

Growth drivers in agriculture are strong. Demand for a higher protein food supply and the emergence of crops to produce biofuels is placing additional demands on yield. As a supplier to the agriculture industry around the world, Nufarm is well placed to achieve ongoing growth.

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KEY EVENTS

- Impact of severe drought on Australian results
- Encouraging recovery signs in Brazil
- Sales growth in North America and Europe
- Full year guidance unchanged

FACTS IN BRIEF

12 months ended 31 July 2006	Trading results \$000	Consolidated		Percentage change
		6 months ended 31 Jan 2007	6 months ended 31 Jan 2006	
1,676,746	Revenue from ordinary activities	580,213	603,289	- 4%
121,153	Profit from ordinary activities after tax attributable to members	15,874	34,176	- 54%
121,153	Net profit attributable to members	15,874	34,176	- 54%

Distribution to shareholders	Amount per security	Franked amount per security
Dividend paid per ordinary share on 10 November 2006	20c	20c
Dividend paid per ordinary share on 11 November 2005	17c	17c
Dividend proposed 11 cents per ordinary share fully franked, with record date for entitlement 5 April 2007		
Interim dividend for 2006 was 10 cents per share fully franked		

12 months ended 31 July 2006	Other summary data	Consolidated	
		6 months ended 31 Jan 2007	6 months ended 31 Jan 2006
81%	Gearing ratio	70%	121%
36.8%	Equity ratio	42.2%	30.7%
\$2.41	Net tangible assets per ordinary share	\$3.65	\$2.38
2,315	Staff employed	2,245	2,429

REPORT TO SHAREHOLDERS

Nufarm Limited generated a tax paid profit of \$15.9 million for the half year period ending 31 January 2007. The reported profit includes a net gain of \$2.0 million from non-operating items. The company's \$13.9 million interim operating profit is in line with company guidance provided at last December's annual general meeting. It compares with an operating result of \$32.7 million for the same period last year.

The lower profit result is attributable to the impact of severe drought conditions in Australia and a lower first half contribution from Nufarm's interest in the Agripec business in Brazil.

The profitability of Nufarm's Australian businesses was some \$20 million down on the previous period. Agripec (owned 49.9 per cent by Nufarm and equity accounted) contributed \$13.7 million in the first six months, compared to \$18.3 million in the previous period.

Operating earnings per share were 9.3 cents, compared to 20.1 cents for the six months to 31 January 2006.

Sales for the period were \$580 million, four per cent down on the \$603 million achieved in the first half of 2006. Forty-one per cent of revenues were generated in Australasia (51 per cent in first half 2006); 28 per cent in the Americas (23 per cent); and 31 per cent in Europe (26 per cent).

The interim dividend has been increased from 10 cents to 11 cents

(fully franked) and will be paid on 27 April to all holders of ordinary shares in the company at 5 April.

Net working capital at January 2007 was up by some \$140 million over the previous year. The principal contributor to the increase is higher inventories at end January in the Australian business (drought related, plus building stock in anticipation of strong second half demand,) and in a number of the larger overseas businesses (again building stocks ahead of the major selling season).

The receivables balance at 31 January was also higher due to sales in the month of January being up more than 20 per cent (an increase of approximately \$30 million) over the previous year.

Net debt to equity was 70 per cent (compared to 121 per cent at January 2006), with the improved gearing ratio resulting from the company's successful launch of a hybrid equity instrument (Nufarm Step-up Securities) in late 2006 and the associated repayment of the capital notes related debt. Operating cash flow at 31 January reflects the build up in working capital normally associated with the first half, as well as the lower trading profit.

Review of operations

Crop protection

First half sales in Australia were down by some 25 per cent on the corresponding period last year, reflecting severe drought conditions in the major cropping regions.

Dry conditions from August to October markedly reduced demand for post emergent herbicides and fungicides into last year's broadacre crops and it has been estimated that summer cropping activity (October to January) has been the lowest in some 20 years, following a dry spring and summer in southern Queensland, northern New South Wales and the Riverina district. Substantial reductions in the area planted to sorghum, cotton and rice crops had a severe impact.

With competition intense for the few selling opportunities that did exist, margins were placed under pressure.

Some rain in January generated above budget sales for that month and a more encouraging lead-in to the second half of the year.

A difficult operating environment had an impact on New Zealand crop protection sales – a cold, wet spring impeded cropping activity and a high exchange rate depressed farmer confidence. The profit contribution from New Zealand was also lower due to the divestment, in July 2006, of the Auckland-based animal health manufacturing business.

