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27 October 2011

ASX

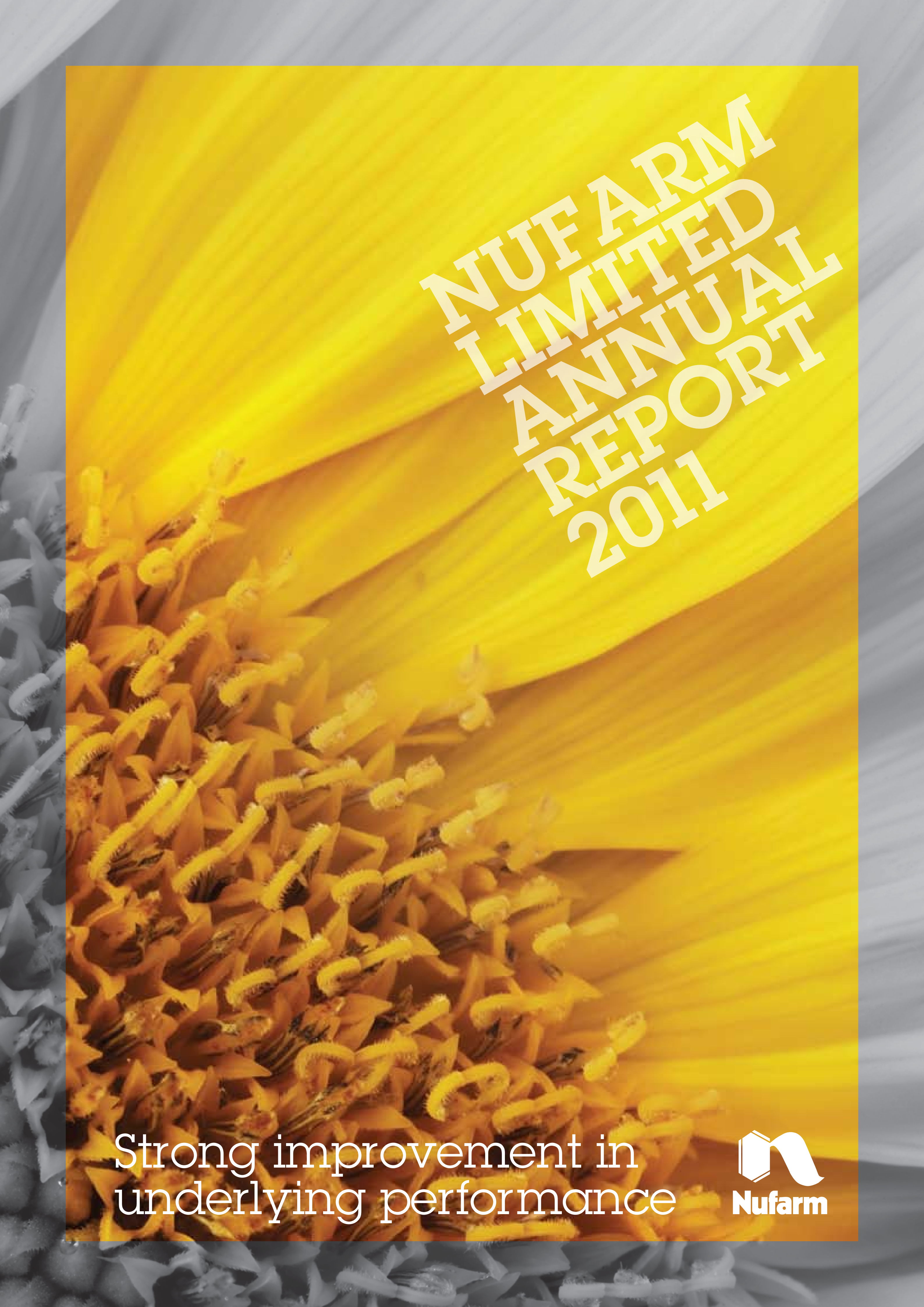
We are giving to the ASX the following documents:

- Nufarm 2011 Annual Report
- Notice of Annual General Meeting
- Proxy Form
- Chairman's Letter to Shareholders

The Annual Report includes the Full Year Financial Report and Statements. The documents lodged also serve to provide ASX with a copy of documents to be sent to shareholders as provided by Listing Rule 3.17.

Yours faithfully,

RODNEY HEATH
Company Secretary



NUFARM LIMITED ANNUAL REPORT 2011

Strong improvement in underlying performance

Nufarm

CONTENTS

KEY EVENTS

- Underlying profit up by 68 per cent
- Strong growth in higher value product segments
- Repositioning of glyphosate business
- Nuseed makes important contribution
- Balance sheet improvements

FACTS IN BRIEF

	12 months ended 31 July 2011 $000	12 months ended 31 July 2010 $000
Trading results		
Profit attributable to shareholders	(49,851)	(23,990)
Abnormal (gain)/loss	148,130	82,556
Operating profit after tax	98,279	58,566
Sales revenue	2,083,589	2,168,630
Total equity	1,564,118	1,787,427
Total assets	2,837,836	3,131,378

	12 months ended 31 July 2011	12 months ended 31 July 2010
Ratios		
Earnings per ordinary share	(23.7)¢	(15.0)¢
Net debt to equity	30%	35%
Net tangible assets per ordinary share	$3.28	$3.45
Distribution to shareholders		
Annual dividend per ordinary share	–	–
People		
Staff employed	3,193	3,154

Strategic priority: to accelerate sales growth in higher value and more defendable product and market segments.

MANAGING DIRECTOR'S REVIEW

The underlying performance of Nufarm has recovered strongly with the operating result representing a considerable improvement on the previous year. It reflects a repositioning of glyphosate within the business and strong growth in higher value, non-glyphosate product segments, which is consistent with the strategic direction of the company.

The company generated a statutory headline loss of $49.5 million for the 12 months to 31 July 2011. Material items amounted to a net loss of $148 million and included a non-cash impairment charge of $70 million on the carrying value of Nufarm's Brazilian assets.

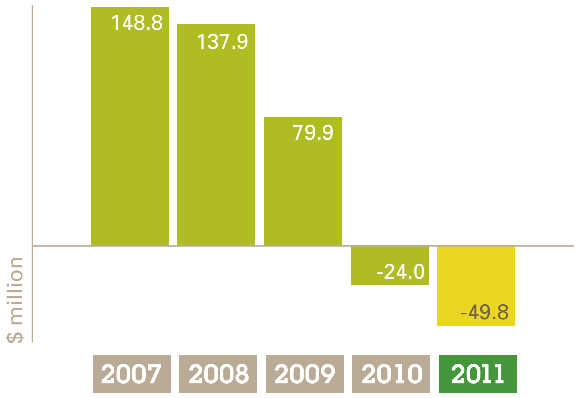
Excluding the impact of material items, the company reported an underlying net operating profit of $98.3 million. This compares to an underlying net operating profit of $58.6 million in the previous year.

Operating earnings before interest and tax (EBIT) – prior to the impact of material items – was $192 million, an increase of 42 per cent on the $135 million recorded in the 2010 financial year.

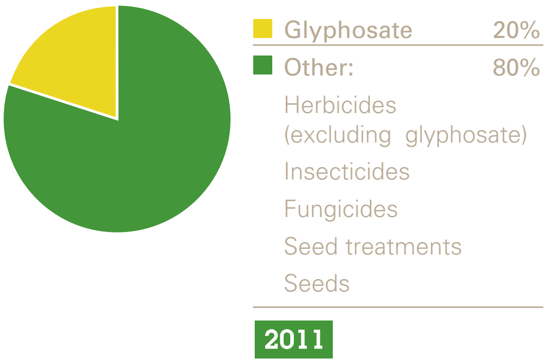
Group revenues decreased by four per cent to $2.08 billion, with sales of glyphosate down 30 per cent and sales of other products up by six per cent.

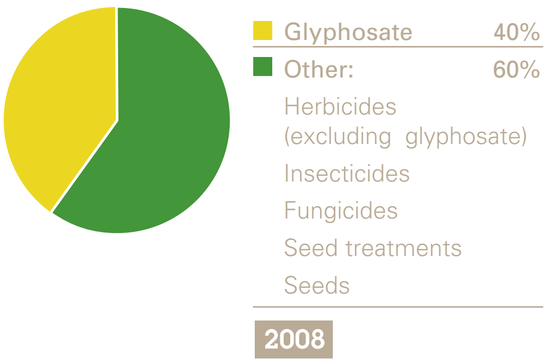
Improved efficiencies in working capital management helped generate operating cash flows of $154 million and a reduction in year ending net debt level to $465 million, down from $619 million as at 31 July 2010.

Profit/(loss) attributable to shareholders



Portfolio transition is well underway





Doug Rathbone AM
Managing director and chief executive

Material items

The after tax loss associated with material items was $148 million.

The company has recognised an impairment loss of $70 million associated with its business in Brazil. Recent restructuring measures have contributed to a significant improvement in the performance of the Brazilian business in 2011. Despite this improvement, and forward projections for additional profit growth, it was determined that a higher discount rate should be applied to future cash flows forecast to be generated in Brazil. This more conservative view reflects adjusted assumptions relating to Nufarm's future earnings in Brazil, particularly as they relate to the company having a much smaller and lower value position in glyphosate.

Several older insecticide products are being phased out of our Brazilian product portfolio due to regulatory requirements. The company has taken a partial (50 per cent) write down on the carrying value of intangible assets associated with these products (net $4.3 million), with the balance to be written down in the 2012 financial year when the phase out is completed. Replacement products are being introduced into the portfolio.

The impairment loss was fully allocated to goodwill and the write down on products being phased out of the portfolio was allocated to indefinite life intangibles. The carrying value of total intangible assets in Brazil has subsequently been adjusted downwards to $202 million.

The company has also written down (by $4.9 million) the value of a minor equity investment in Indian crop protection company Excel Crop Care Ltd.

Net costs associated with Nufarm's debt refinancing were $17.2 million. These costs related to the 12 month syndicated facility that was put in place in December of 2010 and some costs associated with new financing arrangements that will replace that facility. The balance of the costs associated with the new facility will be amortised over the term of the facility.

There was a net $14.7 million loss associated with the year end mark-to-market revaluation on Nufarm's Step-up Securities (NSS).

The company announced on 12 September that it had executed a binding settlement agreement in relation to a receivables dispute. The settlement resulted in a partial recovery of proceeds associated with the receivable ($13.5 million) and the subsequent write down of unrecovered funds. The write down has been treated as a material impact in the 2011 accounts and resulted in an after tax loss of $28 million.

Other one-offs included legal and consultancy costs, and restructuring charges, particularly those relating to a reorganisation of the sales force in Brazil.

Final dividend

Directors resolved not to declare a final dividend for the 2011 financial year.

Sumitomo investment and cooperation

Sumitomo Chemical Company (Sumitomo) increased its shareholding in Nufarm during the 2011 financial year and now owns 23 per cent of issued capital.

Nufarm and Sumitomo completed a number of agreements to cooperate via product distribution arrangements, research and development projects and in relation to tolling and logistics.

These agreements provided Nufarm with the ability to distribute Sumitomo products in a number of markets around the world. The addition of these products helped Nufarm to diversify its product offerings and accelerate growth into higher value market segments. Both companies continue to investigate further areas of possible cooperation.

Treasury

Net debt at year end was $465 million, down from $629 million. Gearing (net debt to equity) was 30 per cent compared to 35 per cent at 31 July end 2010.

Receivables fell from $853 million at 31 July 2010, to $666 million at 31 July 2011. Year end inventories were also slightly lower than in the previous year ($542 million versus $553 million) and payables were in line. The overall change in net working capital was an improvement of $199 million. The company generated nearly $154 million in operating cash flow in 2011.

Financing update

At the time of writing this review, the company was well advanced on the refinancing of its banking facilities which mature in December.

The company has received credit approved offers and underwritten proposals enabling Nufarm to proceed with the refinancing of the maturing bank facility on a basis which provides longer tenure. Those offers involve financing commitments which, in total, exceed the $600 million that is due to be repaid in December.

MANAGING DIRECTOR'S REVIEW CONTINUED

Receipt of these offers, along with the release of final audited accounts, will allow Nufarm to further advance the refinancing negotiations and work with prospective financiers to determine final composition and details of the new banking arrangements.

The company announced on 23 September 2011 that it will 'step-up' the NSS. This will result in the interest margin attached to the NSS being stepped up by 2.0 per cent, with the new interest margin being set at 3.9 per cent as at 24 November 2011 for the next distribution after that date. No other terms will be adjusted and there are no further step-up dates.

The NSS continue to represent an efficient form of capital for Nufarm. The NSS are classified as equity on Nufarm's balance sheet and are treated as 50 per cent equity/50 per cent debt for credit rating purposes. Nufarm retains the right to redeem or exchange the NSS on future distribution dates. This provides considerable flexibility to refinance these securities at a suitable time in the future, should the company elect to do so.

Employee commitment

The opportunities for additional growth identified by our major strategic review have been welcomed by Nufarm's employees and I commend them for their enthusiasm and the discipline they are applying across all aspects of the business. They are the people who will drive our capabilities in product development, innovation and customer service.

Unfortunately, all employees were deeply affected by the death of an employee at Laverton North earlier this year, the first in almost 40 years of operations at the site. The company has fully cooperated with all of the relevant investigations into this tragic accident and appropriate support has been provided to other site employees. The incident reinforces the need for all Nufarm employees to remain extremely vigilant when considering their own safety and the safety of fellow workers.

Outlook

The general outlook for the agriculture sector remains positive over, at least, the short to medium term. Soft commodity prices are expected to remain relatively high, encouraging growers to maximise yields. Given favourable weather conditions, cropping activity in Nufarm's major markets should be strong.

The company will continue to focus on diversification of its product portfolio and growth into higher value market segments in the 2012 financial year.

Driving accelerated growth into higher value and more defendable product and market segments

Sales: 2011 versus 2010

- Seeds and seed treatment up 57%
- Insecticides up 24%
- Fungicides up 18%
- Herbicides (excluding glyphosate) up 1%
- Glyphosate down 30%

Further growth is expected in non-glyphosate segments, driven by additional marketing and sales focus, the introduction of new products and access to additional products via the strategic relationship with Sumitomo Chemical Company.

Several insecticide products will be phased out in Brazil in the 2012 period, due to regulatory requirements. Replacement products are being introduced and the company is confident of being able to consolidate its much improved performance in that market in 2011.

The glyphosate segment is forecast to remain very competitive and the company expects to generate an average gross margin on glyphosate sales generally in line with that achieved in the 2011 period.

Competition is expected to be strong in most of the markets where Nufarm operates.

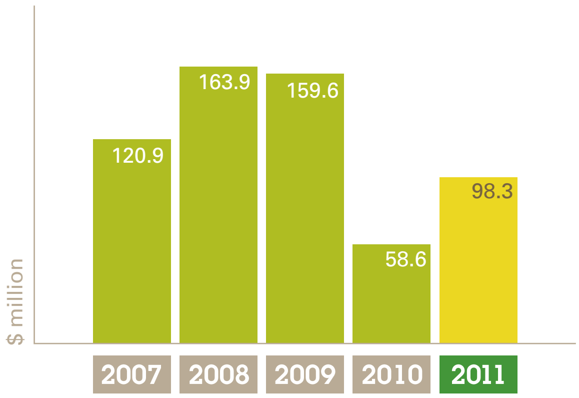
With increased certainty relating to its financing position; a strong focus on business improvement initiatives; and further momentum behind the company's product diversification strategy, Nufarm is well placed to achieve operating profit growth in the 2012 financial year.

Doug Rathbone AM
Managing Director

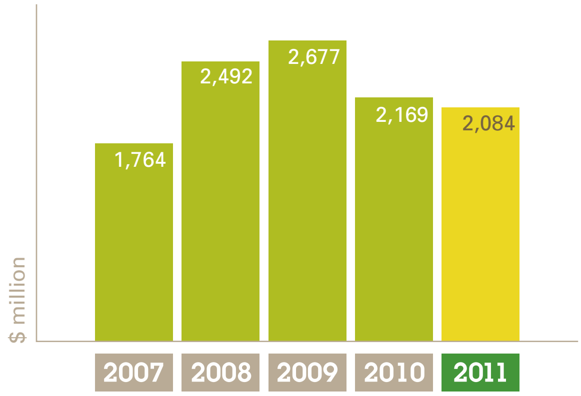
28 September 2011

MANAGING DIRECTOR'S REVIEW CONTINUED

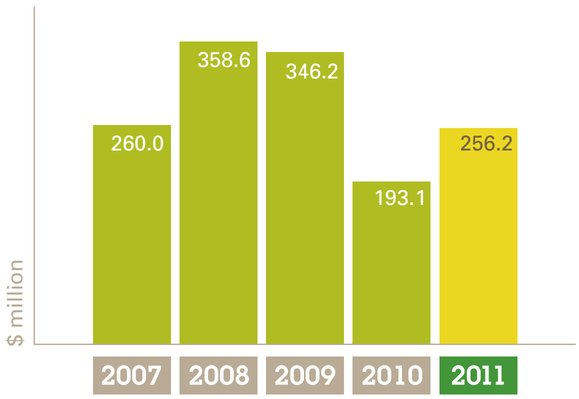
Operating profit



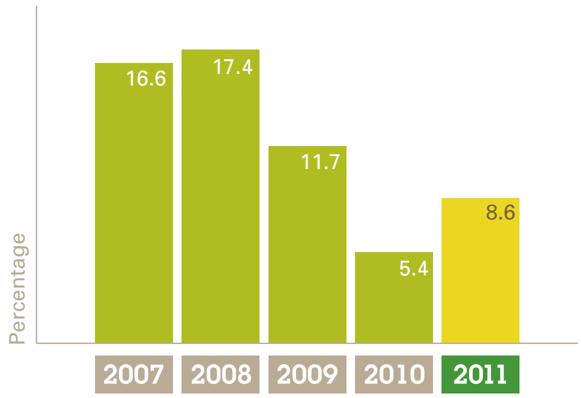
Group sales



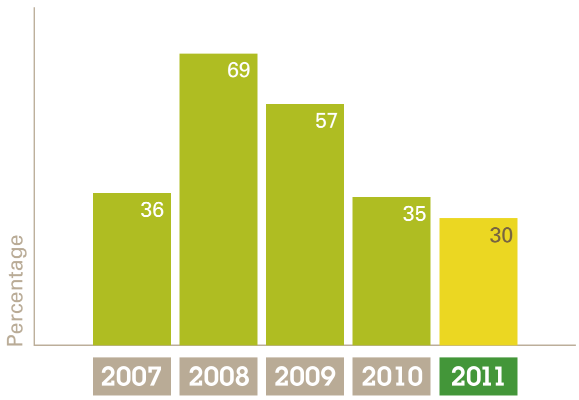
EBITDA



Return on funds employed



Net debt to equity



Earnings per share

Operational priority: to instill increased discipline, operational excellence and greater efficiencies across the business.

BUSINESS REVIEW

The business was exposed to a mix of climatic conditions during the 2011 financial year. Australia experienced generally positive conditions, while adverse climatic factors affected Nufarm's businesses in key northern hemisphere markets.

The company completed a comprehensive strategic review during the period, resulting in a stronger focus on growth in non-glyphosate product segments. Important progress was made during the year, with those segments generating a six per cent increase in revenues and contributing to an improvement in overall gross margin to 28 per cent (2010: 26 per cent).

As expected, the glyphosate segment remained very competitive. Raw material costs and finished product pricing were, however, less volatile than in the previous two years and this increased stability in the glyphosate segment contributed to more efficient purchasing and inventory management.

Nufarm elected not to participate in some glyphosate market segments where margins were unacceptable. Glyphosate sales represented 20 per cent of total revenues (down from 28 per cent in 2010) and generated an average gross margin of 15 per cent (2010: 12 per cent).

Insecticide sales increased 24 per cent year on year, fungicide sales were up by 18 per cent and sales of non-glyphosate herbicides increased marginally. Seed and seed treatment sales were up strongly (57 per cent), assisted by the first full year of earnings contributions from businesses acquired during the 2010 financial year.

Australia/New Zealand

	2011 $ million	2010 $ million
Revenue	696	655
Segment profit*	112.7	68.6

* Segment earnings before interest and tax, excluding the impact of material items.

The Australian and New Zealand businesses generated $696 million in segment sales, representing 33.4 per cent of total revenues. This compares with 2010 sales of $655 million (30.2 per cent of total). Segment profit (segment earnings before interest and tax, excluding the impact of material items) increased from $68.6 million in the 2010 financial year to $112.7 million in 2011.

Revenues in Australia were up by six per cent and generated an improved gross margin, mainly driven by a more profitable product mix.

Summer cropping conditions in Australia were very favourable, with increased rainfall supporting bigger plantings of cotton, sorghum, rice, sugar and other horticultural crops. Insect and disease pressure was also relatively strong and this helped drive increased sales of higher value insecticide and fungicide products.

The major winter planting period was characterised by wet conditions in the eastern and southern states and a very dry lead-in in Western Australia. Post-planting rains have generated strong sales of cereal fungicides.

The glyphosate business in Australia saw increased competition from fully formulated product sourced in China and this reduced margins in the non-differentiated segment of the market. Nufarm's sales in this segment were lower than in the previous year. The premium glyphosate segment – where Nufarm supplies a number of differentiated formulations – provided more acceptable margins.

The Australian business – via both its Nufarm and Crop Care brands – introduced a number of new products to the portfolio during the year and these performed very strongly.

New Zealand sales were up year on year in local currency. After a slow start due to adverse weather in spring, the pastoral market responded to buoyant farm commodity prices with a lift in farm input spending.

The company completed a major capital project at its Otahuhu site in March and commissioned a granulation facility capable of extruding, coating and loading insecticides, fungicides, molluscicides and trace elements. This facility is an important platform for Nufarm's global objectives in the insecticide and fungicide markets.

Asia

	2011 $ million	2010 $ million
Revenue	156	144
Segment profit*	21.7	20.5

* Segment earnings before interest and tax, excluding the impact of material items.

Nufarm is reporting Asia as a separate geographic segment this year. Asian sales were $156 million in 2011 (7.5 per cent of total revenues), compared to $144 million in the previous year (6.6 per cent of total revenues). Segment profit was $21.7 million (2010: $20.5 million).

Seasonal conditions were average in most Asian markets.

Nufarm's Indonesian business generated increased sales and profitability, with additional market penetration and an expanded product portfolio. Glyphosate margins remained relatively strong, assisted by Nufarm's 'Roundup' brand position.

While sales in Japan were slightly lower, margins were stronger and the business reported an increased profit.

Asian sales of insecticides and fungicides were up strongly in the 2011 reporting period.

North America

	2011 $ million	2010 $ million
Revenue	450	554
Segment profit*	35.9	33.2

* Segment earnings before interest and tax, excluding the impact of material items.

On a segment reporting basis, North American sales were down by almost 19 per cent on the previous year ($450 million versus $554 million), however this reduction was much smaller when measured in local currencies. The region generated 21.6 per cent of total revenues (2010: 25.6 per cent). Segment profit was $35.9 million, a slight improvement on the previous year ($33.2 million).

Nufarm's US sales declined by seven per cent in local currency to $344 million but generated a higher gross margin on those sales.

Climatic factors contributed to lower sales in a number of US market segments, with severe drought conditions having a negative impact on the demand for crop protection in southern states. Cool and wet conditions reduced demand in the upper Midwest. Strong commodity prices, however, encouraged large plantings of crops.

Nufarm's US business previously included a large proportion of glyphosate sales and is now moving to a more diversified product mix in the agriculture segment. Glyphosate sales in the US were down by 58 per cent on the previous year, with Nufarm choosing not to participate in low value segments of the agriculture market. Increased sales of cotton products and a range of other products indicated strong support from distribution customers as the company continues to reposition its business.

Sales in the turf and ornamental segment were also down on the previous year, driven by a combination of adverse weather conditions and continuing economic pressures, particularly in the US housing sector. Several new product launches performed very strongly.

