



Nufarm Limited

ACN 091 323 312

103-105 Pipe Road
Laverton North VIC 3026
Australia

P: +61 3 9282 1000

F: +61 3 9282 1001

nufarm.com

COMPANY ANNOUNCEMENT

23 March, 2016

Nufarm delivers solid underlying EBIT growth

Nufarm Limited today announced underlying earnings before interest and tax (EBIT), for the half year, of \$71.2 million, up by 12% over the prior half year.

Nufarm CEO Greg Hunt, said that margin expansion, reduced net working capital and the benefits resulting from the company's performance improvement program contributed to the strong result.

"We have seen good local currency EBIT growth across all of our different business segments and a strong improvement in gross profit margin, which is a key indicator for seeing the benefits of changes we are making in the business."

Underlying profit after tax of \$11.9 million is lower than the prior period, largely as a consequence of net foreign exchange losses.

One-off restructuring costs of \$102.9 million were booked for the half year, resulting in a reported net loss after tax of \$91 million.

"Our continued focus on working capital efficiencies has meant the average net working capital to sales ratio has decreased to 40.8% from 43.9% in the corresponding half year, and we are making good progress towards our full year target of 40%."

Nufarm's results for the first six months are typically dominated by contributions from Australia and Brazil. Nufarm posted a 30% increase in EBIT contribution from its Australia/New Zealand segment and secured market share gains in Latin America, with 22% local currency sales growth, despite the tougher economic conditions.

"We have had good progress with our performance improvement program and are committed to deliver an EBIT benefit of at least \$20 million by the end of the full year. This keeps us on track to deliver \$116 million in benefits from the program by FY 2018," said Mr. Hunt.

Nufarm Directors have declared an unfranked interim dividend of 4 cents per share.

Mr. Hunt said, we are focused on a clear strategy of generating growth across core markets and crops; making improvements to our supply chain; and delivering industry-leading customer service, and believe we can deliver a solid improvement in underlying EBIT.

The second half is likely to face further head-winds due to currency volatility and tough industry conditions, particularly in Latin America. Higher net financing expenses in the second half will impact underlying net profit after tax.

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Further information: Mark Keating
GM Investor Relations
mark.keating@au.nufarm.com
☎ (61 3) 9282 1004

Rachel Eaves
GM Corporate Communications
Rachel.eaves@au.nufarm.com
☎ (61 3) 9282 1218

23 March, 2016

**Preliminary announcement
 Results for the six months ended 31 January, 2016**

Nufarm delivers solid underlying EBIT growth

Highlights

- **Group revenues: \$1.19 billion, up by 0.3% (up 4% in constant currency)**
- **Underlying EBIT⁽¹⁾⁽²⁾ of \$71.2 million, up by 12%**
- **Underlying net profit after tax⁽³⁾ of \$11.9 million, down by 55%**
- **One-off restructuring costs of \$102.9 million, resulting in a reported net loss after tax of \$91.0 million (2015 1H: \$23.2 million profit)**
- **Strong improvement in underlying⁽¹⁾ gross profit margin at 28.2% (2015: 1H 26.7%)**
- **Performance improvement program on track to deliver \$116 million by FY18**
- **Average net working capital to sales: 40.8% (2015 1H: 43.9%)**
- **Interim dividend: 4 cents per share (2015 interim: 4 cents per share)**

Six months ended 31 January	2016	2015	Change
	\$000	\$000	%
Revenue	1,187,605	1,183,730	0.3%
Gross profit	309,547	316,548	-2.2%
Underlying EBITDA ⁽¹⁾	112,292	102,442	9.6%
Underlying EBIT ⁽¹⁾⁽²⁾	71,229	63,426	12.3%
Operating profit	(34,828)	58,887	-159.1%
Underlying net profit after tax ⁽³⁾	11,868	26,472	-55.2%
Net profit after tax	(91,004)	23,152	-493.1%
Net operating cash flow	(247,373)	(213,112)	-16.1%
Underlying net operating cash flow	(208,507)	(205,295)	-1.6%
Basic earnings per share - excluding material items (cents)	2.3	7.7	-69.8%
Basic earnings per share (cents)	(36.4)	6.4	-669.2%
Total dividend per share declared in respect of period (cents)	4.0	4.0	0.0%

The financial information contained within our statutory accounts has been prepared in accordance with IFRS. Refer to footnotes, including explanations of the non-IFRS measures used in this announcement. All references to the prior period are to the year ended 31 January 2015 unless otherwise stated. This report is based on financial statements which have been audited by KPMG. Non-IFRS measures have not been subject to audit or review. Refer to the 31 January 2016 Nufarm Limited Financial Report for the independent auditor's report to the members of Nufarm Limited.

Nufarm Limited today announced that underlying earnings before interest, tax and amortisation (EBITDA) increased by 10% to \$112.3 million and underlying earnings before interest and tax (EBIT) increased by 12% to \$71.2 million. Group revenues increased by 0.3% to \$1.19 billion (2015: \$1.18 billion). Good local currency EBIT growth was achieved across all business segments.



Underlying net profit after tax was \$11.9 million, down 55% on the \$26.5 million reported in the prior period. The underlying net profit was impacted by exchange losses of \$17.1 million, compared to exchange gains of \$7.9 million in the prior period.

One off restructuring costs of \$102.9 million were booked for the half year, resulting in a statutory loss after tax of \$91.0 million for the 6 months to 31 January, 2016. This compares to a statutory profit after tax of \$23.2 million in the previous year.

Earnings per share (excluding material items) were 2.3 cents (2015: 7.7 cents).

Nufarm's results for the first six months are typically dominated by contributions from Australia and Brazil. Nufarm posted a 30% increase in EBIT contribution from its Australia/New Zealand segment, and grew Brazil sales 22% in local currency, despite the tougher economic conditions. With the weakening Brazilian Real (27% weaker against the Australian Dollar compared to the same period last year), Australian dollar earnings for the LATAM region were 11% down on the prior period.

The group generated a higher underlying gross profit margin of 28.2%, which was a significant improvement on the prior year (26.7%), and reflected a strong focus on higher margin products, the benefit of cost savings and restructuring initiatives, and disciplined selling practices.

Average net working capital to sales was 40.8%, a significant reduction on the prior period (43.9%), and nearing the company's target of 40% by the end of financial year 2016.

Net debt at 31 January was \$927 million, up on the \$890 million in 2015. The net debt was impacted by the weaker Australian dollar in the period. On a constant currency basis, net debt was \$892 million, in line with the \$890 million in 2015.

Interim Dividend

Directors declared an unfranked interim dividend of 4 cents per share (2015 interim dividend: 4 cents).

The interim dividend will be paid on 6 May, 2016 to the holders of all fully paid shares in the company as at the close of business on 8 April, 2016. The interim dividend will be 100% conduit foreign income.

The Dividend Reinvestment Plan (DRP) will be made available to shareholders for the interim dividend. Directors have determined that the Issue Price will be calculated on the volume weighted average 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 11 April, 2016.

Material items

The company announced on 23 February the completion of its manufacturing footprint and product portfolio reviews. Both reviews were part of the performance improvement program aimed at lowering the fixed cost base and permanently improving the performance of the business.



This program has resulted in one-off, after-tax costs of \$99.3 million in the period. On a pre tax basis, the cash component of material items related to the program will be \$30 million, with the balance of \$86 million relating to non-cash items.