Asian sales were more than 10 per cent ahead of last year. An improved profit contribution from the Indonesian business also helped lift overall profitability for the region.

First half sales in North America were up 10 per cent on the corresponding period last year, with similar growth achieved in both Canada and the

USA. The US business is very well positioned with distribution and early sales of newly launched products – including imidacloprid – are very encouraging. There was some margin pressure on glyphosate products due to supply related cost increases but it is expected that these increased costs can be passed through over the balance of the year.

The US turf market performed strongly in the first half, with sales of imidacloprid products and value-added phenoxy formulations to distributors in anticipation of an early spring selling season.

Nufarm achieved top line growth in Canada, where a closer alignment with US pricing and strong competition for increased market share continues to drive a decline in the overall value of the crop protection market.

The main selling season in Argentina was very positive for Nufarm with good growing conditions and higher margins on key products, compared to last year. The portfolio diversification strategy has paid dividends as Nufarm introduces new products and formulations to generate a positive return.

Small gains were made in Chile in the first half with the product portfolio well positioned with key distribution in the intensive crop segment (tree, nuts, vines and vegetables). Significant delays in regulatory approvals have had a detrimental impact on Nufarm's ability to launch new products.

In Colombia, strong sales growth was driven by the initial full first half contribution from the Agrogen acquisition, completed in December 2005.

Seasonal conditions in Europe were more favourable than in the same period last year, when much of Europe experienced a long and severe winter. Total European sales for the first half were some 13 per cent higher than in 2006.

The launch of the first of a number of new products in Germany boosted autumn sales in that market. Sales into the Benelux countries were also strong and there was excellent revenue growth in central European markets including Poland, the Czech Republic, Hungary and Romania, where a new Nufarm office was established in October 2006.

Sales in France, the UK and Spain/Portugal were also up on the previous period.

In September 2006, Nufarm acquired Agrosol SRL, a family-owned business based in Ravenna in north eastern Italy. Agrosol owns 130 product registrations and has a pipeline of new products scheduled to be approved in coming years. The product portfolio is predominantly fungicides and insecticides, with annual sales totalling €6.5 million at the time of acquisition.

Agripec

Nufarm's 49.9 per cent interest in Brazilian crop protection company Agripec generated an equity

accounted contribution of \$13.7 million for the six months to end January 2007. This compares with a contribution from Agripec of \$18.3 million for the same period last year.

Agripec's full year (2006 calendar year) sales were down 17 per cent on the previous year (measured in local currency). Industry estimates suggest total crop protection sales in Brazil decreased by approximately 15 per cent in 2006, with pricing and margins also down on the previous calendar year. Currency impacts resulted in a significant tightening of credit in the Brazilian farm sector, particularly in the first half of 2006. Agricultural input companies took measures to increase security on payments, including the discounting of receivables and retrieving product from distribution.

Brazil experienced generally positive seasonal conditions in the major cropping period (October to February). While soybean hectares were down on the previous year, improved yields will drive an increase in total productivity. The Brazilian currency remained strong relative to the US dollar, but it was more stable than in previous periods and this assisted growers in their planning. An improved position for soft commodity prices, including soybean, also helped to boost confidence in the farm sector.

Agripec continued to be cautious with respect to payment exposure, with certain distribution customers being limited on sales.

The period to end January saw the launch of several new Agripec products in segments other than soybean, continuing the company's diversification strategy.

Given the continuation of a more stable farm economy in Brazil, Agripec is expected to generate a full year contribution to Nufarm approximately in line with the net profit recorded at the half year (\$13.7 million).

In the second half of the 2006 financial year, payment related issues contributed to a second half loss in contribution to Nufarm of almost \$10 million. The longer term outlook in Brazil is also now more positive, with higher incomes being generated for growers and forecasts of larger plantings for soybean and other crops. Approaching the 'collections' period in the current half, there is a much higher degree of certainty relating to payment.

Chlor alkali business

Sales and profit from the company's two chlor alkali plants (80 per cent owned) in Western Australia were in line with the previous period.

As previously announced, Nufarm's interest in these assets has been sold (effective 31 July 2007) and, accordingly, they are reported as 'discontinued businesses' in the half year accounts.

Divestments/non-operating items

The net impact of one-off items at 31 January is a gain of \$2.0 million. The major abnormal gain was profit on the sale of a formulation and warehouse operation in Spain.

Outlook

Approaching the company's busiest sales period, conditions look generally positive for a strong business performance in the second six months of the current financial year.

Seasonal conditions in Australia have improved, with recent rains in some cropping regions providing increased confidence and strong planting intentions. Sales activity has accelerated since January and the company is ideally placed to take advantage of any 'rebound' in demand. Conditions will need to continue to be positive for Nufarm's Australian businesses to achieve target results for the full year.

