



Interim Results

6 months to January 31, 2004

Doug Rathbone
Managing Director

03-04 Interim

- Thanks for your attendance and ongoing interest in the company.....
- Taking into account the strong seasonality of Nufarm's earnings, we are reporting a very solid result for the 6 months to January 31.
- We have generated higher sales and improved profitability; we continue to make progress on the management of working capital; and the company's debt position continues to improve.
- Business conditions are positive....and we remain on track to deliver strong profit growth for the full year, with that confidence being reflected in the Board's decision to increase the interim dividend.

Headline Results



	1H 2004 \$m	1H 2003 \$m
Operating profit (loss)	(1.87)	(3.99)
Group Sales	530.9	509.6
Crop Protection		
Sales	471.4	375.1
Segment profit*	26.8	16.4
Chemicals		
Sales	59.2	133.4
Segment profit*	2.1	8.0

* Earnings before interest, tax, head office management charges

- The half year result represents an improved outcome compared to the interim result last year.....
- We generated a small loss, with revenues up 4% overall.
- Revenues were up 25% in the core crop protection business, which showed a dramatic improvement in profitability...up more than 60% on a segment basis.
- The absence of sales associated with the Fernz specialty chemicals business (sold in November '02) reduced sales, with the segment profit also down half on half.

Headline Results



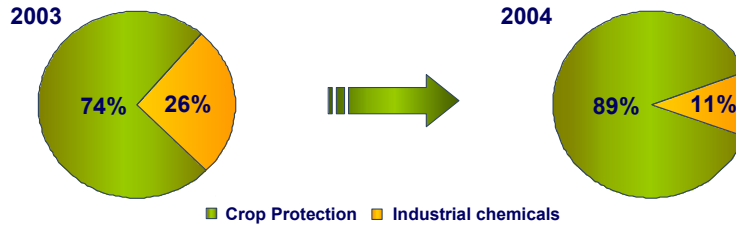
	1H 2004	1H 2003	FY 2003
Working capital	\$362.5m	\$492.9m	\$336.5m
Net debt to equity	113%	188%	98%
Rolling 12 month ROFE	13.8%	10.5%	14.5%
Interim dividend	8 cents	7 cents	

- The strong seasonality of the business has an impact on the balance sheet at the half year....
- However, we have continued to focus on better management of working capital and you can see that this position has improved quite significantly half on half. (lower inventories; improvements in both payables and receivables)
- Our gearing level also improved significantly when compared with the corresponding period last year.
- On a rolling 12 month basis, return on funds employed is substantially better; and
- Given these improvements – and our confidence looking forward to the full year results – the dividend has been increased from 7 cents to 8 cents.

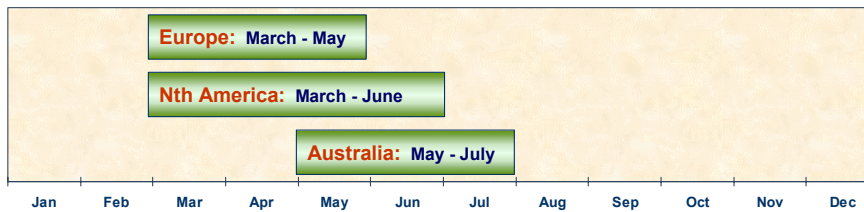
Seasonality of earnings



Business mix - 6 months to January 31



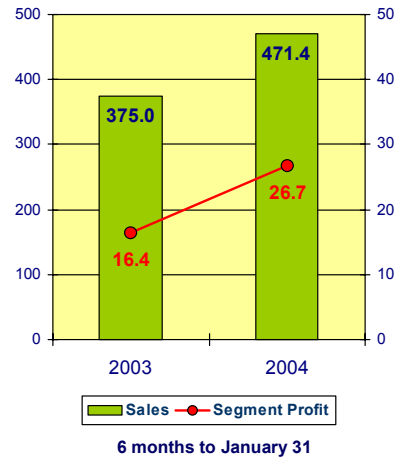
Major planting / cropping periods



- Consistent with the company's growth strategy, there has been a continued focus on strengthening our position in crop protection, which represented 89% of group revenues in the first half, up from 74% in the previous period.
- This accentuates the seasonality of the company's earnings, with all of the profit generated in the second six months.
- As we have pointed out, the company's cost base is just about constant throughout the year, and – with some two thirds of sales to be generated in the February to July period – the first half is likely to produce a small loss or break-even position for the foreseeable future.
- Nufarm's peak sales are driven by the planting of broad acre crops in our major markets and this occurs in the March to July period here in Australia, as well as in Europe and North America.
- We have already begun to see the demand for product increase dramatically as these seasons get underway.