The majority of these costs related to the product portfolio review. Nufarm is developing a product portfolio that better meets the needs of customers in select crops and key markets, where stronger margins could be expected. With the portfolio review, a reassessment of the useful life of the remaining product related intangibles was also completed. In light of wider industry practice and asset specific factors, the company reassessed the useful life of all product related intangible assets to be no longer than 30 years. This accounting estimate change will result in approximately \$7 million of higher amortisation costs in financial year 2016.

The manufacturing footprint rationalisation involves the closure of the Calgary plant in Canada and costs related to the implementation of the manufacturing efficiencies initiatives. Other costs are related to various redundancy and consulting costs.

The streamlining of the manufacturing and supply chain operations will enable the company to take advantage of global scale, remove inefficiencies and improve performance, with particular focus on better serving Nufarm's customers.

The material items also includes the impact of the Argentina Peso devaluation that occurred in December 2015 (\$3.5 million after-tax). Although the impact is expected to be minimal at the profit before tax level by the end of the financial year, the exchange loss resulting from the devaluation exceeds the gross margin gains at the half year.

Six months ended 31 January 2016	Pre-tax \$000	After-tax \$000
<i>Material items by category</i>		
Asset rationalisation and restructuring	(116,051)	(99,326)
Argentina Peso devaluation event	(5,456)	(3,546)
Total material items	(121,507)	(102,872)

Interest / tax / cash flow

Net external interest expense was \$36.8 million, which is \$6.7 million higher than the previous period. The higher interest expense is primarily driven by Brazil, and is caused by higher base rates and more Real denominated debt.

Total net financing costs were \$72.5 million, compared to \$25.6 million in the prior year. Foreign exchange losses were \$32.5 million, compared to \$7.9 million of exchange gains recorded in the 2015 year. The one-off devaluation of the Argentina Peso, which occurred in December 2015, accounts for \$15.4 million of the exchange losses.

The underlying exchange loss is \$17.1 million, and mainly relates to the volatility of the Brazilian Real in the period and the high cost of hedging the resulting exposure between the Real and the US dollar.



The underlying effective tax rate was 16.4% for the period, reflecting the mix of profits in the first half. This compares to 30.1% in the prior period. The company expects the full year tax rate to be close to 30%.

The business recorded a net operating cash outflow of \$247 million in the first six months of the year. This compares to a cash outflow of \$213 million in the previous period. The higher cash outflow was mainly attributable to the cash component of the material items, which increased \$31 million over the previous year. While the second half is expected see further reductions in the average net working capital to sales, growth in the business may result in the actual net working capital dollars at 31 July being higher than at the same time last year. Consequently, operating cash flow may not be as strong as in the prior year.

Business review

We have seen good local currency EBIT growth across all of our different business segments, and a strong improvement in gross profit margin, which is a key indicator that we are seeing some of the benefits of changes we are making in the business.

Despite the tougher market conditions in Latin America, we have increased our market share while maintaining a strong focus on risk management.

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

South America's largest market, Brazil, experienced a late start to the season but average climatic conditions prevailed and there has been little weather-related impact on plantings and yields.

Nufarm sales in Brazil grew 22% in local currency, however, lower crop prices and a weaker currency have contributed to a fall in the US dollar value of crop protection sales in Brazil. The weaker Brazilian Real has also put pressure on margins.

The Australian business was again impacted by hot and dry seasonal conditions in the major summer cropping regions of Queensland and northern NSW. However, rainfalls in December and January generated strong demand over the last six weeks of the reporting period.

Underlying gross profit margin was 28.2% of sales, ahead of the first half of the previous year (26.7%). Underlying net expenses were up as a proportion of sales (22.9% v 21.8%), but the major impact was currency. In constant currency terms, the selling, general and administrative expense to sales ratio was 20.3%, which was in line with the prior year.

Operating segments summary

The following table provides a summary of the performance of the operating segments for the first half of the 2016 financial year and the prior corresponding period.



6 months ended 31 January (\$'000s)	Revenue			Underlying EBIT		
	2016	2015	Change %	2016	2015	Change %
<i>Crop protection</i>						
Australia and New Zealand	231,591	238,278	-2.8%	14,565	11,221	29.8%
Asia	71,608	83,009	-13.7%	9,393	8,558	9.8%
Europe	176,747	169,412	4.3%	7,135	3,203	122.8%
North America	251,004	227,911	10.1%	7,433	518	n/a
South America	414,977	422,238	-1.7%	57,747	65,031	-11.2%
<i>Total Crop protection</i>	<i>1,145,927</i>	<i>1,140,848</i>	<i>0.4%</i>	<i>96,273</i>	<i>88,531</i>	<i>8.7%</i>
Seed Technologies - global	41,678	42,882	-2.8%	(4,354)	(5,235)	16.8%
Corporate	-	-	n/a	(20,690)	(19,870)	-4.1%
Nufarm Group	1,187,605	1,183,730	0.3%	71,229	63,426	12.3%

Australia / New Zealand

While Australian sales were slightly down on the prior year, a focus on higher quality sales, with improved selling discipline and a lower cost base, resulted in an improved EBIT result

The Australian and New Zealand businesses generated sales of \$231.6 million, down 3% on the previous year (\$238.3 million). This represented 20% of total crop protection sales in the first half period. Underlying EBIT was \$14.6 million compared to \$11.2 million in the prior period.

Climatic conditions in Australia were again challenging for most of the period, with another dry late winter and spring for most of the large cropping areas. In late December and January, there were good summer rains, which generated strong demand in January and some positive momentum heading into the second half.

The previously announced closure of three manufacturing facilities in Australia and New Zealand is now complete. The sites are currently being remediated in preparation for sale. The full benefit of these changes will be realised in the 2017 financial year, with lower fixed costs; better plant utilisation; and improved efficiencies.

New Zealand experienced below average rainfall over spring, which affected plantings, and in addition, declining milk prices resulted in reduced demand from dairy farmers. However, good summer rainfall helped growers prepare for their autumn plant, and the horticultural segment saw increased sales demand.

Asia

Asian crop protection sales were \$71.6 million compared to \$83.0 million in the first half of the prior year. Underlying EBIT was \$9.4 million, up on the \$8.6 million generated in the prior year.

Although Indonesia sales were down due to the prolonged dry season, this was somewhat offset by stronger sales into Japan, China and Sri Lanka. A combination of increased focus on higher margin products and prudent cost control, led to an improved EBIT result on the prior year.



North America

North American crop protection sales grew by 10% to \$251.0 million (22% of total crop protection sales). Underlying EBIT was \$7.4 million compared to \$0.5 million in the prior year.

Sales in North America were down 4% on a constant currency basis. Despite soft commodity pricing that saw increased price pressure on key products, Nufarm was able to improve margins through better marketing programs and newer products that address the increasing challenges associated with resistant weeds.

Management changes in the USA have resulted in a sales team that is more closely aligned with channel partners and better able to meet their needs.

Latin America

Despite the challenging conditions in Latin America our underlying business performed well.

When measured in constant currency (FY16 local currency results translated at FY15 exchange rates), sales were up 19% and underlying EBIT was up 8%.

