Nufarm

HALF YEAR REPORT 2016

Grow a better tomorrow.

Clear strategic plan with a focus on the customer and core growth areas of our business.

KEY EVENTS

- **Good underlying EBIT growth of 12 per cent**
- **Strong improvement in gross profit margin**
- **Market share gains in Latin America despite tougher economic conditions**
- **Good progress towards 40 per cent average net working capital target**
- **Performance improvement program on track to deliver $116 million by FY2018**
- **Clear strategic plan with a focus on the customer and core growth areas of our business**

FACTS IN BRIEF

12 months ended 31 July 2015 $000	Trading results	Consolidated 6 months ended 31 Jan 2016 $000	6 months ended 31 Jan 2015 $000	Increase/ (decrease) $000	Percentage increase/ (decrease)
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)

Dividends to shareholders	Amount per security ¢	Franked amount per security ¢
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	–

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

31 July 2015	Other summary data	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

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 year ended 31 January 2015 unless otherwise stated. Non-IFRS measures have not been subject to audit or review.

REPORT TO SHAREHOLDERS
SIX MONTHS ENDED 31 JANUARY 2016

Nufarm Limited generated a 10 per cent increase in underlying earnings before interest, tax and amortisation (EBITDA) to $112.3 million. Underlying earnings before interest and tax (EBIT) increased by 12 per cent to $71.2 million. Group revenues increased by 0.3 per cent 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 per cent 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 six 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 compared to 7.7 cents in the first half of 2015.

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

The group generated a higher underlying gross profit margin of 28.2 per cent, which was a significant improvement on the prior year (26.7 per cent) 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 per cent, a significant reduction on the prior period (43.9 per cent), and nearing the company's target of 40 per cent by the end of financial year 2016.

Net debt at 31 January 2016 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 per cent conduit foreign income.

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

Six months ended 31 January 2016	Pre-tax $000	After-tax $000
Material items by category:		
Asset rationalisation and restructuring	(116,051)	(99,326)
Argentina peso devaluation event	(5,456)	(3,546)
Total	**(121,507)**	**(102,872)**

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.

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 half year. The one-off devaluation of the Argentina peso, that 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 United States dollar.

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

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, that increased $31 million over the previous year. While the second half is expected to 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 2016 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 per cent in local currency, however, lower crop prices and a weaker currency have contributed to a fall in the United States 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 New South Wales. However, rainfalls in December and January generated strong demand over the last six weeks of the reporting period.

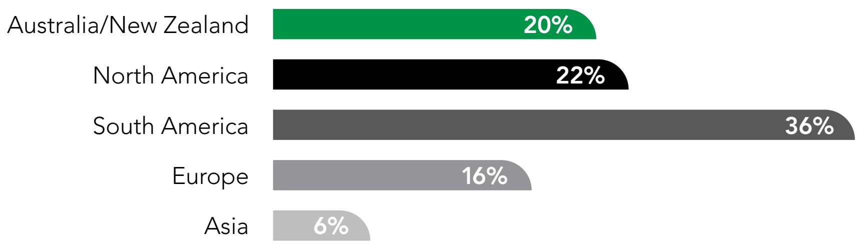
Underlying gross profit margin was 28.2 per cent of sales, ahead of the first half of the previous year (26.7 per cent). Underlying net expenses were up as a proportion of sales (22.9 per cent versus 21.8 per cent), but the major impact was currency. In constant currency terms, the selling, general and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

Operating segments summary

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

Sales revenue by region

Crop protection segment



Total $1,146.0 million

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 three per cent on the previous year ($238.3 million). This represented 20 per cent 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 Indonesian 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 per cent to $251.0 million (22 per cent 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 four per cent 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 United States have resulted in a sales team that is more closely aligned with channel partners and better able to meet their needs.

	Revenue			Underlying EBIT		
Six months ended 31 January ($000)	**2016**	**2015**	**Change (%)**	**2016**	**2015**	**Change (%)**
Crop protection						
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)
Total crop protection	**1,145,927**	1,140,848	0.4	**96,273**	88,531	8.7
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**

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 per cent and underlying EBIT was up eight per cent.

