

March 24, 2004

**Report to shareholders
6 months ended January 31, 2004**

Nufarm Limited has incurred an after tax loss of \$1.87 million for the half year period ending on January 31, 2004. This result is marginally better than the guidance provided by the company and is an improvement on the interim loss of \$3.99 million for the corresponding period last year.

Directors said the company remained on target to achieve strong profit growth for the full year, with seasonal and business conditions looking positive and recent acquisitions poised to make valuable earnings contributions within the current 12 month period.

The interim dividend has been increased from 7 cents to 8 cents (fully franked) and will be paid on April 28 to all holders of ordinary shares in the company as of April 8.

Crop protection revenues in the first half were up 25% on the same period last year, with sales generated by the Australian businesses significantly ahead of the previous period due to the far more favourable seasonal conditions.

Industrial chemical revenues were down by almost 60%, reflecting the sale of the Fernz specialty chemicals business in November of 2003, which recorded sales of some \$50 million in the first half of last year.

Overall, group revenues increased by 4% to \$531 million. 57% of revenues were generated in Australasia; 19% in the Americas; and 24% in Europe.

With a continued focus on growing the company's core crop protection business, Nufarm's earnings remain highly seasonal. Approximately two thirds of the company's sales are generated in the second half, coinciding with the major broad acre cropping activity in Australia (winter crops), Europe and the United States (both summer crops).

Operating expenses reflect the full six months of the Crop Care business in Australia and the German operations, both of which were acquired during the previous year.

Working capital as at January 31, 2004 was \$362.5 million, which is some \$130.4 million lower than for the same period last year.

Inventory levels were reduced – particularly in relation to high stock levels associated with the Crop Care acquisition in late 2002 – and better management of receivables and payables led to improvements in both areas.

Receivables securitisation levels were moderate at January, 2004 (\$26.7m) and the reduction from July, 2003 (\$75.6m) is the main reason for the increased cash outflow from operations.

Consistent with the company's objective of reducing its gearing levels, net debt to equity was 113%, compared to 188% at January 31, 2003.

Crop protection

The crop protection business accounted for some 88% (\$471.4 million) of group sales and generated a segment profit of \$26.8 million, up 63% on the previous half year.

The Australian business capitalised on much improved seasonal conditions, particularly in the latter part of the six month period. Good rains were received in most of the key cropping regions, driving sales related to summer weed control and early stocking ahead of the key winter planting period.

The combination of the Nufarm, Crop Care and Roundup brands has given the company a strong leadership position in the Australian market. The recently announced arrangements for Nufarm to take over the distribution of the BASF crop protection business will further consolidate that position.

The New Zealand business is slightly ahead of expectations at the half year, which is a good outcome given that climatic conditions in that country have not been ideal.

In Asia, Nufarm is extending its sales, with the high value Japanese market generating good earnings and continued growth in Indonesia and Malaysia. Regional sales were ahead of the previous year.

An expanded product range and improved access to market helped the US crop protection business achieve growth in both the agriculture and turf/specialty sectors (when measured in local currency). Glyphosate sales were strong, with increased volumes compensating for a continued easing in price.

Canadian sales were in line with forecast, and sales in South America – where Nufarm is establishing a new regional headquarters in Santiago, Chile – are showing steady growth as new product registrations are achieved and the product range is expanded in local markets.

Nufarm recently announced that it had acquired the international phenoxy herbicides business of BASF (Germany), as well as licensing rights to several fungicide products for Germany and Austria. Sales and earnings associated with these acquisitions will positively impact the company's second half, with particular benefits for Nufarm's European operations.

In the first six months, the German business produced an excellent result and is on track to achieve strong sales growth for the full year. The BASF phenoxies business will assist both sales and profit outcomes in this market, where Nufarm is establishing a strong product presence in the important cereals and corn segments.

The UK, Spain and Portugal all recorded increased sales and are well positioned for the full year. Additional fungicide sales were important contributors.

The restructuring of the French operations is proceeding on plan. While overall sales will contract in the short term, a move away from third party business to direct, branded sales will assist margins and improve the outlook of this business in the medium to long term.

Due to the timing of sales from Nufarm's 25% owned bromoxynil joint venture with Bayer Cropscience, the performance of this business was significantly down in the first half. This is a phasing issue which will correct in the second half.

Chemicals division

This division generated sales of \$59 million and a segment profit of \$2.1 million for the first half.

The SEAC pharmaceutical intermediates subsidiary in France generated an improved profit to that achieved in the same period last year, although below budget.

Removing the impact of the sale of the Fernz specialty chemicals business, the fine and performance chemicals businesses were slightly behind last year's first half result. An improvement will be seen in the second six months but these businesses are unlikely to meet initial expectations for the full year.

The company's chlor alkali plants (80% owned) in Western Australia continue to generate good returns, with the first half performance on budget.

Other developments

The company successfully completed a new equity raising during January/February. \$40 million was raised via a placement of shares to institutional investors on January 14, and a Share Purchase Plan made available to retail investors – which closed on February 13 - raised a further \$18 million. The new equity was placed at \$5.20 per share.

On February 23, Nufarm announced that it had entered into an agreement with BASF to distribute that company's crop protection products in Australia. The new arrangements came into effect on March 1. The BASF product

range is complementary to Nufarm's existing product portfolio and will strengthen the company's position in a number of market segments.

Outlook

As the key selling periods approach in Nufarm's major crop protection markets, the company is well positioned to take advantage of average to good seasonal conditions in most regions.

Australia, which remains the company's largest market, has experienced widespread rains which continue to drive strong sales into the second half of the year. The company's production facilities are operating at full capacity to meet current and anticipated demand.

Elsewhere, the company is expecting sales and profit growth in most markets, as measured in local currencies. The exception is Southern Europe which will generate lower sales associated with the restructuring activity in France.

The newly acquired businesses and products will make positive contributions for the full year, and there is expected to be a continued strengthening of key balance sheet ratios.

Given a continuation of reasonable conditions over the remainder of the year, a record half is expected and the company is now forecasting growth in operating profit over 2003 of approximately 15%.

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