The sharp devaluation of the local currency had a major impact on the Australian dollar results. Latin American crop protection sales were down 2% on the first half of the previous year (\$415 million v \$422 million), and represented 36% of the total first half crop protection revenues. Underlying EBIT at \$57.7 million was down 11% on the prior period's \$65.0 million.

Local market conditions were challenging in South America and the value of the total crop protection market contracted (as measured in US dollars) by an estimated 20% in calendar year 2015. The average Brazilian Real exchange rate for the first half period was nearly 27% weaker against the Australian dollar and over 50% weaker against the US dollar. The weaker Real put pressure on margins as many raw material inputs are priced in US dollars. The business was able to increase Real selling prices and achieve significant procurement savings to recover much of cost increase.

Local currency sales in Brazil were up by 22%, driven by increased share in the soybean segment, where plantings were approximately 3% ahead of the previous year. The business continues to enhance the portfolio with eight new products launched in the first half. Channel inventory for Nufarm products is well under control.

Risk management remains a key priority. The Brazil business incurred significant exchange losses, hedging costs and interest costs due to a structural change away from US dollar pegged invoicing. While this increases the cost of doing business, Brazil remains a strategically important market and we regularly review the measures we have in place to mitigate the risks associated with the business.

The Argentina business performed well, despite the political and economic instability. The new government devalued the Peso, reduced taxes on grain exports and relieved some of the foreign currency controls. The impact of the one-off devaluation was included in material items, and the exchange loss from the devaluation is expected to be offset by margin increases, as most product pricing is linked to the US dollar.



Europe

European sales were ahead of the prior period (2016: \$176.7 million v 2015: \$169.4 million) but relatively steady on a constant currency basis. European sales accounted for 16% of the crop protection sales for the group. Underlying EBIT improved to \$7.1 million, ahead of the \$3.2 million posted in the first half of 2015. Seasonal conditions were mixed, with a mild winter and good rainfall in northern Europe. But in the south of Europe, it was particularly dry.

Nufarm's branded sales were in line with the prior year, when measured in Euros. Margin increases were achieved due to more disciplined selling policies, higher sales of differentiated formulations and the launch of several new products in the period.

The restructuring of the European manufacturing base is proceeding on schedule. The Botlek manufacturing facility in The Netherlands closed, with capacity relocated to the Wyke facility in Northern England. Manufacturing efficiency programs are under way at the Linz (Austria) and Gaillon (France) production facilities. These changes will permanently reduce the company's fixed cost base; improve working capital management; and support the continued growth of the European business.

Major product segments

Crop Protection

Nufarm's crop protection business generated \$1.15 billion in revenues, which was very close to the previous year sales of \$1.14 billion. These sales generated an average underlying gross profit margin of 28.1%, significantly stronger than the 26.6% average gross margin recorded in financial year 2015.

Herbicide sales were down 1% to \$755 million. Glyphosate sales and margin dollars are slightly down on last year, mainly due to the lower average technical price in the first half. Glyphosate volume is in line with last year, and the gross margin percentage has improved. Phenoxy herbicide revenues and margins were up, driven by stronger sales in North and South America, and growth in higher value Asian markets. Dicamba sales are down on last year due to an over-supply in the USA market. Flumioxazin sales are up on the prior year due to new product launches in the USA.

Group insecticide sales were down 7% to \$152 million, and margins were slightly down. Lower insect pressure and higher rainfall in southern Brazil resulted in reduced demand for these products, while North American sales increased, in particular in the turf and specialty segment.

Fungicide sales were up by 13% to \$120 million, with margins in line with the prior year. The fungicide portfolio performed strongly in the period, with relatively low disease pressure in Brazil offset by a positive autumn season in Europe, and the continued roll-out of new mixture products.

Sales of plant growth regulators (PGRs) and biorational products were also up, with a focus on products in crop segments that can deliver higher margin earnings beginning to pay dividends. Europe has been benefitted from a focus on cereals with PGRs, and the North American business with biorationals into the trees, nuts, vegetables and vines (TNVV) segment and cotton harvest PGRs.



Seed Technologies

The company's seed technologies segment includes sales of seeds, managed under our Nuseed business, and seed treatment chemistry. Revenues in this segment in this segment were \$41.7 million, in line with the prior period sales of \$42.9 million. The segment generated a loss of \$4.4 million at the underlying EBIT level, compared to a \$5.2 million loss in the prior first half.

Sales volumes were down slightly while overall margin was up approximately 2%, largely due to the product mix. The Australian business saw reduced sales in sunflowers and sorghum caused by the dry conditions leading into December, but this was offset by higher seed treatment and sorghum sales in the USA.

Nuseed has completed significant strategy and organisational changes to improve efficiency in the areas of research and development, supply chain and customer focus. This included the implementation of a centre of excellence model for R&D, the closure of two seed processing facilities and the centralisation of the global portfolio and commercial functions. As a result, headcount was reduced and expense savings were delivered in the period. The changes enable Nuseed to concentrate resources in the high-growth, high-value segments and build a stronger trait and hybrid pipeline.

The company's omega-3 canola program continued to advance through field trials and is now in the pre-registration phase of development. Several significant patents relating to this program were published and/or granted during the year, contributing to a very strong intellectual property position.

Balance Sheet Management

Net debt at 31 January was \$927 million versus \$890 million in the prior year. Currency translation had a negative impact on the net debt figure, with the lower Australian dollar resulting in increased debt associated with the company's US dollar denominated high yield bond. On a constant currency basis, net debt at 31 January was \$892 million.

Average net debt was higher than in the previous six month period (\$857 million versus \$793 million).

Management continued to focus on driving further efficiencies in working capital management, with average net working capital to sales down to 40.8% (2015 1H: 43.9%). The company's objective is to bring this ratio down to 40% by the end of the 2016 financial year.

All components of net working capital were down in the period, with payables being the major driver.

Gearing (net debt to net debt plus equity) was 38.8% (2015 1H: 34.8%). The leverage ratio (net debt divided by the 12 month rolling EBITDA) was 2.86x (2015 1H: 3.15x).



Cost savings and performance improvement program

The company continues to make progress on its cost savings and performance improvement program, which aims to deliver a net benefit of \$116 million in underlying EBIT by the end of the 2018 financial year.

The performance improvement program covers a broad range of initiatives across all areas of the business including: manufacturing footprint and efficiencies; procurement practices; supply chain and logistics; selling, general and administrative expenses; and product portfolio.

The total estimated cost savings and efficiencies – on a gross basis – are well in excess of the targeted net benefit announced by the company. However, to support sustainable business improvement and to secure benefits on an ongoing basis, some of these savings will be reinvested in new systems and capabilities such as: new customer relationship management (CRM) systems; improved performance in supply chain management; specialist procurement resources; enhanced marketing capabilities; and other areas.

The company is on track to deliver at least \$20 million in benefits from the performance improvement program in the 2016 financial year.

The company has also announced an objective to achieve a Return on Funds Employed (ROFE) of 16% by the 2018 financial year. ROFE at 31 January was 10.7%, up from 8.9% in the prior comparative period.

Outlook

Nufarm's sales and earnings remain heavily weighted to the second six months of the financial year, with the major cropping seasons in Australia, North America and Europe occurring in that period. The majority of sales relating to the seed technologies segment also take place in the second half.

The company's performance in Australia will continue to improve, with restructuring initiatives resulting in a lower and more flexible cost base and a continued focus on margin expansion. Australian climatic conditions in the February-March period have been mixed, but the expectation is for above average rainfall in autumn. With some improvement in demand, the business is expected to generate a better second half result than in 2015.

