

October 4, 2005

Preliminary announcement**Full year results for the period ending July 31, 2005****Financial highlights**

Reported net profit -	\$104.3 million
Group revenues -	up 5% to \$1.67 billion
Tax paid operating profit - (exc. non operating items)	up 35% to \$103.5 million
Earnings per share -	up 29% to 61.2 cents
Full year dividend -	increased 13% to 26 cents
Gearing (net debt to equity) -	78%
EBIT – Interest cover -	4.6 times
Return on funds employed -	increases to 17.4%

The directors of Nufarm Limited announced today a net profit of \$104.3 million for the year ended July 31, 2005. After allowing for non operating items, the tax paid operating profit of \$103.5 million represents an increase of 35% on the previous year's net operating profit of \$76.5m.

Total group sales were \$1.67 billion, up almost 5% on the 2004 year, with core business crop protection revenues increasing 9% year on year and representing 95% of total revenues.

Nufarm's 49.9% equity interest in Brazilian crop protection company, Agripec, generated a net contribution after goodwill amortisation and funding costs of \$19.1 million. This contribution is equity accounted and Agripec sales are not included in Nufarm's revenue line.

The remainder of the company's crop protection business achieved higher sales and profits, with strong performances in the United States, Germany and France. Despite challenging seasonal conditions and late winter rains, the Australian business also performed strongly, although margins were adversely impacted by higher input costs and competitive pressures. Southern Europe and Brazil were also impacted by adverse seasonal conditions, with other markets experiencing average conditions for the reporting period.

Australasia accounted for 49% of total sales; the Americas 28% and Europe 23%.

Earnings per share were 61.2 cents, an increase of 29% on last year's 47.3 cents.

Net debt to equity increased from 61% at end July 2004 to 78% at end July 2005. As forecast, the increased use of borrowings associated with the Agripec acquisition moved the gearing level to 75%. The additional increase related to higher working capital, driven by the late season in Australia, and a fungicide stocking program in the US business associated with the transition to an alternative manufacturing source.

Cash flows from operations were \$62.6 million, down from \$202.7 million in the prior year. After allowing for the \$69 million impact of increased securitisation in the 2004 period, the remainder of the difference is increased working capital utilisation, as discussed above.

Return on funds employed increased from 15.7% to 17.4%, and interest cover increased from 4.4 times to 4.6 times.

Non operating items

The company booked a net profit of \$0.8 million from the combination of the sale of non core businesses; costs associated with various restructuring initiatives and other non operating items during the 2005 reporting period. These items are detailed in the notes to the accounts.

A \$15.4 million profit was realised on the sale of several businesses. These divestments included the Nufarm Specialty Products business (based in the USA) and the SEAC pharmaceutical intermediates business (based in France).

There was an \$11.2 million write down of certain manufacturing assets in the UK as part of ongoing efforts to ensure maximum value is achieved on the capital employed in the business. The transfer of synthesis activity from the Belvedere plant in the UK to the Botlek facility in Holland will result in the more efficient utilisation of the company's manufacturing assets and allows new filling and packaging lines commissioned at Belvedere to better support a growing branded products business and provide more flexibility in managing the local supply chain.

There were also write-downs of intangible assets and other restructuring costs, mainly in France.

Final Dividend

Directors have declared a fully franked final dividend of 17 cents per share (last year 15 cents per share) which will be paid on November 11 to the holders of all fully paid shares in the company as at the close of business on October 21.

The resulting full year dividend payment of 26 cents per share is an increase of 3 cents (13%) on the previous year.

For dividend payout calculations, the Board has elected to use operating profit from controlled operations plus dividend returns from associated entities such as Agripec.

Business review

Crop protection

Total crop protection sales increased by 9% to \$1,581 million, with operating profit before tax, interest and head office charges up by 17% at \$191.9 million.

The overall crop protection gross margin fell from 41% to 38%, due principally to increased sales in lower margin markets such as Argentina and some of the Asian countries, and to increased costs of some key inputs such as glyphosate technical active. The margin decline was offset by a reduction in business expenses as the company continued to focus on increased efficiencies. Taking into account one-off items and expenses associated with discontinued businesses, the cost base of the core ongoing business was reduced by some 5%.

The company achieved higher sales of branded products in all of its major markets. This financial year covered a generally strong period for the global crop protection industry and Nufarm was – and remains – well placed to take advantage of positive industry trading conditions.