The sharp devaluation of the local currency had a major impact on the Australian dollar results. Latin American crop protection sales were down two per cent on the first half of the previous year ($415 million versus $422 million), and represented 36 per cent of the total first half crop protection revenues. Underlying EBIT at $57.7 million was down 11 per cent 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 United States dollars) by an estimated 20 per cent in calendar year 2015. The average Brazilian real exchange rate for the first half period was nearly 27 per cent weaker against the Australian dollar and over 50 per cent weaker against the United States dollar. The weaker real put pressure on margins as many raw material inputs are priced in United States dollars. The business was able to increase Brazilian real selling prices and achieve significant procurement savings to recover much of the cost increase.

Local currency sales in Brazil were up by 22 per cent, driven by increased share in the soybean segment, where plantings were approximately three per cent 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 United States 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 United States dollar.

Europe

European sales were ahead of the prior period (2016: $176.7 million versus 2015: $169.4 million) but relatively steady on a constant currency basis. European sales accounted for 16 per cent 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, and particularly dry conditions in southern Europe.

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.

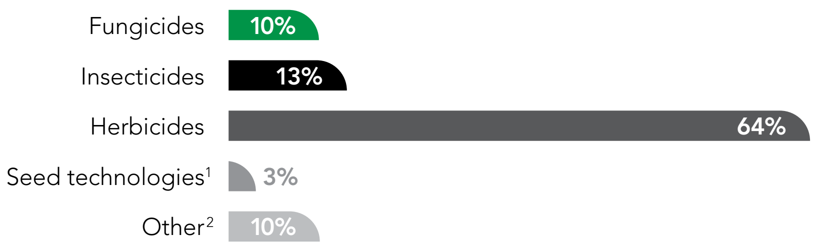
Major product segments

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 per cent, significantly stronger than the 26.6 per cent average gross margin recorded in financial year 2015.

Herbicide sales were down one per cent 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

Sales by product segment



Total $1,187.7 million

1. Seed technologies includes seed plus seed treatment.
2. Other includes equipment, adjuvants, plant growth regulators and industrial.

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 United States market. Flumioxazin sales are up on the prior year due to new product launches in the United States.

Group insecticide sales were down seven per cent 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, particularly in the turf and specialty segment.

Fungicide sales were up by 13 per cent 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 benefited 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 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 two per cent, 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 United States.

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 research and development, 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 2016 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 United States 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 per cent (2015 first half: 43.9 per cent). The company's objective is to bring this ratio down to 40 per cent 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 per cent (2015 first half: 34.8 per cent). The leverage ratio (net debt divided by the 12 month rolling EBITDA) was 2.86x (2015 first half: 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 per cent by the 2018 financial year. ROFE at 31 January was 10.7 per cent, up from 8.9 per cent 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 to 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 United States, 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 capitalise 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 technology 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 Latin American currencies through February and even after the benefits of hedging, Nufarm has incurred a further $5 million in foreign exchange losses in the month of February. 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 per cent by July 2016.

Greg Hunt
Chief executive officer

Melbourne
23 March 2016

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 $000	2015 $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 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 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.

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 seed business focused on canola, sorghum and sunflower seeds.

Nufarm employs in excess of 3,100 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 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

Melbourne
23 March 2016

LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

KPMG

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.

KPMG

KPMG

Gordon Sangster
Partner

Melbourne
23 March 2016

CONDENSED CONSOLIDATED INCOME STATEMENT
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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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		
Items that may be reclassified subsequently to profit or loss:		
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)
Items that will not be reclassified to profit or loss:		
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	**(64,253)**	52,628
Total comprehensive income/(loss) for the period	**(155,268)**	75,725
Attributable to:		
Shareholders of the company	**(155,257)**	75,780
Non-controlling interest	**(11)**	(55)
Total comprehensive income/(loss) for the period	**(155,268)**	75,725