Despite low soft commodity prices and tighter farm economics in North America, the company expects to generate growth in the US, with our business benefiting from a more focused portfolio and new product introductions. We have restructured our sales team to better align with customers and are working with our channel partners to make it easy to do business with Nufarm, resulting in good support from distribution. The North American business is well positioned to capitalize on more positive seasonal conditions.

The second half represents the smaller season in Brazil. While the Brazilian market will continue to be tough, a larger safrinha (second season) crop is expected, in local currency, we would expect to outperform the second half of last year. Much focus in the second half will be on risk management, with close attention paid to cash collections, foreign exchange risk and channel inventories.



Given normal seasonal conditions, the European business is expected to have a better second half than last year. The growth will come from continued focus on higher margin products and the benefits of the manufacturing efficiency programs.

Seed technologies earnings growth in the second half will be challenging in a competitive market. Whilst new seed treatment products and continued expansion of the European sunflower business will be positive, there are challenging market conditions in sorghum and global confection sunflower. We remain cautious on the Australian canola market growth at this early stage of the season. The second half is expected to see continued positive progress on the canola omega 3 program, with the objective of moving into a regulatory approval process by the calendar year end.

With the continued volatility of the LATAM currencies through February and even after the benefits of hedging, Nufarm has incurred a further \$5 million in foreign exchange losses in the February month. Underlying net profit after tax will be impacted by higher net financing expenses in the second half.

The combination of cost savings benefits; margin expansion and revenue growth in a number of the company's businesses is expected to result in solid EBIT growth over the prior year. This assumes relatively normal seasonal conditions in our key geographic markets.

A strong focus will be maintained on balance sheet objectives, in particular working capital efficiencies, with the aim of reducing average net working capital to sales to 40% by July 2016.

A handwritten signature in black ink, appearing to read 'G A Hunt', written over a light grey background.

G A Hunt
Managing Director & CEO

IFRS and Non-IFRS financial information

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

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

- (1) Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is Underlying EBIT before depreciation and amortisation of \$41.063 million for the half year ended 31 January 2016 and \$39.016 million for the half year ended 31 January 2015. 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	2016	2015
	\$000	\$000
Underlying EBIT	71,229	63,426
Material items impacting operating profit	(106,057)	(4,539)
Operating profit	(34,828)	58,887

(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.
- Average gross margin – defined as average gross profit as a percentage of revenue.
- Average gross profit – defined as revenue less a standardized estimate of production costs excluding material items and non-product specific rebates and other pricing adjustments.
- Net external interest expense – comprises Interest income – external, Interest expense – external and Lease expense – finance charges as described in note 17 to the 31 January 2016 Nufarm Limited financial report.
- ROFE – defined as underlying EBIT divided by the average of opening and closing funds employed (total equity plus net debt).
- Net debt – total debt less cash and cash equivalents.
- Average net debt – net debt measured at each month end as an average.
- Net working capital – current trade and other receivables and inventories less current trade and other payables.
- Average net working capital – net working capital measured at each month end as an average.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

12 months ended 31 July 2015 \$000		Consolidated		increase / (decrease) \$000	increase / (decrease) %
		6 months ended 31 Jan 2016 \$000	6 months ended 31 Jan 2015 \$000		
TRADING RESULTS					
2,737,163	Revenue from ordinary activities	1,187,605	1,183,730	3,875	0%
	Profit/(loss) from ordinary activities after tax attributable to members				
117,059	- Before material items	11,868	26,472	(14,604)	(55%)
43,220	- After material items	(91,004)	23,152	(114,156)	(493%)
	Net profit/(loss) attributable to members				
117,059	- Before material items	11,868	26,472	(14,604)	(55%)
43,220	- After material items	(91,004)	23,152	(114,156)	(493%)

DIVIDENDS AND DISTRIBUTIONS

Dividends to shareholders	Amount	Franked amount
	per security (cents)	per security (cents)
Interim dividend paid for the period ended 31 January 2015	4.0	-
Final dividend paid for the period ended 31 July 2015	6.0	-
Interim dividend for the period ended 31 January 2016	4.0	-

An interim dividend of 4 cents per share, unfranked, will be paid on 6 May 2016 to all holders of ordinary shares in the company as of 8 April 2016. Conduit foreign income is attributed to the dividend in full.

The Dividend Reinvestment Plan (DRP) will be made available to shareholders for the interim dividend. Shares issued under the DRP will rank equally in all respects from the date of allotment with existing ordinary shares.

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 11 April 2016. The Directors have determined that, for this dividend payment, no discount will apply to shares issued under the DRP.

Nufarm Step-up Securities distribution

	Distribution rate	Total amount \$000	Payment date
Nufarm Step-up Securities distribution	6.63%	8,339	15 Oct 2014
Nufarm Step-up Securities distribution	6.64%	8,350	15 April 2015
Nufarm Step-up Securities distribution	6.16%	7,754	15 Oct 2015

OTHER SUMMARY DATA

31 July 2015	Metric	31 Jan 2016	31 Jan 2015
25%	Gearing ratio (net debt/net debt plus equity)	39%	35%
\$2.58	Net tangible assets per ordinary share	\$2.20	\$2.75
3,349	Staff employed	3,179	3,548

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 2016 and the auditor's review report thereon.

Directors

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

Non-executive directors

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

Executive director

GA Hunt (Managing Director)

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 3,100 people at its various locations in Australia & 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 loss attributable to members of the group for the six months to 31 January 2016 is \$91.004 million, after including the material items described in note 7. The comparable figure for the six months to 31 January 2015 was a net profit of \$23.152 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 2016.

Rounding of amounts

The parent entity is a company of the kind specified in Australian Securities and Investments Class Order 98/0100. In accordance with that class order, amounts in the consolidated financial statements and the directors' report have been rounded to the nearest thousand dollars unless specifically stated otherwise.

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



DG McGauchie AO
Director



GA Hunt
Managing Director

Nufarm Limited

Condensed consolidated income statement

for the six months ended 31 January 2016

	Note	31 Jan 2016 \$'000	31 Jan 2015 \$'000
Revenue	6	1,187,605	1,183,730
Cost of sales		(878,058)	(867,182)
Gross profit		309,547	316,548
Other income		7,659	5,585
Sales, marketing and distribution expenses		(234,420)	(159,289)
General and administrative expenses		(97,524)	(85,696)
Research and development expenses		(20,098)	(18,004)
Share of net profits/(losses) of associates	11	8	(257)
Operating profit/(loss)		(34,828)	58,887
Financial income excluding foreign exchange gains/(losses)		8,140	4,188
Net foreign exchange gains/(losses)		(32,538)	7,881
Net financial income		(24,398)	12,069
Financial expenses		(48,092)	(37,682)
Net financing costs	17	(72,490)	(25,613)
Profit/(loss) before tax		(107,318)	33,274
Income tax benefit/(expense)		16,303	(10,177)
Profit/(loss) for the period		(91,015)	23,097
Attributable to:			
Equity holders of the parent	14	(91,004)	23,152
Non-controlling interest	14	(11)	(55)
Profit/(loss) for the period		(91,015)	23,097
Earnings/(loss) per share attributable to ordinary equity holders			
Basic earnings/(loss) per share (cents)	14	(36.4)	6.4
Diluted earnings/(loss) per share (cents)	14	(36.3)	6.4

