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19 March 2012

By email
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Canberra ACT 2601

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Dear Ms Reid

Anti-dumping investigation – formulated glyphosate exported from the People's Republic of China

We act for China Chamber of Commerce of Metals, Minerals & Chemicals (**CCCMC**), who, in turn, represents, amongst others, Chinese exporters of glyphosate from the People's Republic of China, in relation to this investigation.

On behalf of CCCMC we submit that exports of formulated glyphosate from the People's Republic of China have not caused and do not threaten to cause material injury to the Australian industry for the reasons set out in this submission.

1. Applicants' Injury Claims

In their application, the applicants claimed to have incurred injury in the form of:-

- lost sales volumes;
- lost market share;
- reduced prices; and
- loss of profits and profitability.

The applicants also claimed to have incurred injury in the form of:-

- reduced revenues;
- reduced capacity utilisation;
- increased inventory levels;
- inadequate return on investment;
- reductions in capital expenditure;
- inability to attract capital to invest; and

- reduced employee numbers.

The applicants claim that the injury they incurred commenced in 2010/2011.

2. What the application shows

As noted by Australian Customs & Border Protection Service (**Customs**) in its Consideration Report No. 183, what the application shows is the following:-

- ***Australian market***: the size of the Australian market fell in 2008/09 and then increased in 2009/10 and 2010/11 and the size of the market was greater in both those years as compared with the size of the market in 2007/08;
- ***Applicants' sales volumes***: the applicants' sales volumes, which included imports but excluded toll processed glyphosate, fell in 2008/09, increased in 2009/2010 to be greater than in 2007/08 and then fell in 2010/11 to about the same volume as in 2007/08;
- ***Chinese sales volumes***: fell in 2008/09 and then increased in both 2009/10 and 2010/11 to be greater than the applicants' sales volumes in 2010/2011;
- ***Price undercutting***: the applicants claim that a comparison of selling prices at the distributor level of trade for glyphosate imported from China with the applicants' prices shows price undercutting ranging from 14.6% to 49%;
- ***Applicants' CTMS***: the applicants' cost to make and sell glyphosate increased in 2008/09 and then fell in 2009/2010 to well below the 2007/08 position and then stabilised in 2010/11 to be about the same as in 2009/2010;
- ***Applicants' prices***: the applicants' prices fell in 2008/09 and in 2009/10 and then stabilised in 2010/11; and
- ***Applicants' profits***: the applicants' profits and profitability fell significantly in 2008/09 to be unprofitable and then improved in 2009/10 and 2010/11 but were still unprofitable in both years, only less so in each year.

Based on this Customs found in its Consideration Report No. 183 that:-

- the applicants had lost sales volume between 2009/10 and 2010/11;
- imports from China had undercut some of the prices of the applicants' glyphosate but Customs was not satisfied that this had caused injury to the applicants;
- there do not appear to be reasonable grounds to find that imports from China caused injury to the applicants in the form of price depression or price suppression; and
- there do not appear to be reasonable grounds to find that imports from China caused injury to the applicants in the form of reduced profit and profitability.

At section 7.12 of the Consideration Report, Customs concluded that:-

> *"It appears that dumping has caused injury to the applicants in the form of lost sales volume, lost market share, reduced revenues and increased inventory levels. However, it does not appear, from the evidence presented in the application, that the applicants have suffered, or that dumping has caused the applicants to suffer, injury in the form of price depression, price suppression, lost profit or reduced profitability."*

Unfortunately the application does not set out what occurred in the formulated glyphosate market, both in Australia and globally, and how this impacted on the applicants. This is addressed later below.

3. Issues arising from the application and the Consideration Report

The issues that arise from the applicants' application and from Customs' Consideration Report are the following:-

1) Why did the applicants' prices dramatically fall in 2008/09 and then stabilise in the following period instead of continuing to fall given the claimed price undercutting of exports from China in the range of 14.6% to 49%?
2) Why was the four fold increase in the volume of formulated glyphosate exported from China not matched by a four fold decrease in the applicants' sales volumes?

These issues are addressed below.

4. Formulated glyphosate market – fluctuations in prices

Fluctuations of prices in the formulated glyphosate market may be summarised as follows:-

- in early 2008, due to the closing down of glyphosate factories in China because of the Olympics as well as other factors, demand for glyphosate technical outstripped supply with the result that the price of glyphosate technical was very high, peaking at over US$12 per kg FOB (Shanghai). Historically the price of glyphosate technical was between US$3 to US$4 per kg FOB (Shanghai);
- Nufarm Australia Limited (**Nufarm**) purchased substantial stocks of this high priced glyphosate technical, which, as documented in the application, it uses to make formulated glyphosate;
- in mid 2008 the price of glyphosate technical fell dramatically from over US$12 per kg FOB (Shanghai) to less than US$4 per kg FOB (Shanghai);
- as a result Monsanto announced in September 2008 that it was cutting its glyphosate (i.e. Roundup) prices by 50%;
- this had the consequence that formulated glyphosate prices also dramatically fell including in Australia, as is reflected in the charts on pages 38 and 39 of Customs' Consideration Report;
- Nufarm was caught with a significant inventory of high priced formulated glyphosate that it had to sell at a loss; and
- this obviously had a significant impact on Nufarm's profitability.

That this significant rise and fall in glyphosate occurred is well documented: see **attachments**. In particular we draw your attention to page 12 of the Nufarm presentation at the 'Macquarie 12th Annual Australian Conference, Sydney' dated May 2011, a copy of which is **attached**.

The effect of this on the economic performance of Nufarm[1] is extensively documented in:

- Nufarm presentations, copies of which are **attached**;
- Nufarm announcements, copies of which are **attached**;
- an Australian Securities & Investment Commission infringement notice, a copy of which is **attached** and available at: http://www.asic.gov.au/asic/asic.nsf/byheadline/10-255AD+Nufarm+pays+penalty+and+offers+enforceable+undertaking?openDocument
- a summary of a class action brought against Nufarm by Maurice Blackburn, a copy of which is **attached**; and
- various press articles, copies of which also are **attached**.

It is evident, therefore, that the dramatic fall in the applicants' formulated glyphosate prices in 2008/09 -2009/10 had nothing to do with exports of formulated glyphosate from China to Australia.

Rather, the fall in the applicants formulated glyphosate prices in 2008/09 -2009/10 simply represented a bursting of a bubble of the price of glyphosate technical with the result that formulated glyphosate prices returned to historical prices where they have remained.

5. Volume related Injury

As noted earlier above, the significant increase in the volume of formulated glyphosate from China in 2009/10 – 2010/11 is not matched by a four fold decrease in the applicants' sales volumes despite the claim the Chinese exports were undercutting their prices by between 14.6% to 49%.

It would seem reasonable to expect that, given the apparent level of price undercutting, the sales volumes of the applicants would have fallen more extensively than they have.

It is also interesting to note that the applicants' sales volumes increased significantly greater in 2008/09 to 2009/10 than the increase in Chinese exports. This raises the question of why was there not a greater increase in Chinese exports at this time when, presumably, Chinese exports were undercutting the prices of the applicants?

One explanation may be, as suggested by the Maurice Blackburn class action summary, that Nufarm was acquitting its high priced inventory at lower prices than its revised book value, resulting in significant losses. It is possible that the other applicant may have been in a similar position.

However, there would seem to be another reason. Due to the commodity nature of formulated glyphosate and the associated low margins due to competition within the

[1] Accensi Pty Limited is not required to publish its accounts and, accordingly, it is not known what effect the dramatic fall in glysophate technical and formulated glysophate may have had on it. However, it would seem reasonable to conclude that it would have had a similar effect as on Nufarm.

market, Nufarm has adopted a strategy of reducing its exposure to glyphosate and focusing on higher value products.

The adoption of this strategy is reflected in the decline in the percentage of its revenues from sales of glyphosate. In 2008, 40% of Nufarm's revenues were from glyphosate. By 2011, only 20% of Nufarm's revenues were from glyphosate.

In other words, Nufarm for commercial reasons has elected to vacate the formulated glyphosate market, which, according to the applicants, grew in Australia by 25% in 2009/10 to 2010/11, and, instead, focus on higher value, less commoditised products where it can obtain better margins. Again, the adoption of this strategy is well documented in Nufarm's presentations, half-year and full-year financial results announcements and annual reports, copies of which are **attached**.

It would seem reasonable to conclude that with the major supplier of glyphosate to the Australian market, with a reported market share of between 65% to 70%, electing to reduce its exposure to the formulated glyphosate market, both in Australia and overseas, this would cause a decline in sales volumes by the Australian Industry. That would appear to be what has occurred.

In this regard it is important to note that the sales volume analysis in the Consideration Report at page 36 excluded "toll manufactured product". According to its website, Accensi Pty Ltd is a toll manufacturer of, amongst other things, formulated glyphosate. That is, it does not produce and sell its own products. It, therefore, must follow that the chart on page 36 of the Consideration Report relates only to the sales volume of Nufarm, who, after a strategic review following the fall of formulated glyphosate prices, decided to reduce its exposure to glyphosate. It is unsurprising that, in such circumstances, its sales volumes and, for that matter, its market share fell in 2009/10 to 2010/11 in an expanding market.

In their application, the applicants contend that Monsanto "initiated market activities" that made it difficult for Chinese producers to access both the US and South American markets and that this led to significant excess capacity and, consequently, to the increase in export volumes to Australia as Chinese producers sought out alternate markets. No information or evidence was provided by the applicants as to what those "market activities" that Monsanto initiated were, when they were initiated and why they were effective. This contention is mere unsupported speculation.

The known and documented market action that Monsanto did undertake in 2009 was to drop its glyphosate prices by 50%, with the well documented consequences that it had not only on Nufarm but glyphosate prices globally.

6. Conclusion

For the reasons set out above, exports of formulated glyphosate from China have not caused injury to the Australian industry. The decline in formulated glyphosate prices during the injury period was a result of a correction in the price of technical glyphosate back to its historical levels. The decline in the Australian industry sales volumes and market share was as a result of the largest member of the Australian industry, Nufarm, electing to reduce its exposure to formulated glyphosate at a time when the Australian formulated glyphosate market was expanding.

Please let us know if you have any queries.

Yours faithfully
Corrs Chambers Westgarth

Andrew Korbel
Partner

Andrew Percival
Special Counsel

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Attachments

http://www.nufarm.com/Assets/12848/1/2009-06JPMorganconference.pdf

http://www.nufarm.com/Assets/13105/1/2009-09_FullYearResults.pdf

http://www.nufarm.com/Assets/13292/1/2009_AGM_CEO_address.pdf

http://www.nufarm.com/Assets/13291/1/2009-12_Chairmans_Address.pdf

http://www.nufarm.com/Assets/13906/1/2010_EGMCEOAddress.pdf

http://www.nufarm.com/Assets/14127/1/2010-03Interimbriefing.pdf

http://www.nufarm.com/Assets/14121/1/2010_InterimResults.pdf

http://www.nufarm.com/Assets/14921/1/2010-06JPMorgan-DayattheFarm.pdf

http://www.nufarm.com/Assets/15445/1/2010-09FullYearResults.pdf

http://www.nufarm.com/Assets/15433/1/2010Preliminaryannouncement.pdf

http://www.nufarm.com/Assets/16142/1/2010AGMChairmansaddress.pdf

http://www.nufarm.com/Assets/16139/1/2010AGMCEOaddress.pdf

http://www.nufarm.com/Assets/17218/1/2011-05Macquarieconference.pdf

http://www.nufarm.com/Assets/20143/1/2012-03MerrillLynchAgConference.pdf

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Nufarm - Class action for shareholders

On 12 August 2011, a representative proceeding against Nufarm Limited was filed in the Federal Court of Australia seeking to recover losses suffered by shareholders as a result of alleged material non-disclosures and misleading conduct relating to Nufarm's glyphosate business.

The class action consolidates two separate claims previously filed by law firms Maurice Blackburn and Slater & Gordon.

The proceeding is brought on behalf of Nufarm shareholders who acquired an interest in Nufarm securities between 28 September 2009 and 31 August 2010 and who suffered loss as a result of the alleged misconduct. As presently constituted, to be a group member in the class action, shareholders must have held some or all of the shares acquired in this period until 1 March 2010, 13 July 2010 or 31 August 2010.

Nufarm

Nufarm is an Australian-based crop protection company. Its business includes the production and supply of agricultural chemicals throughout the world, including the sale of glyphosate products which historically contributed to approximately one third of the company's overall revenue.