Crop Protection

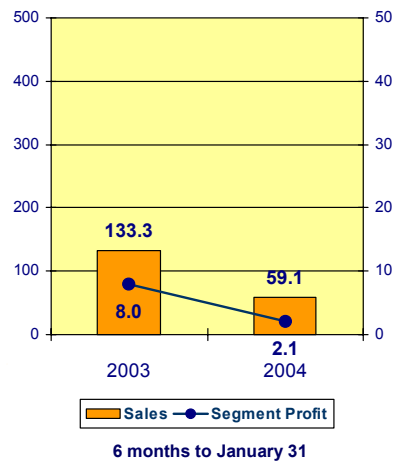
- **25% increase in revenues**
63% increase in segment profit
- Significantly better conditions in Australia
- Continued growth in other markets
- Southern Europe / France restructure



- The single biggest driver in the stronger crop protection results is undoubtedly the major improvement in seasonal conditions experienced here in Australia. And we now have a very strong domestic business which is able to take full advantage of that turn-around. The combination of the Nufarm, crop Care and Roundup brands – more recently joined by the BASF product range – has consolidated Nufarm’s clear leadership position in this market.
- Elsewhere, we saw higher sales in the USA, South America, Asia and most European markets.
- The exception is Southern Europe, where the restructuring of the French business – an initiative we discussed at the AGM in December – is holding back sales as we make various changes to improve the long term profitability of that business.
- That restructure involves:
 - The rationalisation of certain assets, including the closure of a manufacturing facility at Mullhouse;
 - A management restructure;
 - A shift towards more brand sales as opposed to tech and third party business;
 - A reduction in head count in several areas of the business; and
 - More cost efficient office accommodation;
- We are making excellent progress towards these objectives, but there will be some short term cost associated with putting those initiatives in place. Having said that, we expect the P&L impact at year end to be neutral.

Industrial Chemicals

- Impact of sale of Fernz trading business
- Fine/performance chemicals behind expectations
- Chlor alkali plants performing solidly



- The reduction in sales in the industrial chemicals business can be attributed to the sale of Fernz specialty chemicals, which generated just over \$50m in the first half of last year, and a slight under performance in the fine and performance chemicals businesses.
- Nufarm speciality chemicals (based in Lobeco, South Carolina) was down on last year's half year result, after losing a contract with Sun Chemicals to provide a specialty pigment product for Sun's automotive paints business....they hope to catch that up with new contracts in the second half, but I do not expect them to make their numbers for the full year.
- The chlor alkali business again generated a solid result...and remains an extremely good business, with a logical technology link to our crop protection manufacturing operations.

- **BASF acquisitions**
 - Global phenoxy herbicides business
 - Fungicides for Germany / Austria
 - Australian distribution business

- **Capital raising**
 - Institutional placement ➡ \$40m
 - Share Purchase Plan ➡ \$18m

- Since the beginning of the year, we have announced three separate deals with BASF.

- Global phenoxy business (describe & explain benefits to Nufarm)

- # sales of 40m Euro
- # 6 active ingredients
- # Leading brands in European markets and Brazil (+ others)
- # Includes exclusive supply agreement with BASF
- # (progress re integration/sales)
- # Contribution of about \$4.5m NPAT this year; \$7m next year

- Fungicides (describe & explain benefits for Nufarm)

- # 5 year (renewable) exclusive license for Germany & Austria
- # Sales of about 6m Euro
- # Leverages existing herbicide position in cereals
- # Important re broadening of portfolio

- Australian distribution deal (describe & explain benefits for Nufarm)

- # \$40m in sales
- # Complementary product range
- # Access to BASF global R&D pipeline

- Strong support for institutional placement and SPP

Background:

- Major 'input' trait is herbicide (glyphosate) resistant
 - ➔ 'Roundup Ready'
- Has significantly increased application of Roundup
- Has required glyphosate management programs
- Has reduced application of a limited number of other chemistries

Impact on Nufarm:

- We are a major global supplier of glyphosate
- Nufarm Glyphosate/Roundup licensed for 'Roundup Ready' in most markets
- Other Nufarm 'core' products not threatened/displaced by increased glyphosate use
- Additional opportunities for phenoxies
 - ➔ Changing weed spectrum
 - ➔ Resistance management
 - ➔ Ideal tank mix

Outlook for full year



- February/March crop protection sales are strong
- Continued growth in USA, Germany, other markets
- Restructuring in France



Approx 15% NPAT growth on 2003

- Turning to the outlook for the full year.....
- As we enter the peak selling period for our crop protection businesses, sales in February/March are very strong...especially here in Australia which is shaping to have a very positive winter cropping season.
- We confidently expect sales and profit growth in most of our crop protection markets around the world. In particular, the German business – which will benefit strongly from the BASF phenoxies and fungicides deals – and the USA, which continues to show very positive organic growth.
- The restructuring activity in France should be mostly completed by year end....certainly so far as the major initiatives are concerned.
- While, as a whole, the industrial chemicals businesses, looks like under-performing initial expectations, the core business is performing very well and we remain on track to deliver profit growth in the order of 15% for the full year. (i.e. we are confidently reaffirming our profit guidance).