Nufarm's core products, including the phenoxy herbicides and glyphosate, continue to gain market share and provide a solid platform for the company's growth in various markets around the world. Additional resources were employed to strengthen the company's operational presence in key markets, and a number of new products were introduced as part of an ongoing program to broaden the product portfolio.

Australasia

The Australian season was generally characterised by a very good spring and early summer in late calendar year 2004, followed by a prolonged dry period (other than in Western Australia) and late breaking rains in mid June. This contributed to an excellent first half, slow sales throughout most of the second half and a record sales month in July.

Sales were slightly up year on year, assisted by an initial full 12 months contribution from the BASF product range (licensed to Nufarm in March of 2004); and very good seasonal conditions in Western Australia. Total sales for the Australian businesses were \$657 million.

While the Australian market remains very competitive and there were limited opportunities to pass through higher raw material costs, management succeeded in reducing total expenses.

There was increased competition in the domestic glyphosate business, with a dry autumn in the Eastern states providing limited sales opportunities during that period. Nufarm, however, was able to grow sales of its premium branded products over the course of the financial year, with the total glyphosate market recording similar volumes to the previous 12 month period.

The Crop Care business benefited from an improved product mix and achieved strong sales of grass herbicides and early protection fungicides.

New Zealand sales (\$69 million) were approximately the same as in the previous reporting period, reflecting a wet spring and dry autumn which restricted farmer spending on pasture renewal programs.

Asian based sales were up by almost 6% to \$55 million, but the earnings contribution from these businesses was impacted by changes to the regulatory system in Indonesia that have the effect of facilitating increased competition from Chinese sourced generics.

Americas

North American sales totaled \$399 million for the period.

Nufarm's position in the USA – the world's largest crop protection market – continued to strengthen during the 2005 financial year. Sales were up some 15% in local currency and this helped drive a stronger earnings contribution.

The company achieved higher shares in an expanded market for both phenoxy herbicides and glyphosate, as well as increased sales of other products including the herbicide bromoxynil, which is manufactured by Nufarm in a joint venture with Bayer CropScience. An expanded product range helped secure additional opportunities and stronger support from key distribution customers.

While seasonal conditions were not ideal for the turf and specialty market, Nufarm sales grew strongly driven by excellent results in the formulator (over the counter sales to consumers) and vegetation management segments.

The Nufarm brand continues to gain support in Canada, where a better product mix, improved pricing and attention to cost controls resulted in a stronger performance from this business.

In South America, Nufarm invested in strengthening its operational presence in Argentina, Chile and a number of the Andean countries. Sales in Argentina were up by more than 50%, but the current low regulatory barriers make this a lower margin market and the company is adopting a long term view on improved earnings opportunities.

Nufarm's branded sales business in Brazil was integrated into the Agripec business late in the reporting period. Sales of the former BASF phenoxy herbicide brands (transferred in Brazil in November 2004) helped drive a strong increase in sales and significant improvement in the performance of this business.

Agripec - Brazil

Nufarm completed a debt funded US\$120 million acquisition of 49.9% of Brazilian crop protection company, Agripec, in the first half of the reporting period. The terms relating to this acquisition allowed Nufarm to capture a full 12 months of contributions from this investment.

The equity accounted profit of \$19.1 million is Nufarm's share of Agripec's net profit after tax. This is below the contribution forecast at the half year (\$22m - \$24m) and reflects a deterioration in seasonal conditions and measures taken to ensure the collection of outstanding receivables.

Drought conditions developed in the major soybean growing region of Southern Brazil, leading to an estimated 10-15% reduction in industry sales for the first half of calendar year 2005. The appreciation of the Real against the US dollar also impacted returns to farmers and contributed to higher levels of farmer debt. Like other crop protection suppliers, Agripec opted to retrieve or buy back product from those areas of the market where concerns existed relating to the collection of proceeds.

Europe

The key European markets of France, Germany and the UK experienced varied/average seasonal conditions. Drought conditions in Southern Europe impacted growth opportunities in Spain/Portugal.

The benefits of ongoing restructuring initiatives in France – aimed at transitioning Nufarm from a third party sales business to a branded products business and reducing head office costs – continue to be reflected in an improved sales and profit performance. A stronger position in the important cereals segment complemented higher sales into vines and horticulture with the former BASF herbicide brands being strong contributors. Nufarm also consolidated its position in the non crop business in France, with an expanded product range generating improved margins. The French business recorded total sales of \$103 million, an increase of 18% on 2004 sales.

