Nufarm

HALF YEAR REPORT

2017

Grow a better tomorrow.

Nufarm delivers strong revenue, EBIT and net profit growth in first half.

KEY EVENTS

- **Group revenues: $1.36 billion, up by 15 per cent**
- **Underlying EBIT[1,2] of $85.0 million, up by 19 per cent**
- **Underlying net profit after tax[3] of $19.8 million, up 67 per cent**
- **Reported net profit after tax of $20.0 million (2016 1H: $91.0 million loss). There were no significant material items in the first half result**
- **Improvement in underlying gross profit margin[3] at 29.1 per cent (2016: 1H 28.2 per cent)**
- **Performance improvement program on track to deliver $116 million benefit by FY2018**
- **Average net working capital to sales: 37.1 per cent (2016 1H: 41.6 per cent)**
- **Interim dividend: 5 cents per share (2016 interim: 4 cents per share)**

FACTS IN BRIEF

12 months ended 31 July 2016 $000	Trading results	Consolidated Six months ended 31 Jan 2017 $000	Consolidated Six months ended 31 Jan 2016 $000	Increase/ (decrease) $000	Increase/ (decrease) %
2,791,217	Revenue from ordinary activities	**1,360,070**	1,187,605	172,465	15
	Profit/(loss) from ordinary activities after tax attributable to members				
108,918	– before material items	**19,771**	11,868	7,903	67
27,519	– after material items	**20,035**	(91,004)	111,039	n/a
	Net profit/(loss) attributable to members				
108,918	– before material items	**19,771**	11,868	7,903	67
27,519	– after material items	**20,035**	(91,004)	111,039	n/a

Dividends to shareholders	Amount per security ¢	Franked amount per security ¢
Interim dividend paid for the period ended 31 January 2016	4.0	-
Final dividend paid for the period ended 31 July 2016	7.0	-
Interim dividend for the period ended 31 January 2017	5.0	-

Nufarm step-up securities distribution	Distribution rate %	Total amount $000	Payment date
Nufarm step-up securities distribution	6.16	7,754	15 Oct 2015
Nufarm step-up securities distribution	6.12	7,702	15 April 2016
Nufarm step-up securities distribution	6.36	7,997	15 Oct 2016

31 July 2016	Metric	31 Jan 2017	31 Jan 2016
29%	Gearing ratio (net debt/net debt plus equity)	**36%**	39%
$2.55	Net tangible assets per ordinary share	**$2.50**	$2.20
3,256	Staff employed	**3,246**	3,179

The financial information in our half year report has been prepared in accordance with IFRS. Refer to page 7 for definitions of the non-IFRS measures used in the half year report. All references to the prior period are to the six months ended 31 January 2016 unless otherwise stated. Non-IFRS measures have not been subject to audit or review.

Nufarm Limited's underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 15 per cent to $128.7 million, and underlying earnings before interest and tax (EBIT) increased by 19 per cent to $85.0 million for the six months to 31 January 2017. Group revenues increased by 15 per cent to $1.36 billion (2016 1H: $1.19 billion).

Reported net profit after tax was $20.0 million, with no significant material items in the first half. This compares to a statutory loss after tax of $91.0 million in the first half of the previous year, which included one-off restructuring costs of $102.9 million.

Underlying net profit after tax was $19.8 million, up 67 per cent on the $11.9 million reported in the prior period.

Earnings per share (excluding material items) were 5.2 cents compared to 2.3 cents in the first half of 2016.

The group generated a higher underlying gross profit margin of 29.1 per cent, compared to 28.2 per cent for the first half of the prior year.

Average net working capital to sales was 37.1 per cent, a significant reduction on the prior period (41.6 per cent).

Net debt at 31 January 2017 was $856 million, down on the $927 million at 31 January 2016. Net debt benefitted from the proceeds from non-core asset sales, with the net cash inflow from material items being $39 million in the first half.

These half year results reflect strong growth and continued positive progress in relation to the group's performance improvement program.

Interim dividend

Directors declared an unfranked interim dividend of five cents per share (2016 interim dividend: four cents).

The interim dividend will be paid on 5 May 2017 to the holders of all fully paid shares in the company, as at the close of business on 7 April 2017. 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 10 April 2017.

Interest/tax/cash flow

Net external interest expense was $46.3 million, which is $6.3 million higher than the previous period. The higher interest expense was primarily driven by Brazil. The net interest expense for the full year is expected to be in line with the guidance provided at the 2016 full year result, i.e. net interest will be moderately lower than full year 2016.

Encouragingly, Brazilian bank base rates are falling, which will reduce the cost of financing the Brazil business in the future.

Total net financing costs (excluding material items) were $52.5 million, compared to $57.1 million in the prior year. Foreign exchange losses (excluding material items) were $6.2 million, compared to $17.1 million recorded in the 2016 first half. The exchange loss mainly relates to the Latin American operations and is consistent with the company's previous estimate of $1 million to $1.5 million of hedging costs per month.

The underlying effective tax rate was 38.4 per cent for the period, reflecting the mix of profits in the first half. This compares to 16.4 per cent in the prior period. The company expects the full year effective tax rate to be close to 31 per cent. The first half income tax expense includes a $2.5 million expense due to a reduction in the French statutory tax rate (effective in 2019) and its subsequent effect on the deferred tax assets on the French entity's balance sheet.

The business recorded an underlying net operating cash outflow of $187 million in the first six months of the year. This compares to a cash outflow of $208 million in the previous period. The lower cash outflow was attributable to good working capital management and the cash component of the material items. The material items were a net inflow of $39 million, including $49 million from the proceeds of non-core asset sales. The cash outflow at the half is caused by the seasonality of the business, which sees an increase in receivables in Latin America and an inventory build for the second half key cropping periods in the northern hemisphere and Australia.