The company continues to invest in developing a position in seeds in Australia. The drought in the first half had a negative impact on seed production of new varieties and this business is forecast to make a small loss for the full year.

A buoyant US agriculture sector and increased selling opportunities resulting from a broader product range should see Nufarm's North

American business again generate strong sales growth. Increased input costs – in particular those associated with glyphosate – will need to be carefully managed to ensure margins are maintained.

Business conditions in Brazil continue to improve and the full year equity accounted contribution from Agripec is expected to be approximately in line with the contribution booked at the half year.

The European businesses are also well placed to capitalise on positive seasonal conditions and expansion of the product portfolio.

Directors believe the company remains on target to meet previous headline profit guidance of approximately \$160 million for the 2007 financial year. This will include a profit on the sale of the chlor alkali interests of some \$24 million and net profit from operations in the order of \$136 million (including the interest-related benefit of the new Step-up Securities).



Doug Rathbone
Managing Director and
Chief Executive

26 March 2007

DIRECTORS' REPORT

The board of directors of Nufarm Limited has pleasure in submitting its report in respect of the six months period ended 31 January 2007.

Directors

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

KM Hoggard (Chairman)
GDW Curlewis (Deputy Chairman)
DJ Rathbone AM
Dr WB Goodfellow
GA Hounsell
DG McGauchie AO
Dr JW Stocker AO
RFE Warburton AO

All directors held their position as a director throughout the entire period and up to the date of this report.

Principal activities

Nufarm Limited 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.

Nufarm employs approximately 2,200 people at its various locations in Australasia, the Americas and Europe.

The company is listed on the Australian Stock Exchange (symbol NUF). Its head office is located at Laverton in Melbourne.

Results

The net profit attributable to members of the consolidated entity for the six months to 31 January 2007 is \$15.9 million.

The comparable figure for the six months to 31 January 2006 was \$34.2 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 2007.

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.



KM Hoggard
Director



Doug Rathbone
Director

Melbourne
26 March 2007

LEAD AUDITOR'S INDEPENDENCE DECLARATION



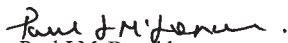
Lead Auditor's Independence Declaration under Section 307C of the Corporation Act 2001

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 2007 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


Paul J McDonald
Partner

Melbourne

26 March 2007

KPMG, an Australian partnership, is part of the KPMG International network. KPMG International is a Swiss cooperative.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 JANUARY 2007

	Note	Consolidated	
		31 Jan 2007 \$000	31 Jan 2006 \$000
Continuing operations			
Revenue		580,213	603,289
Cost of sales		(426,782)	(428,926)
Gross profit		153,431	174,363
Other income		4,125	2,216
Sales, marketing and distribution expenses		(82,034)	(88,019)
General and administrative expenses		(43,061)	(45,170)
Research and development expenses		(17,767)	(17,318)
Profit from operating activities		14,694	26,072
Financial income		3,654	4,628
Financial expenses		(24,539)	(26,929)
Net financing costs		(20,885)	(22,301)
Share of net profits of associates	13	13,720	18,574
Profit before tax		7,529	22,345
Income tax benefit		3,948	1,507
Profit from continuing operations		11,477	23,852
Profit and loss of discontinued operations and gain on sale of discontinued operations (after tax)	10	4,427	10,692
Profit for the period		15,904	34,544
Attributable to:			
Equity holders of the parent		15,874	34,176
Minority interest		30	368
Profit for the period		15,904	34,544
Earnings per share attributable to ordinary equity holders			
Basic earnings per share (cents)	16	9.3	20.1
Diluted earnings per share (cents)	16	9.3	20.1