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

Nufarm Limited

Condensed consolidated statement of comprehensive income

for the six months ended 31 January 2016

	31 Jan 2016 \$000	31 Jan 2015 \$000
Net profit/(loss) for the period	(91,015)	23,097
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign exchange translation differences for foreign operations	(65,234)	72,012
Effective portion of changes in fair value of cash flow hedges	(1,076)	2,145
Effective portion of changes in fair value of net investment hedges	(1,269)	(2,791)
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial gains/(losses) on defined benefit plans	3,244	(19,222)
Income tax on share based payment transactions	82	484
Other comprehensive income/(loss) for the period, net of income tax	<u>(64,253)</u>	<u>52,628</u>
Total comprehensive income/(loss) for the period	<u>(155,268)</u>	<u>75,725</u>
Attributable to:		
Shareholders of the company	(155,257)	75,780
Non-controlling interest	(11)	(55)
Total comprehensive income/(loss) for the period	<u>(155,268)</u>	<u>75,725</u>

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

Nufarm Limited

Condensed consolidated balance sheet

As at 31 January 2016

	Note	31 Jan 2016 \$000	31 July 2015 \$000	31 Jan 2015 \$000
Current assets				
Cash and cash equivalents	16	283,701	391,418	292,567
Trade and other receivables		971,594	732,391	1,012,102
Inventories		880,212	753,690	883,550
Current tax assets		37,344	39,259	47,692
Total current assets		2,172,851	1,916,758	2,235,911
Non-current assets				
Receivables		89,601	73,123	66,682
Equity accounted investments		9,730	10,552	8,530
Other investments		477	466	517
Deferred tax assets		250,618	250,942	254,466
Property, plant and equipment		373,624	369,883	388,423
Intangible assets		880,057	952,464	939,501
Total non-current assets		1,604,107	1,657,430	1,658,119
TOTAL ASSETS		3,776,958	3,574,188	3,894,030
Current liabilities				
Bank overdraft	16	-	1,282	1,189
Trade and other payables		815,873	671,483	730,362
Loans and borrowings	16	315,485	380,426	372,268
Employee benefits		17,572	19,552	20,002
Current tax payable		21,535	5,919	10,158
Provisions		30,563	33,174	13,586
Total current liabilities		1,201,028	1,111,836	1,147,565
Non-current liabilities				
Payables		15,627	22,691	27,865
Loans and borrowings	16	895,243	556,427	808,724
Deferred tax liabilities		117,183	151,807	147,158
Employee benefits		83,638	94,632	93,556
Total non-current liabilities		1,111,691	825,557	1,077,303
TOTAL LIABILITIES		2,312,719	1,937,393	2,224,868
NET ASSETS		1,464,239	1,636,795	1,669,162
Equity				
Issued capital		1,079,897	1,074,119	1,073,332
Reserves		(281,940)	(213,134)	(177,102)
Retained earnings		414,699	524,089	520,826
Equity attributable to equity holders of the parent		1,212,656	1,385,074	1,417,056
<i>Non-controlling interest:</i>				
Nufarm Step-up Securities		246,932	246,932	246,932
Other		4,651	4,789	5,174
TOTAL EQUITY		1,464,239	1,636,795	1,669,162

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

Nufarm Limited

Condensed consolidated statement of changes in equity

for the six months ended 31 January 2016

	Attributable to equity holders of the Company					Non-controlling interest			Total equity
	Share	Translation	Other	Capital Profit	Retained	Total	Nufarm Step-up	Other	
	Capital	Reserve	Reserves	Reserve	Earnings				
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Balance at 1 August 2014	1,068,871	(258,779)	(23,421)	33,627	536,241	1,356,539	246,932	5,229	1,608,700
Profit/(loss) after taxation	-	-	-	-	23,152	23,152	-	(55)	23,097
Other comprehensive income:									
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	(19,222)	(19,222)	-	-	(19,222)
Foreign exchange translation differences for foreign operations	-	72,012	-	-	-	72,012	-	-	72,012
Gains/(losses) on cash flow hedges taken to equity	-	-	2,145	-	-	2,145	-	-	2,145
Gains/(losses) on net investment hedges taken to equity	-	-	(2,791)	-	-	(2,791)	-	-	(2,791)
Income tax on share based payment transactions	-	-	484	-	-	484	-	-	484
Total comprehensive income/(loss) for the period	-	72,012	(162)	-	3,930	75,780	-	(55)	75,725
Transactions with owners, recorded directly in equity									
Accrued employee share award entitlement	-	-	2,242	-	-	2,242	-	-	2,242
Issuance of shares under employee share plans	2,104	-	(2,104)	-	-	-	-	-	-
Remeasurement of non-controlling interest option	-	-	(517)	-	-	(517)	-	-	(517)
Dividends paid to shareholders	-	-	-	-	(13,218)	(13,218)	-	-	(13,218)
Dividend reinvestment plan	2,357	-	-	-	-	2,357	-	-	2,357
Distributions to Nufarm Step-up Security holders	-	-	-	-	(6,127)	(6,127)	-	-	(6,127)
Balance at 31 January 2015	1,073,332	(186,767)	(23,962)	33,627	520,826	1,417,056	246,932	5,174	1,669,162
Balance at 1 August 2015	1,074,119	(222,427)	(24,334)	33,627	524,089	1,385,074	246,932	4,789	1,636,795
Profit/(loss) after taxation	-	-	-	-	(91,004)	(91,004)	-	(11)	(91,015)
Other comprehensive income:									
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	3,244	3,244	-	-	3,244
Foreign exchange translation differences for foreign operations	-	(65,234)	-	-	-	(65,234)	-	-	(65,234)
Gains/(losses) on cash flow hedges taken to equity	-	-	(1,076)	-	-	(1,076)	-	-	(1,076)
Gains/(losses) on net investment hedges taken to equity	-	-	(1,269)	-	-	(1,269)	-	-	(1,269)
Income tax on share based payment transactions	-	-	82	-	-	82	-	-	82
Total comprehensive income/(loss) for the period	-	(65,234)	(2,263)	-	(87,760)	(155,257)	-	(11)	(155,268)
Transactions with owners, recorded directly in equity									
Accrued employee share award entitlement	-	-	1,891	-	-	1,891	-	-	1,891
Issuance of shares under employee share plans	4,876	-	(4,876)	-	-	-	-	-	-
Remeasurement of non-controlling interest option	-	-	1,676	-	-	1,676	-	-	1,676
Dividends paid to shareholders	-	-	-	-	(15,932)	(15,932)	-	(127)	(16,059)
Dividend reinvestment plan	902	-	-	-	-	902	-	-	902
Distributions to Nufarm Step-up Security holders	-	-	-	-	(5,698)	(5,698)	-	-	(5,698)
Balance at 31 January 2016	1,079,897	(287,661)	(27,906)	33,627	414,699	1,212,656	246,932	4,651	1,464,239

