

Nufarm Limited

12 months ended 31 July 2006	Consolidated		% change
	6 months ended 31 Jan 2007	6 months ended 31 Jan 2006	

RESULTS FOR ANNOUNCEMENT TO THE MARKET

TRADING RESULTS (\$000)

1,676,746	Revenue from ordinary activities	580,213	603,289	-4%
121,153	Profit from ordinary activities after tax attributable to members	15,874	34,176	-54%
121,153	Net profit attributable to members	15,874	34,176	-54%

DISTRIBUTION TO SHAREHOLDERS

Amount per security

Franked amount per security

Dividend paid per ordinary share on 10 November 2006 20c 20c

Dividend paid per ordinary share on 11 November 2005 17c 17c

Dividend proposed 11 cents per ordinary share fully franked, with record date for entitlement 5 April 2007
Interim dividend for 2006 was 10 cents per share fully franked

OTHER SUMMARY DATA

31.7.2006	RATIOS	31.1.2007	31.1.2006
81%	Gearing ratio	70%	121%
36.8%	Equity ratio	42.2%	30.7%
\$2.41	Net tangible assets per ordinary share	\$3.65	\$2.38
2,315	Staff employed	2,245	2,429

Nufarm Limited

Condensed consolidated interim income statement

for the six months ended 31 January 2007

	Note	31 Jan 2007	31 Jan 2006
<i>in thousands of Australian dollars</i>			
Continuing operations			
Revenue		580,213	603,289
Cost of sales		(426,782)	(428,926)
Gross profit		<u>153,431</u>	<u>174,363</u>
Other income		4,125	2,216
Sales, marketing and distribution expenses		(82,034)	(88,019)
General and administrative expenses		(43,061)	(45,170)
Research and development expenses		(17,767)	(17,318)
Profit from operating activities		<u>14,694</u>	<u>26,072</u>
Financial income		3,654	4,628
Financial expenses		(24,539)	(26,929)
Net financing costs		<u>(20,885)</u>	<u>(22,301)</u>
Share of net profits of associates	13	13,720	18,574
Profit before tax		<u>7,529</u>	<u>22,345</u>
Income tax benefit		<u>3,948</u>	<u>1,507</u>
Profit from continuing operations		<u>11,477</u>	<u>23,852</u>
Profit and loss of discontinued operations and gain on sale of discontinued operations (after tax)	10	4,427	10,692
Profit for the period		<u>15,904</u>	<u>34,544</u>
Attributable to:			
Equity holders of the parent		15,874	34,176
Minority interest		30	368
Profit for the period		<u>15,904</u>	<u>34,544</u>
Earnings per share attributable to ordinary equity holders			
Basic earnings per share	16	9.3	20.1
Diluted earnings per share	16	9.3	20.1

The income statement is to be read in conjunction with the attached notes.