Despite negative market conditions, Nufarm generated record sales and margins in the industrial vegetation management segment. New product introductions were again the major contributor to growth in this segment.

After the second consecutive year of floods in Canada, an estimated seven million acres were not planted. High starting inventories in distribution channels also contributed to lower sales, although stocking levels had returned to normal by the end of the spring planting season. Nufarm increased its market share in the cereal grass herbicide segment but at lower margins compared to previous years.

South America

	2011 $ million	2010 $ million
Revenue	339	342
Segment profit*	17.9	(14.6)

* Segment earnings before interest and tax, excluding the impact of material items.

South American segment sales in 2011 were $339 million, slightly down on 2010 ($342 million). Sales in this region comprised 16.3 per cent of total revenues (2010: 15.7 per cent). The region recorded a segment profit of $17.9 million, representing a strong improvement on the previous year's segment loss of $14.6 million.

Improved market conditions and effective execution of a restructuring and diversification strategy in Brazil contributed to a strong improvement in Nufarm's performance in the 2011 financial year. In local currency, Brazil sales were slightly lower (R$428 million versus R$436 million), but a more profitable product mix generated a significant improvement in gross margin (25 per cent versus 17 per cent). The Brazil business generated an operating EBIT of $6.3 million, compared to an operating loss of $17.1 million at the EBIT level in the previous year.

Nufarm significantly reduced its market presence in the glyphosate segment. Sales in this segment were down by more than 80 per cent on the previous year. Sales in other product segments, however, increased by 32 per cent, reflecting strong progress on the diversification strategy. New products – including those introduced via new distribution arrangements with Sumitomo Chemical Company – generated strong sales and margin contributions.

Nufarm extended its sales reach into a number of additional regions and benefited from the restructuring of its sales force from commission based to full time employees.

In Argentina, Nufarm increased sales but strong market competition resulted in a slightly weaker profit performance than in the previous year. Nufarm's businesses in Colombia and Chile generated improved performances.

Europe

	2011 $ million	2010 $ million
Revenue	442	475
Segment profit*	35.9	53.4

* Segment earnings before interest and tax, excluding the impact of material items.

European sales fell by seven per cent to $442 million (21.2 per cent of total revenues versus 21.9 per cent in 2010). Segment profit was $35.9 million, down from $53.4 million the previous year.

Adverse climatic conditions in key regional markets had a negative impact on the European results. Some of the hottest and driest conditions on record in major European markets – including France, Germany and the UK – reduced demand for Nufarm's higher value cereal herbicides and fungicides during the important spring selling season. It is estimated that cropping activity in France was down by some 15 to 20 per cent due to these conditions. Southern European markets experienced more favourable weather conditions.

Nufarm generated increased sales and improved margins in a number of markets, but the weather-affected result in France was disappointing. When measured in local currency, Nufarm's Mediterranean markets recorded revenue growth, as did the majority of the eastern European businesses, especially Romania.

Glyphosate pricing was very competitive during the period, with the company looking to make opportunistic sales where margins were acceptable.

Strong global demand for phenoxy herbicides and a subsequent increase in production improved overhead recoveries in the European based manufacturing plants.

Several new products were introduced during the year with strong early support from distribution customers and positive feedback from end users.

Seeds

	2011 $ million	2010 $ million
Revenue	65.7	41.9
Segment profit*	18.8	5.4

* Segment earnings before interest and tax, excluding the impact of material items.

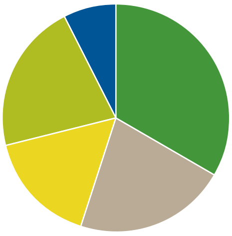
The Nuseed business achieved substantial growth in sales, margin and EBIT in the 2011 period. Seed segment sales were $65.7 million, compared to $41.9 million in the previous year. Segment profit was $18.8 million (2010: $5.4 million).

Increased canola plantings in eastern Australia were offset by lower plantings in Western Australia due to dry conditions. Drought conditions in the southern US sorghum growing regions had a negative impact on sales. Weather conditions in Nuseed's sunflower growing markets were, however, excellent.

Nuseed's strong performance was driven by the full year contribution of businesses acquired in the previous year; market share growth in the elite hybrids segments of Nuseed's core crops; and higher sales of newly launched seed treatment formulations. Additional product development, marketing and sales resources were put in place to support growth in the high value seeds and seed treatment segment.

An increased focus on downstream marketing helped drive significant additional demand for Nuseed's 'Monola' specialty canola oil. The period also saw an increase in demand in China for Nuseed's confection sunflower hybrids.

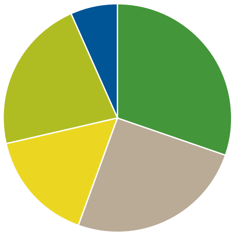
Sales by geography 2011



Australia/ New Zealand	33.4%
North America	21.6%
South America	16.3%
Europe	21.2%
Asia	7.5%

2011

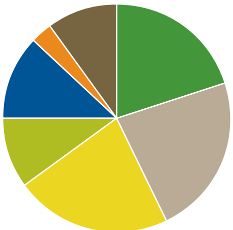
Sales by geography 2010



Australia/ New Zealand	30.3%
North America	25.5%
South America	15.7%
Europe	21.9%
Asia	6.6%

2010

Sales by key products 2011



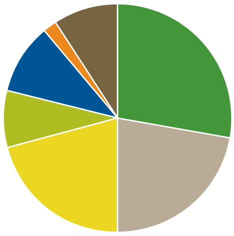
Glyphosate	20%
Phenoxy herbicides	23%
Other herbicides	22%
Insecticides	10%
Fungicides	12%
Seed*	3%
Other#	10%

2011

* Seed includes US seed treatment sales.

Other includes plant growth regulators, adjuvants, seed treatments (excluding US), spray machinery and industrial sales.

Sales by key products 2010



Glyphosate	28%
Phenoxy herbicides	22%
Other herbicides	21%
Insecticides	8%
Fungicides	10%
Seed*	2%
Other#	9%

2010

* Seed includes US seed treatment sales.

Other includes plant growth regulators, adjuvants, seed treatments (excluding US), spray machinery and industrial sales.

A core focus of Nufarm is risk management, including health, safety and environment.

HEALTH, SAFETY AND ENVIRONMENT

Nufarm is committed to ensuring that its activities present a high level of protection for the health and safety of its employees, customers, the public and the environment. A personal commitment from all employees is essential in promoting and achieving this aim.

The company will provide safe working conditions, define and train its employees in safe working practices and provide information for the control of hazards in the workplace and for protection of the environment.

Supervisors and managers will be held accountable for the safety and occupational health of their people and for the environment protection measures in activities over which they have control. Nufarm's objective is to carry out its business with no adverse effect on its people, the community and the environment, and to strive for sustainable development and continual improvement.

We are reminded that continued vigilance is required at all times, a fact brutally reinforced by a tragic fatality at Laverton North manufacturing plant in May this year, the first in nearly 40 years of operations at the site. Investigations are still continuing into the circumstances of the incident.

Mid-year the company published its 12th annual public report of its safety performance, covering the calendar year 2010. The health and safety data includes permanent and casual employees, as well as contractors. It is collated from 16 manufacturing sites and 20 offices and regional service centres. The environmental data comes from all manufacturing sites. The complete report and the individual site reports may be downloaded from the company's website.

Nufarm 2011 limits

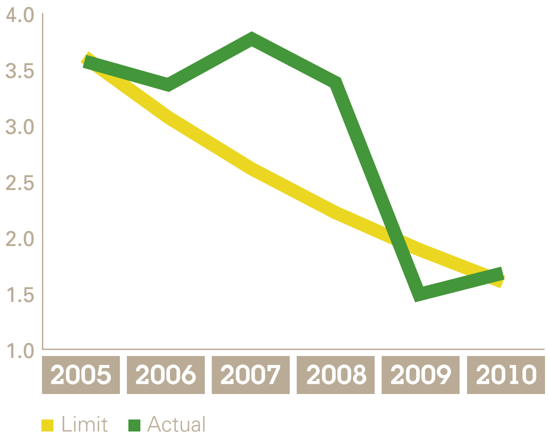
LTIFR < 1.36 MTIFR < 2.72 Severity < 0.016

LTIFR or lost time injury frequency rate is the number of lost time injuries per million hours worked that result in one or more day's absence from work.

MTIFR or medical treatment injury frequency rate is the number of lost time injuries plus those that did not result in lost time but required treatment by a qualified medical practitioner per million hours worked.

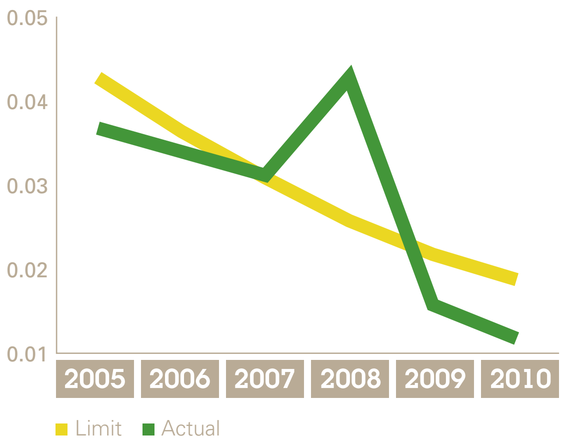
Severity is the number of days lost due to injuries per thousand hours worked.

LTIFR 2005-2010



MTIFR 2005-2010

Severity 2005-2010



HEALTH, SAFETY AND ENVIRONMENT CONTINUED

The headline safety performance continued to improve throughout 2010, consistent with our objective for a 15 per cent improvement year on year in all key performance indicators. In 2010, 34 of Nufarm's global locations worked for the entire year without any injury severe enough to require a full day's absence from the workplace.

There were 11 injuries in 2010 that were sufficiently severe to require people to take time off work (2009: 10). Seven of the injuries involved people not following procedures that would have avoided the injury, or by not taking the time to think through the work and use mechanical aids that would have allowed them to carry out the work safely.

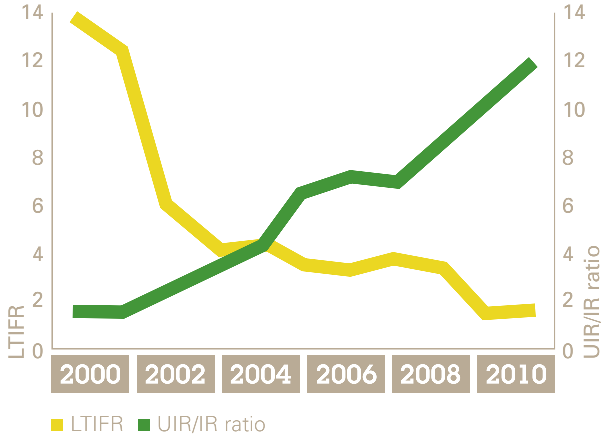
During 2010, 2.9 per cent of recorded injuries were serious enough for people to not be able to work the next day. The majority of injuries reported, 85.4 per cent, were first aid, 'report only' or 'no treatment required'. Medical treatment injuries, accounting for 2.7 per cent, were mostly cuts that required suturing. Injuries due to exposure to chemicals accounted for 15.3 per cent of all injuries.

Our global performance in terms of lost time injuries betters the average performance of the Australian chemical industry and tracks well ahead of Australian government targets. Nufarm has about 30 per cent of the number of injuries of average European chemical companies.

Unusual incident reporting

The number of near misses reported, compared with the number of injuries that occur, is one of our key performance indicators with injuries reducing as the frequency of near miss reporting increases. Since the beginning of 2000, 27,100 situations that 'are not as they should be' (near misses/unusual incident reports (UIRs)) have been reported. In 2000, there were 388 reports; in 2010 there were 4,090. Apart from the more than tenfold increase in these reports, there is a distinct change from physical things that have 'gone wrong' to incidents involving human factors and potential incidents that can be fixed before they happen.

Unusual incident report/injury report versus LTIFR 2005-2010



Changing behaviour

Recognising that improving personal actions is the next frontier to reducing serious injuries, we are investing heavily in training to change behaviour by challenging people to value their own – and their colleagues' – health and well being. Courses have been run throughout Australia and Europe. In 2011 courses will be run in the US and Canada.

Risk management remains a core focus of the company and we will continue to identify, assess and manage risks in many areas, including health, safety and environment.

Environment

A recovery in the volume of formulated products reversed the upward trend in water use per kilolitre of production and, while production has increased, energy use and CO_2 emissions have declined.

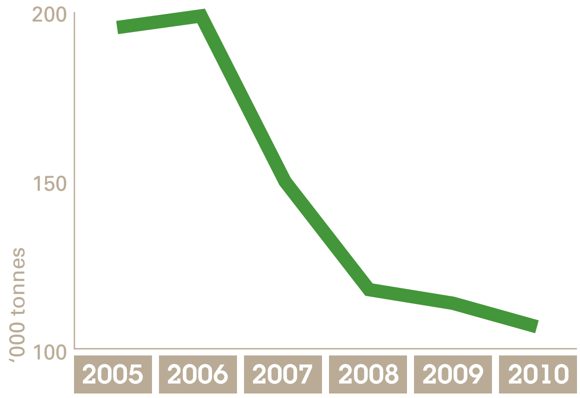
Safe use of Nufarm products is at the forefront of our work with growers and distributors. More than a decade ago, Nufarm introduced the Envirodrum to the market and a number of its products are available in granular form in cardboard packs.

Now, after more than four years of investigation, research and development by Nufarm Australia and its principal project partners Scholle Packaging and Visy, another game-changing, patented packaging solution is being launched – QuikPour.

HEALTH, SAFETY AND ENVIRONMENT CONTINUED

Water efficiency 2005-2010

CO_2 released from energy use and processes 2005-2010



Production volume 2005-2010

QuikPour

QuikPour is a 15 litre container that is a bag in a box with a collar, flexible polymer inner cartridge or bladder and outer carton. It is accredited for the transportation of dangerous goods within Australia. The innovative pack design means that it pours more like a jug without the glugging common in traditional rigid packaging.

In October 2011 at the annual Australian Packaging Awards, QuikPour won the gold award for innovation, the silver award for industry and best in show.

The initiative began as Nufarm's response to a number of independent industry reports reviewing the ideal non-returnable container. QuikPour addresses the occupational health and safety concerns users have had with 10 and 20 litre agrochemical packaging, which focused more on marketing and transport concerns. Some of the flaws in existing containers include the difficulty in partially pouring chemicals; cleaning containers for recycling; accessing handles when wearing gloves; and the difficulty in lifting 20 litre containers safely.

QuikPour provides faster more precise pouring in half the time with no glug and no splash. The easy to open 15 litre pack weighs 25 per cent less than the current 20 litre containers. It can be opened while wearing gloves and needs no special tool and is easier to triple rinse for recycling the inner bladder. The outer carton is made from recycled paper and can itself be recycled.

Other benefits include an 82 per cent reduction in plastics packaging per litre and, due to space efficiency, a 35 per cent reduction in transportation of packaging with more litres per pallet, which means warehousing and logistics savings for customers. A full pallet of the standard 15 litre QuikPour packaging configuration is a 12 per cent increase in litres over the standard 20 litre configuration.

The extensive testing – more than 100,000 litres – undertaken in the past four years included stability tests, market user and transport trials. Nufarm asked our distribution partners and farmers to use the QuikPour pack and evaluate its performance. Over 1,000 demonstration packs were produced for use with water so that people could touch and feel a QuikPour pack in meetings and at presentations, field days, conferences and during customer visits.

The feedback received during the trials confirmed that packaging alone is not a purchasing decision but ease of use is an important consideration when choosing a product. Users were very positive about QuikPour's quick evacuation, accurate measuring abilities, simple handling and ease of disposal.

With full commercialisation under way, Nufarm Australia anticipates that, subject to registration requirements, it will roll out 43 products in QuikPour packs over the next three years.


Nufarm
QuikPour

EXECUTIVE MANAGEMENT











Above:

Doug Rathbone AM
Bonita Croft
Dale Mellody
David Pullan

Above:

Brian Benson
Rodney Heath
Bob Ooms
Robert Reis

Above:

Paul Binfield
Mark Keating
Mike Pointon

EXECUTIVE MANAGEMENT CONTINUED

Doug Rathbone AM
Managing director and chief executive

Doug Rathbone's background is chemical engineering and commerce and he has worked for Nufarm Australia Ltd for 38 years. Doug was appointed managing director of Nufarm Australia in 1982 and managing director of Nufarm Ltd in October 1999. He joined the board of directors in 1987. He also served as a non-executive director on the board of CSIRO (2007-2010).

Brian Benson
Group executive agriculture

Brian Benson joined Nufarm in 2000, bringing with him extensive experience in the crop protection industry in the areas of international marketing and strategy. He has degrees in agricultural science and business administration. Brian is responsible for Nufarm's regional sales operations and commercial strategy.

Paul Binfield
Chief Financial Officer

Paul Binfield will join Nufarm on 7 November 2011. He has recently held senior strategic financial roles at Coles Liquor and Hotels, a major division of Wesfarmers Ltd, and at Mayne Group. Paul has extensive experience in publicly listed and private company finance functions, both in Australia and the UK.

Bonita Croft
Group executive human resources and organisation development

Bonita joined Nufarm in December 2010 in a newly created role responsible for people and organisation structure. She is a very experienced professional who has had previous human resources executive roles in large companies with international operations, including Brambles.

Rodney Heath
Group executive corporate services and company secretary

Rod Heath has a bachelor of law and joined the company in 1980, initially as legal officer, later becoming assistant company secretary. In 1989, Rod moved from New Zealand to Australia to become company secretary of Nufarm Australia Ltd. In 2000, Rod was appointed company secretary of Nufarm Ltd.

Mark Keating
Interim chief financial officer

Mark Keating is a certified practising accountant with over 34 years experience in the commercial arena. After joining Nufarm in 2002, Mark was responsible for the group's internal and external reporting, and for the global accounting operations. Mark has been interim chief financial officer since March 2011, pending Paul Binfield's appointment.

Dale Mellody
Group executive global marketing

Dale Mellody joined Nufarm as a territory manager in 1995, having completed his bachelor of agricultural science. Promoted to head office in 1997, he has had various roles in the global marketing group and has assisted with a number of company acquisitions. Dale was promoted to the senior management group in July 2005 and is responsible for Nufarm's global marketing.

Bob Ooms
Group executive chemicals

Bob Ooms joined the company in 1999. An industrial chemist by training, he has more than 40 years experience in the chemical industry in a variety of positions, including many years in senior management. Bob has executive management responsibility for global supply chain issues.

Mike Pointon
Group executive innovation and development

Mike Pointon joined Nufarm in 2001 and was responsible for Nufarm's southern European business based in France. He has a degree in agricultural science and over 25 years experience in the crop protection industry. Most recently based in Melbourne with responsibility for Nufarm's global glyphosate business, Mike was appointed to the executive team in July 2008. He is responsible for the group's product development and regulatory affairs activities.

David Pullan
Group executive operations

David Pullan joined the company in 1985. A mechanical engineer, David has extensive experience in chemical synthesis and manufacturing, having held a variety of operational and management positions in the oil and chemical industries. David is responsible for all of Nufarm's global manufacturing and production sites.

Robert Reis
Group executive corporate strategy and external affairs

A former journalist, political adviser and lobbyist, Robert joined Nufarm in 1991. Robert has executive management responsibility for corporate strategy and is responsible for global issues management, investor relations, media, government and stakeholder relations.

Kevin Martin
Chief financial officer (1994–2011)

Kevin Martin is a chartered accountant with over 27 years of experience. He joined Nufarm in 1994 and was responsible for all financial, treasury and taxation matters for the group from 2000 to March 2011.

BOARD OF DIRECTORS

Donald McGauchie AO

Chairman

Donald McGauchie AO, 61, joined the board in 2003 and was appointed chairman on 13 July 2010.

He has wide commercial experience within the food processing, commodity trading, finance and telecommunication sectors. He also has extensive public policy experience, having previously held several high-level advisory positions to the government including the Prime Minister's Supermarket to Asia Council, the Foreign Affairs Council and the Trade Policy Advisory Council. He is a former member of the board of the Reserve Bank of Australia. Donald is chairman of Australian Agricultural Company Ltd and a director of James Hardie Industries SE and Graincorp Ltd. In the past three years Donald has been a director of Telstra Ltd (11 years).

Donald is chairman of the nomination committee and a member of the human resources committee.

Doug Rathbone AM

Managing director and chief executive

Doug Rathbone AM, 65, joined the board in 1987.

His background is chemical engineering and commerce and he has worked for Nufarm Australia Ltd for 38 years. Doug was appointed managing director of Nufarm Australia in 1982 and managing director of Nufarm Ltd in October 1999.

He was appointed to the board of CSIRO in 2007 and retired from that board in September 2010.

Anne Brennan

Anne Brennan, 51, joined the board on 10 February 2011.

She has a bachelor of commerce (hons) from University College Galway and is a fellow of the Institute of Chartered Accountants in Australia and a fellow of the Australian Institute of Company Directors. She has over 25 years in senior finance roles and in professional accounting firms. She was formerly the executive finance director for the Coates Group and chief financial officer for CSR. Anne has extensive experience in financial management, treasury, audit, risk management, tax, investor relations and ASX and statutory reporting. Anne is a director of Myer Ltd, Charter Hall Group and Argo Investments Ltd.

Anne is a member of the audit committee.

BOARD OF DIRECTORS
CONTINUED

Gordon Davis

Gordon Davis, 55, joined the board on 31 May 2011.

He has a bachelor of forest science (hons), master of agricultural science and holds a master of business administration. Gordon was managing director of AWB Ltd between 2006 and 2010. Prior to this, he held various senior executive positions with Orica, including general manager of Orica Mining Services (Australia, Asia) and general manager of Incitec Fertilizers. He has also served in a senior capacity on various industry associations.

Gordon is a member of the human resources committee.

Bob Edgar

Bob Edgar, 65, joined the board on 1 June 2009.

Dr Edgar holds a bachelor of economics (hons) from University of Adelaide and a PhD from Ohio State University. Bob was deputy chief executive officer of ANZ Banking Group, where he also held the positions of chief operating officer, managing director, institutional financial services and chief economist. Bob is a director of Transurban Holdings Ltd, Transurban Infrastructure Management Ltd, Asciano Ltd, AMMB Holdings Berhad and Linfox Armaguard Pty Ltd. He is also chairman of the Prince Henry's Institute of Medical Research.

Bob is chairman of the human resources committee and a member of the audit committee and nomination committee.

Bruce Goodfellow

Bruce Goodfellow, 59, joined the board representing the holders of the 'C' shares in 1991. Following the conversion of the 'C' shares into ordinary shares, he was elected a director in 1999.

He has a doctorate in chemical engineering and experience in the chemical trading business and financial and commercial business management. Bruce is chairman of Refrigeration Engineering Co Ltd and a director of Sanford Ltd, Sulkem Co Ltd, and Cambridge Clothing Co Ltd.

Bruce is a member of the nomination committee.

BOARD OF DIRECTORS
CONTINUED

Garry Hounsell

Garry Hounsell, 56, joined the board in October 2004.

He has a bachelor of business (accounting) and is a former senior partner with Ernst & Young and a former Australian country-managing partner with Arthur Andersen. He has extensive experience across a range of areas relating to management and corporate finance and has worked with some of Australia's leading companies in consulting and audit roles, with a particular emphasis in the manufacturing sector. Garry is chairman of Pan Aust Ltd and a director of Qantas Airways Ltd, Orica Ltd and Dulux Group Ltd. In the past three years Garry has been deputy chairman of Mitchell Communication Group Ltd.

Garry is chairman of the audit committee.

Peter Margin

Peter Margin, 51, joined the board on 3 October 2011.