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 31 JANUARY 2007

		Consolidated		
	Note	31 Jan 2007 \$'000	31 Jan 2006 \$'000	31 July 2006 \$'000
Current assets				
Cash and cash equivalents		58,159	64,470	51,269
Trade and other receivables		545,270	524,688	524,164
Inventories		630,797	567,582	432,023
Income tax receivable		24,279	22,808	6,172
Assets classified as held for sale	11	23,271	–	23,909
Total current assets		1,281,776	1,179,548	1,037,537
Non-current assets				
Receivables		17,090	23,022	17,738
Equity accounted investments	13	248,117	243,983	228,130
Other investments		253	1,107	503
Deferred tax assets		63,221	62,229	61,073
Property, plant and equipment		295,736	319,457	285,738
Intangible assets		315,276	255,961	296,406
Other		4,704	–	–
Total non-current assets		944,397	905,759	889,588
TOTAL ASSETS		2,226,173	2,085,307	1,927,125
Current liabilities				
Bank overdraft		42,583	39,083	19,940
Trade and other payables		444,667	501,393	474,762
Interest bearing loans and borrowings	15	488,980	644,277	495,807
Employee benefits		13,676	14,944	14,389
Income tax payable		1,008	13,267	11,826
Provisions		4,947	7,667	3,700
Liabilities classified as held for sale	11	15,606	–	13,425
Total current liabilities		1,011,467	1,220,631	1,033,849
Non-current liabilities				
Interest bearing loans and borrowings	15	186,667	153,841	107,012
Deferred tax liabilities		32,371	23,094	28,088
Employee benefits		36,716	41,262	38,738
Provisions		17,989	6,667	11,899
Total non-current liabilities		273,743	224,864	185,737
TOTAL LIABILITIES		1,285,210	1,445,495	1,219,586
NET ASSETS		940,963	639,812	707,539
Equity				
Issued capital	16	239,733	221,724	240,760
Reserves	16	28,361	41,000	23,891
Retained earnings	16	424,900	370,705	441,880
Equity attributable to equity holders of the parent		692,994	633,429	706,531
Nufarm Step-up Securities	16	246,932	–	–
Minority interest	16	1,037	6,383	1,008
TOTAL EQUITY	16	940,963	639,812	707,539

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 JANUARY 2007

	Note	Consolidated	
		31 Jan 2007 \$000	31 Jan 2006 \$000
Cash flows from operating activities			
Cash receipts from customers		608,122	621,106
Cash paid to suppliers and employees		(797,152)	(765,600)
Cash generated from operations		(189,030)	(144,494)
Interest received		3,700	4,718
Dividends received		171	329
Interest paid		(27,335)	(26,969)
Income tax paid		(20,568)	(18,024)
Net cash used in operating activities		(233,062)	(184,440)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	194
Proceeds from business sale		1,166	6,937
Payments for plant and equipment		(26,019)	(23,524)
Purchase of businesses, net of cash acquired	12	(10,472)	(20,481)
Payments for acquired intangibles and major product development expenditure		(8,458)	(31,120)
Net investing cash flows		(43,783)	(67,994)
Cash flows from financing activities			
Proceeds from issue of Nufarm Step-up Securities		244,915	-
Proceeds from borrowings		250,268	259,765
Repayment of capital notes		(195,228)	-
Payment for interest rate cap		(3,755)	-
Dividends paid	16	(34,251)	(28,885)
Net financing cash flows		261,949	230,880
Net increase (decrease) in cash and cash equivalents		(14,896)	(21,554)
Cash and cash equivalents at the beginning of the year		31,329	45,849
Exchange rate fluctuations on foreign cash balances		718	1,092
Movement in cash reclassified as assets held for sale		(1,575)	-
Cash and cash equivalents at the end of the year		15,576	25,387

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE SIX MONTHS ENDED 31 JANUARY 2007

	Note	Consolidated	
		31 Jan 2007 \$000	31 Jan 2006 \$000
Items recognised directly in equity			
Foreign exchange translation differences	16	4,511	17,080
Actuarial gains (losses) on defined benefit plans	16	1,380	(3,490)
Cash flow hedges:			
Gains/(losses) transferred to income statement	16	(25)	574
Income and expense recognised directly in equity		5,866	14,164
Profit for the period		15,904	34,544
Total recognised income and expense for the period		21,770	48,708
Attributable to:			
Shareholders of the company		21,741	48,291
Minority interest		29	417
Total recognised income and expense for the period		21,770	48,708

Other movements in equity arising from transactions with owners as owners are set out in note 16.
The amounts recognised directly in equity are disclosed net of tax.

The statement of recognised income and expense is to be read in conjunction with the attached notes.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

1. Reporting entity

Nufarm Limited (the 'company') is domiciled in Australia. The consolidated interim financial report of the company as at and for the six months ended 31 January 2007 comprises the company and its subsidiaries (together referred to as the 'consolidated entity') and the consolidated entity's interest in associates and jointly controlled entities.

The consolidated annual financial report for the consolidated entity as at and for the year ended 31 July 2006 is available upon request from the company's registered office at 103–105 Pipe Road, Laverton North, Victoria, Australia or at <http://www.nufarm.com>

2. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting and the Corporations Act 2001*.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 31 July 2006.

The consolidated interim financial report was approved by the board of directors on 26 March 2007.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the class order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 31 July 2006.

4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 July 2006.