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

Nufarm Limited

Condensed consolidated statement of cash flows

for the six months ended 31 January 2016

	Note	31 Jan 2016 \$000	31 Jan 2015 \$000
Cash flows from operating activities			
Cash receipts from customers		949,762	982,993
Cash paid to suppliers and employees		<u>(1,115,876)</u>	<u>(1,133,182)</u>
Cash generated from operations		(166,114)	(150,189)
Interest received		8,140	4,188
Dividends received		509	505
Interest paid		(44,555)	(32,642)
Income tax paid		(6,487)	(27,157)
Material items		<u>(38,866)</u>	<u>(7,817)</u>
Net cash used in operating activities		<u>(247,373)</u>	<u>(213,112)</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		400	1,825
Proceeds from sales of business and investments		-	-
Payments for plant and equipment		(30,216)	(24,121)
Purchase of businesses, net of cash acquired	10	2,665	-
Payments for acquired intangibles and major product development expenditure		<u>(36,577)</u>	<u>(26,087)</u>
Net investing cash flows		<u>(63,728)</u>	<u>(48,383)</u>
Cash flows from financing activities			
Proceeds from borrowings		689,836	636,698
Repayment of borrowings		(451,318)	(321,889)
Debt establishment transaction costs		(1,799)	(1,009)
Distribution to NSS holders	14	(7,754)	(8,339)
Dividends paid	14	<u>(15,158)</u>	<u>(10,861)</u>
Net financing cash flows		<u>213,807</u>	<u>294,600</u>
Net increase/(decrease) in cash and cash equivalents		(97,294)	33,105
Cash and cash equivalents at the beginning of the period		390,136	241,638
Exchange rate fluctuations on foreign cash balances		(9,141)	16,635
Cash and cash equivalents at the end of the period	16	<u>283,701</u>	<u>291,378</u>

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

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 2016 comprises the company and its subsidiaries (together referred to as the 'group') and the group's interest in associates and jointly controlled entities.

The consolidated annual financial statements of the group as at and for the year ended 31 July 2015 are available upon request from the company's registered office at 103-105 Pipe Road, Laverton North, Victoria, Australia or at <http://www.nufarm.com>.

2 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with AASB 134: *Interim Financial Reporting*, the Corporations Act 2001 and IAS 34: *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 31 July 2015.

These condensed consolidated interim financial statements were approved by the Board of Directors on 23 March 2016.

3 Accounting policies

(a) Significant accounting policies

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 2015.

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 August 2015, and have not been applied in preparing these interim financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 *Financial Instruments*, which becomes mandatory for the group's 2019 consolidated financial statements and IFRS 15 *Revenue from contracts with customers*, which becomes mandatory for 2018 consolidated financial statements. AASB 9 could change the classification and measurement of financial assets and IFRS 15 could change revenue recognition practices. The group does not currently plan to adopt these standards early and the extent of the impact (if any) has not been determined.

(b) Reclassification

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

Condensed notes to the consolidated interim financial report

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 2015.

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 2015.

The group holds a number of derivative contracts to manage its exposure to foreign currency and interest rate risk. A selection of these derivative contracts are designated and accounted for as net investment, cash flow and fair value hedges as at 31 January 2016.

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.

Condensed notes to the consolidated interim financial report

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 Latin America. The North America region includes Canada and USA.

The Latin America region (previously known as South America) includes Brazil, Argentina, Chile, Uruguay, Paraguay, Bolivia, Colombia, Mexico and other Andean and Central American countries.

The seed technologies business deals in the sale of seeds and seed treatment products. The seed technologies business is managed on a worldwide basis.

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 CEO. 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.

2016 Operating segments	Australia and New Zealand \$000	Asia \$000	Crop Protection			Total \$000	Seed Technologies	Corporate	Group Total \$000
			Europe \$000	North America \$000	Latin America \$000		Global \$000	\$000	
Revenue									
Total segment revenue	231,591	71,608	176,747	251,004	414,977	1,145,927	41,678	-	1,187,605
Results									
Underlying EBITDA ^(a)	22,141	11,303	25,945	15,524	59,141	134,054	(1,257)	(20,505)	112,292
Depreciation & amortisation excluding material items	(7,576)	(1,910)	(18,810)	(8,091)	(1,394)	(37,781)	(3,097)	(185)	(41,063)
Underlying EBIT ^(a)	14,565	9,393	7,135	7,433	57,747	96,273	(4,354)	(20,690)	71,229
Material items included in operating profit (refer note 7)									(106,057)
Material items included in net financing costs (refer note 7)									(15,450)
Total material items (refer note 7)									(121,507)
Net financing costs (excluding material items)									(57,040)
Profit/(loss) before tax									(107,318)

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

(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

6 Segment reporting (continued)

Geographical information	Revenue by location of customer	
	31 Jan 2016	31 Jan 2015
	\$000	\$000
Australia	197,298	205,890
New Zealand	38,785	37,378
Asia	73,427	87,559
Europe	188,882	183,842
USA	233,800	213,788
Rest of North America	28,150	18,773
Brazil	332,336	343,192
Rest of South America	94,927	93,308
Total	1,187,605	1,183,730

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	
	31 Jan 2016	31 Jan 2016	31 Jan 2015	31 Jan 2015
	\$000	\$000	\$000	\$000
	Pre-tax	After-tax	Pre-tax	After-tax
<i>Material items by category:</i>				
Asset rationalisation and restructuring	(116,051)	(99,326)	(4,539)	(3,320)
Argentina Peso devaluation event	(5,456)	(3,546)	-	-
Total	(121,507)	(102,872)	(4,539)	(3,320)

Asset rationalisation and restructuring

The asset rationalisation and restructuring program has resulted in the rationalisation of under-utilised assets and a restructure throughout the Nufarm group. Asset rationalisation and restructure costs amounting to \$116.051 million mainly relate to the write-down of product related assets arising from rationalisation of the group's product portfolio. A breakdown of the nature of the costs incurred are further described below. Asset rationalisation costs have only been tax benefited to the extent that it is probable that the benefit will be utilised.

Summary of nature of cost	31 Jan 2016	Further explanation of nature of cost
	\$000	
Portfolio rationalisation program	80,894	Primarily the write downs of product related assets
Manufacturing excellence	26,428	Primarily closure of the Calgary plant
Other asset rationalisation and restructure costs	8,729	
	116,051	

Argentina Peso devaluation event

During the six months ended 31 January 2016 the Argentine government relaxed regulations restricting free movement of the Argentine Peso. This relaxation of regulations resulted in a one-off significant devaluation of the Peso against the US dollar. As a result of the devaluation Nufarm incurred foreign currency exchange losses on its net USD liabilities and benefited from increased gross margin on its USD denominated sales.