He has a bachelor of science (hons) from the University of NSW and holds a master of business administration from Monash University. Peter has many years of leadership experience in major Australian and international food companies. His most recent role was as chief executive of Goodman Fielder Ltd and, before that Peter was chief executive and chief operating officer of National Foods Ltd. Peter has also held senior management roles in Simplot, Pacific Dunlop, East Asiatic Company and Heinz. Peter is currently a director of Bega Cheese Ltd. Over the past three years Peter has been a director of Goodman Fielder Ltd.

John Stocker AO

John Stocker AO, 66, joined the board in 1998.

He has a medical, scientific and management background and was formerly chief scientist of the Commonwealth of Australia and formerly chief executive and subsequently chairman of CSIRO. He is a principal of Foursight Associates Pty Ltd and is a director of Telstra Corporation Ltd. In the past three years John has been chairman of Sigma Pharmaceuticals Ltd (four years) and a director of Circadian Technologies Ltd (12 years).

John is a member of the audit committee.

He will retire from the board at the annual general meeting.

CORPORATE GOVERNANCE

Introduction

Nufarm's board processes have been reviewed to ensure they represent and protect the interests of all stakeholders.

The review included detailed consideration of the Corporate Governance Principles and Recommendations ('the ASX principles'), published by the Australian Securities Exchange Limited's (ASX) Corporate Governance Council.

Nufarm's corporate governance practices can be reviewed in the corporate governance section of our website: www.nufarm.com

Compliance with ASX principles

The ASX Listing Rules require Nufarm to disclose in our annual report the extent to which we have adopted the 30 best practice ASX recommendations during our reporting period and, where we do not comply, to explain why not.

Nufarm complies with all the ASX principles with the exceptions of principles 3.2, 3.3 and 3.4. Principle 3.2 recommends companies establish a diversity policy. While Nufarm did not formally adopt a diversity policy in the 2011 year, the company is committed to equal opportunity and diversity. Diversity of gender, sexual orientation, age, ethnicity, race, religion, culture and background, style, skills and experience all add to our capability to develop and maintain a high performing workforce with the ability to take advantage of the diverse challenges and opportunities we face around the globe.

A formal diversity policy will be adopted in the 2012 year. Measurable objectives will be set in accordance with principle 3.3 and disclosure of the proportion of women in the company, executive positions and the board will be made in accordance with principle 3.4 and appropriate reporting will be included in the 2012 annual report.

Management and oversight of Nufarm

The board

The governing body of the company is the board of directors. The board's clear responsibility is to oversee the company's operations and ensure that Nufarm carries out its business in the best interests of all shareholders and with proper regard to the interests of all other stakeholders.

The board charter clearly defines the board's individual and collective responsibilities and describes those delegated to the managing director and senior executives.

The board has set specific limits to management's ability to incur expenditure, enter contracts or acquire or dispose of assets or businesses without full board approval.

The board's specific responsibility is to:

- ratify, monitor and review strategic plans for the company and its business units;
- approve financial and dividend policy;
- review the company's accounts;
- approve and review operating budgets;
- approve major capital expenditure, acquisitions, divestments and corporate funding;
- oversee risk management and internal compliance; and
- control codes of conduct and legal compliance.

The board is also responsible for:

- the appointment and remuneration of the managing director;
- ratifying the appointment of the chief financial officer and the company secretary; and
- reviewing remuneration policy for senior executives and Nufarm's general remuneration policy framework.

The board annually reviews its composition and terms of reference for the board, chairman, board committees and managing director.

There are seven scheduled board meetings each year. When necessary, additional meetings are convened to deal with specific issues that require attention before the next scheduled meeting. Each year the board also reviews the strategic plan and direction of the company.

At 31 July 2011, there were three board committees: audit; human resources (formerly called remuneration); and nomination. All directors are entitled to attend any committee meeting.

Details of the attendances at meetings of board and committees during the reporting period appear on page 34 of this report.

Evaluating the performance of senior executives

The performance of the senior executive team is reviewed by the managing director, and then the human resources committee and the board, as part of the annual remuneration review. In the case of the managing director, the human resources committee and the board conduct his review.

A performance evaluation of senior executives was undertaken in accordance with this process in the reporting period. The board also undertook a fundamental review of the structure of executive remuneration in the reporting period and the detail of this review, the revised executive compensation principles and remuneration mix are set out in detail in the remuneration report on pages 38 to 41 of this report.

The company is managed according to the recommendations of ASX Principle 1.

A summary of the board charter is available on the corporate governance section of the company's website.

Board of directors

Composition

There are nine members of the board with a majority of independent non-executive directors who have an appropriate range of proficiencies, experience and skills to ensure that it properly discharges its responsibilities.

The company's constitution specifies that the number of directors may be neither less than three, nor more than 11. At present there are eight non-executive directors and one executive director, namely the managing director, and the board has decided at this time that no other company executive will be invited to join the board.

Independence

Directors are expected to bring independent views and judgment to the board. The board applies the framework set out in ASX Principle 2 to determine the independence of directors. To decide whether a director has a material relationship with the company that may compromise independence, the board considers all relevant circumstances.

The board reviewed the ASX principles and the circumstances of individual directors and believes it is unnecessary to define any specific materiality limits, except that a substantial shareholder is defined as one who holds or is associated directly with a shareholder controlling in excess of five per cent of the company's equity.

Tenure

The board believes that the way directors discharge their responsibilities and their contribution to the success of the company determines their independence and justifies their positions.

The nomination committee reviews the performance of directors who seek to offer themselves for re-election at the company's annual general meeting (AGM). That committee then recommends to the board whether or not it should continue to support the nomination of the retiring directors.

The board conducts an annual review of the independence of directors and, at the date of this report, it has determined that all directors are independent with the exception of Dr WB Goodfellow (non-executive director) and DJ Rathbone (chief executive officer and managing director).

Profiles of each board member, including terms in office, are on pages 20 to 22 of this report.

Access to independent advice

To help directors discharge their responsibilities, any director can appoint legal, financial or other professional consultants, at the expense of the company with the chairman's prior approval, which may not be unreasonably withheld.

The board charter provides that non-executive directors may meet without management present.

Conflicts of interest

Board members must identify any conflict of interest they may have in dealing with the company's affairs and then refrain from participating in any discussion or voting on these matters. Directors and senior executives must disclose any related party transactions in writing.

Chairman of the board

The chairman is elected annually at the directors' meeting immediately following the company's annual general meeting. Nufarm's chairman, Donald McGauchie, is an independent director.

The Nufarm board has stipulated that the role of the chairman and chief executive officer may not be filled by the same person.

The board structure is consistent with ASX Principle 2.

CORPORATE GOVERNANCE CONTINUED

The nomination committee

Donald McGauchie is chairman of the nomination committee and Bob Edgar and Bruce Goodfellow are members, with a majority of independent directors. The committee is chaired by an independent director.

The formal charter setting out the committee's membership requirements includes the following responsibilities:

- considering the appropriate size and composition of the board;
- developing criteria for board membership selection, composition and assessing the skills required on the board;
- reviewing the skills represented on the board and determining whether those skills meet the required skills;
- developing a process for the evaluation of the performance of the board, its committees and directors;
- recommending changes to the membership of the board;
- making recommendations to the board on candidates it considers appropriate for appointment;
- in conjunction with the human resources committee, ensuring the application of the diversity policy to the selection of board members;
- reviewing the time required from non-executive directors and whether those requirements are met;
- reviewing any retiring non-executive director's performance and making recommendations to the board as to whether the board should continue to support the nomination of a retiring non-executive director; and
- managing the process of chief executive officer recruitment and transition on behalf of the board.

Nufarm recognises the valuable contribution made by each board member to the effective running of the company. When board positions become available the opportunity is taken to review the mix of skills and experience on the board in considering the skills and experience sought in new directors.

This analysis forms the basis of selection criteria, which includes diversity, both as to gender and experience.

With respect to recent appointments the board has sought the services of an independent expert consultant to undertake a search for prospective directors. Potential candidates were reviewed by the chairman and nomination committee and then interviewed by the chairman of the nomination committee. Extensive reference checking was undertaken.

The board is committed to reviewing its performance and ensuring the board has the skills and knowledge to provide appropriate leadership and governance for the company.

For some years now the board has undertaken an annual internal survey of its performance, the results of which are used to monitor and improve performance and identify ongoing development to ensure directors have a suitable level of knowledge of the business.

In the current period, due to board renewal activity, this review was not carried out. However the skill and experience matrix for the board was reviewed and updated as part of the renewal process, and used to articulate the skills and experience the board was seeking in its new directors. During the current period the membership of board committees was also reviewed to provide the best skills mix on each committee.

With the new board members now in place the board will undertake a formal internal review in the 2011–2012 year comprising its self assessment survey, together with the chairman's assessment of board members against the skills and experience matrix.

An external assessment is being considered in 2013.

The board ensures that new directors are inducted to the company appropriately, including relevant industry knowledge, visits to specific company operations and briefings by key executives.

All directors may obtain independent professional advice and have direct access to the company secretary, who is appointed by, and accountable to, the board on all governance matters.

The operation of the board is in accordance with the recommendations of ASX Principle 2.

A copy of the nomination committee charter and a summary of the policy and procedure for appointment of directors is available on the corporate governance section of the company's website.

Ethical and responsible decision-making

Ethical standards

Nufarm operates in many countries and does so in accordance with the social and cultural beliefs of each country.

It is politically impartial except where the board believes it is necessary to comment due to any perceived major impact on the company, its business or any of its stakeholders.

We require directors, senior executives and all employees to adopt standards of business conduct that are ethical and in compliance with all legislation. Where there are no legislative requirements, the company develops policy statements to ensure appropriate standards and carefully selects and promotes employees.

The board endorses the principles of the Code of Conduct for Directors, issued by the Australian Institute of Company Directors.

Our formal code of conduct is available on the corporate governance section of the company's website.

Diversity policy

Principle 3.2 recommends companies establish a diversity policy. While Nufarm did not formally adopt a diversity policy in the 2011 year, the company is committed to equal opportunity and diversity. Diversity of gender, sexual orientation, age, ethnicity, race, religion, culture and background, style, skills and experience all add to our capability to develop and maintain a high performing workforce with the ability to take advantage of the diverse challenges and opportunities we face around the globe.

A formal policy will be adopted in the 2012 year, measurable objectives will be set and appropriate reporting will be included in the 2012 annual report. Broad diversity is encouraged and valued. During 2012 Nufarm will implement an initiative to fully understand its diversity profile and opportunities. Two known areas of diversity focus will be culture and gender.

During the 2011 year three appointments were made which have increased the gender diversity on the board, group executive and senior management. The board skills and experience matrix was reviewed and specific diversity criteria were identified and included to ensure diversity is considered in the board renewal process.

The duties of the human resources committee include:

- reviewing and making recommendations to the board on the diversity policy to ensure it is in line with applicable legislation and governance principles;
- in conjunction with the nomination committee ensuring the application of the diversity policy to board appointments and succession;
- making recommendations to the board regarding the diversity policy and strategies to address board diversity;
- monitoring the application of the diversity policy to executive appointments and succession; and
- reviewing remuneration by gender.

Adoption of the diversity policy, and the setting of objectives and reporting to be provided in the 2012 annual report will be consistent with ASX Principle 3.

Safeguard integrity in financial reporting

Financial reports

The company has put in place a structure of review and authorisation to independently verify and safeguard the integrity of financial reporting.

The audit committee reviews the company's financial statements and the independence of the external auditors.

Audit committee

Garry Hounsell is chairman of the board audit committee with Anne Brennan, Bob Edgar and John Stocker as members. The committee comprises independent non-executive directors and is chaired by an independent director.

Details of attendances at meetings of the audit committee are set out on page 34.

Garry Hounsell has a bachelor of business (accounting) and is a former senior partner with Ernst & Young and a former Australian country managing partner with Arthur Andersen. He has extensive experience across a range of areas, relating to management and corporate finance and has worked with some of Australia's leading companies in consulting and audit roles, with a particular emphasis in the manufacturing sector. He is chairman of PanAust Ltd, and a director of Qantas Airways Ltd, Orica Ltd and Dulux Group Ltd. Garry is also chairman of the audit committee at Qantas.

CORPORATE GOVERNANCE CONTINUED

Anne Brennan has over 25 years in senior finance roles and in professional accounting firms. Anne has a bachelor of commerce (hons) from University College Galway and is a fellow of the Institute of Chartered Accountants in Australia and a fellow of the Australian Institute of Company Directors. She was formerly the executive finance director for the Coates Group and chief financial officer for CSR. She has extensive experience in financial management, treasury, audit, risk management, tax, investor relations and ASX and statutory reporting.

Anne is a director of Myer Ltd, Charter Hall Group and Argo Investments Ltd.

Dr Bob Edgar holds a bachelor of economics (hons) from University of Adelaide and a PhD from Ohio State University.

Bob was deputy chief executive officer of the ANZ Banking Group. Bob is a director of Transurban Holdings Ltd, Transurban Infrastructure Management Ltd, Asciano Ltd, AMMB Holdings Berhad and Linfox Armaguard Pty Ltd. He is also chairman of the Prince Henry's Institute of Medical Research.

Dr John Stocker has a medical, scientific and management background and was formerly chief scientist of the Commonwealth of Australia and formerly the chairman of CSIRO. He is a principal of Foursight Associates Pty Ltd and a director of Telstra Corporation Ltd.

The committee has a formal charter which is reviewed annually.

The charter sets out membership requirements for the committee, its responsibilities and provides that the committee shall annually assess the external auditor's actual or perceived independence by reviewing the services provided by the auditor.

The charter also identifies those services that:

- the external auditor may and may not provide; and
- require specific audit committee approval.

The committee has recommended that any former lead engagement partner of the firm involved in the company's external audit should not be invited to fill a vacancy on the board and the lead engagement audit partners will be required to rotate off the audit after a maximum five years involvement and it will be at least two years before that partner can again be involved in the company's audit.

A copy of the audit committee charter and its duties is available on the corporate governance section of the company's website.

The financial reporting system of the company is consistent with ASX Principle 4.

Disclosure

The company has a detailed written policy and procedure to ensure compliance with both the ASX Listing Rules and Corporations Act. This policy is reviewed regularly with the company's legal advisers.

The company secretary prepares a schedule of compliance and disclosure matters for directors to consider at each board meeting.

A summary of the disclosure policy is available on the corporate governance section of the company's website.

The company's disclosure policy is consistent with ASX Principle 5.

Rights of shareholders

Communication

Nufarm is committed to timely, open and effective communication with its shareholders and the general investment community.

Nufarm's communication policy aims to:

- ensure that shareholders and the financial markets are provided with full and timely information about its activities;
- comply with its continuous disclosure obligations;
- ensure equality of access to briefings, presentations and meetings for shareholders, analysts and media; and
- encourage attendance and voting at shareholder meetings.

Postal and electronic communication with shareholders includes:

- half year and annual reports;
- proxy voting; and
- notices of AGM.

Copies of:

- relevant market announcements and related information; and
- presentations made to analysts and investor briefings;

are also immediately made available on the company's website.

Nufarm's formal communications policy is available on the corporate governance section of the company's website.

The company's policy in relation to the rights of shareholders is consistent with ASX Principle 6.

Identifying and managing risk

The board is committed to identifying, assessing, monitoring and managing its material business risks.

Nufarm's policies and procedures relating to the management and oversight of risk provide effective management of material risks at a level appropriate to Nufarm's global business.

The board annually, at its strategy review meeting, comprehensively reviews the material risks faced by the company. In so doing, it considers the interests of all relevant stakeholders. In addition, at each board meeting, management report on specific issues of risk and compliance, including legal compliance, health safety and environmental compliance and financial reporting.

The board has retained responsibility for the oversight of the company's risk management system. The board ensures that appropriate policies are in place to ensure compliance with risk management controls, and requires management to monitor, manage and report on business risks.

The board has delegated the oversight of financial and treasury risk, including credit, liquidity and market risks to the audit committee which will refer any relevant matters to the full board. The year end exposure to these risks is described in note 31 of the financial statements.

The audit committee has approved a global risk management charter that specifies the responsibilities of the general manager global risk management (which includes the internal audit function). The charter provides authority to conduct internal audits, risk reviews and system-based analyses of the internal controls in major business systems.

The general manager, global risk management reports directly to the managing director, and provides a written report of his activities at each meeting of the audit committee. In so doing he has continual access to the chairman and members of the audit committee. The internal audit function is independent of the external auditor.

All board committees report to the board on risk management issues within their areas of responsibility.

The company recognises a number of operational risks related to its crop protection business including:

- climate conditions and seasonality;
- regulatory, freedom to operate, product registration, product use and sustainability;
- relationships with key suppliers and customers; and
- licences and operating permits for manufacturing facilities.

The managing director and the company's executive management (group executives who report directly to the managing director) are responsible for the management of material risks in their respective areas of responsibility.

Their regular reports, submitted for review to each board meeting, will include relevant commentary on any material risk.

In the current period external consultants facilitated a management review of Nufarm's risk profile and risk inventory. Management presented a risk profile report to the board to provide assurance that all material risks are being effectively managed.

Local and regional financial controllers complete half yearly certificates, which are reviewed by the chief financial officer and the audit committee as part of the company's half year reporting to the market and to achieve compliance with section 295A of the Corporations Act. In accordance with Section 295A, the board procedures to safeguard the integrity of the company's financial reporting require the chief executive officer and the chief financial officer to state in writing to the board that:

- the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards; and
- the statement is founded on a sound system of risk management and internal compliance and control, which is operating effectively in all material respects in relation to financial reporting risks.

CORPORATE GOVERNANCE CONTINUED

The board received in the current reporting period an assurance from the chief executive officer and interim chief financial officer that the declaration relating to the company's financial reports has been made with due regard to appropriate risk management controls.

A summary of the company's policies on risk oversight and management of material business risks is available in the corporate governance section of the company's website. Nufarm's management of risk is consistent with ASX Principle 7.

Remuneration

The board has procedures to ensure that the level and structure of remuneration for executives and directors is appropriate. During the period the board undertook a fundamental review of the structure of executive remuneration. Full details are set out in the remuneration report on pages 38 to 41 of this report.

Human resources committee

Bob Edgar is chairman of the human resources committee and Donald McGauchie and Gordon Davis are members. The committee comprises independent non executive directors and is chaired by an independent director.

The committee's formal charter includes responsibility to review and make recommendations to the board in relation to Nufarm's board and executive remuneration strategy, structure and practice with regard to:

- Nufarm's strategic objectives;
- corporate governance principles; and
- competitive practice.

The specific matters the committee may consider include the review of:

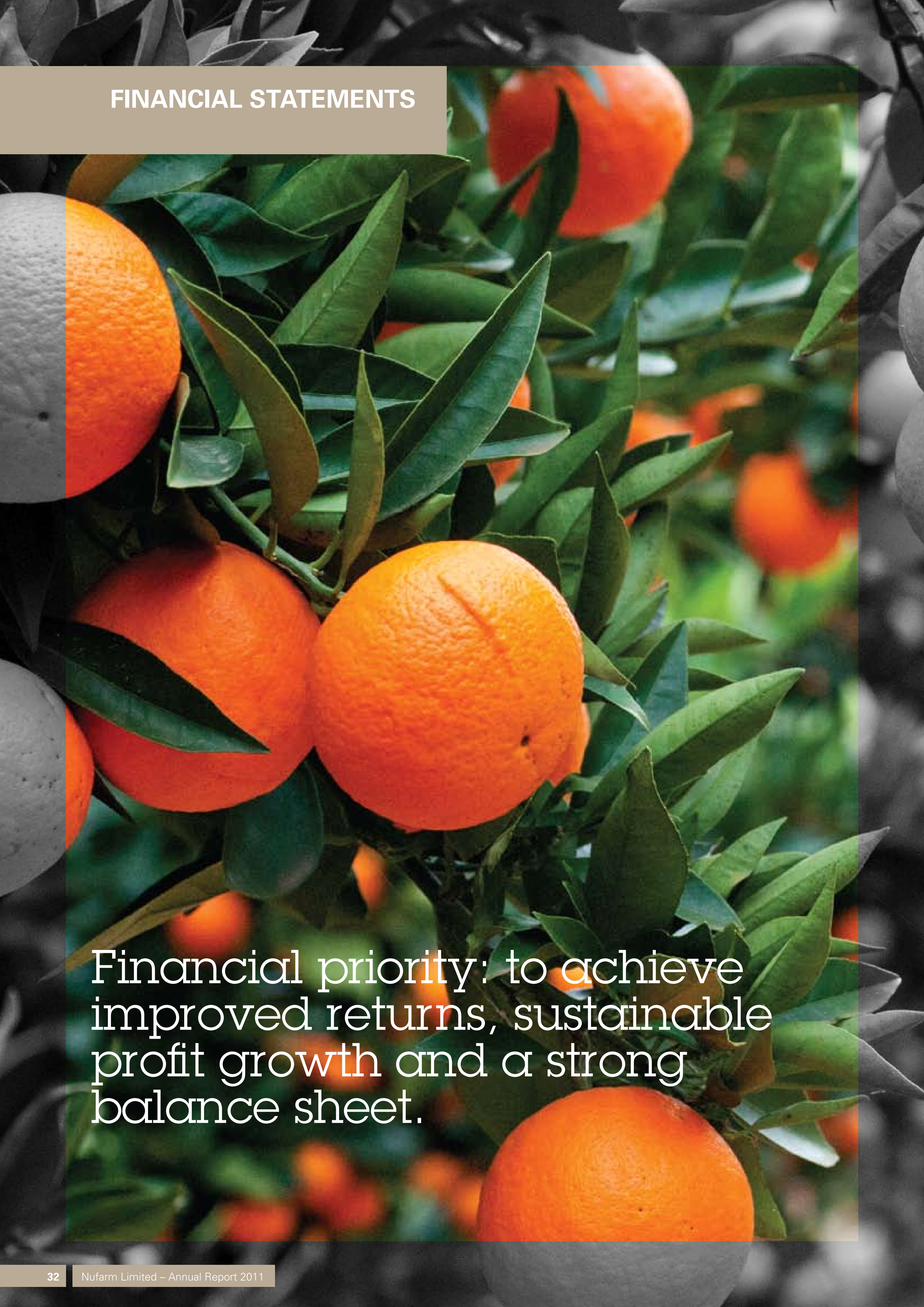
- executive management and directors' remuneration, including the link between company and individual performance;
- current industry best practice;
- the outcome of the annual vote on the adoption of the remuneration report;
- different methods for remunerating senior management and directors including superannuation arrangements;
- existing or proposed incentive schemes;
- retirement and termination benefits and payments for senior management; and
- professional indemnity and liability insurance policies.

The committee is responsible for seeking and approving independent remuneration advisers who will provide independent remuneration advice, as appropriate, on board, chief executive officer and other key management personnel remuneration strategy, structure, practice and disclosure.

The committee reports to the board on all matters and the board makes all decisions, except when power to act is delegated expressly to the committee.

The company distinguishes the structure of non-executive directors' remuneration from that of senior executives. Details of executive management and non-executive directors' remuneration are set out in the remuneration report on pages 43 to 45 of this report.

A copy of the human resources committee charter and the company policy on prohibiting senior executives from hedging any shares offered under the executive share plan are available on the corporate governance section of the company's website. Nufarm's remuneration policies are consistent with ASX Principle 8.



Financial priority: to achieve improved returns, sustainable profit growth and a strong balance sheet.

DIRECTORS' REPORT

The directors present their report together with the financial report of Nufarm Limited ('the company') and of the group, being the company and its subsidiaries and the group's interests in associates and jointly controlled entities, for the financial year ended 31 July 2011 and the auditor's report thereon.

Directors

The directors of the company at any time during or since the end of the financial year are:

DG McGauchie AO (Chairman)
DJ Rathbone AM (Managing director)
AB Brennan (appointed 10 February 2011)
GDW Curlewis (retired 2 December 2010)
GR Davis (appointed 31 May 2011)
Dr RJ Edgar
Dr WB Goodfellow
GA Hounsell
Dr JW Stocker AO

Unless otherwise indicated, all directors held their position as a director throughout the entire period and up to the date of this report. Details of the qualifications, experience and responsibilities and other directorships of the directors are set out on pages 20 to 22.