In the current period, an error was detected in respect of the calculation of the tax impact of the sale of the CACI business in the year ended 31 July 2006. The prior period error was caused by a misinterpretation of the tax position in respect of the CACI sale. The amount of the error is €1.089 million (A\$1.827 million). This error has been reflected in the current period interim financial report as a reduction in the opening balance of retained earnings and an increase in the income tax provision in accordance with the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. There is no impact on the current and comparative period income statement or earnings per share calculations.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

5. Financial risk management

The consolidated entity uses foreign exchange contracts and interest rate caps to hedge the foreign currency and interest rate exposures between the Nufarm Step-up Securities issued in Australia and New Zealand, and the group funding to several jurisdictions to which the funds were advanced. The foreign exchange contracts cover the exposure on the principal advanced to group companies in US dollars, euros, the British pound and the Canadian dollar. The interest rate caps hedge the interest rate risk on the distribution to Nufarm Step-up Security holders. The distribution rate is the average mid-rate for bills with a term of six months plus a margin of 1.90 per cent.

Other aspects of the consolidated entity's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 31 July 2006.

6. Segment reporting

Segment information is presented in respect of the consolidated entity's business and geographic segments. The primary format, geographic segments, is based on the consolidated entity's management and internal reporting structure.

The consolidated entity operates predominantly in one business segment, the crop protection industry. The business is managed on a worldwide basis, with the major geographic segments for reporting Australasia, Europe and Americas. In presenting information on the basis of geographic segments, 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. Unallocated items comprise mainly interest-bearing loans, borrowings and expenses, and corporate assets and expenses. Inter-segment pricing is determined on an arm's length basis.

Geographic segments 2007	Australasia \$000	Europe \$000	Americas \$000	Consolidated \$000
Revenue				
Total segment revenue	236,993	163,034	180,186	580,213
Results				
Segment result	22,048	4,080	1,714	27,842
Unallocated corporate expenses				(13,148)
Profit from operating activities				14,694
Net financing costs				(20,885)
Share of profit of associates				13,720
Income tax benefit				3,948
Profit of discontinued operations and gain on sale of discontinued operations				4,427
Profit for the period				15,904

Geographic segments 2006	Australasia \$000	Europe \$000	Americas \$000	Consolidated \$000
Revenue				
Total segment revenue	307,060	141,289	154,940	603,289
Results				
Segment result	44,125	(3,218)	88	40,995
Unallocated corporate expenses				(14,923)
Profit from operating activities				26,072
Net financing costs				(22,301)
Share of profit of associates				18,574
Income tax benefit				1,507
Profit of discontinued operations and gain on sale of discontinued operations				10,692
Profit for the period				34,544

7. Seasonality of operations

The profitability and cash flow of the business remains seasonal with a strong weighting towards the second half. This reflects the key selling period for the crop protection business, particularly in Australia, Europe and North America. Please refer to the report to shareholders for further commentary on operations.

8. Other expenses

The following expenses were included in the period result:

	31 Jan 2007 \$000	Consolidated 31 Jan 2006 \$000
Depreciation and amortisation	(20,816)	(20,931)
Fair value adjustment gain on financial instruments	2,498	453

9. Items of material income and expense

The following material items were included in the period result:

	31 Jan 2007 \$000	Consolidated 31 Jan 2006 \$000
Gain on sale of businesses and discontinued operations	–	6,896
Gain on sale of land and buildings	4,321	–
Restructuring costs	(885)	(7,207)
Material items profit/(loss) before tax	3,436	(311)
Tax (expense)/benefit thereon	(1,396)	1,775
Material items profit after tax	2,040	1,464

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

10. Discontinued operations

Effective 28 September 2006, the consolidated entity signed an agreement with Coogee Chemicals for the sale of the industrial chlor alkali plants in Western Australia. The completion date for the sale is 31 July 2007. The chlor alkali business has been classified as assets held for sale and a discontinued business at 31 January 2007.

The discontinued operations for 2006 includes the chlor alkali business, the New Zealand-based animal health business (sold July 2006), the CACI industrial chemical business (sold June 2006) and the Nuturf business (sold August 2005).

During the six months ended 31 January 2007, the chlor alkali business had net cash inflows from operating activities of \$2,571,994 (six months ended 31 January 2006: \$7,931,650), net cash outflows from investing activities of \$164,696 (six months ended 31 January 2006: \$530,785) and net cash inflows from financing activities of \$152,341 (six months ended 31 January 2006: \$2,857,529).

