 2013

Balance sheet management and financing

Net debt at the end of the first half was \$743 million, above the \$656 million recorded on 31 January of the previous year. Average net debt for the first half was \$662 million compared to \$641 million in first half 2012. The higher average net debt level reflected payments associated with the settlement of the class action (\$46.6 million) and two small acquisitions (Cleary Chemical and Atlantica Seeds) involving a total investment of \$23.4 million.

Net working capital at 31 January was \$1.03 billion. This is up on the \$965 million recorded at the end of the first half in 2012. Lower than anticipated sales in Australia resulted in higher inventories at the end of the period and trade receivables were up, driven by significantly higher sales in Brazil. Despite these pressures, average net working capital as a proportion of sales was 43 per cent, an improvement on the 49 per cent recorded in January 2012.

Gearing (net debt to net debt plus equity) was 33.1 per cent (2012 first half: 30.8 per cent).

The company completed an offering of senior unsecured notes in the US market in October 2012. The offering raised US\$325 million, which was used to repay existing indebtedness outstanding under the A\$625 million Australian revolving bank facility entered into in November 2011. Concurrent with this, US\$250 million of the commitments under the A\$625 million Australian revolving bank facility was cancelled. Subsequently, the Australian revolving bank facility was increased by \$25 million upon the admission of an additional lender, HSBC.

The notes, together with the Australian bank facilities and the trade receivable securitisation facility put in place during 2011, reflects Nufarm's strategy to diversify its funding sources and extend its debt maturities.

Subsequent events

On 5 March 2013 the company announced that it has received notice that agreements relating to the exclusive distribution of Roundup branded glyphosate in Australia and New Zealand are to be terminated. The notice states that Nufarm may continue to sell Roundup branded product in Australia and New Zealand until 28 August 2013.

Nufarm Australia will continue to supply glyphosate products under its own brands, including a number of proprietary glyphosate formulations.

This change is not expected to affect glyphosate earnings in Australia in the current financial year, and is not anticipated to have a material negative impact on Australian glyphosate earnings in future years.

Outlook

Nufarm's earnings are weighted to the second half of the financial year, which coincides with the major selling periods in most of the company's major geographic markets. The exception is South America, where the majority of business is undertaken in the first half.

In markets outside of Australia, the company remains confident that it will generate an improved performance for the full year on the basis that at least average seasonal conditions are experienced in those regions. In the key markets of North and South America and Europe, the company is on track to generate strong revenue and EBIT growth. Nufarm's seed technologies segment is also expected to generate revenue and EBIT growth over the full year period, despite bearing higher costs than in the previous year.

Conditions in Australia remain extremely challenging, with relatively low demand and associated sales activity continuing into the first two months of the second half period. Several fallow spray applications have been lost and there is now higher than normal inventory in the distribution channel. Widespread rains will be required in southern New South Wales, Victoria, South Australia and parts of the West Australian wheat belt over the next four to six weeks to drive sales opportunities, but margins are expected to remain under pressure.

Given the considerable uncertainty around the outlook in Australia for the balance of the year and an anticipated decline in Australian earnings, the company is now forecasting to generate an underlying EBIT below that of the previous year at a group level and within a range of \$180 million to \$200 million. As was the case at the half year, the underlying net profit after tax will be affected by foreign exchange losses – assumed to be in line with losses recorded at the half – and higher interest costs, and is also forecast to be below that of the previous year and within a range of \$80 million to \$95 million.



Doug Rathbone AM
Managing director and chief executive

Melbourne
27 March 2013

REPORT TO SHAREHOLDERS CONTINUED

SIX MONTHS ENDED 31 JANUARY 2013

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:

1. Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is underlying EBIT before depreciation and amortisation of \$35.461 million for the six months ended 31 January 2013 and \$30.321 million for the six months ended 31 January 2012. 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 below:

Six months ended 31 January	2013 \$000	2012 \$000
Underlying EBIT	47,323	37,842
Material items impacting operating profit	(3,177)	(6,947)
Operating profit	44,146	30,895

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 page 2.
- 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 2013 Nufarm Limited half year 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.