Sales in Germany were \$58 million and up by some 30% year on year. The sales increase helped offset reduced margins on the company's proprietary 'Ralon' herbicide which faced increased competition from alternative products. Sales of fungicides were up strongly aided by an estimated 10% expansion of Germany's cereal fungicides market. This business has developed excellent selling capabilities and strong technical support, contributing to improved access to the market.

Higher branded sales in the UK (\$52 million) were driven by the introduction of new products, with improved pricing power helping to achieve a solid earnings contribution from this business. This was in spite of a dry Spring and a resulting reduction in weed germination and fungal disease. The company increased its market share in glyphosate.

Drought conditions in Spain saw industry sales contract by more than 15% during the reporting period. Despite this, Nufarm managed to grow its business in Spain on both a sales (up 3% to \$38 million) and earnings contribution basis. Sales in the smaller adjoining market of Portugal – also badly impacted by drought – were down on the previous year.

Sales in other European regional markets were stronger, driven by new product registrations and more effective sales and distribution arrangements. Austria, Poland, Hungary, and the Nordic countries all made positive contributions and Nufarm is well positioned to take advantage of additional opportunities in these and other European markets.

Industrial chemicals

Industrial and specialty chemicals generated revenues of \$90.2 million, some \$52 million (36%) less than in the previous period. The division generated a segment profit of \$9.5 million (\$14.9m in 2004).

The lower sales were attributable to the divestment of two non core businesses; the Nufarm Specialty Products business (sale effective December 31, 2004), and the SEAC pharmaceutical intermediates business (sale effective February 1, 2005).

The company's 80% owned chlor alkali plants in Western Australia recorded an improved earnings contribution on slightly higher sales.

Subsequent events

The company announced in August 2005 that it had sold its Australian turf/speciality business, Nuturf Pty Ltd, to Hong Kong based C K Life Sciences International Holdings Inc. for \$7.2 million.

2005 financial year sales for Nuturf Pty Ltd were some \$21 million and the business contributed net earnings of \$1.1 million.

This small wholesale business was not addressing a market where Nufarm has core competencies and had not achieved sufficient scale to justify ongoing investment.

International Financial Reporting Standards

The company will adopt the Australian equivalent of International Financial Reporting Standards (AIFRS) for the year ending July 31, 2006.

For the purpose of providing a comparative 2005 profit estimate under the new standards, the company has reviewed its accounts and made a best estimate of the quantitative impact of the changes as at the time the July 31 2005 financial report was prepared. The actual effects of the transition to AIFRS may differ to these estimates due to potential amendments; interpretations and emerging accepted practice.

The company's AIFRS review is detailed in Note 37 to the financial statements. The major estimated impacts can be summarised as follows:

\$ million	AGAAP	AIFRS
Total equity at July 2005	616.6	617.0
Operating profit after tax 2005	103.5	121.4
Reported net profit 2005 (inc. non operating items)	104.3	124.8

The major differential in the 2005 profit is attributable to a greatly reduced amortisation of intangible assets and goodwill, which amounts to some \$18.4 million in additional reported profit under the new standards.

Outlook

The 2005 results reflect a focused and robust global business well positioned to achieve additional growth in both revenues and earnings.

Having established a strong operational presence in the major crop protection markets around the world, the company is now looking at accelerating the expansion of its product portfolio in order to take advantage of excellent growth opportunities in markets such as North and South America, and Europe. The 2006 reporting period will see the introduction of a number of new products.

While the company faces strong competitive pressures in many of its key markets, it has developed medium to long term strategies aimed at capturing business efficiencies and growing margins.

The outlook for the Agripec business over the key selling period in Brazil (September – December) is one of marginal sales growth in a flat or slightly declining market. Agripec's growth will be driven by an expanded product range, further market penetration and distributor/grower support.

The company aims to generate annual net earnings growth of approximately 10%. Given average seasonal conditions in Nufarm's major markets, Directors are very confident that this target can be achieved in 2006 and that the company is well positioned for strong, ongoing growth in the medium to long term.

A handwritten signature in black ink, appearing to read 'D.J. Rathbone'.

Doug Rathbone
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