Business review

The group generated increased sales in both major business segments, and across all regions other than Europe.

Total crop protection sales increased by 14 per cent to $1.31 billion and generated a similar increase in EBIT to $110.1 million. Seed technology sales in the period were up by 21 per cent to $50.6 million and generated a small loss of $0.2 million, which was a significant improvement on the $4.4 million loss recorded in this segment in the first half of 2016.

Underlying gross profit margin was 29.1 per cent of sales, ahead of the first half of the previous year of 28.2 per cent. Underlying selling, general and administrative expenses were up slightly as a percentage of sales (23.1 per cent v 22.9 per cent).

Operating segments summary

The table below provides a summary of the performance of the operating segments for the first half of the 2017 financial year and the prior corresponding period.

Australia and New Zealand

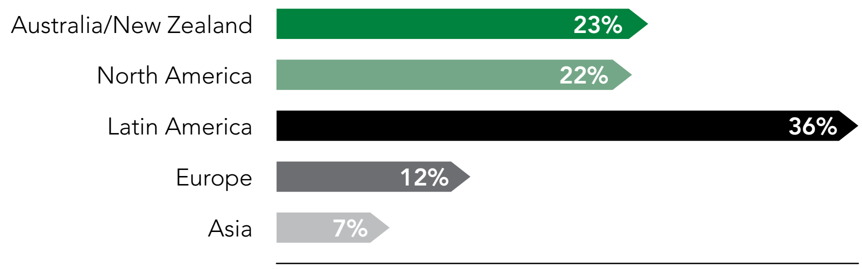
Australia and New Zealand sales increased substantially on the prior year as the business executed a strategy to regain volume and share. There was a resulting impact on gross margins, particularly in Australia, where the business competed more aggressively to meet this objective.

The segment generated sales of $306.3 million, up 32 per cent on the previous year ($231.6 million). Underlying EBIT was $13.3 million compared to $14.6 million in the prior period.

Climatic conditions in Australia contributed to a strong finish to the 2016 winter cropping season, resulting in excellent grain harvests for most growers. The summer season started well in the key cropping zones of northern NSW and southern Queensland, but then turned hot and dry in December and January. The west received good rainfall over summer, providing an optimistic outlook for the coming winter season.

Sales revenue by region

Crop protection segment



Total $1,309 million

The previously announced closure of three manufacturing facilities in Australia and New Zealand is now complete. Two sites have been sold, whilst the remaining site is on the market. The full benefit of these changes will be realised by the end of the current financial year, with lower fixed costs, better plant utilisation, and improved efficiencies. The recovery in sales volumes will help secure the full benefits of the restructuring program.

Asia

Asian crop protection sales were $94.3 million compared to $71.6 million in the first half of the prior year, an increase of nearly 32 per cent. Underlying EBIT improved to an even greater extent to $14.5 million, up 55 per cent on the $9.4 million generated in the prior year.

Indonesian sales were well up on last year, driven by good weather and an early start to the planting season. Last year, Indonesian sales were severely impacted by the El Nino weather event. The early planting season moved sales into the first half of this financial year as compared to the second half of last financial year. There were also continued good sales into Japan, China and Korea. The higher sales, combined with an increased focus on higher margin products, led to the improved EBIT result over the prior period.

North America

North American crop protection sales grew by 16 per cent to $291.1 million. Underlying EBIT was up strongly to $17.7 million, compared to $7.4 million in the prior first half period.

Six months ended 31 January ($000)	Revenue 2017	Revenue 2016	Revenue Change (%)	Underlying EBIT 2017	Underlying EBIT 2016	Underlying EBIT Change (%)
Crop protection						
Australia and New Zealand	**306,255**	231,591	32	**13,255**	14,565	-9
Asia	**94,299**	71,608	32	**14,514**	9,393	55
Europe	**150,881**	176,747	-15	**8,830**	7,135	24
North America	**291,108**	251,004	16	**17,699**	7,433	138
Latin America	**466,921**	414,977	13	**55,840**	57,747	-3
Total crop protection	**1,309,464**	1,145,927	14	**110,138**	96,273	14
Seed technologies – global	**50,606**	41,678	21	**(194)**	(4,354)	96
Corporate	**-**	-	n/a	**(24,944)**	(20,690)	21
Nufarm group	**1,360,070**	1,187,605	15	**85,000**	71,229	19

A number of new products were successfully launched during the period, helping to drive stronger margins and strengthening Nufarm's position with its channel partners. The implementation of Salesforce.com – a customer relationship tool – was completed in February, and is resulting in better business processes and better communication both within the organisation and with distribution customers.

The Calgary plant in Canada was closed last June, with production moving to the Chicago Heights facility. The full benefit of these manufacturing efficiencies are being realised in the 2017 financial year.

Latin America

Despite the tough market conditions in Latin America, Nufarm increased market share while maintaining a strong focus on risk management.

Latin American crop protection sales were up 13 per cent on the first half of the previous year ($467 million v $415 million). Underlying EBIT at $55.8 million was down three per cent on the prior period's $57.7 million.

The total value of the Brazil crop protection market is estimated to have been flat in calendar year 2016 (as measured in US dollars) compared to calendar year 2015. Nufarm's local currency sales were up by nine per cent, and we increased share over the 2016 calendar year. The business continues to enhance the portfolio with several new products launched in the first half. Channel inventory for Nufarm products is at normal levels.

In contrast to last year, the average Brazilian real exchange rate for the first half period was nearly 10 per cent stronger against the Australian dollar and nearly 14 per cent stronger against the US dollar. The stronger Brazilian real was also far less volatile compared to the 2016 first half. This resulted in a greater proportion of sales being invoiced in US dollars, and allowed the business to manage the foreign currency exposures better, resulting in a currency loss lower than the prior period and within the guidance provided at the 2016 full year results.

