

Nufarm Limited

12 months ended 31.7.2004		Consolidated		% Change
		6 months ended 31.1.2005	6 months ended 31.1.2004	
RESULTS FOR ANNOUNCEMENT TO THE MARKET				
TRADING RESULTS (\$000)				
1,576,815	Revenue from ordinary activities	685,771	540,323	27%
76,202	Profit/(Loss) from ordinary activities after tax attributable to members	28,309	(1,876)	N/A
76,202	Net profit/(loss) attributable to members	28,309	(1,876)	N/A
DISTRIBUTION TO SHAREHOLDERS				
		Amount per security		Franked amount per security
	Dividend paid per ordinary share on 15 November 2004	15c		15c
	Dividend paid per ordinary share on 7 November 2003		13c	13c
	Dividend proposed 9 cents per ordinary share fully franked, with record date for entitlement 8 April 2005			
OTHER SUMMARY DATA				
RATIOS				
61%	Gearing ratio	126%	113%	
39.2%	Equity ratio	32.6%	32.2%	
\$2.17	Net tangible assets per ordinary share	\$2.21	\$1.74	
2,613	Staff employed	2,611	2,645	

Nufarm Limited

Condensed statement of financial performance

for the six months ended 31 January 2005

	Note	Consolidated	
		31.1.2005 \$000	31.1.2004 \$000
Revenue from ordinary activities		685,771	540,323
Cost of sales		(394,482)	(281,073)
Gross profit		291,289	259,250
Interest income		672	618
Other revenue	3	52,485	9,021
		344,446	268,889
Expenses			
Depreciation and amortisation		(33,120)	(28,441)
Borrowing costs		(16,692)	(15,631)
Operating expenses	3	(278,638)	(225,617)
Total expenses		(328,450)	(269,689)
		15,996	(800)
Share of net profits/(losses) of associates		19,150	(60)
Profit/(Loss) from ordinary activities before income tax expense		35,146	(860)
Income tax expense relating to ordinary activities		5,981	153
Net profit/(loss)		29,165	(1,013)
Net profit attributable to outside equity interest		856	863
Net profit/(loss) attributable to members of the parent entity	7	28,309	(1,876)
Net exchange differences arising on translation of opening net investment in foreign operations, net of related hedges		(14,750)	(5,958)
Share issue costs		-	(450)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		(14,750)	(6,408)
Total changes in equity other than those resulting from transactions with owners as owners		13,559	(8,284)
Earnings per share			
Basic earnings per share (cents per share)		16.8	(1.2)
Diluted earnings per share (cents per share)		16.8	(1.2)

The accompanying notes form an integral part of these financial statements

Condensed statement of financial position

At 31 January 2005

	Note	31.1.2005 \$000	Consolidated 31.1.2004 \$000	31.7.2004 \$000
Current assets				
Cash assets		35,723	37,586	56,826
Receivables		279,537	304,129	232,518
Inventories		511,816	429,138	432,139
Tax assets		9,893	5,370	6,858
Prepayments		23,738	28,670	7,951
Total current assets		860,707	804,893	736,292
Non-current assets				
Receivables		45,724	43,141	38,535
Equity accounted investments		205,465	16,986	24,953
Other financial assets		1,767	5,307	3,713
Property, plant and equipment		350,493	362,016	376,632
Deferred tax assets		37,337	36,608	34,302
Intangible assets		178,725	191,525	196,021
Other		20,267	21,667	21,130
Total non-current assets		839,778	677,250	695,286
TOTAL ASSETS		1,700,485	1,482,143	1,431,578
Current liabilities				
Payables		350,115	370,773	397,939
Interest bearing liabilities		403,515	186,577	112,411
Tax liabilities		15,599	6,032	15,401
Provisions		20,262	17,643	25,111
Total current liabilities		789,491	581,025	550,862
Non-current liabilities				
Interest bearing liabilities		329,640	389,703	287,180
Deferred tax liabilities		15,932	25,208	22,673
Provisions		11,435	9,398	10,369
Total non-current liabilities		357,007	424,309	320,222
TOTAL LIABILITIES		1,146,498	1,005,334	871,084
NET ASSETS		553,987	476,809	560,494
Equity				
Contributed equity	6	215,877	191,674	210,530
Reserves		3,006	19,738	17,854
Retained profits	7	327,417	258,448	324,401
Equity attributable to members of the parent entity		546,300	469,860	552,785
Outside equity interest		7,687	6,949	7,709
TOTAL EQUITY		553,987	476,809	560,494