Glyphosate

Nufarm has been licensed to sell Roundup (a Monsanto trademarked glyphosate product) in Australia since 2002. Chinese glyphosate manufacturers came online after the expiry of Monsanto's exclusive patent on glyphosate in the year 2000. In readiness for the 2008 Olympic Games in Beijing, many Chinese glyphosate manufacturing plants closed and from August 2007 glyphosate prices soared, reaching record highs in the middle of the 2008 calendar year.

However, from around September 2008 international glyphosate prices underwent a major decline. The price of 'glyphosate intermediate' from China fell from $13 per kilogram to less than $4 in six months. In response to the decline, on 17 September 2009, Monsanto, the world's leading producer of glyphosate, confirmed that it was cutting retail glyphosate prices by up to 50% compared to the previous year.

28 September 2009 to 1 March 2010 representations

On 28 September 2009, less than two weeks after Monsanto's announcement, Nufarm made statements to the effect that its profit for the upcoming financial year would be better than the profit achieved in FY2009. The company disclosed an after tax write-down to its glyphosate inventories, as at 31 July 2009, of $40.8 million and claimed that this would enable the company to generate profits in FY2010, while continuing to sell glyphosate at market competitive prices. Nufarm later revealed that from August to December 2009 it had made a strategic decision to sell glyphosate inventory at lower prices than its revised book value, thereby resulting in further losses.

Nufarm publicly re-affirmed its outlook on glyphosate and improved profit in its final annual report released 26 October 2009. A day later, Monsanto said its gross profit from glyphosate would decline in 2010 in light of the price reduction and global oversupply of low priced generic material. On 3 December 2009, Nufarm repeated that there would be a material improvement in its glyphosate business in 2010, that its FY2010 profit would be better than that of FY2009, and that its cash flow and balance sheet would improve. The company also said that it expected to continue to operate within its various banking covenants.

The Australian Securities and Investments Commission (ASIC) has since concluded that by 11 February 2010, Nufarm's board of directors had received operational information for the period 1 August 2009 to 31 December 2009 that suggested an operating profit of between $5 - $7 million for 1H2010, representing an 89% fall in profit from the previous corresponding period. However, Nufarm failed to disclose this information to the market until 2 March 2010, when it published its expected 1H2010 results. ASIC considers that from 11 February to 2 March 2010 Nufarm contravened the continuous disclosure provisions in the *Corporations Act 2001*. As a result, in December 2010, Nufarm agreed to pay a $66,000 fine and gave enforceable undertakings to ASIC.

2 March 2010 to 13 July 2010 representations

On 2 March 2010, Nufarm held an Extraordinary General Meeting. At this meeting Nufarm, inter alia, announced an expected $40 million loss for 1H2010. Of this figure, some $33 million was said to represent material items including glyphosate trading impacts. However, for FY2010 as a whole, Nufarm forecast a headline result, including the impact of material items, of between $80 and $100 million and an operating result of between $110 and $130 million. Nufarm stated that the projected recovery was consistent with what had been achieved in previous years and was based on 'realistic assumptions'. Nufarm also forecast that it's net debt at the end of FY2010 would be approximately $350 million.

At the end of March 2010, in its 1H2010 report to shareholders, Nufarm again stated that it expected a strong recovery in 2H2010 and reaffirmed its 2 March 2010 forecast. The company also said that at the end of the FY2010 period its balance sheet should be in a strong position and that it would generate acceptable margins on glyphosate (other than in the US) and that net debt would be $350 million.

On 20 April 2010, Nufarm announced a fully underwritten entitlement offer of $250 million at $5.75 per share and again reaffirmed its 2 March 2010 guidance for FY2010. Nufarm reiterated that its earnings would recover in 2H2010.

On 27 May 2010, Monsanto announced a reduction in its full year earnings, stating that a sharp decrease in earnings was attributable to poor glyphosate performance. On 28 May 2010, Nufarm responded to Monsanto's announcement stating that its previous forecasts of profit and net debt for FY2010 were still appropriate. Nufarm specifically stated that Monsanto's adjusted earnings guidance relating to its glyphosate business had 'limited implications for Nufarm's own business and earnings outlook'.

On 22 June 2010, Nufarm represented that it would continue to keep the year end under close/regular review and advise the market if it formed a different view of the final result.

14 July 2010 to 31 August 2010 representations

On 14 July 2010, two weeks prior to the end of the FY2010 period, Nufarm downgraded its FY2010 profit forecast by 50% to $55 - $65 million, excluding non-operating items. Net debt was also forecast to increase by $100 million, to $450 million.

On 15 July 2010, Nufarm announced it was in breach of one of its banking covenants.

Nufarm's share price fell dramatically from a close of $5.24 on 13 July 2010 to a low of $3.25 by 19 July 2010 (a fall of 38%).

On 1 September 2010, Nufarm confirmed the revised profit guidance given on 14 July 2010, but announced that its net debt as at 31 July 2010 would be approximately $620 million, substantially higher than the revised estimate of $450 million given on 14 July 2010. Nufarm further confirmed that this substantially increased net debt position had resulted in a breach of another of the company's banking covenants.

As a result of this announcement, Nufarm's share price fell from a close of $3.85 on 31 August 2010 to a low of $3.39 by 3 September 2010 (a fall of 12%).

The claim

Nufarm is a listed disclosing entity within the meaning of the *Corporations Act 2001*. As such, it is required to comply with the 'continuous disclosure' regime under ASX Listing Rule 3.1 and section 674 of the *Corporations Act 2001*. Under these provisions, Nufarm is required to advise shareholders and the market of all information of which it was, or ought to have been, aware which might materially affect its share price. Information is likely to have a material effect on the share price if the information would be likely to influence people who commonly invest in shares in deciding whether to buy, sell or retain shares.

The claim alleges that during the claim period, Nufarm failed to disclose the true position to the market and was therefore in breach of its continuous disclosure obligations.

The claim alleges that various statements made during the claim period were misleading and that the company did not have any reasonable basis to make such representations.

How to be represented in the class action

If you acquired an interest in Nufarm shares between 28 September 2009 and 31 August 2010 (inclusive) you will be a group member in the class action and it is not necessary for you to retain us to receive compensation if the case is successful. However, there are benefits for group members who retain us. In particular, our clients will be given regular updates, personal advice, notification of court orders and notice of and assistance with the formal lodging of claims.

Maurice Blackburn is conducting this class action on a 'no win - no charge' basis, which means that you will not be asked to pay any legal costs or expenses during the conduct of the litigation. If the class action is successful Maurice Blackburn's fees will be paid by Nufarm, its insurers or as part of the total group member damages pool.

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Contact us

If you would like to find out more about the benefits of retaining us as to act for you in the class action, or you have any questions, please contact us at Nufarmclassaction@mauriceblackburn.com.au with your name and contact details. You can also speak with our lawyers Jason Geisker and Anna Williams on 1800 810 812 (in Australia) or +61 2 9261 1488 (international).

Details of infringement notice issued to Nufarm

Nufarm Ltd (Nufarm) has paid a $66,000 penalty following an infringement notice issued by ASIC for an alleged failure by the company to disclose material information regarding its year to date financial results in the period from 11 February 2010 to 2 March 2010.

The facts

Nufarm is a global agrichemical company listed on the ASX.

By 11 February 2010, Nufarm was aware of the following information:

> Nufarm's financial year-to-date results for the period from 1 August 2009 to 31 December 2009 consisted of:
>
> (a) an after-tax net loss of $61.8 million; and
>
> (b) an after-tax operating net loss of $55.6 million
>
> ('the Information').

The Information was presented at a meeting of Nufarm's board of directors on 11 February 2010. All of Nufarm's then current directors as well as a number of the company's senior executives were present at the meeting.

Given the Information, Nufarm faced uncertainty regarding its expected half-year profit. There is evidence that Nufarm considered there were significant possibilities of a break even result, a small after tax net profit or a small after tax net loss. There is evidence that Nufarm senior executives expected an operating profit in the region of $5-7 million for the half year ending January 2010. An operating profit of $7 million would represent an 89% fall from the after-tax net operating profit in the previous corresponding period (1 August 2008 to 31 January 2008).

ASX Guidance Note 8 on Continuous Disclosure states:

'*As a general policy, a variation in excess of 10% to 15%* [of a previously released financial forecast or expectation] *may be considered material, and should be announced as soon as the entity becomes aware of the variation. If the entity has not made a forecast, a similar variation from the previous corresponding period will need to be disclosed*'

Nufarm did not release a financial forecast or expectation for the 2010 financial year or half year until 2 March 2010.

Nufarm did provide some commentary on its expectation for its half year results to 31 January 2010 in addresses by its chairman and managing director to the company's Annual General Meeting released on 3 December 2009. The chairman's AGM address said:

'From a Nufarm perspective in 2010, glyphosate raw materials are being purchased at market competitive prices and our margins will start to recover over the balance of the 2010 year. As a result of this product margin mix, our profit in the first half of this year will be significantly down on the previous year, however in line with our internal projections.',

while the managing director's AGM address said:

'Our forecast group result for the six months ending in January 2010 is below that for the same period of last year.'

ASX Guidance Note 8 states:

'In making such disclosure, the entity must provide some details, however qualified, of the extent of the variation'

Neither of these addresses nor any other ASX announcement by Nufarm made prior to 2 March 2010 provided details of the extent of the variation.

Nufarm did not disclose the Information and it was superseded by an ASX announcement on 2 March 2010 containing addresses by Nufarm's chairman and managing director to the company's Extraordinary General Meeting. The managing director's address said:

'I expect the company to be reporting a headline loss for the six months of approximately $40 million. Of this figure, some $33 million represents material items including glyphosate trading impacts.'

The contravention

The infringement notice has been issued because ASIC believes that Nufarm contravened subsection 674(2) of the Corporations Act in the period from 11 February 2010 (from which time Nufarm was aware of the Information) to 2 March 2010 (at which time Nufarm released an announcement containing disclosures that superseded the Information to ASX), in that:

(a) Nufarm is an entity to which subsection 674(2) of the Corporations Act applies.

(b) By 11 February 2010, Nufarm was aware of the Information.

(c) The Information was information that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of securities of Nufarm.

(d) From 11 February 2010, ASX Listing rule 3.1A (the exception to ASX Listing rule 3.1) did not apply to the Information because a reasonable person would have expected the Information to be disclosed to ASX.

(e) Consequently, from 11 February 2010, ASX Listing Rule 3.1 required Nufarm to tell ASX of the Information.

(f) Between 11 February 2010 and 2 March 2010, the Information was not generally available.

(g) Nufarm did not disclose the Information until 2 March 2010 when Nufarm disclosed its expected half year results.

Compliance with the infringement notice

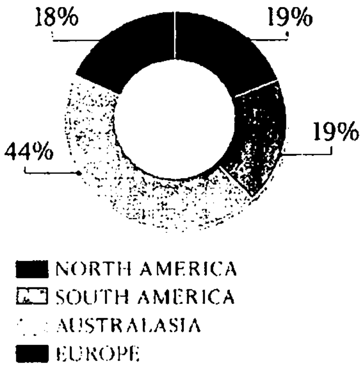
Nufarm has elected to comply with the infringement notice by paying the $66,000 penalty. As stated in the Corporations Act, compliance with the notice is not an admission of guilt or liability. Nufarm is not regarded as having contravened subsection 674(2) of the Corporations Act.

The Australian

Monsanto row hits Nufarm's profits

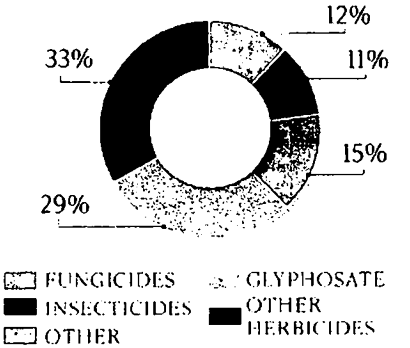
- by: Andrew Main
- From: The Australian
- September 13, 2011 12:00AM

Group revenue 2011

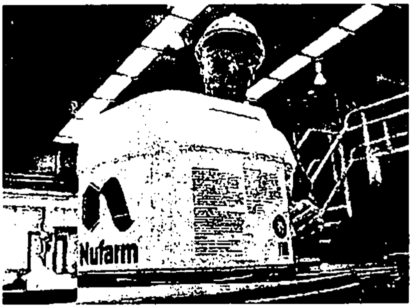


Source: The Australian

Regional revenue by major product segment



Source: Nufarm



Nufarm is expected to make a profit of $94m
Source: Bloomberg

HERBICIDE vendor Nufarm provided mixed news yesterday, telling investors it would beat forecasts for its underlying net profit for the year to July 31, but warning of a further writedown knocking $28 million off the published net profit number.