A feature of the Brazilian market during the period was the continued challenge faced by the customer base in obtaining credit. Whilst the business managed credit well, and growers are experiencing record harvests, the company remains vigilant on customer receivables.

The strong real did, however, result in farmers delaying their purchases of crop protection inputs in anticipation of price reductions, and this led to some pricing pressure in the market. New investments to support product launches and bring increased expertise to the treasury function resulted in a higher cost base in Brazil. Despite this, Brazil grew earnings in Australian dollars.

The Argentina business suffered from a delayed season due to excessive rainfall. This caused growers to delay purchases and created pricing pressure in the market. The Argentina result was also impacted by the exchange rate, with the Argentine peso 60 per cent weaker against the Australian dollar compared to the first half last year. These impacts resulted in Argentina earnings being 50 per cent lower than the prior period in Australian dollars.

Europe

European sales were below the prior period by 15 per cent compared to 2016 first half sales of $176.7 million, but only down three per cent on a constant currency basis. Underlying EBIT improved to $8.8 million, ahead of the $7.1 million posted in the first half of 2016. Seasonal conditions were mixed, but generally unfavourable across north west Europe.

Nufarm's branded sales were impacted by weaker demand driven by the unfavourable seasonal conditions and some phasing impact, as growers delayed orders in the current low soft commodity price environment. Despite the lower sales, new product launches and a higher margin product mix contributed to the improved profitability of the business.

The restructuring of the European manufacturing base is nearly complete, with manufacturing efficiency programs continuing at the Linz (Austria) and Gaillon (France) production facilities. A more efficient European manufacturing base is strengthening Nufarm's competitive position and lowering the working capital requirements of the business.

Major product segments

Crop protection

Nufarm's crop protection business generated $1.31 billion in revenues, which was up 14 per cent on the previous half year sales of $1.15 billion. These sales generated an average underlying gross profit margin of 28.5 per cent, stronger than the 28.1 per cent average gross profit margin recorded in the half year 2016.

Herbicide sales were up 15 per cent to $871 million. Glyphosate sales are well up on last year due to a higher average technical price and improved volumes in Australia/New Zealand and North America. Margin percentage is slightly down due to competitive market conditions in Australia and North America. Phenoxy herbicide revenues are in line with last year, but margins were up, driven by an improved cost position. Other herbicides are well ahead of last year, with flumioxazin and picloram being the main drivers.

Group insecticide sales were up 25 per cent to $191 million, and margin percentage is up approximately one per cent. The increased sales were driven mainly by Brazil, with growth from new products, extensions into new crops and strong sales of a Sumitomo-sourced product that controls the white fly insect.

Fungicide sales were up by five per cent to $123 million, with margins ahead of the prior year. The fungicide portfolio performed well in the period, with most regions contributing to the growth. Main contributors to the result include Mancozeb, Fludioxinil and the copper-based products.

The 'other products' category sales were up two per cent to $123 million. The growth was mainly driven by the Croplands equipment business, based in Australia. Aided by a record grain harvest in Australia and increased demand from growers, Croplands was able to increase sales by 20 per cent compared to the first half last year.

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 $50.6 million, 21 per cent ahead of the prior period sales of $41.7 million. The segment generated a loss of $0.2 million at the underlying EBIT level, compared to a $4.4 million loss in the prior first half.

A combination of higher sales volumes and improved gross margin percentage delivered a much improved result in the first half. All regions performed well, with Australia making a good contribution due to higher collections of canola end point royalties from the strong 2016 farmer saved seed harvest. Europe saw growth in its sunflower business, and the Brazilian business achieved significant growth in sorghum and canola products.

The company's omega-3 canola program achieved numerous milestones in the half, with the key achievement being the lodgement of the Australian registration package on 10 February. Regulatory filings are also expected to be lodged in the United States and Canada before the end of this month.

This unique canola will provide long-chain omega-3 oils, similar to those found in fish oil, using a sustainable land-based source. It has been developed through collaboration between Nufarm's wholly owned subsidiary, Nuseed; the Commonwealth Scientific and Industrial Research Organisation (CSIRO); and the Grains Research and Development Corporation (GRDC).

Pending regulatory approvals, commercialisation of the omega-3 oils is expected to commence in 2018 or 2019.

Balance sheet management

Net debt at 31 January 2017 was $856 million compared to $927 million at 31 January 2016. Net debt benefitted from the net cash inflow from material items of $39 million. Currency translation had a positive impact on the net debt figure ($22 million), with the higher Australian dollar resulting in reduced debt associated with the company's US dollar denominated high yield bond. On a constant currency basis, net debt at 31 January was $878 million.

Average net debt was lower than in the previous six-month period ($805 million versus $857 million), aided by continued excellent working capital management.

Management continued to focus on driving further efficiencies in working capital management, with average net working capital to sales down to 37.1 per cent (2016 1H: 41.6 per cent).

Average net working capital over the last 12 months was $1.10 billion, compared to $1.14 billion in the prior period. This reduction was achieved despite the sales growth recorded in the half. Inventories and payables were the main drivers of the reduction in the average net working capital.

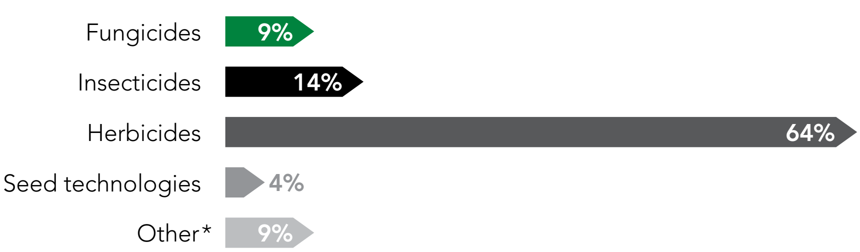
Gearing (net debt to net debt plus equity) was 35.8 per cent (2016 1H: 38.8 per cent).