Condensed notes to the consolidated interim financial report

7 Items of material income and expense (continued)

Material items are classified by function as follows:

Six months ended 31 January 2016 \$'000s	Cost of sales	Selling, marketing and distribution expense	General & administrative expense	Research and development expenses	Net financing costs	Total Pre-tax
Asset rationalisation and restructuring	(35,647)	(68,383)	(12,014)	(7)	-	(116,051)
Argentina Peso devaluation event	9,994	-	-	-	(15,450)	(5,456)
Total material items	(25,653)	(68,383)	(12,014)	(7)	(15,450)	(121,507)
Total material items included in operating profit	(25,653)	(68,383)	(12,014)	(7)	-	(106,057)

Six months ended 31 January 2015 \$'000s	Cost of sales	Selling, marketing and distribution expense	General & administrative expense	Research and development expenses	Net financing costs	Total Pre-tax
Asset rationalisation and restructuring	-	(1,360)	(3,179)	-	-	(4,539)
Total material items	-	(1,360)	(3,179)	-	-	(4,539)
Total material items included in operating profit	-	(1,360)	(3,179)	-	-	(4,539)

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

9 Other expenses

The following expenses were included in the operating result:

Consolidated
31 Jan 2016 31 Jan 2015
\$000 \$000

Depreciation and amortisation	(41,063)	(39,016)
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10 Acquisition of businesses

Business acquisitions - 2016

On 1 November 2015 the group acquired 100 percent ownership interest in F&N Agro Polska SP. Z O.O (F&N Poland). As a result the Group's equity interest in F&N Poland increased from 50 to 100 percent, obtaining control of F&N Poland. The acquisition of F&N Poland increases the group's presence in this emerging agriculture chemical market.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair value on acquisition \$000
Acquiree's net assets at acquisition date	
Cash and cash equivalents	2,665
Receivables	19,694
Inventory	10,673
Property, plant and equipment	326
Deferred tax asset	746
Intangible assets	1
Other assets	404
Trade and other payables	(16,329)
Interest bearing loans and borrowings	(15,052)
Deferred tax liability	(31)
Other liabilities	(3,097)
Net identifiable assets and liabilities	-
Goodwill on acquisition	3,875
Total fair value of assets acquired	3,875
Goodwill arising from the acquisition has been recognised as follows.	\$000
Consideration to be transferred (a)	1,937
Fair value of pre existing interest in F&N Poland	1,938
Fair value of identifiable net assets	-
Goodwill	3,875

Total goodwill of \$3.875 million (2015: \$nil) from business acquisitions is attributable mainly to the synergies expected to be achieved from integrating the respective businesses into the group's existing business. The remeasurement to fair value of the Group's existing 50 percent interest in F&N Poland resulted in a gain of \$1.938 million. This amount has been included in other income.

(a) The total consideration to be transferred represents the fair value at the acquisition date of Nufarm's equity investment in the Czech Republic and Slovakian F&N joint ventures (F&N joint ventures). Under the terms of the acquisition, between 1 June 2016 and 31 December 2016 (at the discretion of the seller), Nufarm will relinquish its equity investment in the F&N joint ventures.

Business acquisitions - 2015

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

Condensed notes to the consolidated interim financial report

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 2016	31 Jan 2015	31 Jan 2016 \$000	31 Jan 2015 \$000
Excel Crop Care Ltd	India	14.69%	14.69%	585	781
F&N joint ventures	Eastern Europe	50%	50%	(577)	(544)
Lotus Agrar joint venture	Germany	0%	50%	-	(494)
Share of after tax profits/(losses) of equity accounted investments				<u>8</u>	<u>(257)</u>

Nufarm's investment in Excel Crop Care Ltd is equity accounted due to Nufarm holding 14.69% of voting rights and Nufarm's ability to exert significant influence. The relationship extends to manufacturing and marketing collaborations and the sale/purchase of crop protection products.

The F&N joint ventures represents the group's interest in joint ventures with FMC Corporation, which operated in Poland until 31 October 2015, and continue to operate in the Czech Republic and Slovakia. The joint ventures sell Nufarm and FMC products within their country. On 1 November 2015, the group's equity interest in F&N Poland increased from 50 to 100 percent and F&N Poland became a subsidiary from that date (see Note 10).

Lotus Agrar was a joint venture established in Germany to sell generic agrochemicals. During the year ended 31 July 2015, Nufarm fully divested its interest in this joint venture.

12 Property plant and equipment

Acquisition and disposals

During the six months ended 31 January 2016, the group acquired assets with a cost of \$30.542 million (six months ended 31 January 2015: \$24.121 million), of which assets acquired through business combinations in the six months to 31 January 2016 were \$0.326 million (six months ended 31 January 2015: \$nil). Assets with a book value of \$0.639 million were disposed of during the six months ended 31 January 2016 (six months ended 31 January 2015: \$1.592 million). There were no assets disposed of through the sale of discontinued operations in the six month period to 31 January 2016 or in the comparative period for 2015.

Capital commitments

During the six months ended 31 January 2016, the group entered into contracts to purchase property, plant and equipment for \$5.901 million (six months ended 31 January 2015: \$6.621 million).

13 Contingent assets and liabilities

Brazilian taxation proceedings

As at 31 January 2016, the total contingent liability relating to future potential tax liabilities in Brazil is \$20.142 million (2015: \$21.637 million). The group considers that it is not probable that a liability will arise in respect of these cases and it continues to defend the cases.

Brazilian business acquisition

The group has previously disclosed an ongoing arbitration related to indemnities held in respect of the purchase of the Brazilian business in 2007. The arbitration was completed in November 2015 and upon conclusion of this matter, no significant tax liabilities are expected to be deemed as indemnified in the foreseeable future. No material income statement impact arose on the conclusion of the November 2015 arbitration.

Contingent asset

The group holds a contingent asset in respect of potential pre-acquisition tax credits of its Brazilian business acquired in 2007. Whilst the credits are deemed to be valid, the Brazilian courts are currently deliberating the value of the credits and therefore the full amount of this contingent asset is yet to be established. Such credits can be used to offset future federal tax payable.

Condensed notes to the consolidated interim financial report

14 Capital and reserves

	31 Jan 2016	31 Jan 2015
	\$000	\$000

Dividends

Dividends paid during the period:

There was a 6 cent (2015: 5 cent) prior year final dividend declared and paid by the group during the six months ended 31 January 2016:
\$0.06 per ordinary share (2015: \$0.05)

	(15,932)	(13,218)
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Dividends declared in respect of the period:

Subsequent to the half year end on 23 March 2016, the company declared an interim dividend of 4 cents per share (\$10.598 million) which will be paid on 6 May 2016 (31 January 2015: 4 cents per share). In accordance with Australian Accounting Standards, dividends declared post balance date are not recorded as a liability at the end of the period to which they relate.

Distributions on the Nufarm Step-up Securities

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

Nufarm Step-up Securities distribution rate on 15 October 2015 was 6.16% (15 October 2014: 6.63%)	(7,754)	(8,339)
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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 \$5.698 million (six months ended 31 January 2015: \$6.127 million).

Earnings/(loss) per share

Net profit/(loss) for the six months ended 31 January	(91,015)	23,097
Net (profit)/loss attributable to non-controlling interests	11	55
Net profit/(loss) attributable to equity holders of the parent	(91,004)	23,152
Nufarm Step-up Securities distribution (net of tax)	(5,698)	(6,127)
Earnings/(loss) used in the calculations of basic and diluted earnings per share	(96,702)	17,025
Earnings/(loss) from continuing operations	(96,702)	17,025
(Add)/subtract after tax impact of material items profit/(loss) (refer note 7)	(102,872)	(3,320)
Earnings/(loss) excluding material items used in the calculation of underlying earnings per share	6,170	20,345

Number of shares

	31 Jan 2016	31 Jan 2015
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Weighted average number of ordinary shares used in calculation of basic earnings per share	265,437,860	264,456,311
Weighted average number of ordinary shares used in calculation of diluted earnings per share	266,417,643	265,690,278

Earnings/(loss) per share

	Cents per share	
	31 Jan 2016	31 Jan 2015

Basic earnings per share

From continuing operations	(36.4)	6.4
	(36.4)	6.4

Diluted earnings per share

From continuing operations	(36.3)	6.4
	(36.3)	6.4

Earnings per share (excluding items of material income/(expense) - see note 7)

Basic earnings per share	2.3	7.7
Diluted earnings per share	2.3	7.7

15 Assets held for sale

There were no assets held for sale in the current period or 2015.