The writedown is part of an ongoing battle over a disputed receivable allegedly owed by US agricultural giant

Monsanto, initially for $58.9m.

On July 13, the company gave guidance of between $88m and $94m for the year just ended. However, yesterday's announcement makes it clear that the headline earnings number -- before one-offs such as the writedown -- will exceed $94m.

Even if that result is knocked down by the $28m writedown, the $66m profit would still beat the previous year's 2010 headline profit of $58.6m.

On June 15, Nufarm announced the Monsanto receivable would be written down to a value of $25m in the company's accounts and that the settlement would recover $13.5m against its written-down value, "resulting in a further writedown at year's end".

In 2002, Monsanto licensed Nufarm to sell Roundup, a Monsanto-trademarked glyphosate product, in Australia.

The price of glyphosate soared in early 2008, partly because Chinese glyphosate factories in Beijing were ordered to close for the duration of the Olympics.

Then, in mid-year, prices dropped sharply and Monsanto announced in September 2008 that it was cutting glyphosate prices by up to 50 per cent.

As a result, the product price -- which had jumped from about $US4 a kilogram in mid-2007 to between $US13 and $US14 in mid-2008 -- then sank back to $US4 ($3.88), where it is now.

Nufarm was caught with a large quantity of stockpiled glyphosate after July 2008.

The dispute with Monsanto is understood to date from a profit and marketing cost-sharing agreement the two companies signed in 2002.

In simple terms, Monsanto is understood to view loss sharing in a different light from profit sharing. Yesterday, Nufarm chief executive Doug Rathbone said a settlement proposal had emerged from recent discussions that "on balance" would be acceptable to the Nufarm board.

Mr Rathbone said compromising over the receivable was justified by a number of factors, not least the management time involved in further hearings, the litigation risk and "the ongoing commercial relationship between the parties".

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Thurs 15th March 2012

1536 UK, 15th June 2010, by Agrimoney.com

Slump in glyphosate prices 'here to stay'

The slump in glyphosate prices which has caught out industry giants such as DuPont and Monsanto is here to stay thanks to overcapacity in China, Credit Suisse has said.

A return to the margins of 25% western giants once enjoyed on the generic weedkiller "seems like a stretch" given the ramp up in global capacity for making glyphosate, the bank said.

China alone has sufficient manufacturing capability to meet world demand of 600,000 tonnes a year, after more than tripling its capacity in 2007-08, with extra plants in the pipeline.

Red Sun, based in the eastern city of Nanjing, was planning facilities capable of producing 100,000 tonnes of glyphosate a year, which would make it China's biggest producer, overtaking Wynca, the Shanghai-listed chemicals group.

'Frenzied prices'

The fate of the market "continues to hinge on China over the coming months, and how quickly we see a return to balance", Credit Suisse said.

"Therefore, in the absence of production discipline, the supply versus demand imbalance is likely to keep a lid on prices for the foreseeable future."

The bank quoted Liu Xia, the chief executive of Wynca's agrichemicals division, who said: "The price of glyphosate will never return to the heights of 2008 in my lifetime. The prices were just frenzied."

China's biggest glyphosate producers, in output per year

Wynca: 80,000 tonnes

Nantong: 60,000 tonnes

Anhui: 25,000 tonnes

Country total: 600,000 tonnes

Red Sun is planning to build facilities with capacity of 100,000 tonnes

Sources: IBES, Credit Suisse

Indeed, prices may remain weak enough to force China's "relatively fragmented" sector onto the backfoot, and force consolidation among its 2,900 manufacturers.

These had been, like their Western peers, dented by last year's slump in prices, with Wynca's profits falling by some 85%.

Nufarm worries

Credit Suisse's comments came in a note in which it placed an "underperform" rating on Nufarm, with a price target on the Australian agrichemicals supplier's shares of Aus$6.40 in 12 months' time.

Consensus forecasts assumed a return to peak operating profit margins within two years which looked unlikely given the prospects for glyphosate prices, despite Nufarm's stranglehold on the Australian market, of which it boasts a share of 65-70%.

Furthermore, Nufarm requires near-record second half earnings to meet a full-year earnings target of Aus$110m-130m.

"This is equivalent to its strongest second half, in 2008, a period in

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futures prices

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Symbol	Last	Chg
Corn	661-2	+2-4
Soybeans	1357-0	+6-6
Wheat	646-2	+2-4
Cocoa	2314s	-58
Coffee	183.60s	-2.55
Cotton #2	87.14s	-0.90
Sugar #11	24.44s	+0.31
Live Cattle	127.175	+0.150
Lean Hogs	87.775	+0.375

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9 USDA warns of corn prices falling back below $5
10 Deere [illegible] forecasts of gains in US corn sowings

1 Egyptian order puts spark into Paris wheat
2 Soybean prices - what does 2012 have in store?
3 Corn prices - can they outperform again in 2012?
4 Grain giant cautions over wheat and corn prices
5 Wheat prices - will bumper supplies undermine them in 2012?
6 German farmers overcome bad start to grain sowings
7 Grain prices slump after US eases supply fears
8 REA sees [illegible] rising as [illegible] profits
9 Crops lead 'massive' turn to commodities [illegible]

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which glyphosate prices hit all-time highs," Credit Suisse said.

specs
10 CNH battles two other bidders for machinery group

1. Corn prices 'to set record in 2011 - by a margin'
2. Coffee pick of soft commodities in 2011 - Rabobank
3. Corn groups hit as drinks makers return to sugar
4. US cuts hopes for 2011-12 rebuild in crop supplies
5. Crops feel hangover from rally as funds sell down
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10. Farm commodities 'better bet than gold' for 2010

print | close

FARM INDUSTRY NEWS

Monsanto cuts price of Roundup

Wed, 2009-09-23 08:23

Farm Industry News

Monsanto is cutting the price on its Roundup brand agricultural herbicides. "We will be reducing the price of both Roundup PowerMax and Roundup WeatherMax by up to 50%, effective immediately," says Matt Helms, marketing manager for Monsanto crop protection division.

Global supply and demand issues put glyphosate prices on a roller coaster ride recently, with prices falling dramatically from 2008 and 2009 price levels back down to 2006 and 2007 levels.

Monsanto says it has the capacity at its Luling, LA, plant to increase domestic production and made investments to increase mining capacity for glyphosate raw materials in southeastern Idaho.

While news of the announcement may be a good deal for producers, Chris Boerboom, extension weed scientist at the University of Wisconsin, says producers should continue to be aware that the use of preemergence herbicides in a corn and soybean rotation may still be necessary. "The addition of a preemergence herbicide has been shown to decrease early season weed pressure, which is especially valuable in fields when weather delays postemergence glyphosate applications," he says. "And controlling early season competition protects yield."

The price of glyphosate won't matter if there are glyphosate-resistant biotypes in your field, says Aaron Hager, weed science extension specialist at the University of Illinois. "Certainly producers may look at spraying glyphosate twice instead of using a soil-residual herbicide," he says. "But alternating chemistries is imperative, especially if glyphosate resistance is a concern."

Joe Sandbrink, technology development manager for Monsanto crop protection division, encourages the use of residuals in tank mixes when needed. "Our Roundup Rewards program provides incentives to producers who use other chemistries in areas where multiple modes of action are necessary for weed control. That program will continue to be offered."

Monsanto's price cut isn't likely to spill over into other weed-control chemistries. "We don't expect current glyphosate prices to directly impact other chemistries, as the prices of these products did not spike like glyphosate," says Scott Langkamp, head, herbicide brand management, Syngenta Crop Protection.

Source URL: http://farmindustrynews.com/glyphosate-tolerant/monsanto-cuts-price-roundup

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Monsanto profit falls as Roundup struggles

Wed, Jun 30 2010

By Carey Gillam

KANSAS CITY, Missouri (Reuters) - Monsanto Co (MON.N: Quote, Profile, Research, Stock Buzz) reported a 45 percent drop in quarterly net income on Wednesday as the global seed leader's Roundup herbicide business continued to struggle, sending its shares down as much as 4.3 percent.

Company officials, who called 2010 a "challenging year," said while they saw a 5 percent jump in net sales of seeds and genomics, net sales of Roundup and other glyphosate-based herbicides fell 56 percent.

Roundup was once a key profit-driver for Monsanto, and it has continued to generate sales even in the face of generic competition, in part because of Monsanto's development of "Roundup Ready" crops -- those genetically altered to tolerate treatments of the Roundup weed killer. Monsanto's Roundup Ready soybeans, for example, have been wildly popular with U.S. farmers.

But as problems with weed resistance have mounted and generic competition has pressured prices, Monsanto has seen its herbicide revenue slide.

It is also dealing with problems on the seed side as its new Roundup Ready 2 Yield soybeans have not performed as well as expected and farmers have complained about high prices.

"The operating results were weaker than we were expecting on the corn and soybean side as well as on the glyphosate side," said Jefferies & Co. analyst Laurence Alexander.

Alexander said glyphosate price declines were a key pressure point for Monsanto as retail prices for glyphosate are running around $8 to $11 a gallon, down from a peak of above $35 a couple of years ago.

Monsanto's net income for the third quarter ended on May 31 fell to $384 million, or 70 cents a share, from $694 million, or $1.25 a share, a year earlier.

Ongoing earnings of 81 cents a share slightly beat analysts' expectations of 79 cents, according to Thomson Reuters I/B/E/S. Still, revenue fell to $2.96 billion from $3.16 billion, missing analysts' forecasts of $3.17 billion.

Monsanto said last month that it was revamping its business in glyphosate -- the key ingredient in Roundup -- to price its products closer to generic offerings and streamline its own product offerings. The company is also accelerating payment on certain distributor and retailer incentives to close out those programs.

Monsanto has also acknowledged a need to make changes in the seed business amid industry complaints that prices are too high and that farmers need more product alternatives. The company has recently rolled out new pricing to its seed licensees and in some cases is reducing premiums farmers must pay by half.

The changes come as the U.S. Department of Justice is scrutinizing Monsanto's actions in the U.S. seed industry in response to allegations by competitors and others of unfair pricing and antitrust violations. Monsanto has denied these allegations.

"We've made some real changes to our portfolio and business approach, and the positive feedback I'm hearing from our customers tells me we are on the right track," Monsanto Chairman Hugh Grant said in a statement on Wednesday.

The St. Louis-based company, which is the world's largest seed producer and a maker of agricultural chemicals, said it still expected free cash flow of $400 million to $500 million for fiscal-year 2010, with net cash of $1 3 billion to $1.5 billion provided by operating activities.

Monsanto also repeated its fiscal-year earnings forecast of $2.40 to $2 60 per share on an ongoing basis and $2.15 to $2.41 on an as-reported basis.

Looking to next year, Monsanto said it expects to achieve its forecasted mid-teens earnings growth in 2011, and that growth will come almost exclusively from the seeds and genomics segment where gross profit is expected to increase more than 10 percent.

Research and development expenditures are expected to increase over 2010 and the agricultural productivity segment is expected to earn gross profits of $550 million to $600 million in 2011.

Shares of Monsanto were down 1.8 percent at $46.50 on the New York Stock Exchange at midday, after falling as low as 45.30 earlier. The stock had fallen 45 percent in the past year as investor discontent has mounted.

(Reporting by Carey Gillam, Editing by Lisa Von Ahn and Matthew Lewis)

JP Morgan, Sydney

A Day at the Farm

Doug Rathbone
Managing Director

June, 2009

Nufarm

A Day at the Farm

Nufarm

- Earnings revision
- Seasonal update
- Commitment to 'full service' model
- The bigger picture

'09 Earnings revision

Nufarm

- June 16 guidance update
  - Reducing full year NPAT forecast by 'about 15%'
  - Final impact can't be known until end of July
  - Deterioration in glyphosate market

'09 Earnings revision

Nufarm

Earnings <u>always</u> weighted to last quarter

21.6%	79.4%
$35.4m	$128.5m

Aug Sep Oct Nov Dec Jan Feb Mar Apr [redacted]

2008 actual: $163.9m NPAT

[redacted]

29.6%	70.4%
$65.2m	$154.8m

Aug Sep Oct Nov Dec Jan Feb Mar Apr [redacted]

2009 actual 1H + previous guidance: $220m NPAT

'09 Earnings revision

Nufarm

May 15: Guidance commentary

- Based on review of end April numbers
- Made against a background of generally delayed buying behaviour
- Tied to stated assumption that we would see a strong final three months
- Seasonal outlook was reasonable
- Planting intentions were positive

'09 Earnings revision

Nufarm

What happened ?

