

## **COMPANY ANNOUNCEMENT**

1 September, 2010

### **Market Update**

Nufarm Limited announced today that preliminary and unaudited analysis of 2010 year end results confirms that the net operating profit for the company will be within the \$55 million - \$65 million range indicated by management in its July 14 market update.

Net debt at July 31 will be approximately \$620 million, which is higher than the estimate provided on July 14 (approximately \$450 million). The higher debt is attributable to increased working capital levels at July 31 mainly due to higher than anticipated receivables. July sales were largely in line with company expectations but the collection of cash associated with those sales – and the majority of sales made in June – will not occur until after the end of the financial year.

The audited results for the 12 months ending July 31, 2010, will be released on September 28.

Nufarm also confirmed today that it continues to make positive progress in relation to securing a waiver from its banking group over the various covenants that govern existing banking facilities.

Nufarm's banking arrangements are, in the main, governed by a core financing document which contains Nufarm's main financing covenants. Several of the company's financiers have already provided waivers in respect of covenant breaches that result from Nufarm's lower than expected profit result for the 2010 financial year.

Nufarm yesterday received terms relating to a waiver from the remainder of its banking group which has the benefit of those covenants. That proposal has been reviewed by Nufarm and the company believes the terms can be met .

It is anticipated that formal documentation of a waiver agreement with the banking group will be finalised by mid September.

The higher than anticipated debt level at July 31 places the company in minor breach of its covenant relating to gearing levels (net debt to EBITDA). That breach will also be covered by the waivers now being put in place.

Nufarm has commenced discussions with its financiers aimed at transitioning to a revised banking structure that will more closely meet the needs of the business and should result in other efficiency benefits. It is proposed to have the new structure in place before the end of the calendar year.

Once the waiver agreement is executed, Nufarm's existing bilateral banking arrangements will remain in place and will be available to support the capital requirements of the business until the new financing structure is finalised.

Nufarm's Chairman, Donald McGauchie, also confirmed today that the previously announced strategic review of the business is underway and that both Deloitte and Gresham Advisory Partners have been retained to assist with elements of the review.

Deloitte is reviewing Nufarm's budgeting and forecasting processes; information systems and management reporting. Gresham is assisting with strategic and business aspects of the review.

"Both of these firms have extensive experience and strong capabilities and will help ensure our review of the business is rigorous, objective and results in outcomes that provide the best way forward for Nufarm to achieve profitable and sustainable growth," said Mr McGauchie.

The review process involves a number of phases and is expected to be concluded by the end of the calendar year. Mr McGauchie said the Nufarm Board will receive regular progress reports from consultants and management as the review proceeds and the company will provide updates on the process to coincide with the formal release of 2010 year end results (September 28) and at the Nufarm Annual General Meeting on December 2.

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