Condensed notes to the consolidated interim financial report

16 Net debt	31 Jan 2016 \$000	31 Jan 2015 \$000
Current		
Bank loans - secured	226,173	258,914
Bank loans - unsecured	92,057	118,240
Deferred debt establishment costs	(3,606)	(6,308)
Finance lease liabilities - secured	264	586
Other loans - unsecured	597	836
Loans and borrowings - current	315,485	372,268
Non current		
Bank loans - secured	343,967	379,936
Bank loans - unsecured	84,040	4,845
Senior unsecured notes	457,645	416,799
Deferred debt establishment costs	(5,915)	(7,826)
Finance lease liabilities - secured	13,807	13,149
Other loans - unsecured	1,699	1,821
Loans and borrowings - non current	895,243	808,724
Cash and cash equivalents	(283,701)	(292,567)
Bank overdraft	-	1,189
Net cash and cash equivalents	(283,701)	(291,378)
Net debt	927,027	889,614

	31 Jan 2016 \$000	31 Jan 2015 \$000
Accessible		
Bank loan facilities and senior unsecured notes	1,653,905	1,806,824
Other facilities	2,296	2,657
Total financing facilities	1,656,201	1,809,481
Utilised		
Bank loan facilities and senior unsecured notes	1,203,882	1,178,734
Other facilities	2,296	2,657
Total financing facilities	1,206,178	1,181,391

As at 31 January 2016, the key group facilities include a group trade receivables securitisation facility, a US\$325 million senior unsecured notes offering due in October 2019, and a senior secured bank facility of \$485 million (31 January 2015: \$530 million).

On the 29 January 2016, the senior secured bank facility was refinanced such that the total facility amount decreased to \$485 million (31 January 2015: \$530 million), of which \$30 million is due in January 2018, \$415 million is due in January 2019, and \$40 million is due in January 2021 (31 January 2015: \$30 million due in December 2017, \$490 million due in December 2016, and \$10 million due in December 2015).

On 15 April 2015, a monthly facility limit was introduced for the group trade receivables securitisation facility to reflect the cyclical nature of the trade receivables being used to secure funding under the program. The monthly facility limit is set at \$300 million for four months of the financial year, \$375 million for three months of the financial year, and at \$225 million for five months of the financial year (31 January 2015: facility limit was \$300 million).

The majority of debt facilities that reside outside the senior unsecured notes, senior secured bank facility and the group trade receivables securitisation facility are regional working capital facilities, primarily located in Brazil and Europe totalling \$486 million (2015: \$686 million).

17 Finance income and expense	31 Jan 2016 \$000	31 Jan 2015 \$000
Net foreign exchange gains/(losses)	(32,538)	7,881
Financial income excluding foreign exchange gains/(losses)	8,140	4,188
Net financial income	(24,398)	12,069
Interest expense - external	(43,787)	(33,282)
Interest expense - debt establishment transaction costs	(3,175)	(3,412)
Lease expense - finance charges	(1,130)	(988)
Financial expenses	(48,092)	(37,682)
Net financing costs	(72,490)	(25,613)
Net external interest costs	(36,777)	(30,082)

Condensed notes to the consolidated interim financial report

18 Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated balance sheet, are as follows:

Consolidated

31 January 2016

	Carrying value \$000	Fair value \$000
Cash and cash equivalents	283,701	283,701
Trade and other receivables	1,022,655	1,022,655
Forward exchange contracts and options:		
Assets	12,031	12,031
Liabilities	(3,736)	(3,736)
Interest rate swaps:		
Assets	26,509	26,509
Liabilities	(938)	(938)
Trade and other payables excluding derivatives	(826,826)	(826,826)
Bank overdraft	-	-
Secured bank loans	(570,140)	(570,140)
Unsecured bank loans	(176,097)	(176,097)
Senior unsecured notes	(457,645)	(452,175)
Other loans	(2,296)	(2,296)
Finance leases	(14,071)	(14,071)
	(706,853)	(701,383)

31 January 2015

	Carrying value \$000	Fair value \$000
Cash and cash equivalents	292,567	292,567
Trade and other receivables	1,058,292	1,058,292
Forward exchange contracts and options:		
Assets	7,479	7,479
Liabilities	(19,138)	(19,138)
Interest rate swaps:		
Assets	13,013	13,013
Liabilities	(3,349)	(3,349)
Trade and other payables excluding derivatives	(735,740)	(735,740)
Bank overdraft	(1,189)	(1,189)
Secured bank loans	(638,850)	(638,850)
Unsecured bank loans	(123,085)	(123,085)
Senior unsecured notes	(416,799)	(417,833)
Other loans	(2,657)	(2,657)
Finance leases	(13,735)	(13,735)
	(583,191)	(584,225)

Condensed notes to the consolidated interim financial report

18 Financial instruments (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- * Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- * Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- * Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2016	Level 1 \$000	Consolidated		Total \$000
		Level 2 \$000	Level 3 \$000	
Derivative financial assets	-	38,540	-	38,540
	-	38,540	-	38,540
Derivative financial liabilities	-	(4,674)	-	(4,674)
	-	(4,674)	-	(4,674)
2015	Level 1 \$000	Consolidated		Total \$000
		Level 2 \$000	Level 3 \$000	
Derivative financial assets	-	20,492	-	20,492
	-	20,492	-	20,492
Derivative financial liabilities	-	(22,487)	-	(22,487)
	-	(22,487)	-	(22,487)

There have been no transfers between levels in either 2016 or 2015.

Valuation techniques used to derive fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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 2016 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the Corporations Regulations 2001 and IAS 34: *Interim Financial Reporting*
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



DG McGauchie AO
Director



GA Hunt
Managing Director

Melbourne
23 March 2016

Directory

Directors

DG McGauchie AO - Chairman
GA Hunt - Managing Director
AB Brennan
GR Davis
FA Ford
Dr WB Goodfellow
PM Margin
T Takasaki

Company secretary

R Heath

Solicitors

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

Auditors

KPMG
147 Collins Street
Melbourne Victoria 3000 Australia

Trustee for Nufarm Step-up Securities

The Trust Company (Australia) Limited
Level 15, 20 Bond Street
Sydney NSW 2000 Australia

Share registrar

Australia

Computershare Investor Services Pty Ltd
GPO Box 2975EE
Melbourne Victoria 3001 Australia
Telephone: 1300 85 05 05
Outside Australia: +61 3 9415 4000

NZ branch office

6 Manu Street
Otahuhu Auckland New Zealand
Telephone: +64 9 270 4157

Website

nufarm.com

Nufarm Limited
ACN 091 323 312



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 2016 there have been:

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

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

KPMG

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

Gordon Sangster
Partner

Melbourne

23 March 2016



Independent auditor's review report to the members of Nufarm Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Nufarm Limited (the 'Group'), which comprises the condensed consolidated balance sheet as at 31 January 2016, 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 18 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 January 2016 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 2016 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*.

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

KPMG

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

Gordon Sangster
Partner

Melbourne

23 March 2016