- May 27: Monsanto announces 'Roundup' related downgrade "application of the product is half that compared with product use at the end of May 2008"
- Subsequent price deterioration as suppliers compete for materially lower volume opportunity
- Low cost product bypassing traditional distribution
- Nufarm regional GMs called to Melbourne on June 11/12

'09 Earnings revision

Nufarm

A combined impact

- Unusually late buying behaviour and distribution reluctance to hold inventory
- Relatively late season and delayed planting activity
  - US: Reduced glyphosate applications as growers plant into warmer conditions
  - AUS: Dry Autumn in most regions reduces weed pressure prior to sowing; shift from pre-plant to post-plant
- Unsustainably low prices for Chinese sourced glyphosate 'tech' as suppliers quit stocks post the previous season 'bubble'
- Dramatic impact of Monsanto signal re lower volume opportunity

'09 Earnings revision

Nufarm

Short term or structural ?

We think mostly short term ...

- Credit environment should improve by next season, leading to more normal buying behaviour and stocking patterns
- Seasonal conditions will always vary
- Suppliers in China face changing regulations on product quality and environmental standards and higher capital commitments; excess China stock will wash through system
- Nufarm impacted by higher inventory cost given <u>one-off</u> stocking requirement (end '08 year) while transitioning to new supply arrangements

.... and we will respond to any emerging structural changes

'09 Earnings revision

Nufarm

Actions implemented

- Adjust purchasing and production to help address inventory run-down
- Respond to US competition to protect market share and distribution relationships
- Ensure we start 2010 year on a cost-competitive basis

Seasonal update

Nufarm

Australia

- Slow start, but good conditions for growers
- Plantings should be broadly in line with last year
  - approx 22m hectares
- Opportunities for post-emergent weed control look very good (part '09 part '10 impact)

- Fungicide opportunities also positive, with early disease observed
- Key for growers is that rains continue to support crop and strong harvest

Seasonal update

Nufarm

North America

- Cold and wet conditions persisted for longer than normal
- Late season compounded by late decisions to plant corn v soybean
- Crops emerging quickly in later/ warmer conditions
- Total crop planting broadly in line with last year

Seasonal update

Nufarm

South America

- Season in Brazil was generally positive with growers achieving good harvest and crop return
- Major drought conditions in Argentina impacted both plantings and production of major crops

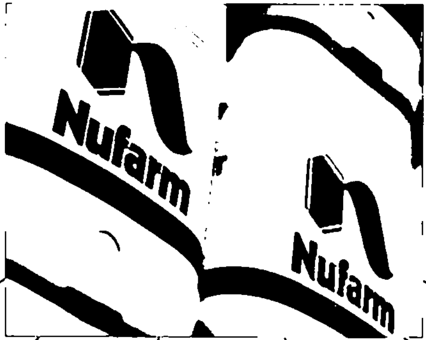
Seasonal update

Europe

- Most markets experiencing 'average' seasonal conditions after a cold winter
- Some reduction in cropping intensity following pull-back in commodity prices

Commitment to full service

Supporting the Nufarm brand



Manufacturing	Logistics	Regulatory	Product Development	Marketing	Sales
Synthesis formulation	Regional service centres	Substantial resources	New formulations	'Agricentres'	Field force
		Intellectual property	Mixture products	Loyalty programs	
			Innovative packaging		

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Commitment to full service

Nufarm

Brand values

- Quality
- Reliability
- Support
- Flexibility
- Innovation

Day at the Farm

Nufarm

The bigger picture: Industry

- Agricultural demand drivers are still in place
  - Population; wealth; limited land; and drive for yield
- Current year likely to see yield 'drag' and lower production
  - Fertiliser and agchem cutbacks
  - Pace of development slows in emerging markets
- We expect to see demand-related support for commodity price increases in 2010

Day at the Farm

Nufarm

The bigger picture: Nufarm

- Growth strategy – geography + portfolio – remains sound
- Active pipeline delivering innovative product offerings
- Focused growth strategy in seeds and seed treatment
- Remaining alert to consolidation moves and acquisition opportunities

STILL

A great time to be in the business of agriculture

Nufarm Limited
Head office: 103-105 Pipe Road, Laverton North, Vic. Australia.
Tel: 61 3 9282 1000 Fax. 61 3 9282 1111 www.nufarm.com

Nufarm

2009 Full Year Results

September, 2009

Nufarm

Doug Rathbone

Managing Director

Nufarm

2009 Full Year results

Nufarm

- A challenging year
  - Glyphosate profit impact was substantial
  - Credit related pressures in Brazil
- Non-glyphosate business performed well – sales increasing by 16%

Headline results

	2009 12 mths to July 31	2008 12 mths to July 31
Group revenues	$2.68 billion	$2.49 billion
Reported profit	$79.9 million	$137.9 million
EBIT	$151.0 million	$270.5 million
Earnings per share	33.5 cents	69.7 cents
Full year dividend	27 cents	35 cents

- European business a stand-out
  - Minimum glyphosate impact
- Company maintained sales and market share positions

2009 Full Year results

Nufarm

The major drivers

- Dramatic reversal of supply/demand balance in global glyphosate business
- Credit pressures impact purchasing behaviour at both distribution and grower level
- Continued growth in both sales and margin from expanded positions in insecticides, fungicides and seed treatment

The glyphosate issue

Nufarm

2008

- High prices and strong demand driven by expanded cropping activity; high crop prices; and 'tight' supply
- Growers and distributors purchase excess stock in readiness for following season
- Manufacturers in China invest in expanded capacity due to attractive economics of glyphosate business
- Nufarm enters into supply positions with Chinese partners and purchases 'safety' stock to ensure supply continuity of finished product. Much of this inventory purchased at high point in pricing cycle

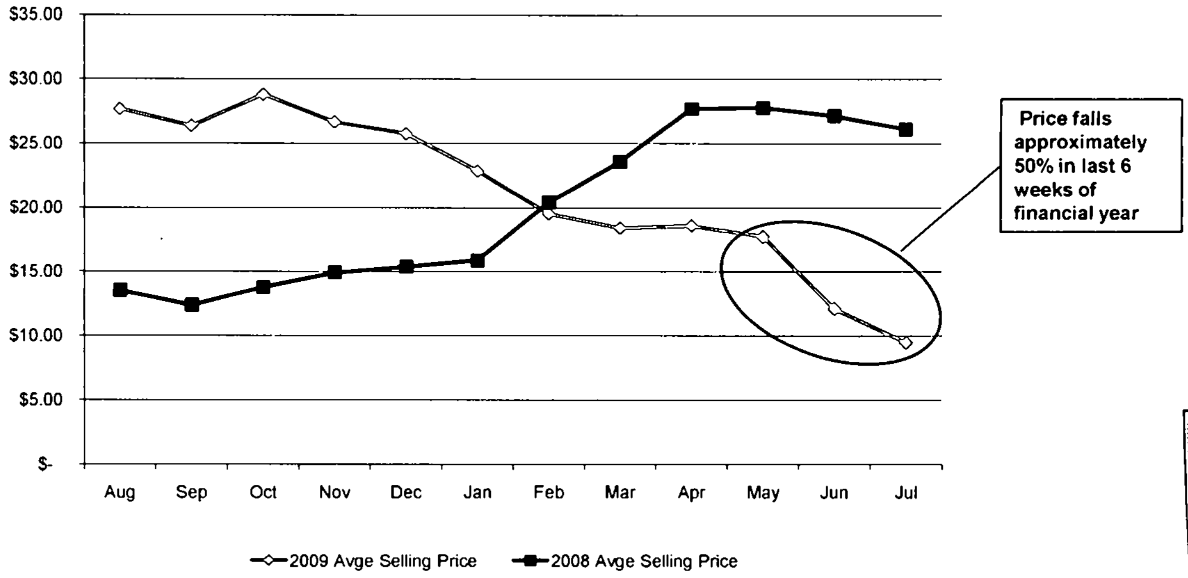
2009

- As new capacity comes on stream, glyphosate 'technical' prices fall
- Credit-related pressures influence deferred purchasing of finished product
- Low-demand seasons in both Australia and USA together with higher than normal channel stocks reduce sales opportunities
- Traders and buying groups source low cost intermediates and undercut major suppliers
- June/July prices collapse as suppliers compete for significantly reduced selling opportunities

The glyphosate issue

Nufarm

Nufarm US average net monthly selling prices



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The glyphosate issue

Nufarm

Gross margin impact on Nufarm in 2009

Glyphosate related gross margin contributions

	2008	2009
USA	$55 million	($21 million)
Rest of world	$225 million	$145 million
Total	$280 million	$124 million

The glyphosate issue

Nufarm

The short term outlook: 2010

- Surplus inventory at manufacturer/supplier level
- Channel inventories are at below average levels
- Pricing will remain very competitive
- 'Arbitrage' opportunity has passed with alignment of cost/pricing positions
- Major suppliers will utilise market access advantages to claim most of the business

The glyphosate issue

Nufarm

Medium term factors – things to watch …

- Extent to which additional manufacturing capacity in China is utilised
  - Economic incentive is substantially weaker
- Traditional distribution's ability to recapture market share
- Ability of major players to leverage total portfolio positions

The glyphosate issue

Nufarm

Nufarm position and key assumptions

- Inventory written down to facilitate acceptable margins on 2010 sales
  - Approx 6 month forecast supply on hand in US at July 31
  - Inventory levels at or below average levels in other markets
- Nufarm will be competitive on pricing in all markets
- Volume consumption in US will recover to approx 2008 levels
  - Assumes average seasonal conditions
  - Some easing in credit-related pressures
  - Distributor/growers stocking patterns start to return to normal
  - Long term growth drivers remain in place
- Nufarm will maintain current market share position
- Global glyphosate business will see <u>partial</u> profit recovery in 2010

Kevin Martin

Chief Financial Officer

Nufarm

Full Year results 2009

Nufarm

Financial headlines

	2009	2008	% Movement
Sales	2.68 billion	2.49 billion	7.4
Profit before net financing costs	151.0 million	270.5 million	(44.2)
Profit before tax	58.9	190.3	(69.0)
Net profit after tax	79.9	137.9	(41.7)
Material items	79.8	26.0	
NPAT excluding material items	159.7	163.9	(2.6)

Full Year results 2009

Nufarm

Material items

$m after tax	2009	2008
Glyphosate	63.5	
Restructuring	2.7	
Competition inquiries	10.2	
Brazil barter loss		22.6
Other	3.4	3.4
	79.8	26.0

Full Year results 2009

Nufarm

EBIT roll forward

$m	2009	2008	Movement
EBIT (operating result on face of profit and loss)	151.5	308.9	
Add Material items			
Cost of sales	121.8		
General and admin	5.4	1.0	
Adjusted EBIT	278.7	309.9	(31.2)
Glyphosate gross margin	124.8	280.4	
Add material item adjustment	37.8	-	
Adjusted glyphosate gross margin	162.6	280.4	(117.8)
Improvement in all other areas of the business			86.6

Full Year results 2009

Nufarm

Regional analysis

$m		Australasia	Europe	North America	South America	Total
2009	Sales	850.2	636.9	775.4	414.6	2,677.1
	Segment profit	118.5	100.6	8.3	(40.9)	186.5
	Material items	4.4	16.8	106.0		127.2
	Adjusted segment profit	122.9	117.4	114.3	(40.9)	313.7
	Profit to sales ratio	14.4%	18.4%	14.7%	(9.9%)	11.7%

2008	Segment profit	147.6	56.2	84.5	59.3	347.6
	Profit to sales ratio	17.0%	10.1%	13.4%	13.7%	14.0%
Movement between years		(24.7)	61.2	29.8	(100.2)	(33.9)

South America movement	Brazil operating result	(67)
	Foreign exchange	(16)
		(83)

Full Year results 2009

Nufarm

Effective tax rate

$m	Headline	Material items	Adjusted	
Pre tax	59.0	127.6	186.6	
Tax	21.6	(47.9)	(26.3)	14%
NPAT	80.5	79.8	160.3	

Full Year results 2009

Nufarm

Working Capital

$m	2009	2008	Difference
Receivables	787.8	840.0	(52.2)
Inventory	797.3	843.5	(46.2)
Payables	(407.4)	(778.1)	370.7
Net working capital	1,177.7	905.4	272.3

Full Year results 2009

Nufarm

Difference in Working Capital

$m	Receivables	Inventory	Payables	Net
Australasia	153.9	(121.3)	156.6	189.2
Europe	(36.2)	63	72.3	99.1
North America	(83.5)	35.4	150.6	102.5
South America	(27.8)	(17.2)	4.9	(40.1)
Corp	(58.6)	(6.1)	(13.7)	(78.4)
	(52.2)	(46.2)	370.7	272.3