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 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
Non-controlling interest:				
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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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		**(1,115,876)**	(1,133,182)
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		**(38,866)**	(7,817)
Net cash used in operating activities		**(247,373)**	(213,112)
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		**(36,577)**	(26,087)
Net investing cash flows		**(63,728)**	(48,383)
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 Nufarm step-up securities holders	14	**(7,754)**	(8,339)
Dividends paid	14	**(15,158)**	(10,861)
Net financing cash flows		**213,807**	294,600
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	**283,701**	291,378

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SIX MONTHS ENDED 31 JANUARY 2016

			Attributable to equity
	Share capital $000	Translation reserve $000	Other reserves $000
Balance at 1 August 2014	1,068,871	(258,779)	(23,421)
Profit/(loss) after taxation	–	–	–
Other comprehensive income:			
Actuarial gains/(losses) on defined benefit plans	–	–	–
Foreign exchange translation differences for foreign operations	–	72,012	–
Gains/(losses) on cash flow hedges taken to equity	–	–	2,145
Gains/(losses) on net investment hedges taken to equity	–	–	(2,791)
Income tax on share based payment transactions	–	–	484
Total comprehensive income/(loss) for the period	–	72,012	(162)
Transactions with owners, recorded directly in equity			
Accrued employee share award entitlement	–	–	2,242
Issuance of shares under employee share plans	2,104	–	(2,104)
Remeasurement of non-controlling interest option	–	–	(517)
Dividends paid to shareholders	–	–	–
Dividend reinvestment plan	2,357	–	–
Distributions to Nufarm step-up security holders	–	–	–
Balance at 31 January 2015	1,073,332	(186,767)	(23,962)
Balance at 1 August 2015	**1,074,119**	**(222,427)**	**(24,334)**
Profit/(loss) after taxation	**–**	**–**	**–**
Other comprehensive income:			
Actuarial gains/(losses) on defined benefit plans	**–**	**–**	**–**
Foreign exchange translation differences for foreign operations	**–**	**(65,234)**	**–**
Gains/(losses) on cash flow hedges taken to equity	**–**	**–**	**(1,076)**
Gains/(losses) on net investment hedges taken to equity	**–**	**–**	**(1,269)**
Income tax on share based payment transactions	**–**	**–**	**82**
Total comprehensive income/(loss) for the period	**–**	**(65,234)**	**(2,263)**
Transactions with owners, recorded directly in equity			
Accrued employee share award entitlement	**–**	**–**	**1,891**
Issuance of shares under employee share plans	**4,876**	**–**	**(4,876)**
Remeasurement of non-controlling interest option	**–**	**–**	**1,676**
Dividends paid to shareholders	**–**	**–**	**–**
Dividend reinvestment plan	**902**	**–**	**–**
Distributions to Nufarm step-up security holders	**–**	**–**	**–**
Balance at 31 January 2016	**1,079,897**	**(287,661)**	**(27,906)**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED
SIX MONTHS ENDED 31 JANUARY 2016

…y holders of the company			Non-controlling interest		
Capital profit reserve $000	Retained earnings $000	Total $000	Nufarm step-up securities $000	Other $000	Total equity $000
33,627	536,241	1,356,539	246,932	5,229	1,608,700
–	23,152	23,152	–	(55)	23,097
–	(19,222)	(19,222)	–	–	(19,222)
–	–	72,012	–	–	72,012
–	–	2,145	–	–	2,145
–	–	(2,791)	–	–	(2,791)
–	–	484	–	–	484
–	3,930	75,780	–	(55)	75,725
–	–	2,242	–	–	2,242
–	–	–	–	–	–
–	–	(517)	–	–	(517)
–	(13,218)	(13,218)	–	–	(13,218)
–	–	2,357	–	–	2,357
–	(6,127)	(6,127)	–	–	(6,127)
33,627	520,826	1,417,056	246,932	5,174	1,669,162
33,627	**524,089**	**1,385,074**	**246,932**	**4,789**	**1,636,795**
–	**(91,004)**	**(91,004)**	**–**	**(11)**	**(91,015)**
–	**3,244**	**3,244**	**–**	**–**	**3,244**
–	**–**	**(65,234)**	**–**	**–**	**(65,234)**
–	**–**	**(1,076)**	**–**	**–**	**(1,076)**
–	**–**	**(1,269)**	**–**	**–**	**(1,269)**
–	**–**	**82**	**–**	**–**	**82**
–	**(87,760)**	**(155,257)**	**–**	**(11)**	**(155,268)**
–	**–**	**1,891**	**–**	**–**	**1,891**
–	**–**	**–**	**–**	**–**	**–**
–	**–**	**1,676**	**–**	**–**	**1,676**
–	**(15,932)**	**(15,932)**	**–**	**(127)**	**(16,059)**
–	**–**	**902**	**–**	**–**	**902**
–	**(5,698)**	**(5,698)**	**–**	**–**	**(5,698)**
33,627	**414,699**	**1,212,656**	**246,932**	**4,651**	**1,464,239**