Condensed consolidated interim balance sheet

As at 31 January 2007

	Note	31 Jan 2007	31 Jan 2006	31 July 2006
<i>in thousands of Australian dollars</i>				
Current assets				
Cash and cash equivalents		58,159	64,470	51,269
Trade and other receivables		545,270	524,688	524,164
Inventories		630,797	567,582	432,023
Income tax receivable		24,279	22,808	6,172
Assets classified as held for sale	11	23,271	-	23,909
Total current assets		1,281,776	1,179,548	1,037,537
Non-current assets				
Receivables		17,090	23,022	17,738
Equity accounted investments	13	248,117	243,983	228,130
Other investments		253	1,107	503
Deferred tax assets		63,221	62,229	61,073
Property, plant and equipment		295,736	319,457	285,738
Intangible assets		315,276	255,961	296,406
Other		4,704	-	-
Total non-current assets		944,397	905,759	889,588
TOTAL ASSETS		2,226,173	2,085,307	1,927,125
Current liabilities				
Bank overdraft		42,583	39,083	19,940
Trade and other payables		444,667	501,393	474,762
Interest bearing loans and borrowings	15	488,980	644,277	495,807
Employee benefits		13,676	14,944	14,389
Income tax payable		1,008	13,267	11,826
Provisions		4,947	7,667	3,700
Liabilities classified as held for sale	11	15,606	-	13,425
Total current liabilities		1,011,467	1,220,631	1,033,849
Non-current liabilities				
Interest bearing loans and borrowings	15	186,667	153,841	107,012
Deferred tax liabilities		32,371	23,094	28,088
Employee benefits		36,716	41,262	38,738
Payables		17,989	6,667	11,899
Total non-current liabilities		273,743	224,864	185,737
TOTAL LIABILITIES		1,285,210	1,445,495	1,219,586
NET ASSETS		940,963	639,812	707,539
Equity				
Issued capital	16	239,733	221,724	240,760
Reserves	16	28,361	41,000	23,891
Retained earnings	16	424,900	370,705	441,880
Equity attributable to equity holders of the parent		692,994	633,429	706,531
Nufarm Step-up Securities	16	246,932	-	-
Minority interest	16	1,037	6,383	1,008
TOTAL EQUITY	16	940,963	639,812	707,539

The balance sheet is to be read in conjunction with the attached notes.

Nufarm Limited

Condensed consolidated interim statement of cash flows

for the six months ended 31 January 2007

	Note	31 Jan 2007 \$000	31 Jan 2006 \$000
<i>in thousands of Australian dollars</i>			
Cash flows from operating activities			
Cash receipts from customers		608,122	621,106
Cash paid to suppliers and employees		<u>(797,152)</u>	<u>(765,600)</u>
Cash generated from operations		(189,030)	(144,494)
Interest received		3,700	4,718
Dividends received		171	329
Interest paid		(27,335)	(26,969)
Income tax paid		<u>(20,568)</u>	<u>(18,024)</u>
Net cash used in operating activities		<u>(233,062)</u>	<u>(184,440)</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	194
Proceeds from business sale		1,166	6,937
Payments for plant and equipment		(26,019)	(23,524)
Purchase of businesses, net of cash acquired	12	(10,472)	(20,481)
Payments for acquired intangibles and major product development expenditure		<u>(8,458)</u>	<u>(31,120)</u>
Net investing cash flows		<u>(43,783)</u>	<u>(67,994)</u>
Cash flows from financing activities			
Proceeds from issue of Nufarm Step-up Securities		244,915	-
Proceeds from borrowings		250,268	259,765
Repayment of capital notes		(195,228)	-
Payment for interest rate cap		(3,755)	-
Dividends paid	16	<u>(34,251)</u>	<u>(28,885)</u>
Net financing cash flows		<u>261,949</u>	<u>230,880</u>
Net increase (decrease) in cash and cash equivalents		(14,896)	(21,554)
Cash and cash equivalents at the beginning of the year		31,329	45,849
Exchange rate fluctuations on foreign cash balances		718	1,092
Movement in cash reclassified as assets held for sale		<u>(1,575)</u>	<u>-</u>
Cash and cash equivalents at the end of the year		<u>15,576</u>	<u>25,387</u>

The statements of cash flows are to be read in conjunction with the attached notes.

Nufarm Limited

Condensed consolidated interim statement of recognised income and expense

for the six months ended 31 January 2007

in thousands of Australian dollars

	Note	31 Jan 2007	31 Jan 2006
Items recognised directly in equity			
Foreign exchange translation differences	16	4,511	17,080
Actuarial gains (losses) on defined benefit plans	16	1,380	(3,490)
Cash flow hedges:			
Gains/(losses) transferred to income statement	16	(25)	574
Income and expense recognised directly in equity		<u>5,866</u>	<u>14,164</u>
Profit for the period		15,904	34,544
Total recognised income and expense for the period		<u>21,770</u>	<u>48,708</u>
Attributable to:			
Shareholders of the company		21,741	48,291
Minority interest		29	417
Total recognised income and expense for the period		<u>21,770</u>	<u>48,708</u>

Other movements in equity arising from transactions with owners as owners are set out in note 16.
The amounts recognised directly in equity are disclosed net of tax.