	31 Jan 2007 \$000	Consolidated 31 Jan 2006 \$000
Results of discontinued operations		
Revenue	15,286	36,234
Cost of sales	(4,192)	(24,028)
Gross profit	11,094	12,206
Other income	–	1,142
Sales, marketing and distribution expenses	(4,812)	(3,362)
General and administrative expenses	–	(2,925)
Research and development expenses	–	(724)
Profit before financing costs	6,282	6,337
Financial income	46	90
Financial expense	–	(40)
Net financing costs	46	50
Profit before tax from operating activities	6,328	6,387
Income tax expense	(1,901)	(1,973)
Profit after tax but before gain on sale of discontinued operations	4,427	4,414
Gain on sale of discontinued operation (Nuturf)	–	6,896
Income tax benefit/(expense) on gain on sale of discontinued operations	–	(618)
Profit for the period	4,427	10,692

11. Assets held for sale

Included in the assets held for sale at 31 January 2007 is the chlor alkali business.

There were no assets or liabilities classified as held for sale at 31 January 2006.

	Consolidated	
	31 Jan 2007	31 Jan 2006
	\$000	\$000
Assets classified as held for sale		
Cash and cash equivalents	1,575	-
Trade and other receivables	3,667	-
Inventories	455	-
Property, plant and equipment	13,709	-
Deferred tax asset	3,865	-
	23,271	-
Liabilities classified as held for sale		
Trade and other payables	8,038	-
Employee entitlements	826	-
Provision for tax	6,301	-
Deferred tax liability	441	-
	15,606	-

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

12. Acquisition of subsidiaries

On 19 October 2006, the consolidated entity acquired all of the shares in Agrosol Srl for € 6.4 million. The company operates a crop protection business based in Ravenna, north eastern Italy. In the three months to 31 January 2007, the subsidiary contributed profit of \$40,886. If the acquisition had occurred on 1 August 2006, management estimates that consolidated revenue would have been \$6,214,682 and consolidated profit \$81,772, on a pro-rata basis for the six months ended 31 January 2007.

Acquisitions in the six months to 31 January 2007	Recognised values \$000	Fair value adjustments \$000	Carrying amounts \$000
Acquiree's net assets at acquisition date			
Cash and cash equivalents	284	–	284
Receivables	11,753	–	11,753
Inventory	2,268	816	3,084
Property, plant and equipment	33	–	33
Intangibles	39	(29)	10
Other assets	1	–	1
Trade and other payables	(8,166)	–	(8,166)
Employee benefits	(120)	–	(120)
Interest bearing loans and borrowings	(2,588)	–	(2,588)
Other liabilities	(66)	(326)	(392)
Net identifiable assets and liabilities	3,438	461	3,899
Intangibles acquired on acquisition	3,223	–	3,223
Goodwill on acquisition	3,634	–	3,634
Consideration paid, satisfied in cash	10,295	461	10,756
Cash acquired	(284)	–	(284)
Net cash outflow	10,011	461	10,472

The intangibles acquired on acquisition is the value attributable to the product registrations owned by Agrosol. The goodwill on acquisition represents the skills and technical abilities of the acquired business's workforce, the direct distribution channels it provides into the Italian market and the synergies expected to be achieved by integrating Nufarm's existing product portfolio.

12. Acquisition of subsidiaries (continued)

Acquisitions in the six months to 31 January 2006	Recognised values \$000	Fair value adjustments \$000	Carrying amounts \$000
Acquiree's net assets at acquisition date			
Cash and cash equivalents	162	–	162
Receivables	10,250	–	10,250
Inventory	6,225	702	6,927
Property, plant and equipment	1,978	–	1,978
Other assets	2,221	–	2,221
Trade and other payables	(8,149)	–	(8,149)
Interest bearing loans and borrowings	(7,892)	–	(7,892)
Net identifiable assets and liabilities	4,795	702	5,497
Reversal of equity investment	1,244	–	1,244
Prior period investment	(2,000)	–	(2,000)
Goodwill on acquisition	15,902	–	15,902
Consideration paid, satisfied in cash	19,941	702	20,643
Cash acquired	(162)	–	(162)
Net cash outflow	19,779	702	20,481

The prior year acquisitions include the Agrogen/FADA business in Colombia and the remaining 50 per cent of Nugrain and Access Genetics.