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 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.

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.

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 the United States. 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 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.

	Crop protection						Seed technologies	Corporate	Group
2016 Operating segments	Australia and New Zealand $000	Asia $000	Europe $000	North America $000	Latin America $000	Total $000	Global $000	$000	Total $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 and 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)

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

6. Segment reporting (continued)

	Crop protection						Seed technologies	Corporate	Group
2015 Operating segments	Australia and New Zealand $000	Asia $000	Europe $000	North America $000	Latin America $000	Total $000	Global $000	$000	Total $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 and 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.

	Revenue by location of customer	
Geographical information	31 Jan 2016 $000	31 Jan 2015 $000
Australia	**197,298**	205,890
New Zealand	**38,785**	37,378
Asia	**73,427**	87,559
Europe	**188,882**	183,842
United States	**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 $000 pre-tax	31 Jan 2016 $000 after-tax	31 Jan 2015 $000 pre-tax	31 Jan 2015 $000 after-tax
Material items by category:				
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.

	31 Jan 2016 $000	
Summary of nature of cost		Further explanation of nature of cost
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 United States 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.

Material items are classified by function as follows:

Six months ended 31 January 2016 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expense	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 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expense	Net financing costs	Total pre-tax
Asset rationalisation and restructuring	–	(1,360)	(3,179)	–	–	(4,539)
Total material items	–	(1,360)	(3,179)	–	–	(4,539)
Total material items included in operating profit	–	(1,360)	(3,179)	–	–	(4,539)

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 $000	31 Jan 2015 $000
Depreciation and amortisation	**(41,063)**	(39,016)

10. Acquisition of businesses

Business acquisitions – 2016

On 1 November 2015 the group acquired 100 per cent 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 per cent, 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

(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.

10. Acquisition of businesses (continued)

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 per cent interest in F&N Poland resulted in a gain of $1.938 million. This amount has been included in other income.

Business acquisitions – 2015

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

11. Equity accounted investments

The group has the following equity accounted investments:

		Ownership and voting interest		Share of after-tax profit/(loss)	
	Country	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				**8**	(257)

Nufarm's investment in Excel Crop Care Ltd is equity accounted due to Nufarm holding 14.69 per cent 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 per cent 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.

14. Capital and reserves

	31 Jan 2016 $000	31 Jan 2015 $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)

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.

	31 Jan 2016 $000	31 Jan 2015 $000
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 per cent (15 October 2014: 6.63 per cent)	**(7,754)**	(8,339)

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).

	31 Jan 2016 $000	31 Jan 2015 $000
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

14. Capital and reserves (continued)

	Number of shares	
	31 Jan 2016	**31 Jan 2015**
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

	Cents per share	
Earnings/(loss) 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.

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

16. Net debt (continued)

	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 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)

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)

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).

	Consolidated			
2016	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Derivative financial assets	**–**	**38,540**	**–**	**38,540**
	–	**38,540**	**–**	**38,540**
Derivative financial liabilities	**–**	**(4,674)**	**–**	**(4,674)**
	–	**(4,674)**	**–**	**(4,674)**

	Consolidated			
2015	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $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

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

KPMG

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*.

KPMG

Gordon Sangster
Partner

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

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Auditors

KPMG
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