

**COMPANY ANNOUNCEMENT**

July 13, 2011

**Trading update and full year earnings guidance**

Nufarm Limited today provided an update on trading conditions and guidance for underlying net operating earnings for the 2011 financial year ending July 31.

**Trading update**

Trading conditions across Nufarm's various regional operations have varied from positive to difficult over the past few months. July remains an important month for agricultural activity and associated business opportunities for Nufarm and – as in previous years – July is forecast to make a meaningful contribution to full year earnings.

Most Australian agricultural regions are enjoying above average seasonal conditions and planting activity is strong. Good summer and autumn rainfall in the eastern and southern states has provided excellent cropping conditions and this has helped drive positive demand for a range of inputs, including crop protection products.

While Western Australia had been very dry for an extended period, recent rainfall activity has allowed cereal crops to be planted in most of the WA wheat belt area. Pre-plant herbicide usage has been minimal in the west, but further rains are likely to generate a need for strong post-emergent herbicide applications in coming months.

Climatic conditions in North America have been challenging over the March to May period. A combination of cool spring weather and heavy rainfall impacted conditions in a number of major cropping regions, with flooding and drought affecting other regions. These conditions have adversely impacted Nufarm's sales opportunities in certain regional markets and the turf and specialty segment, with fewer applications required. Given a later than average season in much of North America, sales activity has also been delayed. Conditions improved in June.

The months of March through May in South America are typically a quiet sales period, with collections in Brazil being a key business focus during those months. There is evidence of continued improvement in credit conditions and farmer terms of trade in Brazil. The outlook for the next major cropping season is also positive and this is generating strong early demand for crop protection products, some of which Nufarm will supply in the June and July period.

European climatic conditions have been difficult, with some of the driest and warmest weather experienced in a number of major European markets for many years. While recent rains have allowed increased cropping activity, the unusually dry conditions through to June led to a reduction in demand for crop protection products utilised for both European winter crops and delayed spring crop plantings. A number of Nufarm's European businesses, in

particular France, have been adversely impacted by these weather impacts. Conditions in some southern European markets have been more favourable.

Nufarm's sales of glyphosate to the end of June are well down on previous years, consistent with the commentary provided at the half year in relation to competitive pricing and lower margins in the glyphosate segment in most global markets. The company has stepped away from much of this lower margin business in markets such as the USA and Brazil. Sales in major product segments other than glyphosate continue to show growth on the previous year, reflecting the company's strategic objective of diversifying its product portfolio.

### **Earnings guidance**

Based on management's latest forecast, the company estimates that underlying net operating earnings for the 12 months to July 31, 2011, will fall within a range of \$88 million to \$94 million (2010: \$58.6 million). This estimate excludes the impact of material items and of the receivable-related write-down disclosed on June 15. That write-down will reduce the estimated underlying net operating profit (\$88m - \$94m) by \$21 million.

July is forecast to be an important earnings month for the business, reflecting the high level of sales activity that often takes place in this period. Forecast earnings for July, and hence the full year, assume trading conditions will support this level of sales activity.

The company is scheduled to release its full year results for the 12 months to July 31, 2011, in late September.

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