Six months ended 31 January	\$000
HY 2012 Revenue as reported	862,696
Foreign currency translation impact ^(a)	(28,817)
Revenues constant currency adjusted	833,879
HY 2013 Revenue as reported	934,409
Change %	12%

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 2013 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
Dr WB Goodfellow
GA Hounsell (retired 8 October 2012)
PM Margin
FA Ford (appointed 10 October 2012)
T Takasaki (appointed 6 December 2012)

Executive director

DJ Rathbone AM (Managing director)

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 3,400 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 2013 is \$8.389 million, after including the material items described in note 7. The comparable figure for the six months to 31 January 2012 was a net profit of \$18.022 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 2013.

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
Director



DJ Rathbone
Director

Melbourne
27 March 2013

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 2013 there have been:

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

KPMG

KPMG

A handwritten signature in black ink, appearing to be 'BW Szentirmay', with a long horizontal line extending to the right.

BW Szentirmay
Partner

Melbourne
27 March 2013

CONDENSED CONSOLIDATED INCOME STATEMENT

SIX MONTHS ENDED 31 JANUARY 2013

		Consolidated	
	Note	31 Jan 2013 \$000	31 Jan 2012 \$000
Revenue	6	934,409	862,696
Cost of sales		(681,856)	(630,847)
Gross profit		252,553	231,849
Other income		11,383	5,944
Sales, marketing and distribution expenses		(124,298)	(115,082)
General and administrative expenses ^(a)		(77,158)	(73,133)
Research and development expenses		(17,957)	(18,071)
Share of net profits/(losses) of associates	11	(377)	(612)
Operating profit		44,146	30,895
Financial income excluding foreign exchange gains/(losses) ^(a)		3,177	3,847
Net foreign exchange gains/(losses) ^(a)		(9,213)	22,415
Net financial income		(6,036)	26,262
Financial expenses ^(a)		(28,002)	(32,568)
Net financing costs	17	(34,038)	(6,306)
Profit before tax		10,108	24,589
Income tax benefit/(expense)		(1,263)	(6,592)
Profit for the period		8,845	17,997
Attributable to:			
Equity holders of the parent	14	8,389	18,022
Non-controlling interest	14	456	(25)
Profit for the period		8,845	17,997
Earnings per share attributable to ordinary equity holders			
Basic earnings per share (cents)	14	0.4	4.4
Diluted earnings per share (cents)	14	0.4	4.4

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

(a) Comparative amounts have been reclassified to align with current classification. Refer to note 3(b) for details.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 31 JANUARY 2013

	Consolidated	
	31 Jan 2013 \$000	31 Jan 2012 \$000
Net profit/(loss) for the period	8,845	17,997
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences for foreign operations	47,310	(64,705)
Effective portion of changes in fair value of cash flow hedges	(4,918)	-
Effective portion of changes in fair value of net investment hedges	(3,480)	-
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	(1,572)	(4,006)
Income tax on share based payment transactions	80	-
Other comprehensive income/(loss) for the period, net of income tax	37,420	(68,711)
Total comprehensive income/(loss) for the period	46,265	(50,714)
Attributable to:		
Shareholders of the company	45,809	(50,689)
Non-controlling interest	456	(25)
Total comprehensive income/(loss) for the period	46,265	(50,714)

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 2013

	Note	31 Jan 2013 \$'000	Consolidated 31 July 2012 \$'000	31 Jan 2012 \$'000
Current assets				
Cash and cash equivalents	16	216,528	191,317	206,926
Trade and other receivables		808,831	730,496	790,449
Inventories		812,564	515,254	649,820
Current tax assets		60,786	37,664	52,957
Assets held for sale	15	-	-	8,976
Total current assets		1,898,709	1,474,731	1,709,128
Non-current assets				
Receivables		40,320	41,095	14,335
Equity accounted investments		4,134	4,126	5,991
Other investments		5,952	6,213	6,148
Deferred tax assets		170,757	181,633	158,344
Property, plant and equipment		384,226	370,780	367,259
Intangible assets		766,654	722,690	744,226
Total non-current assets		1,372,043	1,326,537	1,296,303
TOTAL ASSETS		3,270,752	2,801,268	3,005,431
Current liabilities				
Bank overdraft	16	-	-	8,940
Trade and other payables		588,693	474,991	475,147
Loans and borrowings	16	254,014	292,323	261,638
Employee benefits		17,940	18,167	20,309
Current tax payable		13,895	14,834	4,587
Provisions		4,218	6,742	4,597
Total current liabilities		878,760	807,057	775,218
Non-current liabilities				
Payables		36,999	10,246	13,186
Loans and borrowings	16	705,099	366,798	592,822
Deferred tax liabilities		100,330	95,823	75,075
Employee benefits		48,676	44,542	41,732
Total non-current liabilities		891,104	517,409	722,815
TOTAL LIABILITIES		1,769,864	1,324,466	1,498,033
NET ASSETS		1,500,888	1,476,802	1,507,398
Equity				
Issued capital		1,063,355	1,059,522	1,058,920
Reserves		(302,502)	(326,915)	(258,096)
Retained earnings		488,210	496,663	458,894
Equity attributable to equity holders of the parent		1,249,063	1,229,270	1,259,718
Non-controlling interest:				
Nufarm step-up securities		246,932	246,932	246,932
Other		4,893	600	748
TOTAL EQUITY		1,500,888	1,476,802	1,507,398