Company secretary

The company secretary is R Heath.

Details of the qualifications and experience of the company secretary are set out on page 19.

Directors' interests in shares and Step-up Securities

Relevant interests of the directors in the shares and Step-up Securities issued by the company and related bodies corporate are, at the date of this report, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, as follows:

	Nufarm Ltd ordinary shares	Nufarm Finance (NZ) Ltd Step-up Securities
AB Brennan	10,000	–
GR Davis	40,000	–
Dr RJ Edgar	13,000	–
Dr WB Goodfellow[1,2]	1,140,551	47,723
GA Hounsell[1]	43,723	–
DG Mc Gauchie[1]	31,239	–
DJ Rathbone	11,676,031	–
Dr JW Stocker[1]	41,521	–

1 The shareholdings of Dr WB Goodfellow, GA Hounsell, DG McGauchie and Dr JW Stocker include shares issued under the company's non-executive director share plan and held by Pacific Custodians Pty Ltd as trustee of the plan.

2 The holding of Dr WB Goodfellow includes his relevant interest in:

(i) St Kentigern Trust Board (430,434 shares and 19,727 Step-up Securities) – Dr Goodfellow is chairman of the Trust Board. Dr Goodfellow does not have a beneficial interest in these shares or Step-up Securities.

(ii) Sulkem Company Limited (120,000 shares).

(iii) 531 Trust (400,861 shares). Dr Goodfellow and EW Preston are trustees of 531 Trust.

(iv) Auckland Medical Research Foundation (26,558 Step-up Securities). Dr Goodfellow does not have a beneficial interest in these Step-up Securities.

(v) Trustees of the Goodfellow Foundation (33,854 shares and 1,338 Step-up Securities). Dr Goodfellow is chairman of the Foundation and does not have a beneficial interest in these shares or Step-up Securities.

Directors' meetings

The number of directors' meetings (including meetings of board committees) and number of meetings attended by each of the directors of the company during the financial year are:

			Committees					
Director	Board		Audit		Human Resources		Nomination	
	Meetings Held[3]	Meetings Attended	Meetings Held[3]	Meetings Attended	Meetings Held[3]	Meetings Attended	Meetings Held[3]	Meetings Attended
AB Brennan[2]	5	5	3	3	–	–	–	–
GDW Curlewis[1]	6	6	2	2	2	2	2	2
GR Davis[2]	3	3	–	–	1	1	–	–
Dr RJ Edgar	12	12	5	5	5	4	4	4
Dr WB Goodfellow	12	12	–	–	–	–	4	4
GA Hounsell	12	10	5	5	–	–	–	–
DG McGauchie	12	12	–	–	5	5	4	4
DJ Rathbone	12	12	–	–	–	–	–	–
Dr JW Stocker	12	12	5	5	–	–	–	–

1 GDW Curlewis retired as a director on 2 December 2010.

2 AB Brennan was appointed a director on 10 February 2011. GR Davis was appointed a director on 31 May 2011.

3 Number of meetings held during the period the director held office.

Principal activities and changes

Nufarm manufactures and supplies a range of agricultural chemicals used by farmers to protect crops from damage caused by weeds, pests and disease. The company has production and marketing operations throughout the world and sells products in more than 100 countries. Nufarm's crop protection products enjoy a reputation for high quality and reliability and are supported by strong brands, a commitment to innovation and a focus on close customer relationships. The company also operates a seeds business focused on canola, sorghum and sunflower seeds.

Nufarm employs in excess of 3,100 people at its various locations in Australasia, Africa, the Americas and Europe. The company is listed on the Australian Securities Exchange (symbol NUF). Its head office is located at Laverton in Melbourne.

Results

The net loss attributable to members of the group for the 12 months to 31 July 2011 is $49.5 million. The comparable figure for the 12 months to 31 July 2010 was a loss of $22.6 million.

Dividends

There have been no dividends paid since the end of the preceding financial year.

Nufarm Step-up Securities distributions

The following Nufarm Step-up Securities distributions have been paid since the end of the preceding financial year:

	$000
Distribution for the period 15 April 2010 – 15 October 2010 at the rate of 6.71 per cent per annum paid 15 October 2010	8,444
Distribution for the period 16 October 2010 – 15 April 2011 at the rate of 6.94 per cent per annum paid 15 April 2011	8,686

Review of operations

The review of the operations during the financial year and the results of those operations are set out in the managing director's review on pages 3 to 6 and the business review on pages 9 to12.

State of affairs

The state of the group's affairs is set out in the managing director's review on pages 3 to 6 and the business review on pages 9 to12.

Operations, financial position, business strategies and prospects

The directors believe that information on the group, which enables an informed assessment of its operations, financial position, strategies and prospects, is contained in the financial accounts, managing director's review and the business review.

Events subsequent to reporting date

On 23 August 2011, Nufarm executed a $300 million trade receivable securitisation facility. Funding from the securitisation facility will be used to repay an initial tranche of up to $300 million of debt from the 12 month $900 million syndicated facility that was put in place in December 2010. The multi-currency securitisation facility provides a primary source of funding for Nufarm's working capital needs.

On 12 September 2011, Nufarm announced that it had executed a binding settlement agreement in relation to a long-running dispute relating to a past receivable. The settlement will recover $13.5 million against the receivable's value. The write down associated with the unrecovered portion of the receivable has been treated as a material item in the financial report (refer note 6 of the financial report) and is included in the current year net profit.

On 23 September 2011, Nufarm confirmed that it would 'step-up' the Nufarm Step-up Securities (NSS). This will result in the interest margin attached to the NSS being stepped up by 2.0 per cent with the new interest margin being set at 3.9 per cent as at 24 November 2011 for the next distribution payment after that date. No other terms were adjusted and there are no further step-up dates.

Likely developments

The directors believe that likely developments in the group's operations and the expected results of those operations are contained in the managing director's review and the business review.

Environmental performance

Details of Nufarm's performance in relation to environmental regulations are set out on pages 14 to16. The group did not incur any prosecutions or fines in the financial period relating to environmental performance. The group publishes annually a health, safety and environment report. This report can be viewed on the group's website or a copy will be made available upon request to the company secretary.

Non-audit services

During the year KPMG, the company's auditor, has performed certain other services in addition to their statutory duties. Details of the audit fee and non-audit services are set out in note 43 of the financial report.

The board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the reason that all non-audit services were subject to the corporate governance procedures adopted by the company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor.

Remuneration report – audited

Introduction

Nufarm's remuneration report is for the year ended 31 July 2011. It details remuneration information as it applies to Nufarm executive management and non-executive directors. This includes Nufarm's key management personnel (KMP), and the five highest remunerated executives in 2011.

The board has undertaken a fundamental review of the structure of executive remuneration in recognition of governance and guideline changes, market trends and shareholder expectations, and to ensure Nufarm's remuneration policy supports the company's strategic objectives. Ernst & Young was retained as external advisor to the board on the review, which took place over six months.

The review established compensation principles to guide the redesign. The new executive remuneration structure introduces a number of changes to the current structure.

The board believes the new structure is aligned with Nufarm's strategy, current market expectations and the remuneration structures of other companies of Nufarm's size. It will serve as a more effective attraction, reward and retention mechanism for the future.

The changes are outlined in this report and will be implemented for the 2012 year.

KMP include the managing director and the key group executives who have the authority and responsibility for successfully planning, directing and controlling Nufarm's business.

Human resources committee

During the year the remuneration committee was replaced by the human resources committee, established to consider a range of human capital matters including remuneration. The committee charter can be found on the company's website. The committee is responsible for reviewing and making recommendations to the board on remuneration policies and packages applicable to KMP and directors. The committee is tasked both with ensuring that remuneration policies and packages retain and motivate high calibre executives and have a clear relationship between executive remuneration and company performance.

Changes to remuneration structure for year ended 31 July 2011

For the financial year ended 31 July 2011 the board has resolved the following:

- given the financial performance of the group, no increases in fixed remuneration will be granted to KMP. Salary benchmarking carried out by Ernst & Young as part of the remuneration review confirmed that executive salaries remain at a competitive level and are in line with Nufarm's remuneration policy and principles.

  2011 should be treated as a transition year. No return on funds employed (ROFE) target was set for the purposes of the incentive plan given Nufarm's financial recovery position and therefore no awards will be made under the incentive plan. However, based on a considerable contribution and sustainable improvement in operating profit after-tax, the board has determined that the contribution of executives to that improvement should be recognised through an ad hoc incentive payment. The board has resolved to make the ad hoc award to executive KMP in the form of fully paid ordinary shares, which will be held in trust and vest on the first anniversary. Consistent with the remuneration structure that applied in the year ending 31 July 2011, the payment to the managing director will be in the form of cash that vests on the first anniversary. To be eligible the executive needs to be employed by Nufarm on the vesting date.

Name	STI paid for year ending 31 July 2011	% of STI potential	Value of ad hoc award $
DJ Rathbone	0	0	300,000
BF Benson	0	0	115,000
DA Pullan	0	0	115,000
RG Reis	0	0	115,000
MJ Pointon	0	0	75,000
DA Mellody	0	0	75,000
RF Ooms	0	0	75,000
R Heath	0	0	50,000
BJ Croft	0	0	50,000

Note: The number of shares will be calculated on the five day weighted average – five days following the announcement of Nufarm's 2011 results.

- There will be no increase in directors' fees for the period ending 31 July 2011.

Principles of remuneration for the period ended 31 July 2011

The company's remuneration policy for the period ended 31 July 2011was based on total target reward (TTR), which comprises two components:

- fixed reward (TEC) – cash and benefits that reflected local market conditions and individual contribution. The reward level was set relative to prevailing executive employment market conditions for high calibre talent in the geographies where Nufarm operates. The company's policy position for TEC for Australian executives was benchmarked with reference to the 62nd percentile of similar sized companies in Mercer's executive remuneration database; and
- a performance-based incentive program – upon achievement of the performance conditions over the first six monthly period, 50 per cent of the incentive was paid in cash. Upon achievement of the performance conditions for the full year, 50 per cent of the incentive was granted by way of Nufarm shares held in trust for three years, which, for KMP, ensured a longer term focus to achieve benefits consistent with the delivery of sustained growth of shareholder value.

The exception was the current managing director whose incentives were delivered in cash. KMP were not permitted to hedge any shares issued to them under the incentive program whilst those shares remain held in trust.

If the company's financial objectives were achieved the incentive program would deliver the company's TTR policy of the upper quartile of similar sized companies within Mercer's executive remuneration database.

The performance condition for the incentive program was based on return on funds employed (ROFE) in the business. ROFE was an appropriate performance condition for the following reasons:

- for many years the board measured the company's performance using an 'economic value added' methodology;
- it was believed that if the company consistently added economic value at a satisfactory margin above the cost of capital, then this would be reflected in share value; and
- ROFE ensured management was focused on the efficient use of capital and the measure remained effective regardless of the mix of equity and debt.

Each year, the board reviewed and established the performance hurdle for the incentive program. The hurdle reflected targets for specific objectives and increasing company value, consistent with the company's business and investment strategies.

At the end of each statutory reporting period (interim and full year) the board assessed company performance against target ROFE to determine the percentage of any offer to be made under the cash component of the incentive program.

At the end of each financial year, the board:

- assessed company performance against the target ROFE hurdle to determine the percentage of any offer to be made under the share component of the incentive program;
- for the incentive program, 25 per cent of the incentive was payable on achievement of 90 per cent of target ROFE with linear progression to 100 per cent of the incentive on achievement of target ROFE and a maximum of 175 per cent of the incentive on achievement of 110 per cent of target ROFE; and
- if less than 90 per cent of target ROFE was achieved, no incentive was paid.

There was no target ROFE set for the incentive program for the year ended 31 July 2011 and executives received no incentives under the program. In recognition of the considerable contribution and sustainable improvement in operating profit after-tax, executive KMP were awarded an ad hoc incentive as set out on page 36 to 37.

Consequences of performance on shareholders' wealth

While the board believed ROFE was an appropriate performance condition for the company's incentive program, it reviewed the company's total shareholder return (TSR) with relevant comparator groups.

The table below summarises the company's performance and shareholder wealth statistics over the last five years.

	Operating EBIT	ROFE achieved	EPS	Dividend rate	Dividends paid	*Change in share price	Share price 31 July	**Total shareholder return
	$m	%	cents per share		$000	$	$	%
2007	217.8	16.6	59.2	31	53,145	4.31	13.10	40
2008	311.2	17.2	69.7	33	58,332	4.05	16.85	17
2009	280.3	11.7	33.5	35	65,297	(5.86)	10.84	(41)
2010	135.2	5.5	(15.0)	15	32,709	(7.04)	3.82	(37.8)
2011	191.8	8.5	(23.7)	–	–	0.52	4.34	(16.7)

* This column reflects the change in share price from 1 August to 31 July in the relevant financial year.

** Source: Goldman Sachs JBWere – total shareholder return as at 30 June.

Review of executive compensation conducted during year ended 31 July 2011

The objective of the remuneration review was to test current policy and practice to ensure that Nufarm has a contemporary remuneration structure, which:

- helps attract, reward and retain high calibre executives;
- aligns the interests of executives with:
  - the business strategy;
  - shareholder interests; and
  - market expectations;
- is comparable to the practices of companies of similar size and complexity to Nufarm; and
- meets relevant regulatory requirements, governance principles and guidelines.

The scope of the review included fixed remuneration and incentives. Ernst & Young was appointed by the human resources committee to carry out the review and make recommendations to the committee on enhancements and changes to Nufarm's current approach.

The major differences between the previous and the new remuneration structure are the:

- new measures and hurdles for the short term incentive (STI);
- introduction of a long term incentive plan (LTIP) with performance hurdles; and
- addition of a new measure and hurdle in addition to ROFE for the LTIP.

Revised compensation principles

A set of revised remuneration principles was considered and adopted by the board and used to guide the redesign of the remuneration structure for the 2012 year:

- TTR will be structured to align overall remuneration spend with business performance. It will be composed of TEC, a variable component linked to current year performance STI and a LTIP linked to longer term performance and business outcomes. TTR will be sufficiently competitive within the variety of international and local markets in which Nufarm operates to attract, retain and motive candidates with the capability to deliver business success;
- TEC will be competitive and will reflect the capabilities, responsibilities and accountabilities expected of a position, as well as the criticality of the role to Nufarm. Increases in TEC will recognise changes in capabilities and the market within which the role operates;
- STI for individuals will be linked to the overall current year performance of the group; performance of the individual's business unit/function; achievement of individual performance goals and the manner in which the individual delivers on target – consistent with Nufarm's values and strategy. The overall budget available for annual incentives will depend on Nufarm's corporate performance. Variable remuneration (50 per cent cash and 50 per cent as equity) will provide individuals who exceed relevant targets with the opportunity to earn reward outcomes which differentiate from on-target performance; and
- LTIP awards will allow individuals to participate in the success and ownership of the company. Individuals who are accountable for delivering on Nufarm's longer term business objectives will have a significant component of performance-based incentive delivered in shares, which vest based on time and the longer term performance of the business.

Remuneration mix

The changes to the remuneration structure will result in a change in the components of the TTR. TEC will continue to be decided with reference to the 62nd percentile of similar sized companies to Nufarm. TTR will continue to offer upper quartile remuneration levels for outstanding performance.

The TTR for the majority of the executives (excluding the managing director) will have a mix at target of 55 per cent fixed, 25 per cent STI (50 per cent paid cash and 50 per cent retained in equity) and 20 per cent LTIP.

Component	Current	Anticipated mix for current executives by year three
	%	%
TEC	60	55
STI cash at target	20	12.5
STI equity at target	20*	12.5
LTIP at target – vests on third anniversary if performance hurdles are met	N/A	20

* Retained two years.

The effect of this transition is that an increasing percentage of the executive's remuneration is 'at risk' and directly linked to company performance in the short, medium and longer term.

A case-by-case transition plan is being implemented. Individual plans are necessary given different salary levels and contractual arrangements. The table above shows the anticipated range of remuneration mix for the current KMP by year three of the new plans.

Fixed remuneration

The company's policy for fixed reward will remain unchanged. The review determined that the current policy of benchmarking Australian executives with reference to the 62nd percentile of companies of similar size and complexity excluding retail, utilities, financial and resources companies remains appropriate.

Short term incentive

The board has implemented a number of recommendations for a new short term incentive plan to replace the current incentive plan. Several of the features of the previous plan have been retained as they continue to be relevant.

Summary of the STI

<table>
<tr><td>What happens to the current plan?</td><td colspan="5">There will be no further awards under the existing executive share plan (ESP). Any unvested equities held in the ESP will remain in that plan and be subject to the vesting conditions under the rules of that plan.</td></tr>
<tr><td>Who participates in the new STI?</td><td colspan="5">Plan participants include key executives, senior managers and other managers globally.</td></tr>
<tr><td>When does the plan take effect?</td><td colspan="5">The first awards under the plan will be at the end of the 2012 financial year.</td></tr>
<tr><td rowspan="2">What measures are used in the plan?</td><td>80 per cent of the potential is based on budget measures of EBIT and return on assets (ROA).</td><td colspan="4">20 per cent of the potential is based on strategic and business improvement objectives.</td></tr>
<tr><td colspan="5">The change to the STI measures is a major difference between the current incentive plan and the new STI. The new measures make it easier to:
• cascade the measures through the business;
• align reward with the strategy; and
• recognise and reward the specific contribution of an individual executive.</td></tr>
<tr><td rowspan="4">When and how are the STI payments determined?</td><td colspan="5">Awards are assessed annually at the end of the financial year. Awards are based on the percentage achievement against the budget and strategic measures.</td></tr>
<tr><td>Percentage budget achievement</td><td><85</td><td>85</td><td>100</td><td>120</td></tr>
<tr><td>Percentage of STI target award realised</td><td>nil</td><td>25</td><td>100</td><td>150</td></tr>
<tr><td colspan="5">Straight-line vesting between 85 per cent and budget and between budget and 120 per cent budget achievement.</td></tr>
<tr><td>Are payments in cash or shares?</td><td colspan="5">50 per cent of STI paid in cash at time of performance testing and 50 per cent deferred into shares or rights in the company for nil consideration.</td></tr>
<tr><td>When do the shares vest?</td><td colspan="5">Vesting will occur after a two year vesting period (although for the first year, 50 per cent of the shares (rights) will vest on the first anniversary and 50 per cent of the shares (rights) will vest on the second anniversary).</td></tr>
</table>

Long term incentive

A major outcome of the review was the decision to implement a revised LTIP in line with the long term performance of the business, market practice and expectations. The board resolved to commence this plan in the 2012 year.

Summary of the LTIP

Why introduce a LTIP?	This plan will further align executive interests and earnings with the longer term Nufarm strategy and the interests of shareholders.
Who participates in the new LTIP	The initial participants in the plan are key executives and other selected senior managers.
Are the awards cash or shares?	Awards will be granted to Australian executives in the form of performance rights, which comprise rights to acquire ordinary shares in the company for nil consideration, subject to the achievement of global performance hurdles. The plan rules provide the flexibility to use other instruments to comply with local regulations and sound practice.

<table>
<tr><td>When are the grants made?</td><td colspan="2">Under the plan, Australian executives will receive an annual award of performance rights as soon as practical after the announcement of results for the preceding year.

In the case of the managing director awards will be delayed until after shareholder approval is gained at an AGM.

The initial allocations will be made to executives (excluding the managing director) in the first quarter of 2012 in line with the individual transition plans mentioned above.</td></tr>
<tr><td>When do the awards vest?</td><td colspan="2">The performance/vesting period for awards will be three years. Awards will vest in two equal tranches as follows:
• 50 per cent of the LTIP grant will vest subject to the achievement of a relative TSR performance hurdle measured against a selected comparator group of companies; and
• the remaining (50 per cent of the LTIP grant) will vest subject to an absolute ROFE target.</td></tr>
<tr><td>What is the comparator group for the assessment of relative TSR?</td><td colspan="2">Based on the results of research and modelling carried out by Ernst & Young, the board approved the adoption of the 'S&P ASX 200 excluding those companies in the financial, materials and energy groups' as the TSR comparator group. This provides a group which is large enough for sound measurement with exclusions that reduce the volatility by removing companies that are in significantly different industries to Nufarm. This comparator group is also seen as an appropriate representation of Nufarm's competitors for investment.</td></tr>
<tr><td>How is relative TSR measured?</td><td colspan="2">TSR will be measured over the performance period. For the purposes of this measurement, each company's share price will be measured using the average closing price over 60 days up to (but excluding) the first day of the performance period, and the average closing price over 60 days up to and including the last day of the performance period.</td></tr>
<tr><td rowspan="5">What is the relative TSR performance required for vesting?</td><td>TSR of Nufarm relative to TSR of comparator group companies</td><td>Proportion of TSR grant vesting</td></tr>
<tr><td>Less than 50th percentile</td><td>0 per cent</td></tr>
<tr><td>50th percentile</td><td>50 per cent</td></tr>
<tr><td>Between 51st percentile and 75th percentile</td><td>Straight-line vesting between 50 per cent and 100 per cent</td></tr>
<tr><td>75th percentile</td><td>100 per cent vesting</td></tr>
<tr><td>How is the ROFE measure set?</td><td colspan="2">ROFE objectives will be set by the board at the beginning of each year. There will be both a 'target' and a 'stretch' hurdle. These numbers will be based on the budget and growth strategy. The ROFE result will be averaged over the performance period.</td></tr>
<tr><td>How is ROFE measured?</td><td colspan="2">Return is calculated on the group's earnings before interest and taxation and adjusted for any non-operating items. Funds employed are represented by shareholders' funds plus total interest bearing debt. For the purposes of measuring ROFE performance in the LTIP, ROFE will be averaged over the life of the plan.</td></tr>
<tr><td rowspan="5">What ROFE results are required for vesting?</td><td>Percentage of ROFE target achieved</td><td>Proportion of ROFE grant vesting</td></tr>
<tr><td>Less than target</td><td>0 per cent</td></tr>
<tr><td>Target</td><td>50 per cent</td></tr>
<tr><td>Between target and stretch</td><td>Straight-line vesting between 50 per cent and 100 per cent</td></tr>
<tr><td>Stretch</td><td>100 per cent</td></tr>
<tr><td>What happens if the awards do not vest?</td><td colspan="2">To the extent the TSR and ROFE performance hurdles are not met at the end of the initial three year performance period and full vesting is not achieved, performance will not be re-tested and the award will lapse.</td></tr>
</table>

Service contracts

The company has employment contracts with the managing director and KMP. These contracts formalise the terms and conditions of employment. The contracts are for an indefinite term. The contracts of the managing director and most KMP named in this report were entered into prior to the announcement of legislation to change termination payment limits for executives.

- The company may terminate the contract of the managing director, either immediately or by giving 12 months notice, in which case the managing director will be paid a termination payment equivalent to 24 months total employment cost (base salary plus value of benefits such as motor vehicle and superannuation and any fringe benefits tax in relation to those benefits). The contract also provides for the company to be able to make a payment in lieu of notice should it wish, for payment of any entitlements due under existing STI and LTI plans and for payment of applicable statutory entitlements.
- The managing director may terminate the contract by giving the company 12 months notice. In this event, the contract provides an entitlement for the managing director to a termination payment equal to any part of the notice period, paid in lieu, by the company. In addition, the managing director will be paid any entitlements due under existing STI and LTI plans and all applicable statutory entitlements.
- In certain limited circumstances, the managing director may also terminate his contract on immediate notice. This includes where there is a change of duties or responsibilities without the managing director's agreement, which has the effect of material change in status and in certain other limited circumstances. If the contract is terminated in these circumstances, the managing director will, in general, be entitled to the payments outlined above where the company terminates on immediate notice. In extremely limited circumstances, the managing director may also be entitled to an additional amount equal to 24 months entitlement under the STI and LTI plans.
- The company may terminate the contract of KMP by six months notice, in which case a termination payment equivalent to 12 months total employment cost will be paid. In addition, the contracts provide for payment of any part of the applicable notice period paid in lieu, plus any entitlements due under existing STI and LTI plans (including any entitlements, which would have been payable under the STI and LTI in the period ending on the later of i) the last day of the financial year following notice of termination or ii) six months following notice of termination) and applicable statutory entitlements.
- The company may terminate the employment contracts immediately for serious misconduct.