Full Year results 2009

Nufarm

Net debt

$m	
Net debt 2009	938
Net debt 2008	900
Increase	38

Comprising	
Working capital	272
Equity raising	(330)
Repayment of securitisation facility	94
Other	2
	38

Brian Benson

Group General Manager - Agriculture

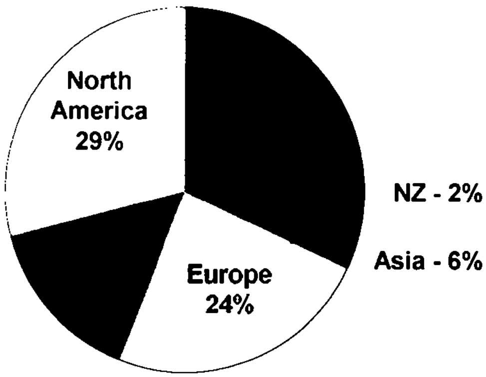
Nufarm

2009 Full Year results

Nufarm

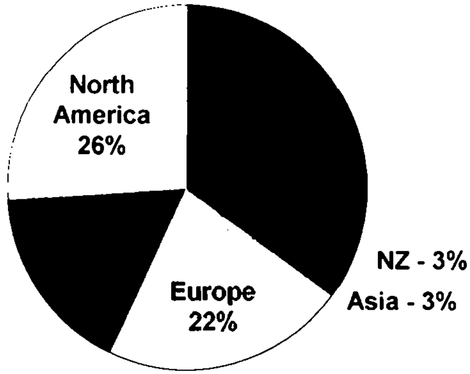
Nufarm sales by geography

2009



Total sales - $2.68 billion

2008



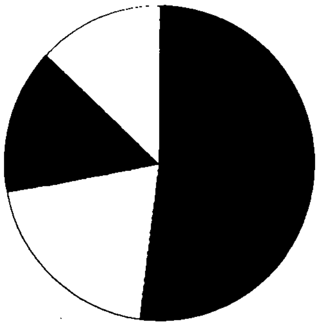
Total sales - $2.49 billion

2009 Full Year results

Nufarm

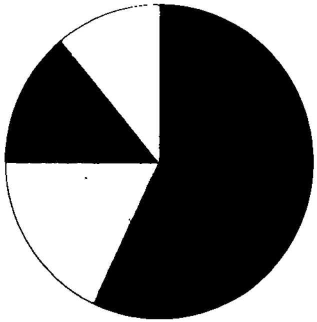
Sales by key products

2009



Total sales - $2.68 billion

2008



Total sales - $2.49 billion

*Other – includes PGR's; adjuvants; seed treatments; seeds; spray machinery; industrial sales

2009 Full Year results

Nufarm

Gross margin contribution by key products
(% of sales)

2009

Glyphosate	15%
Other herbicides	30%
Insecticides	35%
Fungicides	31%

2008

Glyphosate	31%
Other herbicides	29%
Insecticides	33%
Fungicides	33%

2009 Regional overview

Nufarm

Australasia

Key drivers

Australia

- Solid first half driven by positive summer cropping conditions
- Glyphosate sales and margins impacted by lower demand and pricing reductions
- Dry start to autumn cropping, but follow-up rain positive for phenoxy sales and fungicides
- Distribution impacted by tougher credit environment

New Zealand

- Dairy segment depressed
- Glyphosate margins depressed

Asia

- 'Roundup' brand provides boost to Indonesian business

	2009	2008
Revenue	$850m	$875m
Segment profit	$118m	$148m

2009 Regional overview

Nufarm

North America

Key drivers

USA

- Deterioration in glyphosate prices has major impact on US profit contribution
- Non-glyphosate business in crop segment shows growth in sales and margin
- Stronger performances in turf and specialty; IVM; and seed treatment segments
- Excellent contribution from Etigra portfolio

Canada

- Strong sales increase driven by new product introductions
- Glyphosate volume growth and glyphosate mixtures successful

	2009	2008
Revenue	$775m	$631m
Segment profit	$ 8m	$ 84m

2009 Regional overview

Nufarm

South America

Key drivers

- Credit risks result in some sales orders not being filled
- Strong focus on cash collection
- Intense competition – and subsequent margin squeeze – for 'quality' lower risk sales
- Glyphosate margin erosion Brazil and Argentina
- Expanded business in pasture and sugar cane
- Extended drought in Argentina
- Strong result in Chile

	2009	2008
Revenue	$415m	$431m
Segment profit	($41m)	$ 59m

2009 Regional overview

Nufarm

Europe

Key drivers

- Stronger branded sales in all markets
- New product introductions also help drive margin growth
- Stand-out performances in Spain, Italy and Portugal, with improved profitability in France and UK
- AH Marks performs well on a stand-alone basis
- Hungary and Romania strong local currency results
- Ukraine presence now established

	2009	2008
Revenue	$637m	$555m
Segment profit	$101m	$ 56m

2009 in review

Nufarm

Seed treatment

- Strong sales growth
- Now no 1 position in Australia
- Initial sales to European corporates – follow up orders received
- New registrations secured in USA and Europe
- Dedicated US sales and marketing organisation in place
- Broad product offering across range of crops creating additional sales opportunities
- New mixture products continue to lift margin potential

Nuprid 600

Gizmo

SENATOR
Homeland Security for your crop

Sativa™ IM MAX
SEED TREATMENT

Grain Coat Zn + Cu
SEED TREATMENT

Gaining momentum in high margin segment

Seed: Core Crop Updates

nuSEED™

Canola

- RoundUp Ready expansion: grower success
- Monola rapid expansion
- Continued leadership in AUS market

Sunflower

- Integration of Lefroy Seeds (acquired September 2008)
- Expanded R&D
- High Oleic sales growth in AUS & export markets

Sorghum

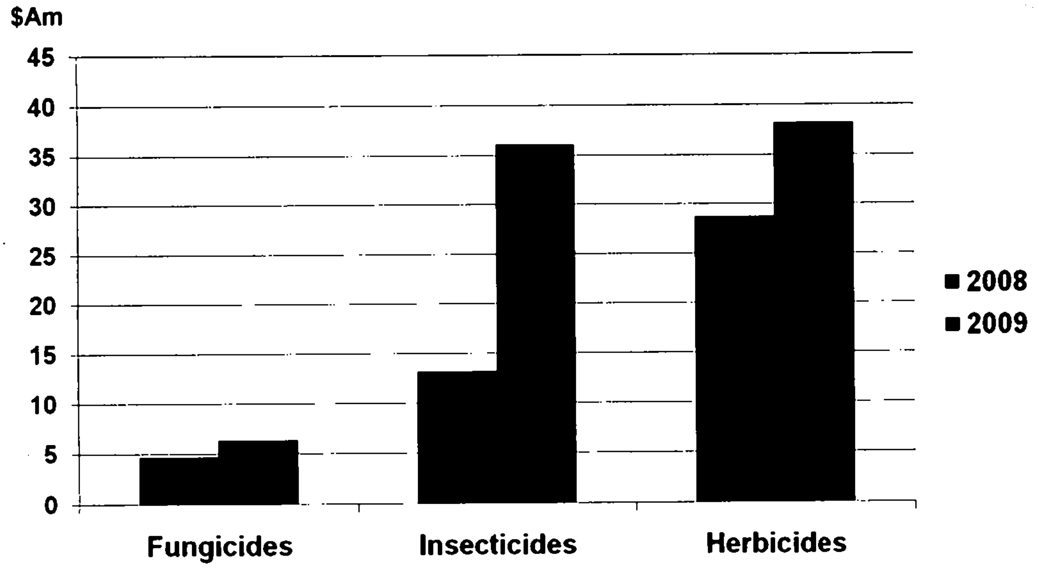
- Lefroy business provides initial sorghum platform
- Export sales growth
- Acquisition of Richardson Seeds and MMR Genetics (Texas, USA) builds platform and provides future growth

Building momentum in key crops

2009 in review

Nufarm

New products sales growth



New product momentum continues into 2010 and future years

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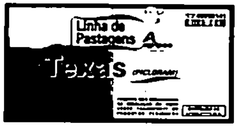
New products



Herbicides

- Strong growth in Pyridines as 12 new products launched
- SU portfolio continues to grow in USA and Europe
- Zeagran launched with strong sales in Eastern Europe corn

Insecticides

- Imidacloprid sales 'outperform'
- New registrations gained in all regions, with new higher value product mixtures
- Excellent growth in Lambda-Cyhalothrin

Fungicides

- Fluazinam registered in Europe
- Tebuconazole growth in Europe and positive registration progress

FILE 47

Doug Rathbone

Managing Director

Nufarm

Outlook for 2010

Nufarm

- Glyphosate market conditions are expected to remain challenging but the company is positioned to rebuild profitability in this segment
- Some easing in credit pressures should see purchasing behaviour begin to normalise
- Outlook in Brazil is more positive and business will be profitable in 2010
- New products and increased sales of higher margin products will help drive profit growth
- Integration benefits will now come through from AH Marks acquisition

These factors – and growth in other areas of the business – will combine to generate positive profit growth in 2010

Outlook

Nufarm

Growth drivers in agriculture remain in place

– "World food production must increase by 70% by 2050"

– "90% of the growth in crop production is projected to come from higher yields and increased cropping intensity"

Un Food & Agriculture Organisation
Wednesday, September 23, 2009

- Cereal production must increase by 1 billion tonnes (today: 2.1 billion tonnes)
- Meat production must increase to 470m tonnes (today: 270 million tonnes)

Growth drivers in agriculture

Nufarm

Meeting the YIELD challenge involves optimising use of inputs and technology

Seeds	Biotechnology	Fertiliser	Crop protection

Nufarm

Nufarm

Managing Director's Address
to the Annual General Meeting of Shareholders - Melbourne
Thursday, December 3, 2009 at 10.00 am

D J Rathbone

Thank you Mr Chairman.

I would like to add my welcome to Nufarm shareholders – and our other guests – who have joined us this morning. We very much appreciate your interest in the company.

The past 12 months have been both a challenging and very eventful period for Nufarm. Since I last addressed you at an Annual General Meeting, the company has completed an equity raising; has delivered a disappointingly poor profit result for its 2009 financial year; and has been the subject of a proposed takeover by the China based Sinochem Corporation.

This morning, I would like to briefly review the performance of the company during the 2009 year and update you on business conditions in the first few months of our current financial year. I will then make some comments on the proposed Sinochem takeover.

While much of our business performed strongly during the 2009 year, the result for the period was significantly impacted by adverse conditions in two key areas....credit related pressures in Brazil and a substantial change in the global glyphosate market, particularly in the final quarter of the financial year.

Those two factors conspired with relatively poor seasonal demand for crop protection products in some markets, and a general dampening of buying activity by major distribution customers around the world, due to credit pressures, to make for one of the more challenging periods in my 35 years in the business.

We first signaled an apparent deterioration in business conditions in Brazil 12 months ago. As the availability of credit tightened, Nufarm began to exercise more caution around filling sales orders in an effort to ensure that those orders did not generate bad debts. This resulted in fewer sales being made and margins being squeezed as the competition for lower risk business became more intense.

Over the course of the financial year, our sales were down in Brazil by some 13% in local currency....but the real impact was felt on the margin line.

Ultimately, our collections in Brazil have shown that the approach taken by Nufarm was conservative, but it was prudent in the circumstances that we took this position.

The glyphosate issues have been covered by the Chairman and these issues have had considerable discussion over the past few months.

In summary, however, we saw a dramatic change in the supply/demand dynamics affecting glyphosate over the course of 2008 and 2009, with a resulting negative impact on all of the major glyphosate suppliers – ourselves included.

In response to strong demand for glyphosate acid – the key raw material for our finished glyphosate products - in the 2008 selling season, substantial additional capacity was commissioned in China and we saw a resulting and significant decline in acid prices.

The increased competition and lower seasonal demand led to major price discounting in global markets, but in particular the US market during June and July.

Nufarm's holding stocks of glyphosate during this period were higher than normal, and our cost position was not competitive with traders who were able to source the lower cost glyphosate acid and supply at very low prices. This meant that as the selling price continued to decline, sales made by Nufarm were made at a comparatively small margin for much of the year – and at a loss for the latter part of the year.

In the 12 months to the end of July, Nufarm's glyphosate sales were $833 million, representing 31% of total revenues. Those sales generated a gross margin of just 14.9%. That compares to a glyphosate gross margin of 31% in the previous year.

At the end of July, the company reduced the value of its glyphosate inventory by $67.6 million to bring our cost position back to a competitive basis for the start of this financial year.

These factors had a significant financial impact on the company's full year result. But – while 2010 is likely to see a continuation of lower and more competitive pricing and supply – Nufarm will now begin to see recovery in the profitability of its glyphosate business.