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 2013

	Note	Consolidated	
		31 Jan 2013 \$000	31 Jan 2012 \$000
Cash flows from operating activities			
Cash receipts from customers		947,370	788,314
Cash paid to suppliers and employees		(1,028,167)	(827,252)
Cash generated from operations		(80,797)	(38,938)
Interest received		3,177	3,847
Dividends received		55	151
Interest paid		(17,716)	(23,590)
Income tax paid		(6,275)	(12,529)
Class action settlement		(46,677)	-
Net cash used in operating activities		(148,233)	(71,059)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		135	227
Proceeds from sales of business and investments		1,818	3,482
Payments for plant and equipment		(22,908)	(18,724)
Purchase of businesses, net of cash acquired	10	(23,422)	(53,274)
Payments for acquired intangibles and major product development expenditure		(22,583)	(15,676)
Net investing cash flows		(66,960)	(83,965)
Cash flows from financing activities			
Proceeds from borrowings		851,372	757,514
Repayment of borrowings		(585,564)	(615,434)
Debt establishment transaction costs ^(a)		(13,952)	(23,791)
Distribution to Nufarm step-up securities holders		(10,146)	(8,957)
Dividends paid	14	(7,479)	-
Net financing cash flows		234,231	109,332
Net increase/(decrease) in cash and cash equivalents		19,038	(45,692)
Cash and cash equivalents at the beginning of the period		191,317	246,825
Exchange rate fluctuations on foreign cash balances		6,173	(3,147)
Cash and cash equivalents at the end of the period	16	216,528	197,986

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

(a) Comparative amounts have been reclassified to align with current classification. Refer to note 3(b) for details.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 31 JANUARY 2013

	Share capital \$000	Translation reserve \$000	Other reserves \$000	Attributable to equity Capital profit reserve \$000
Balance at 1 August 2011	1,058,151	(227,551)	714	33,627
Profit/(loss) after taxation	-	-	-	-
Other comprehensive income				
Actuarial gains/(losses) on defined benefit plans	-	-	-	-
Foreign exchange translation differences for foreign operations	-	(64,705)	-	-
Income tax on share based payment transactions	-	-	-	-
Total comprehensive income/(loss) for the period	-	(64,705)	-	-
Transactions with owners, recorded directly in equity				
Shares issued and accrued to employees	769	-	(181)	-
Distributions to Nufarm step-up security holders	-	-	-	-
Balance at 31 January 2012	1,058,920	(292,256)	533	33,627
Balance at 1 August 2012	1,059,522	(363,410)	2,868	33,627
Profit/(loss) after taxation	-	-	-	-
Other comprehensive income				
Actuarial gains/(losses) on defined benefit plans	-	-	-	-
Foreign exchange translation differences for foreign operations	-	47,310	-	-
Gains/(losses) on cash flow hedges taken to equity	-	-	(4,918)	-
Gains/(losses) on net investment hedges taken to equity	-	-	(3,480)	-
Income tax on share based payment transactions	-	-	80	-
Total comprehensive income/(loss) for the period	-	47,310	(8,318)	-
Transactions with owners, recorded directly in equity				
Accrued employee share award entitlement	-	-	2,047	-
Issuance of shares under employee share plans	3,495	-	(3,495)	-
Acquisition of non-controlling interests	-	-	(13,131)	-
Dividends paid to shareholders	-	-	-	-
Dividend reinvestment plan	338	-	-	-
Distributions to Nufarm step-up security holders	-	-	-	-
Balance at 31 January 2013	1,063,355	(316,100)	(20,029)	33,627