The statements of recognised income and expense are to be read in conjunction with the attached notes.

Condensed notes to the consolidated interim financial report

1 Reporting entity

Nufarm Limited (the 'company') is domiciled in Australia. The consolidated interim financial report of the company as at and for the six months ended 31 January 2007 comprises the company and its subsidiaries (together referred to as the 'consolidated entity') and the consolidated entity's interest in associates and jointly controlled entities.

The consolidated annual financial report for the consolidated entity as at and for the year ended 31 July 2006 is available upon request from the company's registered office at 103-105 Pipe Road, Laverton North, Victoria, Australia or at <http://www.nufarm.com>.

2 Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 31 July 2006.

The consolidated interim financial report was approved by the Board of Directors on [26 March 2007].

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3 Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 31 July 2006.

4 Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 July 2006.

In the current period, an error was detected in respect of the calculation of the tax impact of the sale of the CACI business in the year ended 31 July 2006. The prior period error was caused by a misinterpretation of the tax position in respect of the CACI sale. The amount of the error is €1.089 million (A\$1.827 million). This error has been reflected in the current period interim financial report as a reduction in the opening balance of retained earnings and an increase in the income tax provision in accordance with the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. There is no impact on the current and comparative period income statement or earnings per share calculations.

5 Financial risk management

The consolidated entity uses foreign exchange contracts and interest rate caps to hedge the foreign currency and interest rate exposures between the Nufarm Step-up Securities issued in Australia and New Zealand, and the group funding to several jurisdictions to which the funds were advanced. The foreign exchange contracts cover the exposure on the principal advanced to group companies in US dollars, Euros, the British Pound and the Canadian dollar. The interest rate caps hedge the interest rate risk on the distribution to Nufarm Step-up Security holders. The distribution rate is the average mid-rate for bills with a term of six months plus a margin of 1.90%.

Other aspects of the consolidated entity's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 31 July 2006.

Condensed notes to the consolidated interim financial report

6 Segment reporting

Segment information is presented in respect of the consolidated entity's business and geographic segments. The primary format, geographic segments, is based on the consolidated entity's management and internal reporting structure.

The consolidated entity operates predominantly in one business segment, being the crop protection industry. The business is managed on a worldwide basis, with the major geographic segments for reporting being Australasia, Europe and Americas. In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-bearing loans, borrowings and expenses, and corporate assets and expenses. Inter-segment pricing is determined on an arm's length basis.

	Australasia \$000	Europe \$000	Americas \$000	Consolidated \$000
Geographic segments				
2007				
Revenue				
Total segment revenue	<u>236,993</u>	<u>163,034</u>	<u>180,186</u>	<u>580,213</u>
Results				
Segment result	<u>22,048</u>	<u>4,080</u>	<u>1,714</u>	27,842
Unallocated corporate expenses				<u>(13,148)</u>
Profit from operating activities				14,694
Net financing costs				(20,885)
Share of profit of associates				13,720
Income tax benefit				3,948
Profit/(loss) of discontinued operations and gain on sale of discontinued operations				<u>4,427</u>
Profit for the period				<u>15,904</u>
2006				
Revenue				
Total segment revenue	<u>307,060</u>	<u>141,289</u>	<u>154,940</u>	<u>603,289</u>
Results				
Segment result	<u>44,125</u>	<u>(3,218)</u>	<u>88</u>	40,995
Unallocated corporate expenses				<u>(14,923)</u>
Profit from operating activities				26,072
Net financing costs				(22,301)
Share of profit of associates				18,574
Income tax benefit				1,507
Profit/(loss) of discontinued operations and gain on sale of discontinued operations				<u>10,692</u>
Profit for the period				<u>34,544</u>

Condensed notes to the consolidated interim financial report

7 Seasonality of operations

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. Please refer to the report to shareholders for further commentary on operations.