STI and LTIP eligibility

- Under the previous plan, if the executive left before the vesting anniversary under the 'qualifying leaver' provisions, vesting of the retained equity was accelerated. If the executive left under other than 'qualifying leaver' circumstances, the equity was forfeited.
- Under the rules of the new STI plan, if an executive leaves before the vesting anniversary under 'qualifying leaver' provisions, the equity will remain in the plan until the vesting date. If the executive leaves under other than 'qualifying leaver' circumstances, the equity will be forfeited.
- To be eligible under the LTIP the executive must be employed by Nufarm on the first anniversary of the allocation. If the executive leaves before this date, the allocation is forfeited. If the executive leaves under 'qualifying leaver' provisions after the first anniversary and before the third anniversary of the plan, the allocation will be pro-rated and the pro-rated allocation will remain 'on foot' in the plan.
- 'Qualifying leaver' provisions include participants who cease employment due to retirement, death, ill health/disability, redundancy, or contract severance without cause by Nufarm.
- The rules of the plans provide the flexibility to, in special circumstances (e.g. health or severe personal hardship) accelerate the vesting. In the case of the STI this would result in the shares being released from the trust to the executive. In the case of the LTIP, the qualifying allocation will be tested against the hurdles to determine the value (if any) of the allocation.
- Hedging of unvested STI or LTIP awards is not permitted.
- The company will have the flexibility to 'claw back' deferred STI prior to vesting where payment is contrary to the financial soundness of the company, in circumstances where the financial performance of Nufarm over the relevant period (including the initial STI performance period) has been mis-stated and/or for individual gross misconduct.

Non-executive directors (NED)

The board's policy with regard to NED remuneration is to position board remuneration at the market median with comparable sized listed entities.

The board determines the fees payable to non-executive directors within the aggregate amount approved from time to time by shareholders. At the company's 2009 AGM, shareholders approved an aggregate of $1,600,000 per year (including superannuation costs).

Set out below are details of the annual fees payable for the year ending 31 July 2011 (excluding superannuation costs). There was no increase in these fees for the year ending 31 July 2011.

Remuneration of directors and executives

	$
Chairman[1]	290,000
Director board fees	115,000
Chairman audit committee	25,000
Chairman other board committees	10,000
Member audit committee	5,000
Member other board committees[2]	2,500

1 The chairman receives no fees as a member of any committee.

2 There is some common membership on the human resources and nomination committees. Only one fee is paid where a director is a member of both committees.

Details follow of the nature and amount of each major element of remuneration in respect of the non-executive directors and key management personnel, which includes the managing director and group executives.

In AUD		Salary and fees $	Cash bonus (vested) $	Short term[7] Non-monetary benefits $
Directors non-executive				
AB Brennan[2]	2011	56,093	–	–
	2010	–	–	–
GR Davis[2]	2011	20,035	–	–
	2010	–	–	–
Dr RJ Edgar	2011	128,446	–	–
	2010	119,264	–	–
Dr WB Goodfellow	2011	117,500	–	–
	2010	117,500	–	–
GA Hounsell	2011	140,000	–	–
	2010	140,000	–	–
DG McGauchie	2011	290,000	–	–
	2010	125,846	–	–
Dr JW Stocker	2011	120,000	–	–
	2010	120,000	–	–
KM Hoggard[3]	2011	–	–	–
	2010	275,967	–	–
GDW Curlewis[4] (Deputy chairman)	2011	57,974	–	–
	2010	170,000	–	–
Sub total non-executive directors' remuneration	2011	930,048	–	–
	2010	1,068,577	–	–
Executive director DJ Rathbone (Managing director)	2011	1,370,932	300,000	65,781
	2010	1,339,490	843,000	34,432
Total directors' remuneration	2011	2,300,980	300,000	65,781
	2010	2,408,067	843,000	34,432
Group executives				
DA Pullan (Group executive operations)	2011	677,411	–	20,414
	2010	628,936	230,000	27,454
KP Martin (Chief financial officer)[5]	2011	556,748	–	31,750
	2010	595,120	215,000	28,594
BF Benson (Group executive marketing)	2011	605,879	–	33,548
	2010	594,236	220,000	24,339
RF Ooms (Group executive chemicals)	2011	534,781	–	13,173
	2010	529,141	198,333	12,064
RG Reis (Group executive corporate strategy	2011	538,472	–	33,355
and external affairs)	2010	521,288	178,333	34,877
DA Mellody (Group executive global marketing)	2011	464,054	–	6,419
	2010	408,801	166,667	–
MJ Pointon (Group executive innovation and development)	2011	290,204	–	34,387
	2010	283,703	116,667	26,691
BJ Croft[6] (Group executive human resources and	2011	173,940	100,000	–
organisation development)	2010	–	–	–
R Heath (Company secretary)	2011	239,274	–	28,836
	2010	236,018	101,667	25,495
Sub total – total executive remuneration	2011	4,080,763	100,000	201,882
	2010	3,797,243	1,426,667	179,514
Total directors' and executive remuneration	2011	6,381,743	400,000	267,663
	2010	6,205,310	2,269,667	213,946

1 Represents total remuneration paid in the financial year.
2 AB Brennan was appointed a director on 10 February 2011. GR Davis was appointed a director on 31 May 2011.
3 KM Hoggard retired as a director on 13 July 2010.
4 GDW Curlewis retired as a director on 2 December 2010.
5 KP Martin resigned as chief financial officer with effect from 30 June 2011. The payments to Mr Martin comprised his entitlements and termination under the conditions of his employment contract.

DIRECTORS' REPORT
CONTINUED

Total $	Post-employment Superannuation $	Termination benefits $	Share based payments[7] Equity settled $	Other long term $	Total Total Remuneration[1] $
56,093	5,609	–	–	–	61,702
–	–	–	–	–	–
20,035	2,003	–	–	–	22,038
–	–	–	–	–	–
128,446	12,844	–	–	–	141,290
119,264	11,926	–	–	–	131,190
117,500	11,750	–	–	–	129,250
117,500	11,750	–	–	–	129,250
140,000	14,000	–	–	–	154,000
140,000	14,000	–	–	–	154,000
290,000	29,000	–	–	–	319,000
125,846	12,584	–	–	–	138,430
120,000	12,000	–	–	–	132,000
120,000	12,000	–	–	–	132,000
–	–	–	–	–	–
275,967	27,596	–	–	–	303,563
57,974	5,797	–	–	–	63,771
170,000	17,000	–	–	–	187,000
930,048	93,003	–	–	–	1,023,051
1,068,577	106,856	–	–	–	1,175,433
1,736,713	24,102	–	–	170,228	1,931,043
2,216,922	24,102	–	–	80,247	2,321,271
2,666,761	117,105	–	–	170,228	2,954,094
3,285,499	130,958	–	–	80,247	3,496,704
697,825	47,938	–	115,000	14,233	874,996
886,390	48,150	–	–	19,554	954,094
588,498	44,000	2,026,238	–	12,359	2,671,095
838,714	48,000	–	–	22,155	908,869
639,427	48,725	–	115,000	13,510	816,662
838,575	48,900	–	–	19,594	907,069
547,954	49,550	–	75,000	11,994	684,498
739,538	49,600	–	–	14,952	804,090
571,827	24,220	–	115,000	11,826	722,873
734,498	24,219	–	–	28,941	787,658
470,473	24,300	–	75,000	10,033	579,806
575,468	26,325	–	–	14,510	616,303
324,591	48,900	–	75,000	6,917	455,408
427,061	49,100	–	–	9,209	485,370
273,940	28,316		100,000	–	402,256
–	–	–	–	–	–
268,110	47,330		50,000	5,827	371,267
363,180	46,784	–	–	10,468	420,432
4,382,645	363,279	2,026,238	720,000	86,699	7,578,861
5,403,424	341,078	–	–	139,383	5,883,885
7,049,406	480,384	2,026,238	720,000	256,927	10,532,955
8,688,923	472,036	–	–	219,630	9,380,589

6 BJ Croft joined Nufarm as group executive human resources and organisation development on 1 December 2010. As part of her remuneration package Ms Croft was allocated shares to the value of $50,000 under the company's executive share plan.

7 Ad hoc award paid to executive KMP in the form of fully paid ordinary shares described in the table on page 37 of this remuneration report. Consistent with the remuneration structure that applied for the year ending 31 July 2011, the payment to the managing director was in cash.

Remuneration options: granted and vested during the year

During the year there were no options granted to directors or executives, nor were any options vested or exercised by the specified executives.

Shares issued as a result of the exercise of options

There were no shares issued as a result of the exercise of options during the year.

Unissued shares under option

There are no unissued shares under option.

Indemnities and insurance for directors and officers

The company has entered into insurance contracts which indemnify directors and officers of the company and its controlled entities against liabilities. In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

An indemnity agreement has been entered into between the company and each of the directors named earlier in this report. Under the agreement, the company has agreed to indemnify the directors against any claim or for any expenses or costs, which may arise as a result of the performance of their duties as directors. There are no monetary limits to the extent of this indemnity.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 47 and forms part of the directors' report for the financial year ended 31 July 2011.

Rounding of amounts

The company is of a kind referred to in Australian Securities and Investment Commission Class Order 98/100 dated 10 July 1998 and, in accordance with that class order, amounts in the financial statements and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report has been made in accordance with a resolution of directors.

DG McGauchie
Director

DJ Rathbone
Director

Melbourne
28 September 2011

LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: the directors of Nufarm Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 July 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
28 September 2011

INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2011

	Note	Consolidated 2011 $000	2010 $000
Continuing operations			
Revenue		2,083,589	2,168,630
Cost of sales		(1,501,637)	(1,698,717)
Gross profit		581,952	469,913
Other income	7	13,033	8,641
Sales, marketing and distribution expenses		(234,036)	(217,617)
General and administrative expenses		(289,595)	(156,285)
Research and development expenses		(36,474)	(38,529)
Share of net profits of associates	19	2,377	47
Operating result		37,257	66,170
Net non-cash revaluation profit/(loss) on proceeds from Nufarm Step-up Securities financing	6	(20,951)	3,323
Profit before net financing costs and income tax		16,306	69,493
Financial income	10	7,518	6,014
Financial expenses	10	(56,372)	(62,790)
Net financing costs		(48,854)	(56,776)
Profit/(loss) before income tax		(32,548)	12,717
Income tax (expense)/benefit	11	(16,981)	(35,369)
Profit/(loss) for the period from continuing operations		(49,529)	(22,652)
Attributable to:			
Equity holders of the company		(49,851)	(23,990)
Non-controlling interest		322	1,338
Profit/(loss) for the period		(49,529)	(22,652)
Earnings per share			
Basic earnings/(loss) per share	30	(23.7)	(15.0)
Diluted earnings/(loss) per share	30	(23.7)	(15.0)

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2011

		Consolidated	
	Note	2011 $000	2010 $000
Net profit/(loss) for the period		(49,529)	(22,652)
Other comprehensive income			
Foreign exchange translation differences for foreign operations		(122,220)	(58,698)
Actuarial gains/(losses) on defined benefit plans		(1,699)	(2,280)
Income tax on share issue costs recognised directly in equity		(22)	777
Other comprehensive loss for the period, net of income tax		(123,941)	(60,201)
Total comprehensive loss for the period		(173,470)	(82,853)
Attributable to:			
Equity holders of the company		(173,400)	(82,875)
Non-controlling interest		(70)	22
Total comprehensive loss for the period		(173,470)	(82,853)

The amounts recognised directly in equity are disclosed net of tax – refer note 11 for tax effect.

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

BALANCE SHEET
AS AT 31 JULY 2011

	Note	Consolidated 2011 $000	2010 $000
Assets			
Cash and cash equivalents	15	257,706	188,741
Trade and other receivables	16	666,124	852,986
Inventories	17	541,679	553,432
Current tax assets	18	40,659	42,461
Assets held for sale	13	8,830	7,677
Total current assets		1,514,998	1,645,297
Non-current assets			
Trade and other receivables	16	47,184	19,342
Investments in equity accounted investees	19	7,567	11,964
Other investments	20	5,969	6,879
Deferred tax assets	18	182,502	150,323
Property, plant and equipment	22	373,805	413,235
Intangible assets	23	705,811	846,759
Other financial assets	21	–	43
Total non-current assets		1,322,838	1,448,545
TOTAL ASSETS		2,837,836	3,093,842
Current liabilities			
Bank overdraft	15	10,881	28,036
Trade and other payables	24	394,022	393,868
Loans and borrowings	25	700,671	766,128
Employee benefits	26	22,102	22,330
Current tax payable	18	2,298	5,565
Provisions	28	5,256	11,763
Total current liabilities		1,135,230	1,227,690
Non-current liabilities			
Payables	24	13,031	15,849
Loans and borrowings	25	11,374	13,633
Deferred tax liabilities	18	76,898	47,890
Employee benefits	26	37,185	38,889
Total non-current liabilities		138,488	116,261
TOTAL LIABILITIES		1,273,718	1,343,951
NET ASSETS		1,564,118	1,749,891
Equity			
Share capital		1,058,151	1,057,861
Reserves		(193,210)	(70,987)
Retained earnings		451,472	515,242
Equity attributable to equity holders of the company		1,316,413	1,502,116
Nufarm Step-up Securities		246,932	246,932
Non-controlling interest		773	843
TOTAL EQUITY		1,564,118	1,749,891

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2011

	Note	Consolidated 2011 $000	2010 $000
Cash flows from operating activities			
Cash receipts from customers		2,273,304	2,160,601
Cash paid to suppliers and employees		(2,044,917)	(1,894,590)
Cash generated from operations		228,387	266,011
Interest received		7,518	6,014
Dividends received		296	292
Interest paid		(56,372)	(62,790)
Income tax paid		(25,434)	(14,916)
Net cash from operating activities	38	154,395	194,611
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,180	1,498
Proceeds from sales of businesses and investments		6,128	5,014
Payments for plant and equipment		(30,635)	(45,918)
Purchase of businesses, net of cash acquired		–	(43,628)
Payments for acquired intangibles and major product development expenditure		(37,381)	(45,486)
Net investing cash flows		(60,708)	(128,520)
Cash flows from financing activities			
Shares issue proceeds (net of costs)		–	245,881
Proceeds from borrowings		21,872	48,784
Repayment of borrowings		(2,671)	(201,930)
Distribution to Nufarm Step-up Security holders		(16,967)	(14,469)
Dividends paid		(388)	(34,025)
Net financing cash flows		1,846	44,241
Net increase (decrease) in cash and cash equivalents		95,533	110,332
Cash at the beginning of the year		160,705	48,643
Exchange rate fluctuations on foreign cash balances		(9,413)	1,730
Cash and cash equivalents at 31 July	15	246,825	160,705

The statement of cash flows is to be read in conjunction with the attached notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2011

Consolidated	Share capital $000	Translation reserve $000	Capital profit reserve $000
Balance at 1 August 2009	810,504	(46,633)	33,627
Foreign exchange translation differences	–	(58,698)	–
Actuarial gains/(losses) on defined benefit plans	–	–	–
Shares issued to employees	699	–	–
Accrual and issue of shares under global share plan	–	–	–
Shares issued under institutional offer (net of costs)	140,951	–	–
Shares issued under retail offer (net of costs)	104,930	–	–
Tax benefit/(expense) on share issue costs	777	–	–
Profit/(loss) for the period	–	–	–
Dividends paid to shareholders	–	–	–
Distributions to Nufarm Step-up Security holders	–	–	–
Balance at 31 July 2010	1,057,861	(105,331)	33,627
Balance at 1 August 2010	1,057,861	(105,331)	33,627
Foreign exchange translation differences	–	(122,220)	–
Actuarial gains/(losses) on defined benefit plans	–	–	–
Shares issued to employees	312	–	–
Accrual and issue of shares under global share plan	–	–	–
Tax benefit/(expense) on share issue costs	(22)	–	–
Profit/(loss) for the period	–	–	–
Distributions to Nufarm Step-up Security holders	–	–	–
Balance at 31 July 2011	1,058,151	(227,551)	33,627

STATEMENT OF CHANGES IN EQUITY CONTINUED
FOR THE YEAR ENDED 31 JULY 2011

Other reserve $000	Retained earnings $000	Nufarm Step-up Securities $000	Total $000	Non-controlling interest $000	Total equity $000
2,340	584,348	246,932	1,631,118	821	1,631,939
–	–	–	(58,698)	–	(58,698)
–	(2,280)	–	(2,280)	–	(2,280)
–	–	–	699	–	699
(1,623)	–	–	(1,623)	–	(1,623)
–	–	–	140,951	–	140,951
–	–	–	104,930	–	104,930
–	–	–	777	–	777
–	(23,990)	–	(23,990)	22	(23,968)
–	(32,709)	–	(32,709)	–	(32,709)
–	(10,127)	–	(10,127)	–	(10,127)
717	515,242	246,932	1,749,048	843	1,749,891
717	515,242	246,932	1,749,048	843	1,749,891
–	–	–	(122,220)	–	(122,220)
–	(1,699)	–	(1,699)	–	(1,699)
–	–	–	312	–	312
(3)	–	–	(3)	–	(3)
–	–	–	(22)	–	(22)
–	(49,851)	–	(49,851)	(70)	(49,921)
–	(12,220)	–	(12,220)	–	(12,220)
714	451,472	246,932	1,563,345	773	1,564,118

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Nufarm Limited (the 'company') is domiciled in Australia. The address of the company's registered office is 103–105 Pipe Road, Laverton North, Victoria, 3026. The consolidated financial statements of the company as at and for the year ended 31 July 2011 comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities') and the group's interest in associates and jointly controlled entities. The group is primarily involved in the manufacture and sale of crop protection products used by farmers to protect crops from damage caused by weeds, pests and disease.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the board of directors on 28 September 2011.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value. The methods used to measure fair values are discussed further in note 4.

The group's financial report has been prepared on a going concern basis, which assumes the realisation of assets and extinguishment of liabilities in the ordinary course of business. The going concern assessment takes into account the status of the group's debt refinancing activities as detailed below.

At the date of this report, the group is in the process of refinancing the existing A$900 million Syndicated Facility Agreement (SFA), which is due to expire on 14 December 2011.

A total of up to $300 million of SFA debt will be refinanced through funding sourced from the securitised receivables program arranged by Rabobank. The documentation for this trade receivable program facility was executed in August 2011 and is expected to be drawn down in October 2011.

Negotiations are underway to refinance the remaining A$600 million SFA balance. The company issued a request for proposal (RFP) and information memorandum (IM) to invited financiers on 22 August 2011. These financiers were requested to submit credit approved commitments for participation in a new three year secured bank facility and potential US dollar capital market debt raising by the week ending 16 September 2011.

Credit approved commitments to participate in the new secured bank facility have been received from financiers up to 28 September 2011. These commitments total A$675 million and are on terms acceptable to the company. Post this date, management expects an additional amount of credit approved commitments from other financiers to be received. As part of their submissions, some financiers also offered underwritten financing solutions to provide the company with certainty in its approach to complete the refinancing.

Finalisation and execution of transaction documentation for the new debt facilities is expected to be undertaken during October 2011. Accordingly, management and the directors are confident that the new banking arrangements can be established prior to 14 December 2011.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the company's functional currency. The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

2. Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant impact on the amount recognised in the financial statements are described below.

(i) Business combinations

Fair valuing assets and liabilities acquired in a business combination involves making assumptions about the timing of cash inflows and outflows, growth assumptions, discount rates and cost of debt. Refer to note 14 for details of acquisitions made during the period.

(ii) Impairment testing

The group determines whether goodwill and intangibles with indefinite useful lives are impaired on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology. The estimation of future cash flows requires management to make significant estimates and judgements concerning the identification of impairment indicators, earnings before interest and tax, growth rates, applicable discount rates and useful lives. Further details can be found in note 23 on intangibles.

(iii) Income taxes

The group is subject to income taxes in Australia and overseas jurisdictions. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. The assessment of probability involves estimation of a number of factors including future taxable income.

(iv) Defined benefit plans

A liability in respect of defined benefit pension plans is recognised in the balance sheet and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer note 26 for details of the key assumptions used in determining the accounting for these plans.

(v) Valuation of inventories

Inventories of finished goods, raw materials and work in progress are valued at lower of cost and net realisable value. The net realisable value of inventories is the estimated market price less costs to sell at the time the product is expected to be sold.

(e) Changes in accounting policies

There were no changes to accounting policies in the current year.

(f) Removal of parent entity financial statements

The group has applied amendments to the Corporations Act (2001) that remove the requirement for the group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in note 37.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 July 2009

For acquisitions on or after 1 July 2009, the group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Acquisitions between 1 July 2004 and 1 July 2009

For acquisitions between 1 July 2004 and 1 July 2009, goodwill represents the excess of the cost of the acquisition over the group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 July 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the group elected to restate only those business combinations that occurred on or after 1 July 2003. In respect of acquisitions prior to 1 July 2003, goodwill represents the amount recognised under the group's previous accounting framework, Australian GAAP.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Investments in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 per cent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investments) and are initially recognised at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the group's share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest, including any long term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the investee.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are included in cost of sales as they mostly relate to the purchase of raw materials from overseas suppliers.

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 August 2004, the group's date of transition to AIFRS, such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(c) Financial instruments

(i) Non-derivative financial assets

The group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the group has the legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group has the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the group manages such investments and makes purchases and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit and loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

(ii) Non-derivative financial liabilities

The group initially recognises debt securities and subordinated liabilities on the date they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument. The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the group has the legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any related income tax benefit. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

Hybrid securities

The group has on issue a hybrid security called Nufarm Step-up Securities (NSS). The NSS are classified as equity instruments and after-tax distributions thereon are recognised as distributions within equity.

(iv) Derivative financial instruments, including hedge accounting

The group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures.

Derivatives are recognised initially at fair value, with attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives continue to be measured at fair value, with changes therein accounted for in profit or loss.

Cash flow hedges

The group has not entered into any cash flow hedging transactions in the current or comparative periods.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net in general and administrative expenses.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- buildings 15–50 years
- leasehold improvements 5 years
- plant and equipment 10–15 years
- motor vehicles 5 years
- computer equipment 3 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(e) Intangible assets

(i) Goodwill

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(ii) Research and development (continued)

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use and capitalised borrowing costs. Development expenditure that does not meet the above criteria is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Intellectual property

Intellectual property consists of product registrations, product access rights, trademarks, task force seats, product distribution rights and product licences acquired from third parties. Generally, product registrations, product access rights, trademarks and task force seats, if purchased outright, are considered to have an indefinite life. Other items of acquired intellectual property are considered to have a finite life in accordance with the terms of the acquisition agreement. Intellectual property intangibles acquired by the group are measured at cost less accumulated amortisation and impairment losses. Expenditure on internally generated goodwill and brands is expensed when incurred.

(iv) Other intangible assets

Other intangible assets that are acquired by the group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

(vi) Amortisation

Amortisation is calculated over the cost of the asset, less its residual asset. For those intangibles with a finite life, amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for intangible assets with a finite life, in the current and comparative periods, are as follows:

• capitalised development costs	5–10 years
• intellectual property – finite life	over the useful life in accordance with the acquisition agreement terms
• computer software	3–7 years

Amortisation methods, useful lives and residual values are reassessed at each reporting date.

(f) Leased assets

Leases in terms of which the group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the group's balance sheet.