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

CONDENSED CONSOLIDATED STATEMENT OF CONTINUED CHANGES IN EQUITY SIX MONTHS ENDED 31 JANUARY 2013

holders of the company	Non-controlling interest				Total equity \$'000
	Retained earnings \$'000	Total \$'000	Nufarm step-up securities \$'000	Other \$'000	
	451,472	1,316,413	246,932	773	1,564,118
	18,022	18,022	-	(25)	17,997
	(4,006)	(4,006)	-	-	(4,006)
	-	(64,705)	-	-	(64,705)
	-	-	-	-	-
	14,016	(50,689)	-	(25)	(50,714)
	-	588	-	-	588
	(6,594)	(6,594)	-	-	(6,594)
	458,894	1,259,718	246,932	748	1,507,398
	496,663	1,229,270	246,932	600	1,476,802
	8,389	8,389	-	456	8,845
	(1,572)	(1,572)	-	-	(1,572)
	-	47,310	-	-	47,310
	-	(4,918)	-	-	(4,918)
	-	(3,480)	-	-	(3,480)
	-	80	-	-	80
	6,817	45,809	-	456	46,265
	-	2,047	-	-	2,047
	-	-	-	-	-
	-	(13,131)	-	3,837	(9,294)
	(7,817)	(7,817)	-	-	(7,817)
	-	338	-	-	338
	(7,453)	(7,453)	-	-	(7,453)
	488,210	1,249,063	246,932	4,893	1,500,888

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 2013 comprise 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 2012 are available upon request from the company's registered office at 103-105 Pipe Road, Laverton North, Victoria, Australia or at 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 2012.

These condensed consolidated interim financial statements were approved by the board of directors on 27 March 2013.

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 2012.

From 1 July 2012 the group applied amendments to AASB 134 Interim Financial Reporting outlined in AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income. The change in accounting policy only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes have been applied retrospectively and require the group to separately present those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss.

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 2012, 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 2016 consolidated financial statements and could change the classification and measurement of financial assets. The group does not plan to adopt this standard early and the extent of the impact has not been determined.

(b) Reclassification

Debt establishment transaction costs of \$4.177 million (2012: \$8.978 million) are classified within net financing costs in the income statement and attached notes having previously been disclosed within general and administrative expense. Debt establishment cash outflows of \$13.952 million (2012: \$23.791 million) are classified within cash flows from financing activities having previously been disclosed within cash flows from operating activities.

Net foreign exchange gains on proceeds from Nufarm step-up securities financing (2012: \$8.025 million) remain classified within net financing costs in the income statement and attached notes, but are now within net foreign exchange gains/(losses), having previously been disclosed separately on the face of the income statement.

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 2012.

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 2012.

During the period the group entered into a number of derivative contracts to manage its exposure to foreign currency and interest rate risk. A selection of these derivative contracts were designated and accounted for as net investment, cash flow and fair value hedges as at and for the six months ended 31 January 2013.

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, USA, Mexico and the Central American countries. The South America region includes Brazil, Argentina, Chile, Uruguay, Paraguay, Bolivia, Colombia and the Andean 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.

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.

Change in operating segments

As at 31 January 2012, the group's operating segments were presented purely on a geographic basis. In July 2012 and for this reporting period, the group's operating segments were presented on a crop protection and seed technologies basis. The change is an evolution of our segmental reporting reflecting the relative size of our seed technologies business.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