8 Other expenses

The following expenses were included in the period result:

	Consolidated	
	31 Jan 2007	31 Jan 2006
	\$000	\$000
Depreciation and amortisation	(20,816)	(20,931)
Fair value adjustment gain/(loss) on financial instruments	2,498	453

9 Items of material income and expense

The following material items were included in the period result:

	Consolidated	
	31 Jan 2007	31 Jan 2006
	\$000	\$000
Gain on sale of businesses and discontinued operations	-	6,896
Gain on sale of land and buildings	4,321	-
Restructuring costs	(885)	(7,207)
Material items profit/(loss) before tax	3,436	(311)
Tax (expense)/benefit thereon	(1,396)	1,775
Material items profit after tax	2,040	1,464

10 Discontinued operations

Effective 28 September 2006, the consolidated entity signed an agreement with Coogee Chemicals for the sale of the industrial chlor-alkali plants in Western Australia. The completion date for the sale is 31 July 2007. The chlor-alkali business has been classified as assets held for sale and a discontinued business at 31 January 2007.

The discontinued operations for 2006 includes the chlor-alkali business, the New Zealand based animal health business (sold July 2006), the CACI industrial chemical business (sold June 2006) and the Nuturf business (sold August 2005).

During the six months ended 31 January 2007, the chlor-alkali business had net cash inflows from operating activities of \$2,571,994 (six months ended 31 January 2006: \$7,931,650), net cash outflows from investing activities of \$164,696 (six months ended 31 January 2006: \$530,785) and net cash inflows from financing activities of \$152,341 (six months ended 31 January 2006: \$2,857,529).

Results of discontinued operations

	Consolidated	
	31 Jan 2007	31 Jan 2006
	\$000	\$000
Revenue	15,286	36,234
Cost of sales	(4,192)	(24,028)
Gross profit	11,094	12,206
Other income	-	1,142
Sales, marketing and distribution expenses	(4,812)	(3,362)
General and administrative expenses	-	(2,925)
Research and development expenses	-	(724)
Profit before financing costs	6,282	6,337
Financial income	46	90
Financial expense	-	(40)
Net financing costs	46	50
Profit before tax from operating activities	6,328	6,387
Income tax expense	(1,901)	(1,973)
Profit after tax but before gain on sale of discontinued operations	4,427	4,414
Gain on sale of discontinued operation (Nuturf)	-	6,896
Income tax benefit/(expense) on gain on sale of discontinued operations	-	(618)
Profit for the period	4,427	10,692

Condensed notes to the consolidated interim financial report

11 Assets held for sale

Included in the assets held for sale at 31 January 2007 is the chlor-alkali business.

There were no assets or liabilities classified as held for sale at 31 January 2006.

	Consolidated	
	31 Jan 2007	31 Jan 2006
	\$000	\$000
Assets classified as held for sale		
Cash and cash equivalents	1,575	-
Trade and other receivables	3,667	-
Inventories	455	-
Property, plant and equipment	13,709	-
Deferred tax asset	3,865	-
	<u>23,271</u>	<u>-</u>
Liabilities classified as held for sale		
Trade and other payables	(8,038)	-
Employee entitlements	(826)	-
Provision for tax	(6,301)	-
Deferred tax liability	(441)	-
	<u>(15,606)</u>	<u>-</u>

12 Acquisition of subsidiaries

On 19 October 2006, the consolidated entity acquired all of the shares in Agrosol Srl for €6.4 million. The company operates a crop protection business based in Ravenna, north eastern Italy. In the three months to 31 January 2007, the subsidiary contributed profit of \$40,886. If the acquisition had occurred on 1 August 2006, management estimates that consolidated revenue would have been \$6,214,682 and consolidated profit \$81,772, on a pro-rata basis for the six months ended 31 January 2007.