I would also make the point that glyphosate remains the single biggest piece of chemistry in the global crop protection industry. Nufarm's position, as one of the world's leading suppliers of that chemistry, is extremely important in terms of our overall business and our ability to leverage glyphosate sales to achieve growth in other products.

As the glyphosate market recovers over the next couple of seasons, I'm very confident that the value of Nufarm's position will be reinforced.

Returning to the 2009 results – and on a more positive note – the company's non-glyphosate revenues increased by 16% to $1.84 billion. In particular, we saw increased sales of insecticides (up 21% on 2008) and of fungicides (up 10%). These numbers reflect progress in our continued efforts to build a more diversified product portfolio.

The diversification of our geographic exposure also continued, with our markets outside of Australia showing more relative growth. In the 2009 year, Australasia generated 32% of total sales; North America 29%; South America 15%; and Europe 24%.

The Australasian business generated $850 million in sales and a segment profit of $118 million. This was below the previous year, due to the glyphosate impact and unusually low demand for products generally as distributors de-stocked and growers minimized their purchases.

The growing season itself here in Australia has been reasonably good in most major cropping regions. Ironically – after another dry start – we are now seeing some crop damage and interruptions to the harvest due to very late season rains. I was in the Merredin area in Western Australia just a couple of weeks ago and that was the major concern of local wheat growers at that time.

Our US business delivered a 23% increase in sales in the 2009 year... but it was in this market where the glyphosate impacts were hardest felt. Gross profit generated by glyphosate sales dropped by $77 million from the previous year.

In other areas of the US business, we grew revenues by about 17% and margins were also up strongly. Again, this is evidence of a growing portfolio and further penetration into US distribution and some of the more profitable segments of the market.

Our first full year's contribution from the Etigra business – acquired in May of 2008 – also helped strengthen the business in those areas.

Canada had a very good year, with new product introductions and broader distribution opportunities helping to drive a 30% increase in sales.

I have already addressed the challenges we encountered in Brazil. On a regional basis, South America recorded a loss of $41 million as a segment operating result.

While that result is clearly disappointing, we remained focused on broadening our product offerings in order to access and strengthen our position in important crop segments such as sugar cane, pasture, and citrus. I believe a more diversified exposure in Brazil is an important component of our risk management and better positions Nufarm to capitalize as market conditions inevitably improve.

Severe drought conditions in Argentina weighed heavily on that market, with cereal planting down by about 40%. Despite that, we were able to generate a small increase in sales. Profitability, however, was lower due to the affect of credit pressures and lower glyphosate margins.

On a regional basis, the stand-out business for Nufarm in 2009 was Europe.

It is important to note that Europe is a smaller glyphosate market. Our glyphosate sales represented only 14% of total sales in Europe, compared to between 30% and 40% of sales in most other regions.

The UK, France, Italy, Spain, Portugal and the relatively new operations in Romania and Hungary all generated improved contributions for the year.

In western European markets in particular, Nufarm has completed much of the initial investment in terms of establishing an operating presence in those markets and gaining strong footholds with local distribution.

The much improved European profit reflects the benefits of now introducing additional products across what should be largely a stable cost base.

I'm also pleased to report that – after a prolonged and costly effort – we were able to finally resolve regulatory issues with the UK Competition Commission relating to our acquisition of the AH Marks business. We are now proceeding with the full integration of that business and this will allow us to realize some important synergies.

The 2009 year was also an important year for our seeds business.

It was the first year this relatively new business generated a small operating profit, and we saw continued expansion not only in Australia but in several overseas markets.

The acquisition of Lefroy Seeds (in September 2008) helped strengthen our position in sunflower and sorghum....and two acquisitions just after the conclusion of the financial year – of the Texas based MMR Genetics and Richardson Seeds – consolidated and expanded our sorghum operations.

The seeds business represents a very important growth opportunity for Nufarm, and one that takes advantage of our chemistry position.

The balance sheet at year end was not in as strong a position as we had forecast.

While our gearing level – on a net debt to equity basis – improved from 69% to 57% at the end of July, our absolute net debt level increased slightly to $938 million.

Shareholders will be aware that the company raised cash through the issue of new equity in mid May. The proceeds of that capital raising – initially intended to pay down debt and

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provide additional balance sheet flexibility – primarily funded an unexpected increase in working capital.

Given our expectations of more normal patterns of sales and purchasing in the current financial year, I am confidently predicting that we will see a significant decrease in working capital and improvement in cashflow.

All in all, 2009 was a tough year – not only for Nufarm, but for the crop protection business in general.

Our high cost inventory exposure in relation to glyphosate certainly damaged our results, but we have taken decisive corrective measures to ensure our glyphosate business moves forward on a profitable basis.

As I have said, a conservative approach to risk management in Brazil – and the extremely competitive nature of that market over the past 12 months – also had a negative impact on our full year result.

Overall demand for products was dampened by both climatic factors in major markets around the world (especially here in Australia and in the US)...and by an obvious reluctance – again driven by credit concerns - by our distribution customers and the end users of our products to purchase anything other than the bare essentials.

The lower operating result and the various adjustments in material items combined to deliver a full year outcome that was well below our budget, and well short of our expectations.

Importantly though, we achieved revenue growth and maintained market share positions in most of our country businesses. While glyphosate was clearly a problem, our non-glyphosate revenues increased by 16%.

Our efforts to diversify and grow our product offerings were also rewarded, with strong increases in sales of insecticides and fungicides....and excellent progress towards establishing a valuable position in the higher margin seed treatment segment.

We also continued to grow our geographic base, with a new operation established in Greece and further expansion into markets in Eastern Europe.

And we have made some important acquisitions that will enable our seeds business to build an increasingly important and profitable position across our core crop markets in sorghum, sunflower and canola.

These achievements – while made against the backdrop of a below par profit result – give us confidence that the company is still fundamentally in a strong position.

Turning to business in the first quarter of the current financial year, shareholders will be aware that this is a relatively quiet period due to the timing of seasons in major markets around the world...and it is seldom reflective of how the business will perform over the course of the full year.

You will also be aware that the company has not provided specific guidance on an expected operating profit outcome for 2010. While this is a departure from previous practice, we are conscious of the uncertainties relating to both the extent and timing of anticipated improvements in a number of areas.

We are seeing evidence of improvement in the global credit environment...but how quickly that leads to improved trading conditions and more normal stocking and purchasing behavior is still to be seen.

There has been increased availability of credit in Brazil for the current season but pricing competition has remained very aggressive. The margins we are achieving in Brazil remain below budget but better than last year.

The glyphosate picture will also take some time to come into focus. Our expectations were for this, the 2010 year, to be somewhat of a transition period, with excess inventory making its way into distribution channels and prices remaining competitive.

On the plus side, we believe some parts of distribution will be inclined to restock to more normal levels and this will provide an increased volume selling opportunity.

In the US, we have taken measures to move much of the considerable glyphosate inventory that was on hand at the end of July. This has ensured that we will secure our position in distribution and puts us on a footing to generate more acceptable margins on glyphosate sales for the balance of the year.

With a lower, market competitive cost base and continued strong market access we are very confident that we will see a material improvement in this part of our business this year, and further improvement in subsequent years.

We are also seeing encouraging signs in our Australian business. Recent months have seen strong rainfalls in many cropping regions. As I said earlier, this is not ideal timing for growers wanting to harvest their crops, but it does point to reasonable summer cropping conditions and the business that will generate.

While sales activity is relatively low at this time of the year in Europe, a number of our Southern European businesses – including France and Spain – are generating good results.

Our forecast group result for the six months ending in January 2010 is below that for the same period of last year.

It should be remembered that last year's first half result benefited from an unusual sales mix of higher margin products in an environment that was quite different from current conditions.

Our firm perspective is, however, that – following last year's second half challenges - we are now on a curve that reflects improving business conditions and we remain very confident that net operating profit for the full year will show a considerable improvement on 2009.

As always, the extent of that improvement will be dependent on the usual factors impacting the key selling period in the second half of the year. These include climatic conditions and the competitive environment.

I would now like to make a few brief comments on the proposed transaction involving Sinochem Corporation....

As the Chairman has stated, the current proposal is the result of an unsolicited approach from Sinochem Corporation. After preliminary discussions it was established that Sinochem had a genuine interest in acquiring Nufarm and a negotiation took place resulting in the Heads of Agreement that was signed on September 27.

Sinochem has undertaken a thorough and comprehensive due diligence process and – as was announced earlier this week – is now finalizing its review of various due diligence reports and completing its internal approval process. Sinochem has advised us that if the transaction receives final approval from its own management board, it will then seek approval from the NDRC to execute a Transaction Implementation Agreement (or TIA).

As the Chairman has stated, we are disappointed that Sinochem has not been able to complete these steps within the originally agreed timetable. We accept, however, that this transaction represents a very large and important undertaking for Sinochem and it must follow its own processes.

The new target date for execution of the TIA is December 23. While Sinochem continues to indicate its intention to proceed with the transaction, Nufarm will co-operate and work with Sinochem to achieve that objective.

If the transaction proceeds, the company enters a new phase under the ownership of another corporation.

I have had the opportunity to be at the management helm of Nufarm through a number of phases ....from a small, privately owned company in the 1970s; to a partly and then fully owned subsidiary of the New Zealand based Fernz Corporation in the 1980s through to 2000; and, more recently, as an Australian incorporated public company.

The company and its employees have adapted well to all of those changes...and those various ownership structures have all contributed something to the growth and success of the organization.

Your company has been through a tough period over the past 12 months...but we operate in an industry that inevitably throws up challenges from time to time.

Regardless of what plays out over the next few months, I look forward to remaining with the business and working with a first class management team and a tremendous group of loyal and committed Nufarm employees throughout the world to see the company get back on the growth curve.

We are focused on a strategy that will see further profitable expansion of Nufarm's global presence.

The patience and support of our shareholders is not taken for granted. We will continue to work very hard to reward that support.

Thank you. I will now hand back to the Chairman.

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Nufarm

Chairman's Address
to the Annual General Meeting of Shareholders - Melbourne
Thursday, December 3, 2009 at 10.00 am

K M Hoggard

Ladies and Gentlemen

The trading result for the Company's financial year ended July 31, 2009 has to be viewed as a poor quality performance. It is also particularly disappointing because over the previous 20 years the Company has recorded consistent growth in operating profitability and has invariably met the forecasts provided to the market.

This is in spite of the fact that Nufarm's profitability is difficult to forecast because, in addition to the normal business risks and exchange movements, this company has extreme seasonal and climatic factors which can influence performance.

It would be inappropriate to address this meeting and make excuses for that performance as quite simply there were a combination of market changes and - with the benefit of hindsight – some misjudgements which had a very adverse impact on the result. It is however, important that shareholders understand the major reasons for the 2009 performance.

To a very large extent the critical aspects involved trading in the Glyphosate market. This is the Company's largest individual product and represents between 35% and 40% of our total international sales.

In the second half of the 2008 financial year Glyphosate raw material supply was very tight and the Company was unable to meet some of our customer demand. The price of raw materials rose by over 400% and product was purchased late in the 2008 fourth quarter to ensure customers would be supplied in the 2009 year. Much of this high priced product was in stock at July 31, 2008.

Our market intelligence failed to recognise that in this same period new productive capacity (particularly in China) had been commissioned and world productive capacity rose to well in excess of demand. As a result, the price of these raw materials dropped rapidly to return to previous levels.

Whilst it is no consolation... the world's leading glyphosate suppliers all found themselves in the same position.

New stock was purchased at these lower numbers and the Company endeavoured to average down the value of stock on hand and maintain selling prices based on these revised costs.

Demand for finished product to end users also fell as a result of the international economic environment and reduced grower requirements based on climatic conditions.

In the final quarter of the 2009 year both volumes and selling prices fell dramatically and traders, particularly in the US market, were able to purchase low price raw materials, have this product toll converted and sold direct to large farmers and farming groups.

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FILE 34

The result for the Company was trading losses on product sold and again unacceptably high stock levels which were written down to net realisable value at July 31, 2009. This product has been sold in the first half of the 2010 financial year.

The combination of these factors resulted in the profitability of the Company falling well short of budget and also had a very adverse impact on cash flow and the balance sheet ratios.

The other major individual item was in Brazil where the business was significantly impacted by credit related pressures.

The impact of all of this is clear in our geographical segment reporting note where the results in North America and south America are well below what was achieved in the previous year.

The question is, what does this mean for 2010 and the future.

From a Nufarm perspective in 2010, glyphosate raw materials are being purchased at market competitive prices and our margins will start to recover over the balance of the 2010 year. As a result of this product margin mix, our profit in the first half of this year will be significantly down on the previous year, however in line with our internal projections.