The accompanying notes form an integral part of these financial statements

Condensed statement of cash flows

for the six months ended 31 January 2005

	Note	Consolidated	
		31.1.2005	31.1.2004
Inflows/(outflows)		\$000	\$000
Cash flows from operating activities			
Receipts from customers		710,027	570,991
Dividends received		121	-
Interest received		471	397
Payments to suppliers and employees		(843,442)	(635,523)
Borrowing costs paid		(16,692)	(15,631)
Income tax paid		(17,544)	(28,434)
Net operating cash flows		(167,059)	(108,200)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,790	443
Proceeds from sale of investments		-	794
Proceeds from business sale	8	51,319	6,347
Payments for plant and equipment		(33,762)	(19,127)
Payments for investments		(162,475)	(66)
Payments for major project development expenditure, trademarks and technology rights		(2,200)	(1,998)
Proceeds from foreign currency investment hedges (net)		-	28,445
Purchase of businesses, net of cash acquired	8	(14,796)	(21,885)
Net investing cash flows		(159,124)	(7,047)
Cash flows from financing activities			
Proceeds from issue of shares		-	39,550
Proceeds from call on partly paid shares		1	2
Proceeds from borrowings (Net)		297,629	83,544
Proceeds from foreign currency loans hedges (net)		-	-
Dividends paid		(25,588)	(20,470)
Net financing cash flows		272,042	102,626
Net increase (decrease) in cash held		(54,141)	(12,621)
Cash at the beginning of the period		(15,472)	(15,880)
Exchange rate fluctuations on foreign cash balances		(2,147)	(2,320)
Cash at the end of the period		(71,760)	(30,821)

The accompanying notes form an integral part of these financial statements

Notes

Notes to the half-year financial statements

1 Basis of preparation

These general purpose condensed financial statements have been prepared for the half year ended 31 January 2005 in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB1029 'Interim Financial Reporting', the recognition and measurement requirements of applicable AASB standards and Urgent Issues Group Consensus Views. It is recommended that this report be read in conjunction with the 31 July 2004 Annual Report and any public announcements made by Nufarm Limited during the half year in accordance with the continuous disclosure obligations of the Corporations Act 2001 and Australia Stock Exchange Listing Rules. The notes to the condensed financial statements do not include all information normally contained with the notes to an annual financial report.

The accounting policies used are consistent with those applied to the 31 July 2004 Annual Report. These condensed financial statements have been prepared in accordance with the historical cost convention and do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

2 Seasonality

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. Refer to the report to shareholders for further commentary on operations.

	Consolidated	
	31.1.2005	31.1.2004
	\$000	\$000

3 Profit from ordinary activities

Profit from ordinary activities after charging the following revenues and expenses

Other revenue

Sundry income	3,777	2,018
Gross proceeds from sale of non-current assets	2,790	7,003
Gross proceeds from sale of businesses	45,918	-
Total other revenue	52,485	9,021

Operating expenses

Carrying cost of non-current assets sold	3,389	7,058
Carrying cost of non-current assets written off	17,589	-
Carrying cost of disposed businesses	19,403	-
Staff expenses	105,983	97,666
Occupancy expenses	13,293	11,429
Plant related expenses	28,707	28,794
Sales and distribution expenses	34,219	34,649
Research and development costs	6,273	5,887
Travel	10,081	9,940
Insurance	12,310	7,268
Operating lease expenses	2,854	2,609
Other operating expenses	24,537	20,317
Total operating expenses	278,638	225,617

Notes

Notes to the half-year financial statements continued

	Crop protection \$000	Industrial chemicals \$000	Other \$000	Eliminations \$000	Consolidated \$000
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4 Segments

Business segments

2005

Revenue

Sales to outside customers	628,352	57,419	-	-	685,771
Inter segment sales	912	1,747	-	(2,659)	-
Sales revenue	629,264	59,166	-	(2,659)	685,771
Other revenue	10,189	41,161	1,135	-	52,485
Total segment revenue	639,453	100,327	1,135	(2,659)	738,256
Unallocated revenue					672
Total consolidated revenue					738,928

Results

Segment result - operating	58,191	3,838	(838)	-	61,191
Segment result - non operating	(14,528)	19,396	-	-	4,868
Segment result - total	43,663	23,234	(838)	-	66,059
Unallocated expenses					(30,913)
Profit/(loss) from ordinary activities before taxes					35,146
Income tax expense					5,981
Net profit/(loss)					29,165