3. Significant accounting policies (continued)

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment

(i) Financial assets

A financial asset, not carried at fair value through profit or loss, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

(ii) Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3. Significant accounting policies (continued)

(i) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the group's accounting policies.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale or distribution.

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that may apply to any plan in the group. An economic benefit is available to the group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a fund are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The group recognises all actuarial gains and losses arising from the defined benefit plans directly in other comprehensive income.

The group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

3. Significant accounting policies (continued)

(j) Employee benefits (continued)

(iii) Other long term employee benefits

The group's net obligation in respect of long term employee benefits, other than defined benefit plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(v) Short term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(vi) Share-based payment transactions

The group has a global share plan for employees whereby matching and loyalty shares are granted to employees. The fair value of matching and loyalty shares granted is recognised as an expense in the profit or loss over the respective service period, with a corresponding increase in equity, rather than as the matching and loyalty shares are issued. Refer note 27 for details of the global share plan.

(k) Provisions

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(l) Revenue

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3. Significant accounting policies (continued)

(m) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At the inception of an arrangement, the group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the group's incremental borrowing rate.

(n) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets classified as 'fair value through profit or loss', dividends on preference shares classified as liabilities, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

(o) Income tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3. Significant accounting policies (continued)

(o) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of cash dividends are recognised at the same time as the liability to pay the related dividend is recognised. The group does not distribute non-cash assets as dividends to its shareholders.

(i) Tax consolidation

The company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Nufarm Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the company as amounts payable/(receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the company as an equity contribution or distribution.

The company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(ii) Nature of tax funding arrangements and tax sharing agreements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

3. Significant accounting policies (continued)

(p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST or equivalent), except where the GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authorities are classified as operating cash flows.

(q) Discontinued operations

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

(r) Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the group's chief executive officer (CEO) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly loans and borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

(t) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except for AASB 9 Financial Instruments, which becomes mandatory for the group's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The group does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, and willingly. The market value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches quoted market prices for similar items when available and replacement cost when appropriate.

(ii) Intangibles assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on effort required to complete and sell the inventories.

(iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(v) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

5. Operating segments

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

Geographic segments

The group operates predominantly in two business segments, being the crop protection industry and seeds industry. These two segments are managed on a worldwide basis, with the major geographic segments being Australia and New Zealand, Asia, Europe, North America and South America. The North America region includes Canada, US, Mexico and the Central American countries. The South America region includes Brazil, Argentina, Chile, Uruguay, Paraguay, Bolivia and the Andean countries.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. Operating segments (continued)

Business segments

The group comprises the following main business segments:

- crop protection: the manufacture and sale of crop protection products used by farmers to protect crops from damage caused by weeds, pests and disease; and
- seeds and seed treatment: the sale of seeds and seed treatment products.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit as included in the internal management reports that are reviewed by the group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment. Segment revenue is based on the geographic location of customers. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The corporate segment comprises mainly corporate expenses, interest-bearing loans, borrowings and corporate assets.

Comparative segment information has been presented in conformity with the requirement of AASB 8 Operating Segments.

Geographic segments 2011	Australia and New Zealand $000	Asia $000	Europe $000	North America $000	South America $000	Corporate $000	Consolidated $000
Revenue							
Total segment revenue	696,339	156,250	442,462	449,663	338,875	–	2,083,589
Results							
Operating earnings	112,652	20,306	35,031	35,954	17,963	(32,498)	189,408
Share of net profit/(losses) of associates	13	1,398	856	–	–	110	2,377
Segment result	112,665	21,704	35,887	35,954	17,963	(32,388)	191,785
Material items of income/(expense) (note 6)	(40,357)	(4,919)	(1,009)	(315)	(79,856)	(28,072)	(154,528)
Net non-cash revaluation profit/(loss) on proceeds from Nufarm Step-up Securities financing (note 6)	–	–	–	–	–	(20,951)	(20,951)
Segment result including material items	72,308	16,785	34,878	35,639	(61,893)	(81,411)	16,306
Net financing costs							(48,854)
Income tax benefit/(expense)							(16,981)
Profit/(loss) for the period							(49,529)
Assets							
Segment assets	623,606	47,447	678,758	427,228	559,149	494,081	2,830,269
Investment in associates	336	6,236	995	–	–	–	7,567
Total assets							2,837,836
Liabilities							
Segment liabilities	122,077	17,547	154,365	43,875	98,660	837,194	1,273,718
Total liabilities							1,273,718
Other segment information							
Capital expenditure	23,937	919	21,468	13,625	6,643	–	66,592
Depreciation	18,317	651	12,998	5,135	3,585	–	40,686
Amortisation	4,652	25	9,865	3,455	5,714	–	23,711

5. Operating segments (continued)

Business segments (continued)

Business segments 2011	Crop protection $000	Seeds $000	Other $000	Consolidated $000
Segment revenue	2,015,855	65,737	1,997	2,083,589
Segment result	205,385	18,788	(32,388)	191,785
Segment assets	2,198,945	144,810	494,081	2,837,836
Capital expenditure	56,565	10,007	20	66,592

Geographic segments 2010	Australia and New Zealand $000	Asia $000	Europe $000	North America $000	South America $000	Corporate $000	Consolidated $000
Revenue							
Total segment revenue	654,827	144,048	474,590	553,653	341,512	–	2,168,630
Results							
Operating earnings	68,635	19,097	54,830	33,224	(14,607)	(26,047)	135,132
Share of net profit/(losses) of associates	29	1,447	(1,449)	20	–	–	47
Segment result	68,664	20,544	53,381	33,244	(14,607)	(26,047)	135,179
Material items of income/(expense) (note 6)	(7,411)	–	(26,217)	(30,970)	(376)	(4,035)	(69,009)
Net non-cash revaluation profit/(loss) on proceeds from Nufarm Step-up Securities financing (note 6)	–	–	–	–	–	3,323	3,323
Segment result including material items	61,253	20,544	27,164	2,274	(14,983)	(26,759)	69,493
Net financing costs							(56,776)
Income tax benefit/(expense)							(35,369)
Profit/(loss) for the period							(22,652)
Assets							
Segment assets	680,318	59,174	717,133	483,768	687,515	453,970	3,081,878
Investment in associates	322	11,174	180	288	–	–	11,964
Total assets							3,093,842
Liabilities							
Segment liabilities	134,255	21,126	156,270	41,865	99,501	890,934	1,343,951
Total liabilities							1,343,951
Other segment information							
Capital expenditure	15,653	585	14,703	32,047	4,740	–	67,728
Depreciation	17,405	620	15,232	5,632	3,204	–	42,093
Amortisation	4,324	91	6,289	2,878	1,873	–	15,455

5. Operating segments (continued)

Business segments (continued)

Business segments 2010	Crop protection $000	Seeds $000	Other $000	Consolidated $000
Segment revenue	2,124,032	41,902	2,696	2,168,630
Segment result	155,852	5,374	(26,047)	135,179
Segment assets	2,495,091	144,781	453,970	3,093,842
Capital expenditure	40,895	26,833	–	67,728

6. Items of material income and expense

	Consolidated		Consolidated	
	2011 $000 Pre-tax	2011 $000 After-tax	2010 $000 Pre-tax	2010 $000 After-tax
The following material items of income/(expense) were included in the period result:				
Cost of sales items				
Net realisable value adjustment – product sold	–	–	(44,654)	(30,074)
Restructuring costs	(606)	(407)	(15,323)	(10,713)
	(606)	(407)	(59,977)	(40,787)
Selling, marketing and distribution expense items				
Restructuring costs	(4,558)	(4,558)	–	–
General and administrative expense items				
Regulatory inquiry costs	(346)	(248)	(569)	(432)
Litigation costs	(3,033)	(2,442)	–	–
Due diligence costs	(434)	(292)	(5,464)	(4,116)
Restructuring costs	(1,838)	(1,345)	(478)	(321)
Receivable write down	(40,357)	(27,671)	–	–
Debt re-financing costs	(24,093)	(17,238)	–	–
Intangibles write off – Brazil	(4,340)	(4,340)	–	–
Goodwill impairment loss – Brazil	(70,004)	(70,004)	–	–
Investment in associates write down	(4,919)	(4,919)	–	–
Provision for non-collectability of sale proceeds	–	–	(2,521)	(1,690)
	(149,364)	(128,499)	(9,032)	(6,559)
Material items included in operating result	(154,528)	(133,464)	(69,009)	(47,346)
Disclosed on face of income statement				
Net non-cash revaluation profit/(loss) on proceeds from Nufarm Step-up Securities financing	(20,951)	(14,666)	3,323	2,326
Income tax expense				
Derecognition of tax losses	–	–	–	(37,536)
Items of material income and expense	(175,479)	(148,130)	(65,686)	(82,556)

7. Other income

	Consolidated 2011 $000	2010 $000
Dividends received	63	52
Rental income	69	236
Sundry income	12,901	8,353
Total other income	13,033	8,641

8. Other expenses

The following expenses were included in the period result:

	2011 $000	2010 $000
Depreciation and amortisation	(64,397)	(57,548)
Impairment gain/(loss) on trade receivables[1]	(2,439)	(375)
Movement in stock obsolescence provision	(366)	(453)
Exchange gains/(losses)	20,006	(4,293)

1 Excludes items set out in note 6.

9. Personnel expenses

	2011 $000	2010 $000
Wages and salaries	(192,088)	(179,411)
Other associated personnel expenses	(29,402)	(31,146)
Contributions to defined contribution superannuation funds	(14,845)	(10,567)
Expenses related to defined benefit superannuation funds	(3,528)	(3,106)
Annual leave expense	(7,437)	(6,451)
Long-service leave expense	(1,949)	(1,690)
Restructuring expense	(6,291)	(7,937)
Personnel expenses	(255,540)	(240,308)

The restructuring expense is mainly the changing of the Brazil sales force from commission based to a salaried sales force structure and extending the company's sales coverage into additional areas. The restructuring expenses are included in material items in note 6.

10. Finance income and expense

	2011 $000	2010 $000
Interest income – external	7,518	6,014
Financial income	7,518	6,014
Interest expense – external	(54,954)	(61,225)
Lease expense – finance charges	(1,418)	(1,565)
Financial expenses	(56,372)	(62,790)
Net financing costs	(48,854)	(56,776)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. Income tax expense

	Consolidated 2011 $000	2010 $000
Recognised in the income statement		
Current tax expense		
Current period	17,331	(2,680)
Adjustments for prior periods	845	163
Current tax expense	18,176	(2,517)
Deferred tax expense		
Origination and reversal of temporary differences	(8,953)	30,303
Reduction in tax rates	(190)	124
Benefit of tax losses recognised	178	(30,077)
Derecognition of tax losses/credits	7,770	37,536
Deferred tax expense	(1,195)	37,886
Total income tax expense/(benefit) in income statement	16,981	35,369
Attributable to:		
Continuing operations	16,981	35,369
Total income tax expense/(benefit) in income statement	16,981	35,369
Numerical reconciliation between tax expense and pre-tax net profit		
Profit before tax – continuing operations	(32,548)	12,717
Profit before tax	(32,548)	12,717
Income tax using the local corporate tax rate of 30 per cent	(9,764)	3,815
Increase in income tax expense due to:		
Non-deductible expenses	25,618	3,222
Other taxable income	752	689
Effect of changes in the tax rate	(190)	124
Effect of tax losses/assets derecognised/(recognised)	7,770	37,574
Decrease in income tax expense due to:		
Effect on tax rate in foreign jurisdictions	(2,391)	(6,508)
Tax exempt income	(3,065)	(347)
Tax incentives not recognised in the income statement	(2,594)	(3,363)
	16,136	35,206
Under/(over) provided in prior years	845	163
Income tax expense on pre-tax net profit	16,981	35,369
Income tax recognised directly in equity		
Relating to cost of issuing equity	22	(777)
Nufarm Step-up Securities distribution	(4,910)	(3,795)
Income tax recognised directly in equity	(4,888)	(4,572)
Income tax recognised in other comprehensive income		
Relating to actuarial gains on defined benefit plans	(492)	(835)
Income tax recognised in other comprehensive income	(492)	(835)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. Discontinued operation

There were no discontinued operations in the current or prior period.

13. Non-current assets held for sale

The Belvedere, UK manufacturing site has been shutdown and is currently being prepared for sale. A sale agreement for the site has been executed with sales proceeds of £6.1 million. The site demolition has been completed, however, title cannot pass until remediation is complete and the necessary regulatory approvals are received. This is expected to occur before 31 December 2011. The following assets and liabilities related to the site are classified as assets held for sale.

	Consolidated	
Assets classified as held for	2011 $000	2010 $000
Property, plant and equipment including costs incurred in preparing site for sale	8,830	7,677
Total assets held for sale	8,830	7,677

14. Acquisition of businesses

There were no business acquisitions in the current period.

On 3 August 2009, the group acquired the shares in Richardson Seeds Pty Ltd and MMR genetics. Richardson Seeds is a leading producer of sorghum seed hybrids and MMR Genetics is a global leader in the development of elite sorghum germplasm. Both businesses are based in Texas, US. On 30 March 2010, the group acquired the Druetto seed business based in Argentina. Druetto is focused on the breeding development, production, processing and sales of hybrid sorghum into the South American market. On 19 May 2010, the group acquired the oilseed and confection sunflower assets of California based Flower Genetics LLC. Flower Genetics is involved in the breeding, production and marketing of elite sunflower hybrids.

In the period to 31 July 2010, these businesses contributed profit of $1,624,800 to the consolidated group after-tax profit. If the above acquisition had occurred on 1 August 2009, the full-year contribution to group revenues would have been $45.093 million and to the consolidated entity's profit after-tax would have been $4.962 million.

	2010		
Acquiree's net assets at acquisition date	Pre-acquisition carrying amounts $000	Preliminary fair value adjustments $000	Recognised values on acquisition $000
Cash and cash equivalents	345	–	345
Receivables	5,997	–	5,997
Inventory	11,911	496	12,407
Property, plant and equipment	3,982	2,799	6,781
Other assets	1,099	81	1,180
Trade and other payables	(1,871)	–	(1,871)
Interest bearing loans and borrowings	(7,480)	–	(7,480)
Other liabilities	(5,054)	–	(5,054)
Net identifiable assets and liabilities	8,929	3,376	12,305
Intangibles acquired on acquisition			13,707
Goodwill on acquisition			17,961
Consideration paid			43,973
Cash acquired			(345)
Net cash outflow			43,628

14. Acquisition of businesses (continued)

Pre-acquisition carrying values were determined based on applicable AASBs immediately before the acquisition. The value of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values (see note 4 for methods used in determining fair values).

Goodwill has arisen on the acquisitions above, mainly resulting from the technical expertise and know-how included in the acquired businesses and from the synergies that the acquisitions bring to the Nufarm group.

	Consolidated 2011 $000	Consolidated 2010 $000
15. Cash and cash equivalents		
Bank balances	129,020	113,922
Call deposits	128,686	74,819
Cash and cash equivalents	257,706	188,741
Bank overdrafts repayable on demand	(10,881)	(28,036)
Cash and cash equivalents in the statement of cash flows	246,825	160,705
16. Trade and other receivables		
Current		
Trade receivables	614,810	755,475
Provision for impairment losses	(26,587)	(26,677)
	588,223	728,798
Receivables due from associates	450	473
Derivative financial instruments	74	43,801
Proceeds receivable from sale of businesses	5,695	9,233
Other receivables and prepayments	71,682	70,681
Current receivables	666,124	852,986
Non-current		
Receivables due from associates	38	38
Other receivables	41,748	9,569
Proceeds receivable from sale of businesses	5,398	9,735
Non-current receivables	47,184	19,342
Total trade and other receivables	713,308	872,328
17. Inventories		
Raw materials	146,087	155,707
Work in progress	19,230	9,849
Finished goods	380,007	391,119
	545,324	556,675
Provision for obsolescence of finished goods	(3,645)	(3,243)
Total inventories	541,679	553,432

The finished goods and raw material values above are net of the net realisable value adjustments referred to in note 6.

18. Tax assets and liabilities

Current tax assets and liabilities

The current tax asset for the group of $40,659,419 (2010: $42,460,651) represents the amount of income taxes recoverable in respect of prior periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authority. The current tax liability for the group of $2,297,832 (2010: $5,564,530) represents the amount of income taxes payable in respect of current and prior financial periods.

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Consolidated	2011 $000	2010 $000	2011 $000	2010 $000	2011 $000	2010 $000
Property, plant and equipment	6,434	8,625	(8,485)	(22,188)	(2,051)	(13,563)
Intangible assets	6,776	6,629	(60,372)	(48,200)	(53,596)	(41,571)
Employee benefits	13,778	14,446	–	–	13,778	14,446
Provisions	11,174	9,641	–	–	11,174	9,641
Other items	50,033	44,324	(13,565)	(10,032)	36,468	34,292
Tax value of losses carried forward	99,831	99,188	–	–	99,831	99,188
Tax assets/(liabilities)	188,026	182,853	(82,422)	(80,420)	105,604	102,433
Set off of tax	(5,524)	(32,530)	5,524	32,530	–	–
Net tax assets/(liabilities)	182,502	150,323	(76,898)	(47,890)	105,604	102,433

Movement in temporary differences during the year

Consolidated 2011	Balance 31.07.10 $000	Recognised in income $000	Recognised in equity $000	Currency adjustment $000	Other movement $000	Balance 31.07.11 $000
Property, plant and equipment	(13,563)	9,433	–	2,079	–	(2,051)
Intangible assets	(41,571)	(18,525)	–	6,500	–	(53,596)
Employee benefits	14,446	616	492	(1,776)	–	13,778
Provisions	9,641	2,135	–	(602)	–	11,174
Other items	34,292	7,714	(22)	(3,893)	(1,623)	36,468
Tax value of losses carried forward	99,188	(178)	–	(7,989)	8,810	99,831
	102,433	1,195	470	(5,681)	7,187	105,604

Consolidated 2010	Balance 31.07.09 $000	Recognised in income $000	Recognised in equity $000	Currency adjustment $000	Other movement $000	Balance 31.07.10 $000
Property, plant and equipment	(2,871)	(27,563)	–	1,187	15,684	(13,563)
Intangible assets	(45,730)	(10,840)	–	3,615	11,384	(41,571)
Employee benefits	14,889	1,993	835	(1,131)	(2,140)	14,446
Provisions	14,500	(4,005)	–	(854)	–	9,641
Other items	26,963	9,988	777	(2,327)	(1,109)	34,292
Tax value of losses carried forward	122,994	(7,459)	–	(8,329)	(8,018)	99,188
	130,745	(37,886)	1,612	(7,839)	15,801	102,433

18. Tax assets and liabilities (continued)

Deferred tax assets and liabilities (continued)

The carrying value of deferred tax assets relating to tax losses and tax credits is largely dependent on the generation of sufficient future taxable income. The Brazilian business carries total deferred tax assets of $72.1 million. Based on the company's accounting policy of recouping tax losses and tax credits within a maximum time frame of eight years, the carrying value of the deferred tax asset would be impaired if aggregate earnings over the eight year period are 12 per cent below management's forecasts. The carrying value of this asset will continue to be assessed at each reporting date.

Unrecognised deferred tax liability

At 31 July 2011, a deferred tax liability of $21,060,570 (2010: $17,551,281) relating to investments in subsidiaries has not been recognised because the company controls the repatriation of retained earnings and it is satisfied that it will not be incurred in the foreseeable future. This amount represents the theoretical withholding tax payable if all overseas retained earnings were paid as dividends.

Unrecognised deferred tax assets

At 31 July 2011, there are unrecognised tax losses of $38,888,650 (2010: $37,535,877). These losses do not have an expiry date.

19. Investments accounted for using the equity method

The group accounts for investments in associates using the equity method.

The group had the following significant investments in associates during the year:

		Country	Balance date of associate	Percentage ownership and voting interest 2011	2010
Excel Crop Care Ltd	Agricultural chemicals manufacturer	India	31 March	14.69	14.69
F&N joint ventures	Agricultural chemicals distributor	Eastern Europe	31 December	50.00	50.00

The 14.69 per cent investment in Excel Crop Care Ltd is equity accounted as Nufarm has the ability to appoint two directors to the board and, together with an unrelated partner, has significant influence over nearly 34 per cent of the shares of the company. The relationship also extends to manufacturing and marketing collaborations.

The F&N joint ventures represents the group's interest in three joint ventures with FMC Corporation, which operate in Poland, Czech Republic and Slovakia. The joint ventures sell Nufarm and FMC products within their country.

Financial summary of material associates (at reporting date)

	Revenues (100%)	Profit after-tax (100%)	Total assets (100%)	Total liabilities (100%)	Net assets as reported by associates (100%)	Share of associate's net assets equity accounted
2011						
Excel Crop Care Ltd	157,320	9,294	101,359	56,468	44,891	6,594
F&N joint ventures	59,780	1,638	53,973	51,983	1,990	995
	217,100	10,932	155,332	108,451	46,881	7,589
2010						
Excel Crop Care Ltd	151,540	9,001	117,203	74,328	42,875	6,298
F&N joint ventures	61,568	(2,942)	61,973	61,613	360	180
	213,108	6,059	179,176	135,941	43,235	6,478

The financial summary information is from the financial statements as per the balance dates above.

19. Investments accounted for using the equity method (continued)

Financial summary of material associates (at reporting date) (continued)

	Consolidated 2011 $000	Consolidated 2010 $000
Carrying value by major associate		
Excel Crop Care Ltd	5,760	10,610
F&N joint ventures	995	180
Others	812	1,174
Carrying value of associates	7,567	11,964

At 31 July 2011, the carrying value of the Excel Cropcare investment was written down by $4.919 million. This results in the carrying value being equivalent to the market value as per the listed stock price as at that date. Refer note 6.

	2011 $000	2010 $000
Share of profit by major associate		
Excel Crop Care Ltd	1,398	1,447
F&N joint ventures	856	(1,449)
Others	123	49
Share of net profits of associates	2,377	47

The share of net profits has been derived from the latest management reports as at 31 July 2011 for the F&N joint ventures. The Excel Crop Care share of net profits is from the 30 June 2011 management accounts.

20. Other investments

	2011 $000	2010 $000
Investments – available-for-sale		
Balance at the beginning of the year	6,481	7,008
New investments during the year	–	–
Exchange adjustment	(1,157)	(527)
Balance at the end of the year	5,324	6,481
Other investments		
Other investments	645	398
Total other investments	5,969	6,879

The group's investment in an unlisted entity is classified as available-for-sale.

21. Other non-current assets

	2011 $000	2010 $000
Derivative financial instrument	–	43
	–	43

The derivative financial instrument in 2010 is the market value of the interest rate cap relating to the NSS distribution base rate.