The average leverage ratio (net debt divided by the 12-month rolling EBITDA) was 2.21x (2016 1H: 2.84x).

Cost savings and performance improvement program

The company continues to make good 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.

Sales by product segment



Total $1,360 million

* Other includes equipment, adjuvants, PGRs and industrial.

The company has delivered cumulative benefits of $75 million to the end of financial year 2016. A further $20 million of benefits is expected to be delivered in the 2017 financial year. Most of the savings in the 2017 financial year will come from manufacturing footprint, manufacturing excellence and procurement initiatives.

To support sustainable business improvement on an ongoing basis, the company is reinvesting in new systems and capabilities such as new customer relationship management (CRM) systems, improved supply chain processes and systems, specialist procurement resources and systems, standard back-office processes and systems across regions, and human resource systems. These transformational investments will implement standard processes and systems across the group, providing a global view of information that enables a 'One Nufarm' approach to business decisions.

The company has an objective to achieve a Return on Funds Employed (ROFE) of 16 per cent by the 2018 financial year. ROFE at 31 January 2017 was 13.2 per cent, up from 10.7 per cent in the prior comparative period, and up from 9.1 per cent in the 2014 financial year, when the performance improvement program was initiated.

Outlook

The second half represents the major selling period for Nufarm in Australia, North America and Europe, as well as in the company's seed business.

While seasonal conditions have been mixed in Australia in recent months, it is expected that the business will secure increased volumes over the balance of the year and this will help deliver the full benefits of restructuring activities undertaken over the past three years. Given normal weather, the business is expected to generate a stronger second half result than in 2016.

Market conditions in North America remain very competitive; however, Nufarm expects to build on its excellent first half performance and deliver a strong full year result.

Nufarm's business in Latin America will be impacted by the negative market conditions in Argentina and the expected later timing of sales in Brazil, which had an outstanding performance in the second half of 2016. Second half cash collections will be a major focus for the company, along with close management of customer credit and foreign currency exchange risk.

Demand in Europe is expected to strengthen in the second half of the year (given average weather conditions) and Nufarm is well placed to capitalise on those opportunities. The restructuring and performance improvement program is delivering efficiencies in the European operations and this will contribute to what management expects to be a slightly improved second half result than in the previous year.

The current outlook for the Australian canola season is optimistic, with good moisture in Western Australia and canola pricing attractive compared to wheat. Good rains are needed in March and April to support increased canola plantings and drive higher profitability of the seed business in the second half. The second half period will also see more positive progress on the omega-3 canola program, as we continue to move through the regulatory process and advance pre-commercialisation plans.

Management expects net interest expense for the full year to be moderately lower than the $96 million incurred in the 2016 financial year. The guidance for foreign exchange impact remains at the $1 million to $1.5 million per month of hedging cost for Latin America.

A strong focus will be maintained on balance sheet objectives, in particular working capital efficiencies. Management expects the average net working capital to sales percentage to be lower than in the previous year.

In summary, the business is expected to generate an improved EBIT on the prior year driven by the combination of growing revenues, margin expansion and cost saving benefits.

Greg Hunt
Managing director and chief executive officer

Melbourne
22 March 2017

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 $43.696 million for the half year ended 31 January 2017 and $41.063 million for the half year ended 31 January 2016. 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	2017 $000	2016 $000
Underlying EBIT	**85,000**	71,229
Material items impacting operating profit	**264**	(106,057)
Operating profit	**85,264**	(34,828)

3. Non-IFRS measures are defined as follows:
   - Underlying gross profit – comprises gross profit less material items.
   - 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, lease expense – finance charges, and interest expense – debt establishment transaction costs as described in note 17 to the 31 January 2017 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 non-current trade 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 2017 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 3,200 people at its various locations in Australia and New Zealand, Asia, the Americas, Europe and Africa. The company is listed on the Australian Stock Exchange (symbol NUF), and its head office is located at Laverton North in Melbourne.

Results

The net profit attributable to members of the group for the six months to 31 January 2017 is $20.035 million, after including the material items described in note 7. The comparable figure for the six months to 31 January 2016 was a net loss of $91.004 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 2017.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

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

DG McGauchie AO Director	GA Hunt Managing director

Melbourne
22 March 2017

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 2017 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

Gordon Sangster
Partner

Melbourne
22 March 2017

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CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 JANUARY 2017

	Note	31 Jan 2017 $000	31 Jan 2016 $000
Revenue	6	**1,360,070**	1,187,605
Cost of sales		**(964,773)**	(878,058)
Gross profit		**395,297**	309,547
Other income		**4,812**	7,659
Sales, marketing and distribution expenses		**(201,726)**	(234,420)
General and administrative expenses		**(90,937)**	(97,524)
Research and development expenses		**(22,098)**	(20,098)
Share of net profits/(losses) of associates	11	**(84)**	8
Operating profit/(loss)		**85,264**	(34,828)
Financial income		**4,835**	8,140
Financial expenses excluding foreign exchange gains/(losses)		**(51,153)**	(48,092)
Net foreign exchange gains/(losses)		**(6,210)**	(32,538)
Net financial expenses		**(57,363)**	(80,630)
Net financing costs	17	**(52,528)**	(72,490)
Profit/(loss) before tax		**32,736**	(107,318)
Income tax benefit/(expense)		**(12,481)**	16,303
Profit/(loss) for the period		**20,255**	(91,015)
Attributable to:			
Equity holders of the parent	14	**20,035**	(91,004)
Non-controlling interest	14	**220**	(11)
Profit/(loss) for the period		**20,255**	(91,015)
Earnings/(loss) per share attributable to ordinary equity holders			
Basic earnings/(loss) per share (cents)	14	**5.3**	(36.4)
Diluted earnings/(loss) per share (cents)	14	**5.3**	(36.3)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 JANUARY 2017