Acquisitions in the six months to 31 January 2007

Acquiree's net assets at acquisition date	Recognised values \$000	Fair value adjustments \$000	Carrying amounts \$000
Cash and cash equivalents	284	-	284
Receivables	11,753	-	11,753
Inventory	2,268	816	3,084
Property, plant and equipment	33	-	33
Intangibles	39	(29)	10
Other assets	1	-	1
Trade and other payables	(8,166)	-	(8,166)
Employee benefits	(120)	-	(120)
Interest bearing loans and borrowings	(2,588)	-	(2,588)
Other liabilities	(66)	(326)	(392)
Net identifiable assets and liabilities	<u>3,438</u>	<u>461</u>	<u>3,899</u>
Intangibles acquired on acquisition	3,223	-	3,223
Goodwill on acquisition	<u>3,634</u>	<u>-</u>	<u>3,634</u>
Consideration paid, satisfied in cash	10,295	461	10,756
Cash acquired	<u>(284)</u>	<u>-</u>	<u>(284)</u>
Net cash outflow	<u>10,011</u>	<u>461</u>	<u>10,472</u>

The intangibles acquired on acquisition is the value attributable to the product registrations owned by Agrosol. The goodwill on acquisition represents the skills and technical abilities of the acquired business's workforce, the direct distribution channels it provides into the Italian market and the synergies expected to be achieved by integrating Nufarm's existing product portfolio.

Condensed notes to the consolidated interim financial report

12 Acquisition of subsidiaries (continued)

Acquisitions in the six months to 31 January 2006

Acquiree's net assets at acquisition date	Recognised values \$000	Fair value adjustments \$000	Carrying amounts \$000
Cash and cash equivalents	162	-	162
Receivables	10,250	-	10,250
Inventory	6,225	702	6,927
Property, plant and equipment	1,978	-	1,978
Intangibles	-	-	-
Other assets	2,221	-	2,221
Trade and other payables	(8,149)	-	(8,149)
Employee benefits	-	-	-
Interest bearing loans and borrowings	(7,892)	-	(7,892)
Other liabilities	-	-	-
Net identifiable assets and liabilities	<u>4,795</u>	<u>702</u>	<u>5,497</u>
Reversal of equity investment	1,244	-	1,244
Prior period investment	(2,000)	-	(2,000)
Goodwill on acquisition	<u>15,902</u>	<u>-</u>	<u>15,902</u>
Consideration paid, satisfied in cash	<u>19,941</u>	<u>702</u>	<u>20,643</u>
Cash acquired	<u>(162)</u>	<u>-</u>	<u>(162)</u>
Net cash outflow	<u>19,779</u>	<u>702</u>	<u>20,481</u>

The prior year acquisitions include the Agrogen/FADA business in Colombia and the remaining 50% of Nugrain and Access Genetics.

13 Equity investments

The consolidated entity has the following investments in associates:

	Country	Ownership and voting interest		Share of after tax profit	
		31 Jan 2007	31 Jan 2006	31 Jan 2007 \$000	31 Jan 2006 \$000
Agripec Quimica e Farmaceutica SA	Brazil	49.9%	49.9%	13,697	18,321
Bayer CropScience Nufarm Limited	UK	25%	25%	(603)	(299)
Excel Crop Care Ltd	India	14.69%	14.69%	427	550
Other				199	2
Share of after tax profits of associates				<u>13,720</u>	<u>18,574</u>

14 Property, plant and equipment

Acquisition and disposals

During the six months ended 31 January 2007, the consolidated entity acquired assets with a cost of \$26,051,853 (six months ended 31 January 2006: \$25,361,559), including assets acquired through business combinations (see note 12) of \$33,000 (six months ended 31 January 2006 \$1,978,000). Assets with a book value of \$1,362,064 were disposed of during the six months ended 31 January 2006 (six months ended 31 January 2006: \$346,861). There were no assets disposed of through the sale of discontinued operations in the six month period to 31 January 2007 (six months ended 31 January 2006: \$218,516).

Capital commitments

During the six months ended 31 January 2007, the consolidated entity entered into contracts to purchase property, plant and equipment for \$15,995,913 (six months ended 31 January 2006: \$10,853,000).