22. Property, plant and equipment

Consolidated 2011	Land and buildings $000	Plant and machinery $000	Leased plant and machinery $000	Capital work in progress $000	Total $000
Cost					
Balance at 1 August 2010	203,445	564,625	11,303	25,565	804,938
Additions	865	14,846	–	14,940	30,651
Disposals	(874)	(8,198)	–	–	(9,072)
Other transfers	2,936	17,438	(124)	(20,250)	–
Exchange adjustment	(13,674)	(34,051)	(1,535)	(2,053)	(51,313)
Balance at 31 July 2011	192,698	554,660	9,644	18,202	775,204
Depreciation and impairment losses					
Balance at 1 August 2010	(59,804)	(331,367)	(532)	–	(391,703)
Depreciation charge for the year	(6,895)	(33,558)	(233)	–	(40,686)
Disposals	707	7,405	–	–	8,112
Other transfers	64	(141)	77	–	–
Exchange adjustment	5,309	17,521	48	–	22,878
Balance at 31 July 2011	(60,619)	(340,140)	(640)	–	(401,399)
Net property, plant and equipment at 31 July 2011	132,079	214,520	9,004	18,202	373,805

Consolidated 2010	Land and buildings $000	Plant and machinery $000	Leased plant and machinery $000	Capital work in progress $000	Total $000
Cost					
Balance at 1 August 2009	207,393	663,878	14,469	35,876	921,616
Additions	2,079	8,281	41	41,935	52,336
Additions through business combinations	6,382	5,413	–	–	11,795
Transfer to assets held for sale	(3,639)	(87,201)	(963)	(13)	(91,816)
Disposals	(7,040)	(6,431)	–	–	(13,471)
Other transfers	11,444	38,684	(505)	(49,623)	–
Exchange adjustment	(13,174)	(57,999)	(1,739)	(2,610)	(75,522)
Balance at 31 July 2010	203,445	564,625	11,303	25,565	804,938
Depreciation and impairment losses					
Balance at 1 August 2009	(65,103)	(419,596)	(1,449)	–	(486,148)
Depreciation charge for the year	(6,971)	(34,791)	(331)	–	(42,093)
Additions through business combinations	(1,328)	(3,686)	–	–	(5,014)
Disposals	3,317	84,537	963	–	88,817
Transfer to assets held for sale	3,972	3,082	–	–	7,054
Other transfers	15	(205)	190	–	–
Exchange adjustment	6,294	39,292	95	–	45,681
Balance at 31 July 2010	(59,804)	(331,367)	(532)	–	(391,703)
Net property, plant and equipment at 31 July 2010	143,641	233,258	10,771	25,565	413,235

Assets pledged as security for finance leases $9.0 million (2010: $10.77 million).

23. Intangible assets

	Goodwill $000	Intellectual property indefinite life $000	Intellectual property definite life $000	Capitalised development costs $000	Computer software $000	Total $000
Consolidated			2011			
Cost						
Balance at 1 August 2010	358,610	434,749	85,840	114,696	23,187	1,017,082
Additions	–	7,684	557	20,840	5,943	35,024
Disposals	–	–	–	(136)	(21)	(157)
Other transfers	2,162	(5,485)	(103)	(2,490)	(131)	(6,047)
Exchange adjustment	(33,162)	(45,000)	(9,231)	(8,759)	(1,621)	(97,773)
Balance at 31 July 2011	327,610	391,948	77,063	124,151	27,357	948,129
Amortisation and impairment losses						
Balance at 1 August 2010	(67,102)	(9,296)	(43,814)	(34,996)	(15,115)	(170,323)
Amortisation charge for the year	–	(4,340)	(7,241)	(9,426)	(2,704)	(23,711)
Impairment loss	(70,004)	–	–	–	–	(70,004)
Other transfers	234	(54)	3,246	2,490	131	6,047
Exchange adjustment	7,287	774	3,301	3,302	1,009	15,673
Balance at 31 July 2011	(129,585)	(12,916)	(44,508)	(38,630)	(16,679)	(242,318)
Intangibles carrying amount at 31 July 2011	198,025	379,032	32,555	85,521	10,678	705,811

	Goodwill $000	Intellectual property indefinite life $000	Intellectual property definite life $000	Capitalised development costs $000	Computer software $000	Total $000
Consolidated			2010			
Cost						
Balance at 1 August 2009	358,570	454,582	84,547	98,142	21,745	1,017,586
Additions	–	3,731	1,110	25,693	2,773	33,307
Additions through business combinations	17,961	9,201	4,506	–	–	31,668
Disposals	–	(1,365)	(48)	(1,125)	–	(2,538)
Other transfers	–	(2,956)	2,956	–	–	–
Exchange adjustment	(17,921)	(28,444)	(7,231)	(8,014)	(1,331)	(62,941)
Balance at 31 July 2010	358,610	434,749	85,840	114,696	23,187	1,017,082
Amortisation and impairment losses						
Balance at 1 August 2009	(72,262)	(10,468)	(39,964)	(32,008)	(14,145)	(168,847)
Amortisation charge for the year	–	–	(7,133)	(6,218)	(2,104)	(15,455)
Exchange adjustment	5,160	1,172	3,283	3,230	1,134	13,979
Balance at 31 July 2010	(67,102)	(9,296)	(43,814)	(34,996)	(15,115)	(170,323)
Intangibles carrying amount at 31 July 2010	291,508	425,453	42,026	79,700	8,072	846,759

23. Intangible assets (continued)

The major intangibles with an indefinite economic life are the product registrations that Nufarm owns. These registrations are considered to have an indefinite life because, based on past experience, they will be renewed by the relevant regulatory authorities and the underlying products will continue to be commercialised and available for sale in the foreseeable future. The company will satisfy all of the conditions necessary for renewal and the cost of renewal is minimal. In determining that the registrations have indefinite useful life, the principal factor that influenced this determination is the expectation that the existing registration will not be subject to significant amendment in the foreseeable future.

The group has determined that legal entity by country is the appropriate method for determining the cash-generating units (CGU) of the business. This level of CGU aligns with the cash flows of the business and the management structure of the group. The goodwill and intellectual property with an indefinite life are CGU specific, as the acquisitions generating goodwill and the product registrations that are the major indefinite intangible are country specific in nature. There is no allocation of goodwill between CGUs.

The major CGUs and their intangible value is as follows: Brazil $202 million, US $142 million, seeds business $105 million, UK and Holland $82 million, Australia $55 million and France $23 million. The balance of intangibles is spread across multiple CGUs, with no individual amount being material relative to the total intangibles at balance date.

Impairment testing for cash-generating units containing goodwill

For the impairment testing of these assets, the carrying amount of the asset is compared to its recoverable amount at a CGU level. The group uses the value-in-use method to estimate the recoverable amount. In assessing value-in-use, the estimated future cash flows are derived from the five year plan for each cash-generating unit with a growth factor applied to extrapolate a cash flow beyond year five. A perpetuity factor is then applied to the normalised cash flow beyond year five in order to include a terminal value in the value-in-use calculation. The growth rate assumed for each CGU is the forecast growth over the next five years, ranging from zero per cent to five per cent. The majority of CGUs have a conservative growth rate of zero. The cash flow is then discounted to a present value using a discount rate which is the company's weighted average cost of capital, but then adjusted for country risk and asset-specific risk associated with each CGU. The nominal post-tax discount rate applied to the group's CGUs ranges from 9.76 per cent to 16.26 per cent.

Impairment loss – Brazil CGU

The group has recognised a goodwill impairment loss of $70,004,000 in the period for its Brazil CGU. The Brazil CGU has the following intangible assets, inclusive of the impairment loss:

	$000
Goodwill	60,959
Indefinite life intangibles	134,235
Capitalised development costs	6,434
Computer software	558
Total	202,186

The indefinite life intangibles relates to the product registrations and trade marks acquired in June 2007.

The Brazil CGU has incurred losses in recent years and has not met internal financial targets due to a number of market, product and economic factors that have impacted the business. However, it did record a strong earnings recovery in the 2011 year relative to the previous year. The 2012–2017 five year plan, which forms the basis of discounted cash flow modelling, assumes significant growth and a return to satisfactory levels of operating profit in the short to medium term. This growth results from new product introductions, access to new crop segments, new sourcing arrangements and access to products from Sumitomo. With the significant growth required in the earnings projections, and after discussions with its advisors, it was determined that a higher discount rate should be applied to the future cash flows in recognition of the risks attached to achievement of the forecast. This led to the total carrying value of the CGU assets being higher than the recoverable amount.

The impairment loss was fully allocated to goodwill and is reported in the material items (refer note 6).

23. Intangible assets (continued)

Impairment loss – Brazil CGU (continued)

Should the Brazil CGU fail to meet its forecast operating result going forward, this may necessitate a revision to the future forecasts or alternatively a further increase in the discount rate used in the value-in-use modelling. By way of sensitivity and all other things being equal: (a) a one per cent increase in the discount rate would result in additional asset impairment of approximately $49 million; or (b) a 10 per cent decrease in financial year 2012 operating EBIT compared to budget, with no consequential impact on EBIT in future years, would result in additional asset impairment of approximately $2 million; or (c) an eight per cent decrease in EBIT for all years in the forecast period and also in the terminal value calculation would result in additional asset impairment of approximately $42 million.

24. Trade and other payables

	Consolidated	
	2011 $000	2010 $000
Current payables – unsecured		
Trade creditors and accruals – unsecured	389,507	383,332
Payables due to associated entities	535	583
Derivative financial instruments	629	306
Payables – acquisitions	3,351	9,647
Current payables	394,022	393,868
Non-current payables – unsecured		
Creditors and accruals	8,289	9,523
Payables – acquisitions	4,742	6,326
Non-current payables	13,031	15,849

25. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings.

	2011 $000	2010 $000
Current liabilities		
Bank loans – secured	579,746	–
Bank loans – unsecured	119,839	765,277
Other loans – unsecured	998	669
Finance lease liabilities – secured	88	182
Current liabilities	700,671	766,128
Non-current liabilities		
Bank loans – unsecured	–	117
Other loans – unsecured	1,136	1,684
Finance lease liabilities – secured	10,238	11,832
Non-current liabilities	11,374	13,633

Financing facilities

On 15 December 2010, the company executed a $900 million 12 month secured syndicated facility agreement (SFA) with four major financial institutions. The amount drawn down under the facility was $798 million. This amount was used to repay borrowings under the previous negative pledge financing arrangement.

At 31 July 2011, the group had access to facilities of $1.078 billion under the SFA and with other non SFA lenders. The majority of debt facilities that reside outside the SFA are in Brazil and Europe, totalling $178 million. The SFA is secured by assets in the primary geographies in which Nufarm operates including Australia, US, Canada, UK and France. A parent guarantee is provided to support working capital facilities in Brazil. Total net debt (net of cash) at 31 July 2011 was $465.2 million (2010: $619.1 million). The SFA included covenants of a type normally associated with facilities of this kind, and the group was in compliance with these covenants throughout the financial year.

25. Interest-bearing loans and borrowings (continued)

Financing facilities (continued)

Since year end, management has completed the execution of a $300 million receivables securitisation facility as planned (refer note 42 for further detail). Management and the board of directors are confident that before 14 December 2011, the group will enter into a longer term financing facility to replace the current SFA facility (refer to note 2(b) for further detail).

	Consolidated Accessible $000	Consolidated Utilised $000
2011		
Bank loan facilities	1,075,867	710,466
Other facilities	2,134	2,134
Total financing facilities	1,078,001	712,600
2010		
Bank loan facilities	1,449,865	793,430
Other facilities	2,353	2,353
Total financing facilities	1,452,218	795,783

Financing arrangements

Bank loans

Repayment of borrowings (excluding finance leases)	Consolidated 2011 $000	Consolidated 2010 $000
Period ending 31 July 2011	–	793,982
Period ending 31 July 2012	700,583	1,034
Period ending 31 July 2013	1,136	745
Period ending 31 July 2014 or later	–	22

Finance lease liabilities

Finance leases are entered into to fund the acquisition of plant and equipment. Lease commitments for capitalised finance leases are payable as follows:

	2011 $000	2010 $000
Not later than one year	1,260	1,500
Later than one year but not later than two years	1,276	1,389
Later than two years but not later than five years	3,557	4,017
Later than five years	82,078	96,856
	88,171	103,762
Less future finance charges	(77,845)	(91,748)
Finance lease liabilities	10,326	12,014

Finance lease liabilities are secured over the relevant leased plant.

Average interest rates	Consolidated 2011 %	Consolidated 2010 %
Nufarm Step-up Securities	6.83	5.55
Bank loans	5.76	5.05
Other loans	6.82	6.00
Finance lease liabilities – secured	11.71	11.58

26. Employee benefits

	Consolidated 2011 $000	Consolidated 2010 $000
Current		
Liability for annual leave	15,646	15,950
Liability for long service leave	6,456	6,380
Current employee benefits	22,102	22,330
Non-current		
Defined benefit fund obligations		
Present value of unfunded obligations	4,713	5,328
Present value of funded obligations	104,104	112,438
Fair value of fund assets – funded	(80,630)	(87,900)
Recognised liability for defined benefit fund obligations	28,187	29,866
Liability for long service leave	8,998	9,023
Non-current employee benefits	37,185	38,889
Total employee benefits	59,287	61,219

The consolidated entity makes contributions to defined benefit pension funds, in the UK, Holland, France and Indonesia, that provide defined benefit amounts for employees upon retirement.

	Consolidated				
Historical information	2011 $000	2010 $000	2009 $000	2008 $000	2007 $000
Present value of defined benefit obligation	(108,817)	(117,766)	(121,657)	(118,688)	(59,287)
Fair value of plan assets	80,630	87,900	89,829	93,786	39,732
Surplus/(deficit)	(28,187)	(29,866)	(31,828)	(24,902)	(19,555)
Experience adjustments arising on plan liabilities	(550)	1,103	(1,223)	700	321
Experience adjustments arising on plan assets	3,591	6,013	(8,058)	(10,088)	1,687

26. Employee benefits (continued)

	Consolidated 2011 $000	Consolidated 2010 $000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	117,766	121,657
Service cost	2,817	2,865
Interest cost	5,672	6,297
Actuarial loss	3,462	10,934
Past service cost	(16)	11
Losses/(gains) on curtailment	–	(799)
Contributions	182	261
Benefits paid	(5,235)	(6,660)
Exchange differences on foreign funds	(15,831)	(16,800)
Closing defined benefit obligation	108,817	117,766
Changes in the fair value of fund assets are as follows:		
Opening fair value of fund assets	87,900	89,829
Expected return	4,945	5,268
Actuarial gains/(losses)	3,465	8,382
Surplus taken to retained earnings	(2,057)	(333)
Contributions by employer	2,961	3,813
Distributions	(4,720)	(6,499)
Exchange differences on foreign funds	(11,864)	(12,560)
Closing fair value of fund assets	80,630	87,900

The actual return on plan assets is the sum of the expected return and the actuarial gain/(loss).

	2011 $000	2010 $000
Expense recognised in profit or loss		
Current service costs	2,817	2,865
Interest on obligation	5,672	6,297
Expected return on fund assets	(4,945)	(5,268)
Past service cost	(16)	11
Losses/(gains) on curtailment	–	(799)
Expense recognised in profit or loss	3,528	3,106
The expense is recognised in the following line items in the income statement:		
Cost of sales	2,007	1,784
Sales, marketing and distribution expenses	551	712
General and administrative expenses	747	323
Research and development expenses	223	287
Expense recognised in profit or loss	3,528	3,106
Actuarial gains/(losses) recognised in other comprehensive income (net of tax)		
Cumulative amount at 1 August	(9,805)	(7,525)
Recognised during the period	(1,699)	(2,280)
Cumulative amount at 31 July	(11,504)	(9,805)

26. Employee benefits (continued)

	Consolidated 2011 %	Consolidated 2010 %
The major categories of fund assets as a percentage of total fund assets are as follows:		
European equities	62.8	60.6
European bonds	34.9	37.5
Property	1.6	1.6
Cash	0.7	0.3
Principal actuarial assumptions at the reporting date (expressed as weighted averages):		
Discount rate at 31 July	5.4	5.3
Expected return on fund assets at 31 July	6.4	6.7
Future salary increases	3.6	3.3
Future pension increases	2.8	2.9

The overall expected long term rate of return on assets is 6.4 per cent. The expected rate of return on plan assets reflects the average rate of earnings expected on the funds invested to provide for the benefits included in the projected benefit obligation.

The group expects to pay $3,042,000 in contributions to defined benefit plans in 2012.

27. Share-based payments

The Nufarm Executive Share Plan (2000) offers shares to executives. The executives may select an alternative mix of shares (at no cost) and options at a cost determined under the 'Black Scholes' methodology. These benefits are only given when a predetermined return on capital employed is achieved over the relevant period. The shares and options are subject to forfeiture and dealing restrictions. The executive cannot deal in the shares or options for a period of between three and 10 years without board approval. An independent trustee holds the shares and options on behalf of the executives. At 31 July 2011 there were 70 participants (2010: 72 participants) in the scheme and 1,127,034 shares (2010: 1,237,872) were allocated and held by the trustee on behalf of the participants. The cost of issuing shares is expensed in the year of issue.

The global share plan commenced in 2001, and is available to all permanent employees. Participants contribute a proportion of their salary to purchase shares. The company will contribute an amount equal to 10 per cent of the number of ordinary shares acquired with a participant's contribution in the form of additional ordinary shares. Amounts over 10 per cent of the participant's salary can be contributed but will not be matched. For each year the shares are held, up to a maximum of five years, the company contributes a further 10 per cent of the value of the shares acquired with the participant's contribution. An independent trustee holds the shares on behalf of the participants. At 31 July 2011 there were 756 participants (2010: 747 participants) in the scheme and 1,602,481 shares (2010: 1,356,706) were allocated and held by the trustee on behalf of the participants. The impact of the global share plan for the year ended 31 July 2011 was an expense of $457,455. For 2010, the cost of the global share plan was a reduction of expense by $755,007.

The power of appointment and removal of the trustees for the share purchase schemes is vested in the company.

28. Provisions

	Consolidated 2011 $000	2010 $000
Current		
Restructuring	1,477	7,698
Other	3,779	4,065
Current provisions	5,256	11,763

Consolidated	Restructuring $000	Other provisions $000	Total $000
Movement in provisions			
Balance at 1 August 2010	7,698	4,065	11,763
Provisions made during the year	–	–	–
Provisions used during the year	(5,729)	–	(5,729)
Exchange adjustment	(492)	(286)	(778)
Balance at 31 July 2011	1,477	3,779	5,256

The provision for restructuring is mainly relating to the shutdown of two French manufacturing units and the associated redundancy costs. The other provision consists of liabilities recognised with the Agripec acquisition.

29. Capital and reserves

Share capital	Parent company Number of ordinary shares 2011	Number of ordinary shares 2010
Balance at 1 August	261,775,731	218,061,199
Issue of shares	57,274	43,714,532
Balance at 31 July	261,833,005	261,775,731

The company does not have authorised capital or par value in respect of its issued shares.

On 5 January 2011, 57,274 shares at $5.44 were issued under the global share plan.

On 17 December 2009, 65,519 shares at $10.67 were issued under the global share plan. On 6 May 2010, 25,019,852 shares at a price of $5.75 were issued under the institutional component of the company's one for five renounceable rights offer. The retail component of the offer was completed on 28 May 2010, under which 18,629,161 shares were issued at the same price of $5.75.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Nufarm Step-up Securities

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

29. Capital and reserves (continued)

Nufarm Step-up Securities (continued)

Distributions on the NSS are at the discretion of the directors and are floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are curtailed if distributions to NSS holders are not made, until such time that Nufarm Finance (NZ) Limited makes up the arrears. The first distribution date for the NSS was 16 April 2007 and on a six-monthly basis after this date. The floating rate is the average mid-rate for bills with a term of six months plus a margin of 1.90 per cent. The step-up date is five years from issue date, and provides the issuer with the following options: (a) keep the NSS on issue whereby the margin will be reset or stepped up by the step-up margin; or (b) redeem the NSS for face value; or (c) change them for a number of ordinary shares in Nufarm Limited. The exchange ratio is calculated based on the average market price of Nufarm ordinary shares for 20 business days prior to exchange date less a 2.5 per cent discount. Since year end, Nufarm confirmed that it would 'step-up' the NSS (refer to note 42 for further detail).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Capital profit reserve

This reserve is used to accumulate realised capital profits.

Dividends

There were no dividends paid by the group during the year ended 31 July 2011.

	Cents per share	Total amount $000	Franked/ unfranked	Payment date
2010				
Interim 2010 ordinary	0.0	0		
Final 2009 ordinary	15.0	32,709	Unfranked	13 Nov 2009
Total amount		32,709		

Distributions

Distributions recognised in the current year by Nufarm Finance (NZ) Ltd on the Nufarm Step-up Securities are:

	Distribution rate %	Total amount $000	Payment date
2011			
Distribution	6.94	8,686	15 Apr 2011
Distribution	6.71	8,444	15 Oct 2010
		17,130	
2010			
Distribution	6.08	7,609	15 Apr 2010
Distribution	5.02	6,313	15 Oct 2009
		13,922	

The distribution on the Nufarm Step-up Securities reported on the equity movement schedule has been reduced by the tax benefit on the gross distribution, giving an after-tax amount of $12.22 million (2010: $10.127 million).

29. Capital and reserves (continued)

	Consolidated 2011 $000	Consolidated 2010 $000
Franking credit/(debit) balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the year at 30 per cent (2010: 30 per cent)	25,746	18,871
Franking credits/(debits) that will arise from the payment of income tax payable/(refund) as at the end of the year	(9,971)	(2,939)
Balance at 31 July	15,775	15,932

The impact on the dividend franking account of dividends proposed after the balance sheet date is zero as there is no dividend proposed for 2011. The franking account has been reduced for an expected refund of income tax relating to the 2011 year of $9,970,520, which will be received in the 2012 year. In accordance with the tax consolidation legislation, the company as the head entity in the tax-consolidated group has also assumed the benefit of $15,775,833 (2010: $15,931,794) franking credits.

30. Earnings per share

	Consolidated 2011 $000	Consolidated 2010 $000
Net profit for the year	(49,529)	(22,652)
Net profit attributable to minority interest	(322)	(1,338)
Net profit attributable to equity holders of the parent	(49,851)	(23,990)
Nufarm Step-up Securities distribution	(12,220)	(10,127)
Earnings used in the calculations of basic and diluted earnings per share	(62,071)	(34,117)
Earnings from continuing operations	(62,071)	(34,117)
	(62,071)	(34,117)
Subtract items of material income/(expense) (refer note 6)	(148,130)	(82,556)
Earnings excluding items of material income/(expense) used in the calculation of earnings per share excluding material items	86,059	48,439

For the purposes of determining basic and diluted earnings per share, the after-tax distributions on NSS are deducted from net profit.

	Number of shares 2011	Number of shares 2010
Weighted average number of ordinary shares used in calculation of basic earnings per share	261,808,212	227,263,338
Weighted average number of ordinary shares used in calculation of diluted earnings per share	261,808,212	227,263,338

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of ordinary shares since the reporting date and before the completion of this financial report.

30. Earnings per share (continued)

	Cents per share 2011	Cents per share 2010
Earnings per share for continuing and discontinued operations		
Basic earnings per share		
From continuing operations	(23.7)	(15.0)
	(23.7)	(15.0)
Diluted earnings per share		
From continuing operations	(23.7)	(15.0)
	(23.7)	(15.0)
Earnings per share (excluding items of material income/expense – see note 6)		
Basic earnings per share	32.9	21.3
Diluted earnings per share	32.9	21.3

31. Financial risk management and financial instruments

The group has exposure to the following financial risks:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the group's exposure to each type of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The board of directors has responsibility to identify, assess, monitor and manage the material risks facing the group and to ensure that adequate identification, reporting and risk minimisation mechanisms are established and working effectively. To support and maintain this objective, the audit committee has established detailed policies on risk oversight and management by approving a global risk management charter that specifies the responsibilities of the general manager global risk management (which includes responsibility for the internal audit function). This charter also provides comprehensive global authority to conduct internal audits, risk reviews and system-based analyses of the internal controls in major business systems operating within all significant company entities worldwide.

The general manager global risk management reports to the chief executive officer and provides a written report of his activities at each meeting of the audit committee. In doing so he has direct and continual access to the chairman and members of the audit committee.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and other financial assets.

Exposure to credit risk

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

The group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers before the group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring further management approval.

31. Financial risk management and financial instruments (continued)

The group's maximum exposure to credit risk at the reporting date was:

	Consolidated 2011 $000	Consolidated 2010 $000
Carrying amount		
Trade and other receivables	713,234	828,527
Cash and cash equivalents	257,706	188,741
Interest rate cap:		
Assets	–	43
Forward exchange contracts:		
Assets	74	43,801
	971,014	1,061,112

The group's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	2011 $000	2010 $000
Carrying amount		
Australia/New Zealand	173,917	241,140
Asia	22,825	35,375
Europe	223,998	253,224
North America	52,513	48,815
South America	239,981	249,973
Trade and other receivables	713,234	828,527

The group's top five customers account for $110.1 million of the trade receivables carrying amount at 31 July 2011 (2010: $174.5 million). These top five customers represent 17 per cent (2010: 22 per cent) of the total receivables.