	31 Jan 2017 $000	31 Jan 2016 $000
Net profit/(loss) for the period	**20,255**	(91,015)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences for foreign operations	**(16,116)**	(65,234)
Effective portion of changes in fair value of cash flow hedges	**1,889**	(1,076)
Effective portion of changes in fair value of net investment hedges	**4,676**	(1,269)
Net changes in fair value of available-for-sale financial assets	**1,342**	-
Available-for-sale financial assets – reclassified to profit or loss	**(894)**	-
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	**(7,918)**	3,244
Income tax on share based payment transactions	**-**	82
Other comprehensive income/(loss) for the period, net of income tax	**(17,021)**	(64,253)
Total comprehensive income/(loss) for the period	**3,234**	(155,268)
Attributable to:		
Shareholders of the company	**3,014**	(155,257)
Non-controlling interest	**220**	(11)
Total comprehensive income/(loss) for the period	**3,234**	(155,268)

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 2017

	Note	31 Jan 2017 $000	31 July 2016 $000	31 Jan 2016 $000
Current assets				
Cash and cash equivalents	16	**253,386**	281,444	283,701
Trade and other receivables		**1,112,012**	819,977	971,594
Inventories		**871,301**	685,833	880,212
Current tax assets		**35,942**	34,114	37,344
Other investments	11	**-**	38,564	-
Total current assets		**2,272,641**	1,859,932	2,172,851
Non-current assets				
Trade and other receivables		**125,789**	121,681	89,601
Investments in equity accounted investees		**374**	1,138	9,730
Other investments		**441**	438	477
Deferred tax assets		**264,452**	252,058	250,618
Property, plant and equipment		**360,796**	352,853	373,624
Intangible assets		**867,892**	873,038	880,057
Total non-current assets		**1,619,744**	1,601,206	1,604,107
TOTAL ASSETS		**3,892,385**	3,461,138	3,776,958
Current liabilities				
Bank overdraft	16	**3,157**	-	-
Trade and other payables		**942,925**	699,430	815,873
Loans and borrowings	16	**513,499**	364,830	315,485
Employee benefits		**17,855**	18,691	17,572
Current tax payable		**12,738**	6,524	21,535
Provisions		**10,329**	20,336	30,563
Total current liabilities		**1,500,503**	1,109,811	1,201,028
Non-current liabilities				
Payables		**14,552**	16,941	15,627
Loans and borrowings	16	**593,122**	542,048	895,243
Deferred tax liabilities		**145,701**	141,284	117,183
Employee benefits		**104,079**	100,826	83,638
Total non-current liabilities		**857,454**	801,099	1,111,691
TOTAL LIABILITIES		**2,357,957**	1,910,910	2,312,719
NET ASSETS		**1,534,428**	1,550,228	1,464,239
Equity				
Share capital		**1,089,080**	1,080,768	1,079,897
Reserves		**(287,972)**	(276,148)	(281,940)
Retained earnings		**481,639**	494,055	414,699
Equity attributable to equity holders of the parent		**1,282,747**	1,298,675	1,212,656
Non-controlling interest:				
Nufarm step-up securities		**246,932**	246,932	246,932
Other		**4,749**	4,621	4,651
TOTAL EQUITY		**1,534,428**	1,550,228	1,464,239

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 JANUARY 2017

	Note	31 Jan 2017 $000	31 Jan 2016 $000
Cash flows from operating activities			
Cash receipts from customers		**1,102,870**	949,762
Cash paid to suppliers and employees		**(1,239,826)**	(1,115,876)
Material items		**38,584**	(38,866)
Cash generated from operations		**(98,372)**	(204,980)
Interest received		**4,835**	8,140
Dividends received		**1,431**	509
Interest paid		**(49,282)**	(44,555)
Income tax paid		**(7,658)**	(6,487)
Net cash used in operating activities		**(149,046)**	(247,373)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**374**	400
Proceeds from sales of business and investments		**-**	-
Payments for plant and equipment		**(30,190)**	(30,216)
Purchase of businesses, net of cash acquired	10	**-**	2,665
Payments for acquired intangibles and major product development expenditure		**(32,777)**	(36,577)
Net investing cash flows		**(62,593)**	(63,728)
Cash flows from financing activities			
Proceeds from borrowings		**711,892**	689,836
Repayment of borrowings		**(503,511)**	(451,318)
Debt establishment transaction costs		**(511)**	(1,799)
Distribution to NSS holders	14	**(7,997)**	(7,754)
Dividends paid	14	**(17,173)**	(15,158)
Net financing cash flows		**182,700**	213,807
Net increase/(decrease) in cash and cash equivalents		**(28,939)**	(97,294)
Cash and cash equivalents at the beginning of the period		**281,444**	390,136
Exchange rate fluctuations on foreign cash balances		**(2,276)**	(9,141)
Cash and cash equivalents at the end of the period	16	**250,229**	283,701