6. Segment reporting (continued)

Operating segments	Crop protection					Total	Seed technologies	Corporate	Group
	Australia and New Zealand	Asia	Europe	North America	South America		Global		Total
2013	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue									
Total segment revenue	235,783	62,722	153,604	170,265	272,056	894,430	39,979	-	934,409
Results									
Underlying EBITDA ^(a)	20,915	9,786	24,266	5,787	36,274	97,028	5,900	(20,144)	82,784
Depreciation and amortisation excluding material items	(10,635)	(2,301)	(12,951)	(6,133)	(1,413)	(33,433)	(1,537)	(491)	(35,461)
Underlying EBIT ^(a)	10,280	7,485	11,315	(346)	34,861	63,595	4,363	(20,635)	47,323
Material items included in operating profit (refer note 7)									(3,177)
Material items included in net financing costs (refer note 7)									-
Net financing costs (excluding material items)									(34,038)
Profit/(loss) before tax									10,108
Operating segments 2012									
Total segment revenue	303,894	64,606	139,173	144,175	179,390	831,238	31,458	-	862,696
Results									
Underlying EBITDA ^(a)	52,148	10,318	10,035	1,331	10,594	84,426	6,594	(22,857)	68,163
Depreciation and amortisation excluding material items	(10,380)	(1,311)	(12,293)	(4,940)	(286)	(29,210)	(855)	(256)	(30,321)
Underlying EBIT ^(a)	41,768	9,007	(2,258)	(3,609)	10,308	55,216	5,739	(23,113)	37,842
Material items included in operating profit (refer note 7)									(6,947)
Material items included in net financing costs (refer note 7)									(953)
Net financing costs (excluding material items)									(5,353)
Profit/(loss) before tax									24,589

(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)

Geographical information	Revenue by location of customer	
	2013 \$000	2012 \$000
Australia	202,200	274,874
New Zealand	37,951	33,756
Asia	69,373	70,811
Europe	162,417	144,151
USA	168,059	142,940
Rest of North America	13,288	12,216
Brazil	215,245	132,620
Rest of South America	65,876	51,328
Total	934,409	862,696

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.

	Consolidated		Consolidated	
	2013 \$000 Pre-tax	2013 \$000 After tax	2012 \$000 Pre-tax	2012 \$000 After tax
Material items by category:				
Class action settlement	(3,177)	(2,224)	-	-
Restructuring costs	-	-	(2,203)	(1,518)
Debt refinancing costs	-	-	(9,931)	(6,952)
Due diligence and litigation costs	-	-	(1,801)	(1,229)
Intangibles write off - Brazil	-	-	(1,990)	(1,990)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	-	-	8,025	5,778
	(3,177)	(2,224)	(7,900)	(5,911)

Class action settlement

During the half year, the Federal Court gave final approval to the settlement of the class action brought against the company in early 2011. The settlement agreement was amended to cover an expanded number of claims, with Nufarm agreeing to pay a total of \$46.6 million (previously \$43.5 million). Consistent with previous treatment, the additional settlement amount and related costs have been reported as a material item.

Restructuring costs

No material restructuring costs were incurred during the half year ended 31 January 2013. The prior year restructuring costs mainly relate to the reorganisation of the European business.

Debt refinancing costs

Whilst we have incurred and capitalised material debt establishment transaction costs during the half year associated with the US\$325 million bond issuance, debt establishment transaction costs expensed during the half year ended 31 January 2013 were not material or unusual in nature. The prior year debt refinancing costs relate to the establishment of a 12 month facility that was put in place in December 2010. These costs were treated as a material item and were partially recognised in the year ended 31 July 2011 with the balance recognised in the half year ended 31 January 2012 (\$6.952 million).

Due diligence and litigation costs

No material due diligence and litigation costs were incurred during the half year ended 31 January 2013. The 2012 financial year due diligence and litigation costs largely relate to the class action proceedings, the Seeds 2000 acquisition and arbitration proceedings against the previous owner of the Brazilian business.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

7. Items of material income and expense (continued)

Intangibles write off - Brazil

Several older insecticide products have been phased out of the Brazilian product portfolio due to regulatory requirements. The company took a write down in the carrying value of the intangible assets associated with these products in the prior year (\$1.990 million) with the balance written down as at 31 July 2012. No further charges were incurred during the half year ended 31 January 2013.

Net foreign exchange gains/(losses) on Nufarm step-up securities financing

No material foreign exchange gains/(losses) on the Nufarm step-up securities were incurred during the half year ended 31 January 2013. In 2012, the company benefited from a net after tax gain of \$5.778 million associated with the mark-to-market revaluation of proceeds from Nufarm step-up securities.