Assets

Segment assets	1,476,242	122,738	54,276	-	1,653,256
Unallocated assets					47,229
Total assets					1,700,485

Liabilities

Segment liabilities	340,724	29,986	11,102	-	381,812
Unallocated liabilities					764,686
Total liabilities					1,146,498

Other segment information

Equity accounted investments included in segment assets	204,536	929	-	-	205,465
Acquisition of property, plant and equipment, intangible assets and other non-current assets	196,076	6,597	-	-	202,673
Depreciation	16,675	4,231	127	-	21,033
Amortisation	10,896	529	662	-	12,087
Other non-cash expenses	4,743	701	433	-	5,877

	Australasia \$000	Europe \$000	Americas \$000	Consolidated \$000
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Geographic segments

Revenue

Sales to outside customers	369,888	153,531	162,352	685,771
Other revenue	8,348	9,343	34,794	52,485
Total segment revenue	378,236	162,874	197,146	738,256

Assets

Segment assets	602,707	632,580	465,198	1,700,485
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Other segment information

Acquisition of property, plant and equipment, intangible assets and other non-current assets	23,131	15,667	163,875	202,673
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Notes to the half-year financial statements continued

	Crop protection \$000	Industrial chemicals \$000	Other \$000	Eliminations \$000	Consolidated \$000
4 Segments					
Business segments					
Revenue					
Sales to outside customers	477,123	62,738	462	-	540,323
Inter segment sales	854	68	-	(922)	-
Sales revenue	477,977	62,806	462	(922)	540,323
Other revenue	767	818	7,436	-	9,021
Total segment revenue	478,744	63,624	7,898	(922)	549,344
Unallocated revenue					618
Total consolidated revenue					549,962
Results					
Segment result	26,793	2,145	(754)	-	28,184
Unallocated expenses					(29,044)
Profit/(loss) from ordinary activities before taxes					(860)
Income tax expense					153
Net profit/(loss)					(1,013)
Assets					
Segment assets	1,215,388	166,682	58,096	-	1,440,166
Unallocated assets					41,977
Total assets					1,482,143
Liabilities					
Segment liabilities	348,028	36,334	13,452	-	397,814
Unallocated liabilities					607,520
Total liabilities					1,005,334
Other segment information					
Equity accounted investments included in segment assets	15,680	1,306	-	-	16,986
Acquisition of property, plant and equipment, intangible assets and other non-current assets	85,863	4,178	45	-	90,086
Depreciation	15,850	4,263	87	-	20,200
Amortisation	7,238	228	775	-	8,241
Other non-cash expenses	4,243	1,472	1,540	-	7,255

	Australasia \$000	Europe \$000	Americas \$000	Consolidated \$000
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Geographic segments**Revenue**

Sales to outside customers	307,213	130,456	102,654	540,323
Other revenue	8,465	412	144	9,021
Total segment revenue	315,678	130,868	102,798	549,344

Assets

Segment assets	611,982	612,908	257,253	1,482,143
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Other segment information

Acquisition of property, plant and equipment, intangible assets and other non-current assets	8,246	69,052	12,788	90,086
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Nufarm Limited

Notes

Notes to the half-year financial statements continued

	Consolidated	
	31.1.2005	31.1.2004
	\$000	\$000
5 Non-operating income and expenses		
Gain on sale of businesses	23,473	-
Write down of UK fixed assets	(14,191)	-
Write down of intangibles	(3,398)	-
Restructuring costs - France	(1,016)	-
Non-operating items before tax	4,868	-
Tax expense thereon	(3,590)	-
Non-operating items after tax	1,278	-

During the period, the Nufarm Specialty Products and the Biological Wool Harvesting businesses were sold. Refer Note 8.

	Number	Consolidated	Number	Consolidated
	of shares	31.1.2005	of shares	31.1.2004
	31.1.2005	\$000	31.1.2004	\$000
6 Contributed equity				
Ordinary shares issued and fully paid				
Balance at the beginning of the year	167,735,767	210,528	155,823,293	149,219
Issue of shares	203,754	1,465	8,257,287	42,452
Share options exercised	1,437,692	3,882	900	-
Partly paid shares fully paid up during the year	300	-	-	-
Balance at the end of the period	169,377,513	215,875	164,081,480	191,671
Ordinary shares issued and partly paid to 1.0 cent				
Balance at the beginning of the year	233,325	2	386,800	3
Partly paid shares fully paid up during the year	(300)	-	(900)	-
Balance at the end of the period	233,025	2	385,900	3
Total contributed equity	169,610,538	215,877	164,467,380	191,674

On 26 October 2004 203,754 fully paid ordinary shares at an average price of \$7.19 per share, were issued in accordance with the Nufarm executive share plan (2000), the employee global share plan and the non-executive directors share plan.