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JANUARY 2017

	Attributable to equity holders			
	Share capital $000	Translation reserve $000	Capital profit reserve $000	Other reserves $000
Balance at 1 August 2015	1,074,119	(222,427)	33,627	(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)	33,627	(27,906)
Balance at 1 August 2016	**1,080,768**	**(287,307)**	**33,627**	**(22,468)**
Profit/(loss) after taxation	**-**	**-**	**-**	**-**
Other comprehensive income:				
Actuarial gains/(losses) on defined benefit plans	**-**	**-**	**-**	**-**
Foreign exchange translation differences for foreign operations	**-**	**(16,116)**	**-**	**-**
Gains/(losses) on cash flow hedges taken to equity	**-**	**-**	**-**	**1,889**
Gains/(losses) on net investment hedges taken to equity	**-**	**-**	**-**	**4,676**
Net changes in fair value of available-for-sale financial assets	**-**	**-**	**-**	**1,342**
Available-for-sale financial assets – reclassified to profit or loss	**-**	**-**	**-**	**(894)**
Income tax on share based payment transactions	**-**	**-**	**-**	**-**
Total comprehensive income/(loss) for the period	**-**	**(16,116)**	**-**	**7,013**
Transactions with owners, recorded directly in equity				
Accrued employee share award entitlement	**-**	**-**	**-**	**2,354**
Issuance of shares under employee share plans	**6,737**	**-**	**-**	**(6,737)**
Remeasurement of non-controlling interest option	**-**	**-**	**-**	**1,662**
Dividends paid to shareholders	**-**	**-**	**-**	**-**
Dividend Reinvestment Plan	**1,575**	**-**	**-**	**-**
Distributions to Nufarm step-up security holders	**-**	**-**	**-**	**-**
Balance at 31 January 2017	**1,089,080**	**(303,423)**	**33,627**	**(18,176)**

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
FOR THE SIX MONTHS ENDED 31 JANUARY 2017

of the Company		Non-controlling interest		
Retained earnings $000	Total $000	Nufarm step-up securities $000	Other $000	Total equity $000
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)
414,699	1,212,656	246,932	4,651	1,464,239
494,055	**1,298,675**	**246,932**	**4,621**	**1,550,228**
20,035	**20,035**	**-**	**220**	**20,255**
(7,918)	**(7,918)**	**-**	**-**	**(7,918)**
-	**(16,116)**	**-**	**-**	**(16,116)**
-	**1,889**	**-**	**-**	**1,889**
-	**4,676**	**-**	**-**	**4,676**
-	**1,342**	**-**	**-**	**1,342**
-	**(894)**	**-**	**-**	**(894)**
-	**-**	**-**	**-**	**-**
12,117	**3,014**	**-**	**220**	**3,234**
-	**2,354**	**-**	**-**	**2,354**
-	**-**	**-**	**-**	**-**
-	**1,662**	**-**	**-**	**1,662**
(18,656)	**(18,656)**	**-**	**(92)**	**(18,748)**
-	**1,575**	**-**	**-**	**1,575**
(5,877)	**(5,877)**	**-**	**-**	**(5,877)**
481,639	**1,282,747**	**246,932**	**4,749**	**1,534,428**

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 2017 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 2016 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 2016.

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 March 2017.

3. Accounting policies

(a) Significant accounting policies

Except as described below the accounting policies applied by the group in these condensed consolidated interim financial statements are the same as those applied by the group in its consolidated financial statements as at and for the year ended 31 July 2016.

During the current reporting period, a number of new or amended standards became applicable for the first time:

- AASB 2015-2: *Disclosure Initiative* (AASB 101).
- Application of Australian Accounting Standards (AASB 1057).
- AASB 2015-1: *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle*.
- AASB 2014-3: *Accounting for Acquisitions of Interests in Joint Operations*.
- AASB 2014-4: *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*.

The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

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 2016, 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* and AASB 15: *Revenue From Contracts with Customers*, which both become mandatory for the group's 2019 consolidated financial statements, and AASB 16: *Leases*, which becomes mandatory for the group's 2020 consolidated financial statements. AASB 9 could change the classification and measurement of financial assets, AASB 15 could change revenue recognition practices, and AASB 16 could change the classification and measurement of operating or financing leases. 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

Where applicable, 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 2016.

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 2016.

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 2017.

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 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 non-operating corporate segment comprises mainly corporate expenses, interest-bearing loans, borrowings and corporate assets.

	Crop protection						Seed technologies	Non-operating corporate	Group
2017 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	**306,255**	**94,299**	**150,881**	**291,108**	**466,921**	**1,309,464**	**50,606**	**-**	**1,360,070**
Results									
Underlying EBITDA[(a)]	**19,612**	**16,457**	**26,784**	**27,134**	**58,877**	**148,864**	**4,479**	**(24,647)**	**128,696**
Depreciation and amortisation excluding material items	**(6,357)**	**(1,943)**	**(17,954)**	**(9,435)**	**(3,037)**	**(38,726)**	**(4,673)**	**(297)**	**(43,696)**
Underlying EBIT[(a)]	**13,255**	**14,514**	**8,830**	**17,699**	**55,840**	**110,138**	**(194)**	**(24,944)**	**85,000**
Material items included in operating profit (refer note 7)									**264**
Material items included in net financing costs (refer note 7)									**-**
Total material items (refer note 7)									**264**
Net financing costs (excluding material items)									**(52,528)**
Profit/(loss) before tax									**32,736**

6. Segment reporting (continued)

	Crop protection						Seed technologies	Non-operating 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.

	Revenue by location	
Geographical information of customer	31 Jan 2017 $000	31 Jan 2016 $000
Australia	**272,321**	197,298
New Zealand	**43,115**	38,785
Asia	**96,183**	73,427
Europe	**165,941**	188,882
United States	**235,999**	233,800
Rest of North America	**58,135**	28,150
Brazil	**398,826**	332,336
Rest of Latin America	**89,550**	94,927
Total	**1,360,070**	1,187,605

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 2017 $000 pre-tax	31 Jan 2017 $000 after-tax	31 Jan 2016 $000 pre-tax	31 Jan 2016 $000 after-tax
Material items by category:				
Asset rationalisation and restructuring	**(630)**	**(630)**	(116,051)	(99,326)
Sale of Excel Crop Care investment	**894**	**894**	-	-
Argentine peso devaluation event	**-**	**-**	(5,456)	(3,546)
Total	**264**	**264**	(121,507)	(102,872)

7. Items of material income and expense (continued)

Asset rationalisation and restructuring

The asset rationalisation and restructuring program was completed during the year ended 31 July 2016 and resulted in the rationalisation of under-utilised assets and a restructure throughout the Nufarm group. Some residual amounts are expected in the current year as the sale of manufacturing sites in Australia and New Zealand is finalised, with costs of $0.630 million incurred in the half year ended 31 January 2017.