On a full year basis however, we expect the operating profit to show meaningful growth in 2010, both in terms of quantity and quality. Both cash flow and balance sheet strength will improve.

I acknowledge a recent statement from the ratings agency Standard & Poors which has stated that Nufarm remains on 'Credit Watch', pending the outcome of Nufarm's negotiations with Sinochem.

I would like to reassure shareholders that Nufarm continues to operate within its various banking covenants and expects to continue to do so, irrespective of any transaction with Sinochem.

While the Board acknowledges that the company's balance sheet at July 31 was not as strong as had been earlier forecast, we remain very confident that the balance sheet and cash flow will strengthen over the course of the current financial year.

The seasonality of Nufarm's business – tied as it is to agricultural seasons – inevitably involves peak working capital requirements. The extent, structure and flexibility of the company's funding arrangements need to reflect those requirements...and I am confident that our existing and future banking relationships take those needs into account.

Shareholders will have noted a $37 million receivable in our 2009 accounts. Management and the Board carefully considered the circumstances around this debt and believe it to be recoverable. Our auditor has concurred with the financial treatment of this amount in our accounts.

I can assure you that the company will actively pursue all necessary avenues to recover this debt.

I would now like to comment on developments relating to the proposed acquisition of Nufarm by the China based State owned enterprise, Sinochem Corporation.

Shareholders will be aware that, on September 27, Nufarm entered into a Heads of Agreement with Sinochem.

That agreement provided for Sinochem to conduct due diligence on Nufarm; to confirm an indicative offer of $13 per share; and to negotiate and execute a Transaction Implementation Agreement within a period of exclusivity which expires today.

Your Board had indicated its intention to unanimously recommend shareholders accept the Sinochem offer if the price and conditions identified in the Heads of Agreement are confirmed.

An announcement was made earlier this week, following Sinochem's advice that it is not yet in a position to confirm its offer and execute the Transaction Implementation Agreement.

It was announced that Nufarm has imposed a limited extended deadline of December 23 on the execution of that agreement. The discussions between Nufarm and Sinochem will be conducted on a non-exclusive basis from tomorrow, December 4, until December 23, and – in the event that any alternative options may come forward - your Board will consider if those options are in the interest of shareholders and the future growth and success of the company.

Sinochem's inability to meet the previously agreed timetable is a disappointment to your Board and – I am sure – to Nufarm shareholders. And your Board is very mindful of the impact of continuing uncertainty and distraction on the business itself.

On balance, however, the Board has determined that Sinochem should be given this limited additional time to complete its assessment; confirm its position; and undertake the necessary steps to be able to execute the contract.

Sinochem has raised what it has described as a number of issues with Nufarm arising from its due diligence. To the extent that we can, Nufarm will work with Sinochem to provide further information and clarification on some of those matters.

I would like to make clear, however, that your Board has reviewed the company's position with respect to those issues and does not consider that they impact the Board's previous view of the appropriate value required to secure Board support for a takeover offer.

The Board has agreed to an extension on the basis that if Sinochem confirms its intention to proceed, it does so at the previously agreed indicative price of $13 per share.

If there are any material developments between now and December 23, a further statement will be made.

I would now like to ask the Managing Director to make some more detailed comments about the performance of the business.

Nufarm

Managing Director's Address
to the Extraordinary General Meeting of Shareholders - Melbourne
Tuesday, March 2, 2010 at 10.00 am

D J Rathbone

Thank you Mr Chairman.

Sumitomo's strategic investment in Nufarm facilitates a relationship between the two companies that will result in a number of important and valuable opportunities.

Sumitomo is an established global company involved in the discovery, development, manufacture and supply of quality crop protection products. Ranked the 9th largest supplier in the global industry, Sumitomo generates crop protection revenues of approximately $1.3 billion US dollars.

Sumitomo and Nufarm have committed to enter into a number of co-operation agreements that will cover product distribution, product development, and logistics and manufacturing.

The respective product portfolios of Nufarm and Sumitomo involve very little duplication. Sumitomo has strong positions in insecticides and fungicides – relatively small product segments for Nufarm – and Sumitomo's herbicide portfolio involves different chemistry and targets different market segments to our own herbicide business.

Nufarm also has a direct operating presence in a number of important global markets where Sumitomo is not present in its own right. Conversely, Sumitomo has much stronger distribution positions in markets such as Japan.

The complementary nature of our respective product portfolios and geographic positions present a number of immediate product distribution opportunities that will add value for both organisations.

We have been working with Sumitomo management since its proposed investment was announced at the end of December to identify specific areas of co-operation and to progress negotiations on terms.

I can report today that Nufarm and Sumitomo have within the last few days executed a formal agreement covering product distribution in Brazil. That agreement – contingent on Sumitomo completing its strategic investment in Nufarm – will initially see Nufarm distribute five Sumitomo products in Brazil, focused on a range of crops.

We have identified additional distribution opportunities involving Sumitomo chemistry across Nufarm's platform in other parts of the world and have committed to execute agreements by the middle of this year covering Canada; Indonesia; and a number of markets in Europe.

We estimate that these agreements will generate meaningful additional revenues for Nufarm and will be an important contribution to Nufarm's product diversification strategy over the next few years.

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In addition, we will explore and formalise arrangements for Nufarm chemistry to be distributed by Sumitomo in a number of markets.

The companies have also committed to work together on product development. This will encompass projects that involve new proprietary products utilizing Sumitomo's basic research capabilities; formulation improvements; mixture products; and label extensions on existing chemistry that will broaden the target crops and segments for those products.

And we are working with Sumitomo to identify savings and efficiencies for both companies in the areas of sourcing; warehousing and transport; and manufacturing.

Nufarm's ability to work co-operatively with other industry players is a strategic advantage that will help drive additional growth and value. The Sumitomo relationship will help fast track our entry into new crops and new markets and it has been refreshing to work with such a professional management team as these opportunities have been discussed and negotiated during the past two months.

While this is an exciting development for the company and will, I'm sure, contribute to important benefits over future years, the immediate focus must remain on the current operating performance of the business and a clear need to improve that performance.

Our detailed results for the six months to the end of January will be released on March 30. Those results (which are still to be finalised and are subject to audit review) will reflect the fact that some of the negative impacts that contributed to such a disappointing full year result last year have extended into the first half of the current year.

I expect the company to be reporting a headline loss for the six months of approximately $40 million. Of this figure, some $33 million represents material items including glyphosate trading impacts.

The major factors contributing to the first half result are lower than projected glyphosate pricing and margins in all global markets compared to the previous corresponding period; and relatively low demand for crop protection products and some production interruptions due to climatic conditions in Europe and North America.

Average selling prices for glyphosate in most markets in the six months to January this year were less than half the prices achieved in the corresponding period of the previous year. Over the past 18 months, we have seen those prices trend from near historic highs to historic lows.

Shareholders will recall that the company wrote down the value of glyphosate inventory at the end of last financial year. We did so with an expectation that pricing had reached its low point in most markets and that the company could clear remaining inventory without incurring further losses on those sales.

The continued pressure on pricing has largely been driven by intense competition from suppliers who held much higher than average product inventory levels at the end of last season. As we have previously disclosed, at the end of July last year Nufarm held glyphosate inventories in the US that equated to some six months of sales.

Faced with the option of either standing out of the market in the hope that prices would begin to recover – and potentially losing long term market access – or clearing those inventories so that we could reduce our cost position on subsequent sales and maintain market share, we have opted to suffer a further short-term loss by electing to maintain our market positions by selling at the lower market prices.

In addition to the lower than expected selling prices over the past six months, we have supported our distribution partners in a number of markets with one-off price protection

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measures on product that was sold last year. Our interim result will include a total impact from these measures of a loss of some $28 million after tax that will be reported as a material item.

I recognise that these impacts will raise further concerns about the extent and timing of acceptable profit recovery in Nufarm's glyphosate business, but I am very confident that we are now seeing clear signs of that recovery.

We have previously described what we see as a 'transition' year for glyphosate in 2010 as excess inventory washed through the system and prices begin to stabilise.

Having cleared the glyphosate inventory that reflected much higher raw material costs, our second half glyphosate margins are benefiting from a much lower cost base.

As we reported last year, the average gross margin on glyphosate sales in 2009 was 15%. This compared to 31% in the 2008 year. Given the dramatic differential in pricing; increased global capacity for glyphosate manufacturing; and the margin impacts associated with raw material costs, we believe neither of those years are an appropriate base or reference point for projecting sustainable profit contributions from glyphosate on a forward looking basis.

We view gross margins in the order of 25% as being achievable, on sales prices that are likely to settle somewhere above the lows of 2009.

From a finished product pricing perspective, there are again early signs of recovery in a number of markets – although this is unlikely to be tested until seasonal demand strengthens and we enter the key selling period during the last quarter of our financial year.

With early seasonal demand already evident in Australia, Nufarm has implemented price increases – in part to reflect recent increases in raw material costs.

We continue to see global market access as a key determinant of rebuilding profitability in our glyphosate business. To that end we are continuing to focus our efforts on broadening and strengthening our global distribution relationships as well as developing and launching differentiated glyphosate products.

I remain absolutely convinced that Nufarm's position as a major global supplier of glyphosate – by far our industry's biggest selling chemistry – is very important and helps us access markets and distribution customers in many parts of the world. I am equally confident that we have a long term cost and margin position that ensures very acceptable profits from this part of our business in the future.

Turning to other first half impacts, our Brazil business – which has its key selling season in this period – generated a small loss at the EBIT level.

Business in Brazil was extremely competitive during this past season. While there are definite signs that some of the credit related pressures that contributed to tough market conditions last year are easing, we will not see the benefit of that change until next year. Pricing competition remained very intense during the key selling months of October to January and there is some distance to go to ensure we can consistently generate acceptable earnings in this very important market.

A very dry autumn followed by severe winter conditions throughout most of Europe dramatically impacted the opportunity for crop protection sales in that part of the world. In the first half of the previous year, Nufarm capitalised on sales of newly launched and higher margin products and we will need to wait until the European spring/summer to realise sales of many of those products this year.

The weather also disrupted manufacturing activity in some of our European production facilities. This had a two-fold impact of limiting the availability of a number of products and adversely affecting overhead recoveries in those facilities.

The very cold winter conditions in North America will also push back sales of some products from our first half into our second half.

And here in Australia, summer cropping activity was limited by January rains in Queensland and Northern NSW, with estimates that the area planted to summer crops was more than 25% down on the previous year.

While the poor first half result is extremely disappointing, some of the impacts I have just discussed are, in essence, timing issues with sales being pushed back into later months.

The outlook for the second half of the financial year provides grounds for confidence that acceptable profits can be generated in this period.

We have just completed a detailed internal review and updated forecast and we are now projecting a headline result for the full year – including the impact of material items – of between $80 million and $100 million and an operating result of between $110 million and $130 million.

Of the $80 million headline profit result last year, just $15 million was generated in the second half.

In the current year, we are forecasting a headline profit of between $120 million and $140 million in the second six months.

Our projected second half recovery is consistent with what we have been able to achieve in previous years and is based on realistic assumptions.

Here in Australia we expect to capitalise on additional demand for crop protection products resulting from very good recent rainfalls in important cropping regions.

Queensland, NSW and much of Victoria have experienced above average summer rainfall, with many storages and river systems receiving their best inflows for many years. Some areas in Northern Australia have not sown sorghum due to the high rainfall with land being fallowed for the coming winter wheat planting. In many instances, this will require an additional application of 'Roundup'.

Pricing in Australia – as in other global markets - was very competitive across a range of products last season. As we head into this year's major selling season, there is some encouraging signs of price recovery in product lines including phenoxy herbicides and glyphosate.

We expect to see a return to more normal inventory stocking patterns in Australian distribution, but this will not be properly tested until we advance further into the season. With reasonable climatic conditions and at least average demand from growers, the volume opportunity should be in excess of last year.

We will be looking for further rains in the Western and Southern regions of the country over the coming two months....but Australia – at this point in time – is shaping up well. Depending on the 'breaking' rains, indications are for a full winter plant with the possibility of above average planting activity.

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In North America, the extent of improvement in full year profit from our US business is largely dependent on volume, pricing and margins associated with glyphosate sales over the next five months.

With the higher priced inventory out of our warehouse and converted into cash, our US business is now purchasing glyphosate intermediate at market competitive prices and will generate far more acceptable margins on sales that take place during the balance of the year. As the spring selling season unfolds, we will get a far clearer picture of pricing trends and volume demand.