On 26 October 2004 871,249 options were exercised under the above mentioned executive share plan at \$2.70 per share. On 13 December 2004, a further 566,443 options were exercised at \$2.70 per share.

No options were exercised in the prior year.

	Consolidated		
	31.1.2005	31.1.2004	
	\$000	\$000	
7 Retained profits			
Balance at the beginning of the year	324,401	280,793	
Net profit/(loss) attributable to members of the parent entity	28,309	(1,876)	
Aggregate amounts transferred from reserves	-	10	
Dividends paid	(25,293)	(20,479)	
Balance at the end of the year	327,417	258,448	
DISTRIBUTION TO SHAREHOLDERS	Amount per security		Franked amount per security
Dividend paid per ordinary share on 15 November 2004	15c		15c
Dividend paid per ordinary share on 7 November 2003		13c	13c

Notes

Notes to the half-year financial statements continued

	Consolidated	
	31.1.2005	31.1.2004
	\$000	\$000

8 Acquisition/disposal of controlled entities**(a) Businesses acquired**

The Ag-Seed Research business was acquired on 28 September 2004. Ag-Seed Research is involved in the research, breeding and commercialisation of canola varieties in Australia.

The 2004 acquisitions include the BASF global Phenoxy business and the distribution rights to various cereal fungicides for Germany and Austria.

The aggregate amounts of net assets acquired were

Cash	-	-
Receivables	-	-
Inventory	-	20,425
Tax assets	-	-
Property, plant and equipment	600	-
Intangibles	3,342	70,087
Accruals	(64)	-
Tax liabilities	-	-
Total consideration	3,878	90,512
Amount paid for businesses acquired in prior years	12,918	-
Cash deferred	(2,000)	(68,627)
Cash consideration paid	14,796	21,885
Cash included in net assets acquired	-	-
Bank overdraft included in net assets acquired	-	-
Net cash effect	14,796	21,885

The deferred cash settlement represents the value of the remaining consideration payable.

(b) Businesses sold

Sale of the Nufarm Specialty Products and Biological Wool Harvesting businesses.

The Florigene business was sold in 2004.

Net assets disposed of were

Receivables	5,145	561
Inventory	2,168	33
Property, plant and equipment	12,811	51
Intangibles	755	4,140
Cash assets	-	213
Tax assets	-	1,886
Payables	(2,055)	(703)
Other	579	379
Cash gain on disposal	23,473	-
Total consideration	42,876	6,560
Cost of disposal	3,042	-
Cash consideration received	45,918	6,560
Cash included in assets sold	-	(213)
Cash received for businesses sold in prior years	5,401	-
Net cash effect	51,319	6,347

Notes

Notes to the financial statements continued

	Consolidated	
	31.1.2005	31.1.2004
	\$000	\$000

9 Discontinued operations

Effective 31 December 2004, the group sold the Nufarm Specialty Products business.

2004 includes the Florigene business.

Proceeds from divestment of business	39,918	6,560
Carrying value of assets sold in divestment	(16,813)	(6,706)
Amortisation of intellectual property	(755)	-
Other costs of divestment	(2,042)	-
Gain/(loss) on divestment	20,308	(146)
Related income tax	7,924	-
Gain/(loss) on divestment (net of income tax expense)	12,384	(146)

10 Associates and Joint Ventures

(a) Associates

During the period the group acquired 49.9% of Agripec Quimica e Farmaceutica SA, a crop protection company based in Brazil. Acquisition cost of this investment was \$161 million. Agripec's contribution to profit for the period is as follows:

Group's share of profit from ordinary activities before tax	25,965	-
Notional goodwill	(4,014)	-
Income tax on ordinary activities	(3,586)	-
Profit share of associate in equity income	18,365	-
Financing expense (after tax)	(176)	-
Profit share of associate in net profit after tax	18,189	-

(b) Joint Ventures

The company has an 80% interest in the Nufarm-Coogee Joint Venture representing its two chlor alkali plants in Western Australia.