13. Equity investments

The consolidated entity has the following investments in associates:

	Country	Ownership and voting interest		Share of after tax profit	
		31 Jan 2007 percentage	31 Jan 2006 percentage	31 Jan 2007 \$000	31 Jan 2006 \$000
Agripec Quimica e Farmaceutica SA	Brazil	49.9	49.9	13,697	18,321
Bayer CropScience Nufarm Limited	UK	25	25	(603)	(299)
Excel Crop Care Ltd	India	14.69	14.69	427	550
Other				199	2
Share of after tax profits of associates				13,720	18,574

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

14. Property, plant and equipment

Acquisition and disposals

During the six months ended 31 January 2007, the consolidated entity acquired assets with a cost of \$26,051,853 (six months ended 31 January 2006: \$25,361,559), including assets acquired through business combinations (see note 12) of \$33,000 (six months ended 31 January 2006: \$1,978,000). Assets with a book value of \$1,362,064 were disposed of during the six months ended 31 January 2006 (six months ended 31 January 2006: \$346,861). There were no assets disposed of through the sale of discontinued operations in the six month period to 31 January 2007 (six months ended 31 January 2006: \$218,516).

Capital commitments

During the six months ended 31 January 2007, the consolidated entity entered into contracts to purchase property, plant and equipment for \$15,995,913 (six months ended 31 January 2006: \$10,853,000).

15. Interest-bearing loans and borrowings

Details of the interest-bearing loan and borrowings at 31 January 2007 are as follows:

	Consolidated	
	31 Jan 2007	31 Jan 2006
	\$000	\$000
Current liabilities		
Bank loans – unsecured	488,840	439,131
Capital notes	–	204,545
Finance lease liabilities – secured	140	601
	488,980	644,277
Non-current liabilities		
Bank loans – unsecured	186,552	152,902
Finance lease liabilities – secured	115	939
	186,667	153,841

On 24 November 2006, the capital notes with a face value of NZ\$225 million were repaid.

The capital notes were repaid from the proceeds of the Nufarm Step-up Securities (see note 16).

16. Capital and reserves

Dividends

The following dividends were paid by the consolidated entity.

	31 Jan 2007 \$000	31 Jan 2006 \$000
For the six months ended 31 January 2007		
\$0.20 per ordinary share (2006: \$0.17)	34,251	28,885
Earnings per share		
Net profit for the period	15,904	34,544
Net profit attributable to minority interest	(30)	(368)
Earnings used in the calculations of basic and diluted earnings per share	15,874	34,176
Earnings from continuing operations	11,447	23,484
Earnings from discontinuing operations	4,427	10,692
	15,874	34,176
Add/subtract material items profit/(loss) (refer note 9)	2,040	1,464
Earnings excluding material items used in the calculation of operating earnings per share	13,834	32,712
		Number of shares
Weighted average number of ordinary shares used in calculation of basic earnings per share	171,494,942	169,776,687
Weighted average number of ordinary shares used in calculation of diluted earnings per share	171,494,942	169,776,687
		Cents per share
Earnings per share for continuing and discontinued operations		
Basic earnings per share		
From continuing operations	6.7	13.8
From discontinuing operations	2.6	6.3
	9.3	20.1
Diluted earnings per share		
From continuing operations	6.7	13.8
From discontinuing operations	2.6	6.3
	9.3	20.1
Earnings per share (excluding material items of profit/loss – see note 9)		
Basic earnings per share	8.1	19.3
Diluted earnings per share	8.1	19.3

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

16. Capital and reserves (continued)

Reconciliation of movements in capital and reserves attributable to equity holders of the parent

Consolidated	Share capital \$000	Translation reserve \$000	Capital profit reserve \$000
Balance at 1 August 2005	219,049	(10,450)	33,603
Foreign exchange translation differences	–	17,031	–
Actuarial gains (losses) on defined benefit plans	–	–	–
Cash flow hedges – gains transferred to income statement	–	–	–
Share issued to employees	1,065	–	–
Shares issued under employee global share plan	1,597	–	–
Tax benefit on share issue costs	13	–	–
Profit for the period	–	–	–
Dividends paid to shareholders	–	–	–
Minority interest acquired	–	–	–
Balance at 31 January 2006	221,724	6,581	33,603
Balance at 1 August 2006	240,760	(9,716)	33,627
Effect of change in accounting policy	–	–	–
Balance at 1 August 2006 restated	240,760	(9,716)	33,627
Foreign exchange translation differences	–	4,512	–
Actuarial gains (losses) on defined benefit plans	–	–	–
Cash flow hedges – gains transferred to income statement	–	–	–
Share issued to employees	193	–	–
Shares purchased for employee global share plan	(1,332)	–	–
Shares issued as consideration for business acquisition	99	–	–
Tax benefit on share issue costs	13	–	–
Transfer to/from reserves	–	(17)	–
Profit for the period	–	–	–
Dividends paid to shareholders	–	–	–
Proceeds from Nufarm Step-up Securities issue, net of costs	–	–	–
Balance at 31 January 2007	239,733	(5,221)	33,627