Material items are classified by function as follows

Six months ended 31 January 2013 \$'000	Cost of sales	Selling,	General and	Net	Total Pre-tax
		marketing and distribution expense	administrative expense	financing costs	
Class action	-	-	(3,177)	-	(3,177)
	-	-	(3,177)	-	(3,177)
Total material items included operating profit	-	-	(3,177)	-	(3,177)

Six months ended 31 January 2012 \$'000	Cost of sales	Selling,	General and	Net	Total Pre-tax
		marketing and distribution expense	administrative expense	financing costs	
Restructuring costs	(618)	(1,585)	-	-	(2,203)
Debt refinancing costs	-	-	(953)	(8,978)	(9,931)
Due diligence and legal costs	-	-	(1,801)	-	(1,801)
Intangibles write off - Brazil	-	-	(1,990)	-	(1,990)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	-	-	-	8,025	8,025
	(618)	(1,585)	(4,744)	(953)	(7,900)
Total material items included operating profit	(618)	(1,585)	(4,744)	-	(6,947)

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 2013 \$000	31 Jan 2012 \$000
Depreciation and amortisation	(35,461)	(32,311)

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

10. Acquisition of businesses

Business acquisitions – 2013

On 1 January 2013, the group purchased the turf and ornamental business of US-based Cleary Chemical Corporation for US\$10 million plus working capital adjustments of US\$2.5 million. The acquisition has provided a wider product offering for the group and is expected to complement and result in synergies with the existing turf and ornamental business in the region.

On 23 January 2013, the group acquired 51 per cent of the equity in Atlantica Sementes Ltda., a Brazilian business specialising in sorghum and sunflower seeds. The 51 per cent stake, purchased at a cost of 25 million Brazilian reais, will allow Nuseed to supply a number of existing Nuseed hybrids through the Atlantica distribution network and leverage other development programs in Australia, Argentina and the USA. The acquisition has been made to expand the seeds business in South America and is expected to complement the existing seeds business and grow our market share.

Business acquisitions – 2012

On 1 December 2011, the group acquired 100 per cent of the shares in Seeds 2000 Inc. at a total cost of US\$55.2 million. Seeds 2000 is a sunflower seed research and production company based in Minnesota, USA and has activities in the USA, Canada, China, Argentina, and a number of European markets. The group also acquired the breeding and germplasm assets of the Super Seeds sunflower business in Serbia on 24 October 2011.

Acquiree's net assets at acquisition date	Fair value on acquisition 31 Jan 2013 \$000	Fair value on acquisition 31 Jan 2012 \$000
Cash and cash equivalents	643	1,382
Receivables	8,446	1,733
Inventory	5,226	12,493
Property, plant and equipment	451	1,726
Deferred tax asset	-	684
Pre-acquisition intangible assets	21	1,879
Other assets	50	164
Trade and other payables	(3,452)	(1,041)
Interest bearing loans and borrowings	-	(2,074)
Deferred tax liability	(2,689)	(14,392)
Other liabilities	(275)	(4,675)
Net identifiable assets and liabilities	8,421	(2,121)
Intangibles acquired on acquisition	8,420	37,265
Non-controlling interest	(3,837)	-
Goodwill on acquisition	11,061	19,512
Consideration paid	24,065	54,656
Cash acquired	(643)	(1,382)
Net cash outflow	23,422	53,274

Total goodwill of \$11,061,000 (2012: \$19,512,000) from business acquisitions is attributable mainly to the synergies expected to be achieved from integrating the respective businesses into the group's existing business.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

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 2013 %	31 Jan 2012 %	31 Jan 2013 \$000	31 Jan 2012 \$000
Excel Crop Care Ltd	India	14.69	14.69	207	(61)
F&N joint ventures	East Europe	50	50	(548)	(535)
Other				(36)	(16)
Share of after tax profits/(losses) of equity accounted investments				(377)	(612)

The 14.69 per cent investment in Excel Crop Care Ltd is equity accounted as Nufarm has the ability to appoint two directors to the board and, together with an unrelated partner, has significant influence over nearly 34 per cent of the shares of the company. The relationship also extends to manufacturing and marketing collaborations.

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.

12. Property plant and equipment

Acquisition and disposals

During the six months ended 31 January 2013, the group acquired assets with a cost of \$23.359 million (six months ended 31 January 2012: \$20.450 million), of which assets acquired through business combinations in the six months to 31 January 2013 were \$0.451 million (six months ended 31 January 2012: \$1.726 million). Assets with a book value of \$0.200 million were disposed of during the six months ended 31 January 2013 (six months ended 31 January 2012: \$0.255 million). There were no assets disposed of through the sale of discontinued operations in the six month period to 31 January 2013 or in the comparative period for 2012.