Condensed notes to the consolidated interim financial report

15 Interest-bearing loans and borrowings

Details of the interest-bearing loan and borrowings at 31 January 2007 are as follows:

	Consolidated	
	31 Jan 2007	31 Jan 2006
	\$000	\$000
Current liabilities		
Bank loans - unsecured	488,840	439,131
Capital notes	-	204,545
Finance lease liabilities - secured	140	601
	<u>488,980</u>	<u>644,277</u>
Non-current liabilities		
Bank loans - unsecured	186,552	152,902
Finance lease liabilities - secured	115	939
	<u>186,667</u>	<u>153,841</u>

On 24 November 2006, the capital notes with a face value of NZD\$225 million were repaid.

The capital notes were repaid from the proceeds of the Nufarm Step-up Securities (see note 16).

16 Capital and reserves

Dividends

The following dividends were paid by the consolidated entity.

	31 Jan 2007	31 Jan 2006
	\$000	\$000
For the six months ended 31 January 2007		
\$0.20 per ordinary share (2006: \$0.17)	<u>34,251</u>	<u>28,885</u>

Earnings per share

Net profit for the six months 31 January 2007

Net profit attributable to minority interest

Earnings used in the calculations of basic and diluted earnings per share

	15,904	34,544
	30	368
	<u>15,874</u>	<u>34,176</u>

Earnings from continuing operations

Earnings from discontinuing operations

	11,447	23,484
	4,427	10,692
	<u>15,874</u>	<u>34,176</u>

Add/subtract material items profit/(loss) (refer note 8)

Earnings excluding material items used in the calculation of operating earnings per share

	2,040	1,464
	<u>13,834</u>	<u>32,712</u>

Number of shares

Weighted average number of ordinary shares used in calculation of basic earnings per share

Weighted average number of ordinary shares used in calculation of diluted earnings per share

	171,494,942	169,776,687
	171,494,942	169,776,687

Earnings per share for continuing and discontinued operations

Basic earnings per share

From continuing operations

From discontinuing operations

	Cents per share	
	6.7	13.8
	2.6	6.3
	<u>9.3</u>	<u>20.1</u>

Diluted earnings per share

From continuing operations

From discontinuing operations

	6.7	13.8
	2.6	6.3
	<u>9.3</u>	<u>20.1</u>

Earnings per share (excluding material items of profit/loss - see note 8)

Basic earnings per share

Diluted earnings per share

	8.1	19.3
	8.1	19.3

Condensed notes to the consolidated interim financial report

16 Capital and reserves (continued)

Reconciliation of movements in capital and reserves attributable to equity holders of the parent