Hedging reserve \$000	Other reserve \$000	Retained earnings \$000	Minority interest \$000	Nufarm Step-up Securities \$000	Total equity \$000
-	242	368,904	5,966	-	617,314
-	-	-	49	-	17,080
-	-	(3,490)	-	-	(3,490)
574	-	-	-	-	574
-	-	-	-	-	1,065
-	-	-	-	-	1,597
-	-	-	-	-	13
-	-	34,176	368	-	34,544
-	-	(28,885)	-	-	(28,885)
-	-	-	-	-	-
574	242	370,705	6,383	-	639,812
(20)	-	441,880	1,008	-	707,539
-	-	-	-	-	-
(20)	-	441,880	1,008	-	707,539
-	-	-	(1)	-	4,511
-	-	1,380	-	-	1,380
(25)	-	-	-	-	(25)
-	-	-	-	-	193
-	-	-	-	-	(1,332)
-	-	-	-	-	99
-	-	-	-	-	13
-	-	17	-	-	-
-	-	15,874	30	-	15,904
-	-	(34,251)	-	-	(34,251)
-	-	-	-	246,932	246,932
(45)	-	424,900	1,037	246,932	940,963

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT CONTINUED

16. Capital and reserves (continued)

Nufarm Step-up Securities

In the six months ended 31 January 2007 Nufarm Finance (NZ) Limited, a wholly owned subsidiary of Nufarm Limited, issued a new hybrid security called Nufarm Step-up Securities (NSS). The NSS are perpetual Step-up Securities and on 24 November 2006, 2,510,000 NSS were allotted at an issue price of \$100 per security raising \$251 million. The NSS are listed on the ASX under the code 'NFNG' and on the NZDX under the code 'NFFHA'. The after-tax costs associated with the issue of the NSS, totalling \$4.1 million, have been deducted from the proceeds.

Distributions on the NSS are at the discretion of the directors and are floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are restricted if distributions to NSS holders are not made until such time that Nufarm Finance (NZ) Limited makes up the arrears. The first distribution date for the NSS is 15 April 2007 and on a six-monthly basis after this date. The floating rate is the average mid-rate for bills with a term of six months plus a margin of 1.90 per cent. The step-up date is five years from issue date, and provides the issuer with the following options: (a) keep the NSS on issue whereby the margin will step-up by the step-up margin; or (b) redeem the NSS for face value, or exchange them for a number of ordinary shares in Nufarm. The exchange ratio is calculated based on the average market price of Nufarm ordinary shares for 20 business days prior to exchange date less a 2.5 per cent discount.

17. Contingent liabilities

Contingent liabilities total \$26.1 million at 31 January 2007, compared to \$27.3 million at 31 July 2006.

A non-trading subsidiary of Nufarm Limited, Fchem (Aust.) Limited, is one of a number of parties served with an application and statement of claim on behalf of the Australian Competition and Consumer Commission (ACCC). The application relates to alleged price fixing and other activities involving the timber protection industry. Nufarm's interest in the timber protection industry was sold in 2001. Nufarm and its legal advisers are examining the application and statement of claim and will respond accordingly.

18. Subsequent events

On 26 March 2007, the directors declared an interim dividend of 11 cents per share, fully franked, payable 27 April 2007, with the record date for entitlement being 5 April 2007. Interim dividend for 2006 was 10 cents per share fully franked.

DIRECTORS' DECLARATION

In the opinion of the directors of Nufarm Limited (the company):

- (a) the financial statements and notes set out in this report are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 January 2007 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) 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:



KM Hoggard
Director



Doug Rathbone
Director

Melbourne
26 March 2007

INDEPENDENT AUDITOR'S REVIEW REPORT



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

We have reviewed the accompanying interim financial report of Nufarm Limited, which comprises the consolidated interim condensed balance sheet as at 31 January 2007, condensed income statement, condensed statement of recognised income and expense, and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes 1 to 18 and the directors' declaration of the consolidated entity 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 Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 January 2007 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.

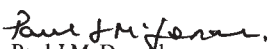
A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Nufarm Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2007 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


Paul J McDonald
Partner

Melbourne
26 March 2007

KPMG, an Australian partnership, is part of the KPMG International network. KPMG International is a Swiss cooperative.

DIRECTORY

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GDW Curlewis, Deputy Chairman
DJ Rathbone AM, Managing Director
Dr WB Goodfellow
GA Hounsell
DG McGauchie AO
Dr JW Stocker AO
RFE Warburton AO

Company Secretary

R Heath

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