Sales of other crop protection products in the US are expected to be relatively strong and the business is again well placed to achieve revenue and profit growth in our turf and specialty business over coming months.

Our Latin American business is very much dominated by Brazil. Due to the seasonality of the Brazil business, most of it is captured within our first six months. With a relatively quiet sales period ahead of us, I do not expect to see any material change in contribution from that posted at the end of January.

I am very pleased to report a related and very important appointment to Nufarm's senior management ranks. Valdemar Fischer commenced duties with Nufarm yesterday as Regional General Manager for Latin America.

Valdemar joins Nufarm from Syngenta – the leading global company by sales in our industry - where he was most recently Regional Head of Crop Protection in North America. In his five years in that role Valdemar led the growth and strategic direction of Syngenta's largest regional business. Prior to that appointment, Valdemar was head of Latin America for Syngenta so he returns to Brazil with a deep knowledge of and direct experience in the region.

He has some 25 years of experience in the crop protection industry, working in both technical and marketing roles before taking on country and regional business responsibilities.

Nufarm has a major investment in and commitment to successfully growing its business in Brazil and other regional markets. The unique challenges and opportunities presented in this region require strong leadership and experience and Nufarm is very fortunate to have been able to attract a manager of Valdemar's capabilities into the role.

Nufarm's European operations were the standout performers in last year's result with very strong autumn sales that were not repeated in the current year. It will therefore be a challenge to replicate that performance this year....but if climatic conditions are favourable, we remain well placed to generate a reasonable second half earnings contribution in Europe.

Like most of North America, Europe has experienced its coldest winter in many years. While climatic conditions were clearly a drag on our European numbers in the first half, there is an opportunity to capitalise on more favourable climatic factors in coming months.

Growers did not treat their land during what was a very dry autumn. And the extreme cold over the winter months also significantly dampened sales activity. If we see a timely spring, with temperatures gradually increasing, demand is likely to be strong for herbicides and a number of other Nufarm product lines.

Nufarm succeeded in broadening its reach into European distribution last year and it will be critically important that we build on those gains going forward.

In overall terms, we remain cautious about the various factors that will determine the profit outcome at year end. Our view is that we are through the worst of the pressures that led to last year's setbacks and the additional impacts I have outlined over the first six months of the current year.

The next few months will be very important in terms of climatic conditions and the associated seasonal demand for crop protection products, and in relation to the extent of price recovery and volume demand relating to global glyphosate sales.

The company's balance sheet is also a major focus for improvement this year. Due to unexpectedly high working capital levels in 2009, our cashflow generation was constrained and we finished last financial year with a net debt level well in excess of target.

We have announced our intention to undertake a renounceable rights issue aimed at raising $250 million. The Chairman will make some additional comments on the structure and timing of the rights issue shortly.

We are forecasting our net debt at the end of July this year to be down from the $938 million reported for July 2009 to approximately $350 million post the proposed April rights issue. The improvement in net debt level will begin to be apparent at the half year, with end January debt expected to be down to $1 billion, compared with $1.5 billion in the corresponding period in 2009.

Together with a substantial improvement in cashflow, the stronger year-end balance sheet will ensure the company can support the future growth of the business.

Looking further out - 2011 will see further improvements across all key areas of the business. Our long term growth strategy remains sound and – like others - we continue to have a very positive view on the long term fundamentals associated with the business of agriculture.

I will now hand back to the Chairman.

Interim Results

6 months to January 31, 2010

30 March, 2010

Nufarm

Doug Rathbone

Managing Director

Nufarm

2010 Interim results – key drivers

Nufarm

- Pricing and margin pressure in Brazil
- Climatic conditions dramatically reduce first half sales opportunities
- Additional glyphosate impacts

2009 Interim results - Summary

Nufarm

	1H 2010 $m	1H 2009 $m
Group Sales	890	1,235
Operating EBIT	(35.6)	120.2
Operating NPAT	(4.2)	65.2
Material items	(35.8)	0.5
Reported result	(40.0)	65.7

Contrasting trading conditions

Nufarm

6 months to January 31, 2009		6 months to January 31, 2010
▪ Glyphosate prices at near historic highs	⇨	▪ Glyphosate prices at historic lows
▪ Biggest summer crop in Australia for 25 years	⇨	▪ 20-25% decline in Australian summer crop plantings
▪ Wet European autumn boosts sales	⇨	▪ Very dry European autumn results in low demand
▪ Early season purchasing in North America and Europe	⇨	▪ Severe winter conditions continue into March in North America and Europe
▪ High volume throughput drives strong overhead recoveries	⇨	▪ Weather related production interruptions and lower volumes negatively impact on overhead recoveries

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Brian Benson

Group General Manager
Agriculture

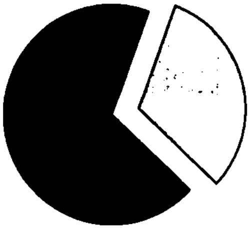
Nufarm

2010 Interim results – Segment review

Nufarm

Six months in review - AUSTRALASIA

Australasia	2010 1H $m	2009 1H $m
Sales	295	342
Segment profit	12.3	81.4



2010 1H
Sales

Australia

- Dry spring; reduced summer crop plantings
- Fallow spraying underway in mid-late January with rains in north
- Very competitive pricing environment
- Significant reduction in price of glyphosate year on year

Asia

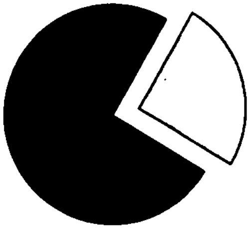
- Strong performance led by Indonesia and Japan

2010 Interim results – Segment review

Nufarm

Six months in review - NORTH AMERICA

North America	2010 1H $m	2009 1H $m
Sales	216	357
Segment profit	3	52



2010 1H Sales

United States

- Glyphosate inventory sold into distribution
- Cold, wet conditions delay ag segment sales
- Turf, ornamental, IVM and seed treatment segments all tracking well

Canada

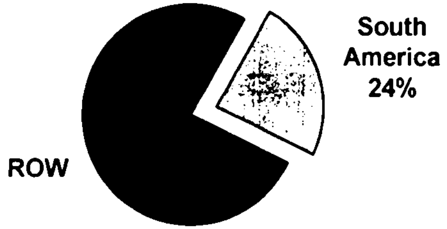
- Slow start to season
- Continued product diversification
  - Launch of 'Spike-up' and 'Cordon'

2010 Interim results – Segment review

Nufarm

Six months in review - SOUTH AMERICA

South America	2010 1H $m	2009 1H $m
Sales	209	282
Segment profit	0.25	(19)



2010 1H
Sales

Brazil

- Significant pricing pressure affects key products
- Growth in pasture segment
- Successful 'Nuprid' launch
- New GM in place as at March 1

Argentina

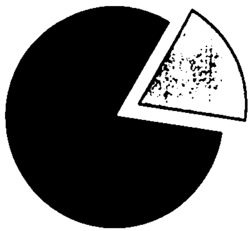
- Severe drought delayed plantings
- Summer rains help business rebound
- High load glyphosate launch

2010 Interim results – Segment review

Nufarm

Six months in review - EUROPE

Europe	2010 1H $m	2009 1H $m
Sales	170	255
Segment profit	19	28



2010 1H
Sales

- **Market value down 10% 2009 v 2008**
  - France down by more than 15%
- **Dry autumn and severe winter conditions reduce sales opportunities**
- **New product introductions:**
  - imidacloprid; metsulfuron; nicosulfuron; tebuconazole
- **Promising start to new business in Ukraine**

2010 Interim results

Nufarm

Developments in Seeds

- **Acquisition of Richardson Seeds and MMR Genetics (August, 2009)**
  - Delivers market access and high quality germ plasm
- **Acquisition of Druetto (Argentina)**
  - Completes platform to optimise breeding, production and operations between South America, North America and Australia in sorghum and sunflower
- **Approval of Roundup Ready® Canola in Western Australia**
  - Provides additional access for Nufarm's 'package' offering

Glyphosate

Nufarm

End July 2009

- Destocking at distribution level; low seasonal demand; and additional Chinese imports result in high season-ending inventories in most markets
- Nufarm U.S. inventory written down to reflect pricing expectations

August – December 2009

- Prices fall lower as major suppliers look to shift inventory much earlier than usual
- Strategic decision to make sales in order to secure market positions

Current

- Need to monitor/assess seasonal demand and its impact on pricing – likely to see varying degrees of price recovery in different markets
- Indications that distribution will support major suppliers
- 2010 is very much a <u>rebuild</u> year

Glyphosate

- **Is and will remain the industry's largest and most important chemistry**
- **A sustainably profitable position for suppliers such as Nufarm will require:**
  - Secure and cost competitive position on key raw materials
  - Market access
    Product quality; technical and marketing support; logistics and flexibility of supply; customer relationships; product differentiation/innovation; branding; and overall 'portfolio' offerings

Kevin Martin

Chief Financial Officer

Nufarm

2010 Interim results

Nufarm

Analysis of results

$millions	Segment EBIT
As per 2009 accounts	130
Translate at 2010 exchange rates	<23>
Restated 2009 results	107
Gross profit decrease	<170>
Expense reduction	34
Exchange gain/loss movement	48
As per 2010 accounts	19

2010 Interim results

Nufarm

Gross profit reduction

Glyphosate	123
All other	47
	170

2010 Interim results

Nufarm

Material Items

	$m
Glyphosate adjustments	(29.4)
Restructuring costs	(4.5)
Due diligence costs	(1.6)
Net others	(0.3)
Total	(35.8)

2010 Interim results

Nufarm

Working Capital

$millions	Jan '10	Jan '09	July '09
Receivables	899	1,044	787
Inventory	727	1,317	797
Payables	<506>	<805>	<407>
Net Working Capital	1,120	1,556	1,177
Change to January 2010	-	<436>	<57>

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2010 Interim results

Nufarm

Net Debt

$millions	Jan '10	Jan '09	July '09
Net debt	1,032	1,571	938
Change to January 2010	-	<539>	94

Sumitomo investment and outlook for full year

Doug Rathbone

Managing Director

Nufarm

The Sumitomo investment

Nufarm

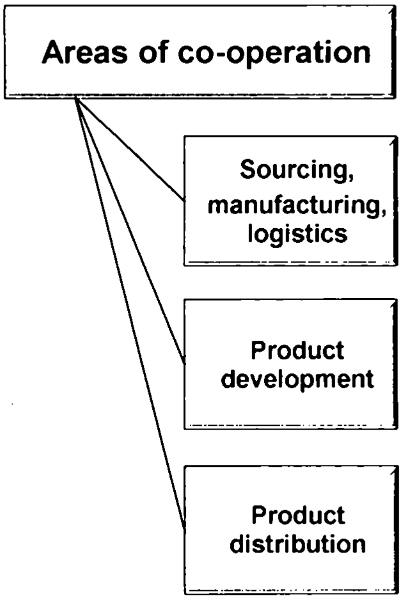
- March 2: Nufarm shareholders approved a proposal by Sumitomo Chemical Company to proceed with a Tender Offer to acquire 20% of Nufarm
- Cash price: $14.00 per share
- Record date: March 12
- Tender Offer runs from March 12 until April 9
- Sumitomo has right to purchase on-market if Tender Offer fails to secure 20%
- 'Come-along' clause requires Sumitomo to match or accept a Nufarm Board supported take-over offer priced at least equal to Sumitomo's average entry price (takes effect 12 months after close of Tender Offer)

The Sumitomo investment

Nufarm

Opportunities for strategic co-operation

- Companies are ranked 8th (Nufarm) and 9th (Sumitomo) in terms of global crop protection sales
- Virtually no overlap in product portfolio
- Each company has distribution strengths in different geographies
- Value of combining Sumitomo's basic discovery skills in developing proprietary chemistry and Nufarm's skills in market-driven product innovation



The Sumitomo investment

Nufarm

This strategic investment

- Delivers some near term value for Nufarm shareholders
- Provides further opportunities that will facilitate Nufarm's growth into additional product and crop segments and strengthen our position in a number of geographies

Outlook for 2010 full year result

Nufarm

A clear path to profit recovery

- **Glyphosate margins to strengthen; steps taken to secure market positions**
- **Major selling seasons now underway**
  - Excellent conditions in Australia
  - Spring weather now evident in parts of North America and Europe
- **Broader product offering and good access to distribution**
- **No further corporate distractions**

Outlook for 2010 full year result

Nufarm

Forecast for 12 months

Operating result	:	$110 million - $130 million
Headline result	:	$80 million - $100 million
Debt *	:	Approx $350 million
Gearing *	:	20-25%

* After the impact of previously announced capital raising.


Focused on
the business
Nufarm