Consolidated	Share Capital \$000	Translation Reserve \$000	Capital Profit Reserve \$000	Hedging Reserve \$000	Other Reserve \$000	Retained Earnings \$000	Minority Interest \$000	Nufarm Step-up Securities \$000	Total Equity \$000
Balance at 1 August 2005	219,049	(10,450)	33,603	-	242	368,904	5,966	-	617,314
Foreign exchange translation differences	-	17,031	-	-	-	-	49	-	17,080
Actuarial gains (losses) on defined benefit plans	-	-	-	-	-	(3,490)	-	-	(3,490)
Cash flow hedges - gains transferred to income statement	-	-	-	574	-	-	-	-	574
Share issued to employees	1,065	-	-	-	-	-	-	-	1,065
Shares issued under employee global share plan	1,597	-	-	-	-	-	-	-	1,597
Tax benefit on share issue costs	13	-	-	-	-	-	-	-	13
Profit for the period	-	-	-	-	-	34,176	368	-	34,544
Dividends paid to shareholders	-	-	-	-	-	(28,885)	-	-	(28,885)
Minority interest acquired	-	-	-	-	-	-	-	-	-
Balance at 31 January 2006	221,724	6,581	33,603	574	242	370,705	6,383	-	639,812
Balance at 1 August 2006	240,760	(9,716)	33,627	(20)	-	441,880	1,008	-	707,539
Effect of change in accounting policy	-	-	-	-	-	-	-	-	-
Balance at 1 August 2006 restated	240,760	(9,716)	33,627	(20)	-	441,880	1,008	-	707,539
Foreign exchange translation differences	-	4,512	-	-	-	-	(1)	-	4,511
Actuarial gains (losses) on defined benefit plans	-	-	-	-	-	1,380	-	-	1,380
Cash flow hedges - gains transferred to income statement	-	-	-	(25)	-	-	-	-	(25)
Share issued to employees	193	-	-	-	-	-	-	-	193
Shares purchased for employee global share plan	(1,332)	-	-	-	-	-	-	-	(1,332)
Shares issued as consideration for business acquisition	99	-	-	-	-	-	-	-	99
Tax benefit on share issue costs	13	-	-	-	-	-	-	-	13
Transfer to/from reserves	-	(17)	-	-	-	17	-	-	-
Profit for the period	-	-	-	-	-	15,874	30	-	15,904
Dividends paid to shareholders	-	-	-	-	-	(34,251)	-	-	(34,251)
Proceeds from Nufarm Step-up Securities issue, net of costs	-	-	-	-	-	-	-	246,932	246,932
Balance at 31 January 2007	239,733	(5,221)	33,627	(45)	-	424,900	1,037	246,932	940,963

Condensed notes to the consolidated interim financial report

Notes to the financial statements continued

16 Capital and reserves (continued)

Nufarm Step-up Securities

In the six months ended 31 January 2007 Nufarm Finance (NZ) Limited, a wholly owned subsidiary of Nufarm Limited, issued a new hybrid security called Nufarm Step-up Securities (NSS). The NSS are perpetual step up securities and on 24 November 2006, 2,510,000 NSS were allotted at an issue price of \$100 per security raising \$251 million. The NSS are listed on the ASX under the code 'NFNG' and on the NZDX under the code 'NFFHA'. The after-tax costs associated with the issue of the NSS, totalling \$4.1 million, have been deducted from the proceeds.

Distributions on the NSS are at the discretion of the directors and are floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are restricted if distributions to NSS holders are not made, until such time that Nufarm Finance (NZ) Limited makes up the arrears. The first distribution date for the NSS is 15 April 2007 and on a six-monthly basis after this date. The floating rate is the average mid-rate for bills with a term of six months plus a margin of 1.90%. The Step-Up date is five years from issue date, and provides the issuer with the following options: (a) keep the NSS on issue whereby the margin will step up by the Step-up margin; or (b) redeem the NSS for face value, or exchange them for a number of ordinary shares in Nufarm. The exchange ratio is calculated based on the average market price of Nufarm ordinary shares for 20 business days prior to exchange date less a 2.5% discount.

17 Contingent liabilities

Contingent liabilities total \$26.1 million at 31 January 2007 compared to \$27.3 million at July 2006.

A non-trading subsidiary of Nufarm Limited, Fchem (Aust.) Limited, is one of a number of parties served with an application and statement of claim on behalf of the Australian Competition and Consumer Commission (ACCC). The application relates to alleged price fixing and other activities involving the timber protection industry. Nufarm's interest in the timber protection industry were sold in 2001. Nufarm and its legal advisers are examining the application and statement of claim and will respond accordingly.

18 Subsequent events

On 23 March 2007, the directors declared an interim dividend of 11 cents per share, fully franked, payable 27 April 2007, with the record date for entitlement being 5 April 2007. Interim dividend for 2006 was 10 cents per share fully franked.

Directors' declaration

- 1 In the opinion of the directors of Nufarm Limited (the company):
- (a) the financial statements and notes set out in this report are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 January 2007 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 26th day of March 2007

Signed in accordance with a resolution of the directors:



KM Hoggard
Director



DJ Rathbone
Director

Melbourne
26 March 2007