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# Interim Results

6 months to January 31, 2006

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Doug Rathbone

Managing Director

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## First half:

- Solid performance
- Agripec in line with expectations
- Balance of core businesses up 30%
- Timing issues have an impact - seasonality
- Encouraging recovery in margins

## Current picture:

- Sales momentum now building
- Europe slow off the mark
- Ready to capitalise on positive seasonal conditions





## Corporate objectives – unchanged and on track

- Retain focus on crop protection
- Expand / strengthen geographic footprint
- Expand product portfolio
- Improve 'quality' of earnings

# Headline results



	1H 2006 \$m	1H 2005 \$m
<b>Group Sales</b>	<b>640</b>	<b>659</b>
<b>Operating profit</b>	<b>32.7</b>	<b>36.2</b>
<b>Non operating items</b>	<b>1.5</b>	<b>3.9</b>
<b>Reported result</b>	<b>34.2</b>	<b>40.1</b>
<b>Agripec contribution</b>	<b>14.9</b>	<b>22.2</b>
<b>Interim dividend</b>	<b>10.0 cents</b>	<b>9.0 cents</b>

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Kevin Martin

Chief Financial Officer

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## AIFRS

- AIFRS January 2005 and January 2006
- No major differences at August, 2004 and July, 2005 to items presented in October
- AIFRS is positive to Nufarm

## Business structure

- Nuturf sold August, 2005
- Colombia acquired December, 2005
- Product acquisitions

# Reconciliation Jan 2005 AGAAP vs AIFRS



	<b>Profit after tax AGAAP</b>	<b>28.3</b>
<b>add</b>	<b>Amortisation of goodwill</b>	<b>3.5</b>
	<b>Amortisation of intangibles</b>	<b>2.0</b>
	<b>Amortisation Agripec goodwill</b>	<b>4.2</b>
	<b>Reverse intangible asset write off</b>	<b>2.6</b>
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		<b>40.6</b>
	<b>Net all other</b>	<b>- 0.5</b>
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	<b>Profit after tax AIFRS</b>	<b>40.1</b>
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# Reconciliation Jan 2005 v Jan 2006



	<b>Jan '06</b>	<b>Jan '05</b>
<b>Continuing operations headline result</b>	<b>28.5</b>	<b>25.6</b>
<b>add Non operating items</b>	<b><u>4.8</u></b>	<b><u>10.6</u></b>
	<b>33.3</b>	<b>36.2</b>
<b>Less Agripec result</b>	<b><u>-14.9</u></b>	<b><u>-22.2</u></b>
<b>'Core business result'</b>	<b><u>18.4</u></b>	<b><u>14.0</u></b>

# Analysis of Agripec result



	<b>Jan '06</b>	<b>Jan '05</b>
<b>Equity accounting result</b>	<b>18.3</b>	<b>22.4</b>
<b>Interest</b>	<b>- 3.4</b>	<b>- 0.2</b>
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<b>Net result</b>	<b>14.9</b>	<b>22.2</b>
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- **Capital notes current liability in 2006**

- **Working capital up \$140m**

– Capital note F/X receivable	43m
– Acquisitions	10m
– Inventory build USA	42m
– Receivables	35m

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Doug Rathbone

Managing Director

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## Australia:

- Summer cropping strong; in particular horticulture
  - New products ('Opus') and seed treatment opportunities
- Hot/dry through January/February – WA the exception
- Competition is vigorous
- Strong operational focus



## New Zealand:

- Crop protection sales/profit up on p.c.p.
- Successful launch of 'Roundup Transorb'
- Margin pressure from increased competition



## Asia:

- Improved sales and profit contribution
- Broader product range, improved margins in Indonesia
- Profitable early sales in Japan





## North America:

### USA

- Sales and profit up
- Late start due to dry conditions in Southern States
- Early purchasing commitments deferred after pricing adjustments
- Margin improvement in phenoxies
- New product launches in Ag / Turf
- Excellent relationships with distribution

## North America:

### Canada

- Sales well ahead of budget (partly a timing issue)
- Smooth transition / launch of 'Assert'



## South America – Argentina / Chile / Colombia:

- Sales up strongly on p.c.p.
- Glyphosate pricing in Argentina a negative
- Some registration delays in Chile
- Agrogen acquisition completed in Colombia



Calendar year sales – total industry				
	USD		Real	
2005	\$4.1b	↓ 7%	\$9.8b	↓ 23%
2004	\$4.4b		\$12.8b	

Industry view:  
On farm sales approx.  
\$3.6b - \$3.8b  
in both years

Calendar year sales – net Agripec				
	USD		Real	
2005	\$181m	↓ 6%	\$424m	↓ 20%
2004	\$192m		\$530m	

Increased market share in a falling market

## Exchange rate – Brazilian real vs USD (2 January 2005 to 25 December, 2005)



## Exchange rate – Brazilian real vs USD (2 January 2005 to 26 March 2006)



## Agripec

	2005 calendar year	Agripec response / position
NUF 2005 2H	<b>Q1</b> Drought conditions in south. High Stock levels in distribution.	'Collections' campaign to reduce risk of non payment.
	<b>Q2</b> Low soybean prices. Increased late/non payments.	Some payment extensions/ incentives but retained strict credit controls.
NUF 2006 1H	<b>Q3</b> Significant reductions in product pricing.	Portfolio packaging. Increased 'direct' sales.
	<b>Q4</b> Price pressure continues. Seasonal conditions generally good.	

## Agripec

- Portfolio enhancement – good pipeline
- Plant improvements
- Systems improvement





## Europe - General

- Late start due to prolonged cold conditions
- Improved manufacturing efficiencies following plant restructures.



## Germany

- **Increased sales of fungicides**
  - **New mixture products**

## United Kingdom

- **Sales and profit continue to improve**
- **Important progress with product registrations**



## Spain

- Seasonal conditions much improved .....
- But sectors still recovering from impact of severe drought
  - market down 15%

## France

- Corn and vines segments under pressure
- Head office costs continue to be addressed



## Eastern Europe

- **Increased penetration in target markets**
- **Growing sales of copper fungicides**
- **Excellent medium term growth prospects**

## Outlook

- **Selling activity accelerating ... but Europe is late**
- **Maintain focus on margin recovery**
- **Agripec likely to be in line with previous guidance**
- **Strong result required from balance of the business**
- **Forecast 10% NPAT is achievable**