Capital commitments

During the six months ended 31 January 2013, the group entered into contracts to purchase property, plant and equipment for \$10.477 million (six months ended 31 January 2012: \$13.414 million).

13. Contingent liabilities

The group has a contingent liability for an amount of \$92.479 million (July 2012: \$86.163 million) in respect of potential pre-acquisition tax liabilities of its Brazilian business acquired in 2007. In June 2010 the group commenced arbitration proceedings against the previous owners of the Brazilian business that sought to confirm that the tax indemnification clauses contained in the initial Investment Agreement and the subsequent Share Purchase Agreement ('the Agreements') were effective in allowing Nufarm to recover amounts from the previous owners.

In November 2012 Nufarm received the award from the Arbitral Tribunal. Whilst the award confirmed the validity of the indemnities provided by the previous owners of the Brazilian business, Nufarm continues to work through the application of the award to the many specific tax cases. In December 2012 Nufarm returned to the Arbitral process to seek clarification of aspects of the award.

Nufarm will only be liable to the extent that the tax authorities are ultimately successful in pursuing the claims for primary tax, penalties and interest. In which case, Nufarm will seek to enforce the tax indemnities provided by the former owners in order to recover, to the extent possible under the Agreements, the tax paid.

The group has a number of other contingent liabilities totalling \$22.574 million (July 2012: \$20.118 million).

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

14. Capital and reserves

	31 Jan 2013 \$000	31 Jan 2012 \$000
Dividends		
Dividends paid during the period:		
There was a 3 cent (2012: nil) prior year final dividend declared and paid by the group during the six months ended 31 January 2013: \$0.03 per ordinary share (2012: \$nil)	(7,817)	-

Dividends declared in respect of the period:

Subsequent to the half year end on 27 March 2013, the company declared an interim dividend of 3 cents per share (\$7.884 million) which will be paid on 10 May 2013 (31 January 2012: 3 cents per share). In accordance with Australian Accounting Standards, dividends declared are not recorded as a liability at the end of the period to which they relate.

Distributions on the Nufarm step-up securities

The following distributions were paid by Nufarm Finance (NZ) Ltd.

Nufarm step-up securities distribution rate 8.11 per cent (2012: 6.94 per cent)	10,146	8,829
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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 \$7.453 million (six months ended 31 January 2012 \$6.594 million).

Earnings/(loss) per share

Net profit/(loss) for the six months ended 31 January	8,845	17,997
Net (profit)/loss attributable to non-controlling interests	(456)	25
Net profit/(loss) attributable to equity holders of the parent	8,389	18,022
Nufarm step-up securities distribution (net of tax)	(7,453)	(6,594)
Earnings/(loss) used in the calculations of basic and diluted earnings per share	936	11,428
Earnings/(loss) from continuing operations	936	11,428
(Add)/subtract after tax impact of material items profit/(loss) (refer note 7)	(2,224)	(5,911)
Earnings/(loss) excluding material items used in the calculation of underlying earnings per share	3,160	17,339

	Number of shares	
	31 Jan 2013	31 Jan 2012
Weighted average number of ordinary shares used in calculation of basic earnings per share	262,485,880	261,866,692
Weighted average number of ordinary shares used in calculation of diluted earnings per share	263,291,162	261,866,692

	Cents per share	
	31 Jan 2013	31 Jan 2012
Earnings/(loss) per share		
Basic earnings/(loss) per share - from continuing operations	0.4	4.4
Diluted earnings/(loss) per share - from continuing operations	0.4	4.4
Basic earnings per share - excluding items of material income and expense from note 7	1.2	6.6
Diluted earnings per share - excluding items of material income and expense from note 7	1.2	6.6

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

15. Assets held for sale

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

Assets held for sale as at 31 January 2012 represents land and manufacturing facilities at Belvedere, UK. The sale of this property was completed and settlement proceeds received on 10 February 2012.