Group's share of Joint Venture entities profits:

Profit from ordinary activities before tax	3,857	5,078
Income tax on ordinary activities	1,157	1,523
Net profit after tax	2,700	3,555

11 Contingent Liabilities

Contingent liabilities total \$45.2 million compared to \$34.6 million at July 2004. Material changes to the July 2004 contingent liabilities are set out below.

Increase of \$12.4 million from July 2004 is the result of receivables sold to financiers where there is recourse to the company.

Reduction of \$1.4 million on guarantee given on the sale of business in France. The guarantee relates to possible remediation costs for soil and groundwater contamination. The guarantee reduces progressively to nil by 2010.

12 Subsequent events

On 29 March 2005, the directors declared an interim dividend of 9 cents per share, fully franked, payable 29 April 2005. Interim dividend for 2004 was 8 cents per share fully franked.

Nufarm Limited

Notes

Notes to the financial statements continued

13 Impact of adopting AASB equivalents to IASB standards

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. This means that Nufarm will be required to prepare financial statements for the year ending 31 July 2006 that comply with Australian equivalents of IFRS and their related pronouncements as issued and recognised by the AASB.

Nufarm will report its compliance with IFRS for the first time for the half-year ended 31 January 2006. The transitional rules for the first time adoption of IFRS require entities to restate their comparative financial statements using all Australian equivalents of IFRS. The majority of the adjustments required on transition will be made to opening retained earnings in the opening IFRS balance sheet as at 1 August 2004. Comparatives restated under IFRS will not be reported in the financial statements until 31 January 2006, being the first half year reported in compliance with IFRS.

Nufarm has continued to transition its accounting policies and financial reporting from current Australian standards to Australian equivalents of IFRS. The company has allocated internal resources and engaged external consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. Nufarm has graded the impact of each change in standard as either high, medium or low and prioritised its emphasis accordingly.

Set out below are the key areas where accounting policies may change and have an impact on the financial reports of Nufarm. It should be noted that at this stage Nufarm has not fully quantified the impact of each area on the financial statements.

Goodwill

Under AASB 3 Business Combinations, goodwill will no longer be amortised but instead will be subject to annual impairment testing focusing on the cash flows of related cash generating units. This will result in a change in the group's current accounting policy which amortises goodwill on a straight line basis over the period in which benefits are expected to arise, not exceeding 20 years.

Impairment of assets

Under AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new policy, if there is impairment of assets it will likely be recognised immediately in the Statement of Financial Performance.

Employee benefits

Nufarm does not currently recognise an asset or liability for the net position of the defined benefit superannuation schemes it sponsors in the UK, Holland and France. Under AASB 119 Employee Benefits, Nufarm will be required to recognise the net surplus or deficit in their employer sponsored defined benefit superannuation funds as an asset or liability, respectively, based on actuarial valuations of each scheme. The initial adjustment on transition will be recognised through retained earnings and subsequent adjustments will be to the statement of financial performance.

Income taxes

Under AASB 112 Income Taxes, a new method of accounting for income taxes, known as the "balance sheet liability method", will be adopted, replacing the current "tax effect income statement" approach. The new method recognises deferred tax balances in the statement of financial position when there is a difference between the carrying value of an asset or liability and its tax base. Adoption of this new method may result in increased deferred tax assets and liabilities in the balance sheet.

Notes

Notes to the financial statements continued

13 Impact of adopting AASB equivalents to IASB standards (cont)

Hedging and financial instruments

AASB 139 Financial Instruments: Recognition and Measurement, is required to be adopted by Nufarm from 1 August 2006. This standard requires all financial instruments to be recognised in the statement of financial position and most financial assets to be carried at fair value. AASB 139 recognises fair value hedge accounting, cash flow hedge accounting and hedges of investments in foreign operations. Fair value and cash flow hedge accounting can only be considered where effectiveness tests are met on both a prospective and retrospective basis. Ineffectiveness outside the prescribed range precludes the use of hedge accounting and may result in amounts recognised in the statement of financial performance, which had not been recognised previously.

Intangible assets

Under AASB 138 Intangible Assets, costs incurred in the research phase of the development of an internally generated intangible must be expensed. The group's current accounting policy allows capitalisation of significant, long-term product development costs of major new businesses to the extent that future benefits are expected beyond reasonable doubt. All research costs are expensed.

Share based payments

Under AASB 2 Share Based Payments, the fair value of equity instruments issued to employees as remuneration will be recognised as an expense in the Statement of Financial Performance over the respective vesting period. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. The company is currently reviewing all share-based payment plans to determine the impact on the financial statements.