Asset rationalisation and restructure costs amounting to $116.051 million were incurred in the half year ended 31 January 2016 mainly related 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 2017 $000	31 Jan 2016 $000
Summary of nature of cost		
Portfolio rationalisation program	-	80,894
Manufacturing excellence	630	26,428
Other asset rationalisation and restructure costs	-	8,729
	630	116,051

Sale of Excel Crop Care investment

Excel Crop Care is an Indian crop protection business in which Nufarm had a 14.69 per cent interest that was recorded as an available-for-sale financial asset as at 31 July 2016. In October 2016 Nufarm sold its entire 14.69 per cent share as part of an open market offer by Sumitomo Chemical Company Limited. A gain of $0.894 million, equal to the cumulative revaluation of the investment to its fair value recognised in other comprehensive income, was reclassified to profit or loss at the date of sale. The cash consideration generated via the sale was used to repay external debt.

Argentine 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.

Material items are classified by function as follows:

Six months ended 31 January 2017 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expenses	Other income	Net financing costs	Total pre-tax
Asset rationalisation and restructuring	-	-	(630)	-	-	-	(630)
Sale of Excel Crop Care investment	-	-	-	-	894	-	894
Total material items	-	-	(630)	-	894	-	264
Total material items included in operating profit	-	-	(630)	-	894	-	264

Six months ended 31 January 2016 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expenses	Other income	Net financing costs	Total pre-tax
Asset rationalisation and restructuring	(35,647)	(68,383)	(12,014)	(7)	-	-	(116,051)
Argentine 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)

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 2017 $000	31 Jan 2016 $000
Depreciation and amortisation	**(43,696)**	(41,063)

10. Acquisition of businesses

Business acquisitions – 2017

No business acquisitions arose in the six months ended 31 January 2017.

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. The provisional fair value of assets acquired, established at 1 November 2015, has remained unchanged throughout the 12-month period post acquisition.

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.

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 2017 %	31 Jan 2016 %	31 Jan 2017 $000	31 Jan 2016 $000
Excel Crop Care Ltd	India	**0**	14.69	**-**	585
F&N joint ventures	Eastern Europe	**0**	50	**(84)**	(577)
Share of after tax profits/(losses) of equity accounted investments				**(84)**	8

Excel Crop Care is an Indian crop protection business in which Nufarm had an equity accounted 14.69 per cent interest. During June 2016, Sumitomo Chemical Company Limited acquired a 45 per cent stake in Excel Crop Care and declared an open market offer for an additional 30 per cent of the company's shares. On 30 June 2016, Nufarm concluded that its ability to exert significant influence was relinquished. Subsequently, the company ceased to account for its investment in Excel Crop Care as an equity accounted investment and reclassified its investment as available-for-sale, and was disclosed as other investments with a value of $38.564 million at 31 July 2016. During October 2016, Nufarm sold its 14.69 per cent interest in Excel Crop Care via the open market offer.

The F&N joint ventures represented the group's interest in joint ventures with FMC Corporation, which operated in Poland until 31 October 2015, and continued to operate in the Czech Republic and Slovakia until September 2016. The joint ventures sold 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).

12. Property plant and equipment

Acquisition and disposals

During the six months ended 31 January 2017, the group acquired assets with a cost of $30.190 million (six months ended 31 January 2016: $30.542 million). There were no assets acquired through business combinations in the six months to 31 January 2017 (six months ended 31 January 2016: $0.326 million). Assets with a book value of $0.275 million were disposed of during the six months ended 31 January 2017 (six months ended 31 January 2016: $0.639 million). There were no assets disposed of through the sale of discontinued operations in the six month period to 31 January 2017 or in the comparative period for 2016.

Capital commitments

During the six months ended 31 January 2017, the group entered into contracts to purchase property, plant and equipment for $3.307 million (six months ended 31 January 2016: $5.901 million).

13. Contingent assets and liabilities

Brazilian taxation proceedings

As at 31 January 2017, the total contingent liability relating to future potential tax liabilities in Brazil is $31.561 million (2016: $20.142 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.

Other

Other than identified above, as at 31 January 2017 there have been no significant changes to the contingent assets or liabilities disclosed at 31 July 2016.

14. Capital and reserves

	31 Jan 2017 $000	31 Jan 2016 $000
Dividends		
Dividends paid during the period:		
There was a 7 cent (2016: 6 cent) prior year final dividend declared and paid by the group during the six months ended 31 January 2017:		
$0.07 per ordinary share (2016: $0.06)	**(18,656)**	(15,932)

Dividends declared in respect of the period:

Subsequent to the half year end on 22 March 2017, the company declared an interim dividend of 5 cents per share ($13.341 million), which will be paid on 5 May 2017 (31 January 2016: 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.

	31 Jan 2017 $000	31 Jan 2016 $000
Nufarm step-up securities distribution rate on 15 October 2016 was 6.36 per cent (15 October 2015: 6.16 per cent)	**(7,997)**	(7,754)

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 $5.877 million (six months ended 31 January 2016: $5.698 million).