16. Net debt

	31 Jan 2013 \$000	31 Jan 2012 \$000
Current		
Bank loans – secured	179,725	147,213
Bank loans – unsecured	82,056	118,816
Deferred debt establishment costs	(8,304)	(5,413)
Finance lease liabilities – secured	308	73
Other loans – unsecured	229	949
Loans and borrowings – current	254,014	261,638
Non-current		
Bank loans – secured	396,786	585,250
Bank loans – unsecured	311,816	6,061
Deferred debt establishment costs	(15,459)	(9,400)
Finance lease liabilities – secured	10,749	10,172
Other loans – unsecured	1,207	739
Loans and borrowings – non-current	705,099	592,822
Cash and cash equivalents	(216,528)	(206,926)
Bank overdraft	-	8,940
Net cash and cash equivalents	(216,528)	(197,986)
Net debt	742,585	656,474

On 23 August 2011, Nufarm executed a \$300 million trade receivables securitisation facility. Subsequent to execution the facility size has been reduced to \$250 million to reflect the current value of trade receivables being used to secure funding under this program. As at 31 January 2013, the amount of funding drawn under the securitised facility by the participating Nufarm entities was \$141.837 million (2012: \$147.213 million).

On 22 November 2011, the company executed a \$625 million senior secured syndicated bank facility with a term of three years. On 8 October 2012, the group completed a US\$325 million Senior Unsecured Notes offering due in October 2019 (the 'notes'). Concurrent with the issuance of the notes, US\$250 million of the commitments under the \$625 million senior secured syndicated bank facility was cancelled. Subsequently, upon the admission of an additional financial institution to the syndicate on 25 January 2013, the syndicated bank facility was increased by \$25 million. As at 31 January 2013, the amount of funding drawn under the syndicated bank facility of \$406 million was \$339 million (2012: \$582 million) with loans being advanced in multiple currencies.

The notes, the syndicated bank facility and trade receivables securitisation facility provide access to committed lines of credit to support the group's seasonal working capital demands and general corporate financing requirements. Total net debt at 31 January 2013 is \$742.6 million (2012: \$656.5 million).

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

17. Finance income and expense

	31 Jan 2013 \$000	31 Jan 2012 \$000
Net foreign exchange gains/(losses) ^{(a)(b)}	(9,213)	22,415
Financial income excluding foreign exchange gains/(losses) ^(a)	3,177	3,847
Net financial income	(6,036)	26,262
Interest expense - external	(23,097)	(22,884)
Interest expense - debt establishment transaction costs ^(a)	(4,177)	(8,978)
Lease expense - finance charges	(728)	(706)
Financial expenses	(28,002)	(32,568)
Net financing costs	(34,038)	(6,306)

(a) Refer note 3(b) for an explanation of the prior year reclassification.

(b) In 2012, net foreign exchange gains on Nufarm step-up securities financing totalled \$8.025 million. Refer note 7.

18. Class action

In January 2011, Maurice Blackburn and Slater & Gordon issued class actions for unspecified damages on behalf of shareholders who purchased shares in Nufarm in the period September 2009 to August 2010.

On 1 August 2012 the company announced that it had entered into a conditional settlement agreement in relation to the class action proceedings originally issued in January 2011 by Maurice Blackburn and Slater & Gordon. The company agreed to pay \$43.5 million, which covered the claims, interest, costs of the litigation funders and the applicants' legal fees. During the half year, the Federal Court gave final approval to the settlement of the class action however, the settlement agreement was amended to cover an expanded number of claims, with the company agreeing to pay a total of \$46.6 million (previously \$43.5 million). In accordance with Accounting Standards the original settlement amount, along with related legal costs (\$43.5 million) was provided for in the financial statements in the FY12 year. The additional settlement amount and related costs of \$3.177 million have been reported as a material item in the FY13 half year.

19. Subsequent events

On 5 March 2013 the company announced that it has received notice that agreements relating to the exclusive distribution of Roundup branded glyphosate in Australia and New Zealand are to be terminated. The notice states that Nufarm may continue to sell Roundup branded product in Australia and New Zealand until 28 August 2013.

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 2013 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
Director



DJ Rathbone
Director

Melbourne
27 March 2013

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF NUFARM LIMITED



We have reviewed the accompanying half-year financial report of Nufarm Limited (the company), which comprises the condensed consolidated balance sheet as at 31 January 2013, the 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 company 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 2013 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 2013 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

BW Szentirmay
Partner

Melbourne
27 March 2013

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DIRECTORY

Directors

DG McGauchie AO - Chairman
DJ Rathbone AM - Managing director
AB Brennan
GR Davis
FA Ford
Dr WB Goodfellow
PM Margin
T Takasaki

Company secretary

R Heath

Solicitors

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Auditors

KPMG
147 Collins Street
Melbourne Victoria 3000 Australia

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