Earnings/(loss) per share

Net profit/(loss) for the six months ended 31 January	**20,255**	(91,015)
Net (profit)/loss attributable to non-controlling interests	**(220)**	11
Net profit/(loss) attributable to equity holders of the parent	**20,035**	(91,004)
Nufarm step-up securities distribution (net of tax)	**(5,877)**	(5,698)
Earnings/(loss) used in the calculations of basic and diluted earnings per share	**14,158**	(96,702)
Earnings/(loss) from continuing operations	**14,158**	(96,702)
(Add)/subtract after-tax impact of material items profit/(loss) (refer note 7)	**264**	(102,872)
Earnings/(loss) excluding material items used in the calculation of underlying earnings per share	**13,894**	6,170

	Number of shares	
	31 Jan 2017	31 Jan 2016
Weighted average number of ordinary shares used in calculation of basic earnings per share	**266,406,135**	265,437,860
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**267,457,197**	266,417,643

14. Capital and reserves (continued)

Earnings/(loss) per share	Cents per share 31 Jan 2017	31 Jan 2016
Basic earnings per share		
From continuing operations	**5.3**	(36.4)
	5.3	(36.4)
Diluted earnings per share		
From continuing operations	**5.3**	(36.3)
	5.3	(36.3)
Underlying earnings per share (excluding items of material income/(expense) – see note 7)		
Basic earnings per share	**5.2**	2.3
Diluted earnings per share	**5.2**	2.3

15. Assets held for sale

There were no assets held for sale in the current period or 2016.

16. Net debt

	31 Jan 2017 $000	31 Jan 2016 $000
Current		
Bank loans – secured	**307,235**	226,173
Bank loans – unsecured	**208,478**	92,057
Deferred debt establishment costs	**(3,581)**	(3,606)
Finance lease liabilities – secured	**439**	264
Other loans – unsecured	**928**	597
Loans and borrowings – current	**513,499**	315,485
Non current		
Bank loans – secured	**119,237**	343,967
Bank loans – unsecured	**40,085**	84,040
Senior unsecured notes	**422,884**	457,645
Deferred debt establishment costs	**(3,301)**	(5,915)
Finance lease liabilities – secured	**11,535**	13,807
Other loans – unsecured	**2,682**	1,699
Loans and borrowings - non current	**593,122**	895,243
Cash and cash equivalents	**(253,386)**	(283,701)
Bank overdraft	**3,157**	-
Net cash and cash equivalents	**(250,229)**	(283,701)
Net debt	**856,392**	927,027

16. Net debt (continued)

	31 Jan 2017 $000	31 Jan 2016 $000
Accessible		
Bank loan facilities and senior unsecured notes	**1,699,266**	1,653,905
Other facilities	**3,610**	2,296
Total financing facilities	**1,702,876**	1,656,201
Utilised		
Bank loan facilities and senior unsecured notes	**1,097,919**	1,203,882
Other facilities	**3,610**	2,296
Total financing facilities	**1,101,529**	1,206,178

As at 31 January 2017, 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.

On the 29 January 2016, the senior secured bank facility was refinanced such that the total facility amount decreased to $485 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 2016: $30 million is due in January 2018, $415 million is due in January 2019, and $40 million is due in January 2021).

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 2016: facility limit was $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).

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 $566 million (2016: $486 million).

At 31 January 2017, the group had access to debt facilities of $1,703 million (31 January 2016: $1,656 million) under the notes, senior secured bank facility, group trade receivables facility and other regional working capital facilities. A parent guarantee is provided to support working capital facilities in Europe, South America and the notes.

17. Finance income and expense

	31 Jan 2017 $000	31 Jan 2016 $000
Financial income excluding foreign exchange gains/(losses)	**4,835**	8,140
Net financial income	**4,835**	8,140
Interest expense – external	**(48,300)**	(43,787)
Interest expense – debt establishment transaction costs	**(1,871)**	(3,175)
Lease expense – finance charges	**(982)**	(1,130)
Net foreign exchange gains/(losses)	**(6,210)**	(32,538)
Financial expenses	**(57,363)**	(80,630)
Net financing costs	**(52,528)**	(72,490)

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 2017	Carrying value $000	Fair value $000
Cash and cash equivalents	**253,386**	**253,386**
Trade and other receivables, excluding derivatives	**1,213,880**	**1,213,880**
Forward exchange contracts and options:		
Assets	**5,205**	**5,205**
Liabilities	**(6,084)**	**(6,084)**
Interest rate swaps:		
Assets	**18,716**	**18,716**
Liabilities	**(8,501)**	**(8,501)**
Trade and other payables, excluding derivatives	**(942,892)**	**(942,892)**
Bank overdraft	**(3,157)**	**(3,157)**
Secured bank loans	**(426,472)**	**(426,472)**
Unsecured bank loans	**(248,563)**	**(248,563)**
Senior unsecured notes	**(422,884)**	**(415,079)**
Other loans	**(3,610)**	**(3,610)**
Finance leases	**(11,974)**	**(11,974)**
	(582,950)	**(575,145)**

31 January 2016	Carrying value $000	Fair value $000
Cash and cash equivalents	283,701	283,701
Trade and other receivables, excluding derivatives	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)

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		
2017	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Derivative financial assets	**-**	**23,921**	**-**	**23,921**
	-	**23,921**	**-**	**23,921**
Derivative financial liabilities	**-**	**(14,585)**	**-**	**(14,585)**
	-	**(14,585)**	**-**	**(14,585)**

		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)

There have been no transfers between levels in either 2017 or 2016.

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 2017 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*; and
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
22 March 2017

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, which comprises the condensed consolidated balance sheet as at 31 January 2017, 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 Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 January 2017 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 2017 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

KPMG

Gordon Sangster
Partner

Melbourne
22 March 2017

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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