Impairment losses

The ageing of the group's customer trade receivables at the reporting date was:

	2011 $000	2010 $000
Receivables ageing		
Current	511,303	568,843
Past due – 0 to 90 days	58,280	53,941
Past due – 90 to 180 days	8,906	23,237
Past due – 180 to 360 days	6,145	72,610
Past due – more than one year	30,176	36,844
	614,810	755,475
Provision for impairment	(26,587)	(26,677)
Trade receivables	588,223	728,798

Some of the past due receivables are secured by collateral from customers such as directors guarantees, bank guarantees and charges on fixed assets. The past due receivables not impaired relate to customers that have a good credit history with the group. Historically, the bad debt write-off from trade receivables has been very low. Over the past nine years, the bad debt write-off amount has averaged 0.03 per cent of sales, with no greater than 0.11 per cent of sales written off in any one year.

In the crop protection industry, it is normal practice to vary the terms of sales depending on the climatic conditions experienced in each country.

31. Financial risk management and financial instruments (continued)

Impairment losses (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated	
	2011 $000	2010 $000
Balance at 1 August	26,677	25,087
Provisions made during the year	2,413	3,007
Provisions used during the year	(346)	(536)
Provisions acquired through business combinations	–	114
Exchange adjustment	(2,157)	(995)
Balance at 31 July	26,587	26,677

The allowance account for trade receivables is used to record the impairment losses unless the group is satisfied that no recovery of the amount owing is possible: at that point the amount is considered irrecoverable and is written off against the receivable directly.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

On 15 December 2010, the company executed a $900 million 12 month secured syndicated facility agreement (SFA) with four major financial institutions. The amount drawn down under the facility was $798 million. This amount was used to repay borrowings under the previous negative pledge financing arrangement.

At 31 July 2011, the group had access to facilities of $1.078 billion under the SFA and with other non SFA lenders. The majority of debt facilities that reside outside the SFA are in Brazil and Europe, totalling $178 million. The SFA is secured by assets in the primary geographies in which Nufarm operates including Australia, US, Canada, UK and France. A parent guarantee is provided to support working capital facilities in Brazil. Total net debt (net of cash) at 31 July 2011 was $465.2 million (2010: $619.1 million). The SFA included covenants of a type normally associated with facilities of this kind, and the group was in compliance with these covenants throughout the financial year.

Since year end, management has completed the execution of a $300 million receivables securitisation facility as planned (refer note 42 for further detail). Management and the board of directors are confident that before 14 December 2011, the group will enter into a longer term financing facility to replace the current SFA facility (refer to note 2(b) for further detail).

31. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

The following are the contractual maturities of the group's financial liabilities:

Consolidated 2011	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1–2 years $000	More than 2 years $000
Non-derivative financial liabilities					
Bank overdrafts	10,881	10,881	10,881	–	–
Trade and other payables	406,424	406,978	393,393	4,742	8,289
Bank loans – secured	579,746	579,746	579,746	–	–
Bank loans – unsecured	119,839	119,839	119,839	–	–
Other loans – unsecured	2,134	2,134	998	1,136	–
Finance lease liabilities – secured	10,326	10,326	88	114	10,124
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	629	12,439	12,439	–	–
Inflow	–	(11,810)	(11,810)	–	–
Derivative financial assets					
Forward exchange contracts:					
Outflow	–	4,005	4,005	–	–
Inflow	(74)	(4,079)	(4,079)	–	–
	1,129,905	1,130,459	1,105,500	5,992	18,413

Consolidated 2010	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1–2 years $000	More than 2 years $000
Non-derivative financial liabilities					
Bank overdrafts	28,036	28,036	28,036	–	–
Trade and other payables	409,411	409,411	393,562	6,326	9,523
Bank loans – secured	–	–	–	–	–
Bank loans – unsecured	765,394	765,394	765,277	95	22
Other loans – unsecured	2,353	2,353	669	1,012	672
Finance lease liabilities – secured	12,014	12,014	182	49	11,783
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	306	18,674	18,674	–	–
Inflow	–	(18,368)	(18,368)	–	–
Derivative financial assets					
Forward exchange contracts:					
Outflow	–	232,151	8,160	223,991	–
Inflow	(43,801)	(275,952)	(8,472)	(267,480)	–
	1,173,713	1,173,713	1,187,720	(36,007)	22,000

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the group. This provides an economic hedge and no derivatives are entered into.

31. Financial risk management and financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The group uses derivative financial instruments to manage specifically identified foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the individual group entity. The currencies giving rise to this risk are primarily the US dollar, the Euro, the British pound and the Brazilian real. The consolidated entity uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than three months after reporting date.

The group uses foreign exchange contracts to manage the foreign currency exposures between the Nufarm Step-up Securities issued in Australia and New Zealand, and related group funding to several jurisdictions to which the funds were advanced. The foreign exchange contracts primarily cover the exposure on the principal advanced to group companies in US dollars, the Euro and the British pound.

The group does not have any cash flow hedges with all movements in fair value recognised in profit or loss during the period. The net fair value of forward exchange contracts in the group used as economic hedges of forecast transactions at 31 July 2011 was $555,080 (2010: $43,495,711) comprising assets of $74,300 (2010: $43,801,271) and liabilities of $629,380 (2010: $305,560) that were recognised as derivatives measured at fair value.

Exposure to currency risk

The group's exposure to major foreign currency risks at balance date was as follows, based on notional amounts:

Consolidated 2011	AUD $000	USD $000	Euro $000	GBP $000
Cash and cash equivalents	1	28,722	6,096	1,152
Trade and other receivables	84	53,721	4,965	-
Bank overdraft	–	(7,449)	–	(579)
Trade and other payables	(392)	(30,938)	(13,710)	(68)
Loans and borrowings	–	(17,894)	(3,062)	–
Gross balance sheet exposure	(307)	26,162	(5,711)	505
Forward exchange contracts	356	(9,074)	4,854	–
Net exposure	49	17,088	(857)	505

Consolidated 2010	AUD $000	USD $000	Euro $000	GBP $000
Cash and cash equivalents	74	30,531	964	13,767
Trade and other receivables	404	66,279	8,017	35
Bank overdraft	–	(5,777)	–	(341)
Trade and other payables	(267)	(86,797)	(12,039)	–
Loans and borrowings	–	(7)	(2,828)	–
Gross balance sheet exposure	211	4,229	(5,886)	13,461
Forward exchange contracts	–	(14,441)	2,636	–
Net exposure	211	(10,212)	(3,250)	13,461

31. Financial risk management and financial instruments (continued)

Currency risk (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date	
AUD	2011	2010	2011	2010
US dollar	1.017	0.888	1.099	0.903
Euro	0.733	0.649	0.763	0.693
GBP	0.634	0.568	0.669	0.576
BRL	1.669	1.592	1.704	1.584

Sensitivity analysis

A 10 per cent strengthening or weakening of the Australian dollar against the following currencies at 31 July would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes all other variables, including interest rates, remain constant. The analysis also assumes that any increases in raw material costs arising from changes in exchange rates are not passed on to customers by way of selling prices. In the marketplace, nearly all raw material cost increases are passed on to customers and therefore the profit or loss impact below is not truly reflective of the full profit or loss impact of changes in exchange rates. The analysis is performed on the same basis for 2010.

	10 per cent strengthening	10 per cent weakening
	Consolidated profit or loss $000	Consolidated profit or loss $000
2011		
US dollar	(1,413)	1,554
Euro	102	(112)
GBP	(69)	75
2010		
US dollar	1,028	(1,131)
Euro	426	(469)
GBP	(2,125)	2,337

Interest rate risk

The group has the ability to use derivative financial instruments to manage specifically identified interest rate risks. Interest rate swaps, denominated in AUD, are entered into to achieve an appropriate mix of fixed and floating rate exposures. However, at 31 July 2011 and at 31 July 2010, there were no interest rate swaps in place.

Cash flow risk on Nufarm Step-up Securities

The group uses interest rate caps to protect the cash flow impact of a movement in the distribution base rate. The distribution rate is the average mid-rate for bank bills with a term of six months plus a margin of 1.90 per cent.

31. Financial risk management and financial instruments (continued)

Interest rate risk (continued)

Profile

At the reporting date the interest rate profile of the group and company's interest-bearing financial instruments was:

	Consolidated carrying amount 2011 $000	Consolidated carrying amount 2010 $000
Variable rate instruments		
Financial assets	128,686	74,819
Financial liabilities	(722,926)	(807,797)
	(594,240)	(732,978)

There were no fixed interest rate instruments during the year ended 31 July 2011 (2010: nil).

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The sensitivity is calculated on the debt at 31 July. Due to the seasonality of the crop protection business, debt levels can vary during the year. This analysis is performed on the same basis for 2010.

	Profit and loss 100bp increase $000	Profit and loss 100bp decrease $000
2011		
Variable rate instruments	(5,942)	5,942
Total sensitivity	(5,942)	5,942
2010		
Variable rate instruments	(7,330)	7,330
Total sensitivity	(7,330)	7,330

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	Note	Carrying amount 2011 $000	Fair value 2011 $000	Carrying amount 2010 $000	Fair value 2010 $000
Cash and cash equivalents	15	257,706	257,706	188,741	188,741
Trade and other receivables	16	713,234	713,234	828,527	828,527
Interest rate cap:					
Payable maturities – one to five years	21	–	–	43	43
Forward exchange contracts:					
Assets	16	74	74	43,801	43,801
Liabilities	24	(629)	(629)	(306)	(306)
Bank overdraft	15	(10,881)	(10,881)	(28,036)	(28,036)
Secured bank loans	25	(579,746)	(579,746)	–	–
Unsecured bank loans	25	(119,839)	(119,839)	(765,394)	(765,394)
Other loans	25	(2,134)	(2,134)	(2,353)	(2,353)
Finance leases	25	(10,326)	(10,326)	(12,014)	(12,014)
		247,459	247,459	253,009	253,009

31. Financial risk management and financial instruments (continued)

Fair values (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Consolidated			
2011	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Derivative financial assets	–	74	–	74
	–	74	–	74
Derivative financial liabilities	–	(629)	–	(629)
	–	(555)	–	(555)

	Consolidated			
2010	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Derivative financial assets	–	43,844	–	43,844
	–	43,844	–	43,844
Derivative financial liabilities	–	(306)	–	(306)
	–	43,538	–	43,538

There have been no transfers between levels in either 2011 or 2010.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the group's return on funds employed (ROFE). Return is calculated on the group's earnings before interest and tax and adjusted for any non-operating items. Funds employed is defined as shareholder's funds plus total interest bearing debt. The board of directors determines the level of dividends to ordinary shareholders. The board also reviews the group's total shareholder return with relevant comparator groups.

The board believes ROFE is an appropriate performance condition as it ensures management is focused on the efficient use of capital and the measure remains effective regardless of the mix of equity and debt, which may change from time to time. ROFE objectives will be set by the board at the beginning of each year. There will be a target and a stretch hurdle. These numbers will be based on the budget and growth strategy. The ROFE return for the year ended 31 July 2011 was 8.5 per cent (2010: 5.5 per cent).

There were no changes in the group's approach to capital management during the year.

32. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Consolidated 2011 $000	Consolidated 2010 $000
Not later than one year	10,474	9,873
Later than one year but not later than two years	9,797	9,139
Later than two years but not later than five years	13,955	17,713
Later than five years	127,234	151,579
	161,460	188,304

Operating leases are generally entered into to access the use of shorter term assets such as motor vehicles, mobile plant and office equipment. Rentals are fixed for the duration of these leases. There is a small number of leases for office properties. These rentals have regular reviews based on market rentals at the time of review.

33. Capital commitments

Capital expenditure commitments

	2011 $000	2010 $000
Plant and equipment		
Contracted but not provided for and payable:		
Within one year	10,828	11,274

34. Contingencies

The directors are of the opinion that provisions are not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2011 $000	2010 $000
Shareholder class action proceedings (refer to note 41).	–	–
Guarantee facility for eastern European joint ventures with FMC Corporation.	6,279	6,076
Environmental guarantee given to the purchaser of land and buildings at Genneviliers for EUR 8.5 million. The guarantee expires in 2014, 18 months after the expiry of the business tenancy contract.	11,136	12,265
Guarantee upon sale of a business limited to EUR 2.29 million on account of possible remediation costs for soil and groundwater contamination. This guarantee decreases from 2004 progressively to nil in 2011.	–	3,304
Insurance bond for EUR 2.717 million established to make certain capital expenditures at Gaillon plant in France. The insurance bond is for a three year term and expires in December 2013.	3,560	3,921
Nufarm has instigated arbitration proceedings against the previous owner of the Brazil business (acquired in 2007). The arbitration is in regard to potential pre-acquisition related tax liabilities and seeks to confirm that the tax indemnification clauses contained in the initial Investment Agreement are effective in allowing Nufarm to recover amounts from the previous owner. Based on the indemnification clauses in the agreement together with related legal advice, management is confident that the Arbitral Tribunal will find the previous owner responsible for indemnifying Nufarm in respect of the potential liabilities.	60,312	–
Contingent liabilities	81,287	25,566

35. Group entities

	Notes	Place of incorporation	Percentage of shares held 2011	2010
Parent entity				
Nufarm Limited – ultimate controlling entity				
Subsidiaries				
Access Genetics Pty Ltd		Australia	100	100
ACN000425927 Pty Ltd	(a)	Australia	100	100
Agcare Biotech Pty Ltd		Australia	70	70
Agchem Receivables Corporation		US	100	100
Agryl Holdings Limited	(a)	Australia	100	100
Ag-seed Research Pty Ltd		Australia	100	100
Agturf Inc		US	100	100
AH Marks (New Zealand) Limited		New Zealand	100	100
AH Marks Australia Pty Ltd		Australia	100	100
AH Marks Holdings Limited		United Kingdom	100	100
Artfern Pty Ltd	(a)	Australia	100	100
Australis Services Pty Ltd	(a)	Australia	100	100
Bestbeech Pty Ltd	(a)	Australia	100	100
Chemicca Limited	(a)	Australia	100	100
CNG Holdings BV		Netherlands	100	100
Crop Care Australasia Pty Ltd	(a)	Australia	100	100
Crop Care Holdings Limited		New Zealand	100	100
Croplands Equipment Limited		New Zealand	100	100
Croplands Equipment Pty Ltd	(a)	Australia	100	100
Danestoke Pty Ltd		Australia	100	100
Edgehill Investments Pty Ltd		Australia	100	100
Fchem (Aust) Limited	(a)	Australia	100	100
Fernz Canada Limited		Canada	100	100
Fernz Singapore Pte Ltd		Singapore	100	100
Fidene Limited		New Zealand	100	100
First Classic Pty Ltd		Australia	100	100
Framchem SA		Egypt	100	100
Frost Technology Corporation		US	100	100
Greenfarm Hellas Chemicals SA		Greece	100	100
Growell Limited		United Kingdom	100	50
Grupo Corporativo Nufarm SA		Guatemala	100	100
Laboratoire European de Biotechnologie s.a.s		France	100	100
Le Moulin des Ecluses s.a		France	100	100
Lefroy Seeds Pty Ltd		Australia	100	100
Les Ecluses de la Garenne s.a.s		France	100	100
Manaus Holdings Sdn Bhd		Malaysia	100	100
Marman (Nufarm) Inc		US	100	100
Marman de Guatemala Sociedad Anomima		Guatemala	100	100
Marman de Mexico Sociedad Anomima De Capital Variable		Mexico	100	100
Marman Holdings LLC		US	100	100
Mastra Corporation Pty Ltd		Australia	70	70
Mastra Corporation Sdn Bhd		Malaysia	70	70
Mastra Corporation USA Pty Ltd		Australia	70	70
Mastra Holdings Sdn Bhd		Malaysia	70	70
Mastra Industries Sdn Bhd		Malaysia	70	70
Medisup International NV		N. Antillies	100	100
Medisup Securities Limited	(a)	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

35. Group entities (continued)

	Notes	Place of incorporation	Percentage of shares held 2011	2010
Midstates Agri Services de Mexico		Mexico	100	100
Midstates Agri Services Inc		US	100	100
MMR Genetics Ltd		US	100	100
Nufarm (Asia) Pte Ltd		Singapore	100	100
Nufarm Africa SARL AU		Morocco	100	100
Nufarm Agriculture (Pty) Ltd		South Africa	100	100
Nufarm Agriculture Inc		Canada	100	100
Nufarm Agriculture Inc (USA)		US	100	100
Nufarm Agriculture Zimbabwe (Pvt) Ltd		Zimbabwe	100	100
Nufarm Americas Holding Company		US	100	100
Nufarm Americas Inc		US	100	100
Nufarm Asia Sdn Bhd		Malaysia	100	100
Nufarm Australia Limited	(a)	Australia	100	100
Nufarm BV		Netherlands	100	100
Nufarm Canada Receivables Partnership		Canada	100	100
Nufarm Chemical (Shanghai) Co Ltd		China	100	100
Nufarm Chile Limitada		Chile	100	100
Nufarm Colombia S.A.		Colombia	100	100
Nufarm Crop Products UK Limited		United Kingdom	100	100
Nufarm de Costa Rica		Costa Rica	100	100
Nufarm de Guatemala SA		Guatemala	100	100
Nufarm de Mexico Sa de CV		Mexico	100	100
Nufarm de Panama SA		Panama	100	100
Nufarm de Venezuela SA		Venezuela	100	100
Nufarm del Ecuador SA		Ecuador	100	100
Nufarm Deutschland GmbH		Germany	100	100
Nufarm do Brazil LTDA		Brazil	100	100
Nufarm Espana SA		Spain	100	100
Nufarm Finance BV		Netherlands	–	–
Nufarm Finance (NZ) Limited		New Zealand	100	100
Nufarm GmbH		Austria	100	100
Nufarm GmbH & Co KG		Austria	100	100
Nufarm Grupo Mexico		Mexico	100	100
Nufarm Holdings (NZ) Limited		New Zealand	100	100
Nufarm Holdings BV		Netherlands	100	100
Nufarm Holdings s.a.s		France	100	100
Nufarm Hong Kong Investments Ltd		Hong Kong	100	100
Nufarm Hungaria Kft		Hungary	100	100
Nufarm Inc.		US	100	100
Nufarm Industria Quimica e Farmaceutica SA		Brazil	100	100
Nufarm Insurance Pte Ltd		Singapore	100	100
Nufarm Investments Cooperatie WA		Netherlands	100	100
Nufarm Italia srl		Italy	100	100
Nufarm KK		Japan	100	100
Nufarm Labuan Pte Ltd		Malaysia	100	100
Nufarm Limited		United Kingdom	100	100
Nufarm Malaysia Sdn Bhd		Malaysia	100	100
Nufarm Materials Limited	(a)	Australia	100	100
Nufarm NZ Limited		New Zealand	100	100
Nufarm Peru SAC		Peru	100	100
Nufarm Platte Pty Ltd		Australia	100	100

35. Group entities (continued)

	Notes	Place of incorporation	Percentage of shares held 2011	2010
Nufarm Portugal LDA		Portugal	100	100
Nufarm Romania SRL		Romania	100	100
Nufarm s.a.s		France	100	100
Nufarm SA		Argentina	100	100
Nufarm Suisse Sarl		Switzerland	100	100
Nufarm Technologies (M) Sdn Bhd		Malaysia	51	51
Nufarm Technologies USA		New Zealand	100	100
Nufarm Technologies USA Pty Ltd		Australia	100	100
Nufarm Treasury Pty Ltd	(a)	Australia	100	100
Nufarm UK Limited		United Kingdom	100	100
Nufarm Ukraine LLC		Ukraine	100	100
Nufarm USA Inc		US	100	100
Nugrain Pty Ltd		Australia	100	100
Nuseed Americas Inc		US	100	100
Nuseed Holding Company		US	100	100
Nuseed Pty Ltd		Australia	100	100
Nuseed SA		Argentina	100	100
Nutrihealth Grains Pty Ltd		Australia	100	100
Nutrihealth Pty Ltd		Australia	100	100
Opti-Crop Systems Pty Ltd		Australia	75	75
Pharma Pacific Pty Ltd	(a)	Australia	100	100
PT Crop Care		Indonesia	100	100
PT Nufarm Indonesia		Indonesia	100	100
Richardson Seeds Ltd		US	100	100
Selchem Pty Ltd	(a)	Australia	100	100

Note (a). These entities have entered into a deed of cross guarantee dated 10 July 2000 with Nufarm Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of a class order issued by the Australian Securities and Investment Commission, these companies are relieved from the requirement to prepare financial statements.

36. Deed of cross guarantee

Under ASIC Class Order 98/1418, the Australian wholly-owned subsidiaries referred to in note 35 are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the class order that the company and each of the subsidiaries enter into a deed of cross guarantee. The parent entity and all the Australian controlled entities have entered into a deed of cross guarantee dated 10 July 2000 which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company.

A consolidated income statement and consolidated balance sheet, comprising the company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the deed of cross guarantee, at 31 July 2011 is set out as follows:

36. Deed of cross guarantee (continued)

	Consolidated 2011 $000	Consolidated 2010 $000
Summarised income statement and retained profits		
Profit before income tax expense	(87,425)	31,517
Income tax expense	3,253	(12,239)
Net profit attributable to members of the closed group	(84,172)	19,278
Retained profits at the beginning of the period	253,800	267,222
Amendments to the closed group	–	8
Dividends paid	–	(32,708)
Retained profits at the end of the period	169,628	253,800
Statement of financial position		
Current assets		
Cash and cash equivalents	66,771	87,326
Trade and other receivables	514,894	459,622
Inventories	174,514	139,347
Current tax assets	19,625	10,759
Total current assets	775,804	697,054
Non-current assets		
Equity accounted investments	6,237	11,174
Other investments	930,856	793,934
Deferred tax assets	24,347	26,558
Property, plant and equipment	157,879	160,756
Intangible assets	25,158	53,346
Total non-current assets	1,144,477	1,045,768
TOTAL ASSETS	1,920,281	1,742,822
Current liabilities		
Trade and other payables	216,939	310,476
Interest bearing loans and borrowings	365,505	4,800
Employee benefits	10,167	8,278
Current tax payable	–	8,497
Total current liabilities	592,611	332,051
Non-current liabilities		
Interest bearing loans and borrowings	–	47,350
Deferred tax liabilities	4,390	4,261
Employee benefits	8,998	1,952
Provisions	–	–
Total non-current liabilities	13,388	53,563
TOTAL LIABILITIES	605,999	385,614
NET ASSETS	1,314,282	1,357,208
Equity		
Share capital	1,058,151	1,058,578
Reserves	86,503	44,830
Retained earnings	169,628	253,800
TOTAL EQUITY	1,314,282	1,357,208

37. Parent entity disclosures

	Company 2011 $000	Company 2010 $000
Result of the parent entity		
Profit for the period	30,516	35,993
Other comprehensive income	(930)	346
Total comprehensive income for the period	29,586	36,339
Financial position of the parent entity at year end		
Current assets	1,104,438	1,053,216
Total assets	1,435,717	1,382,006
Current liabilities	135,980	112,024
Total liabilities	136,138	112,163
Total equity of the parent entity comprising of:		
Share capital	1,058,151	1,058,578
Reserves	35,407	35,590
Retained earnings	206,021	175,675
Total equity	1,299,579	1,269,843

Parent entity contingencies

With the exception of the class action proceedings detailed in note 41, there were no contingent liabilities for the parent entity in 2011 (2010: nil).

Parent entity capital commitments for acquisition of property, plant and equipment

There are no capital commitments for the parent entity in 2011 or 2010.

38. Reconciliation of cash flows from operating activities

	Consolidated 2011 $000	Consolidated 2010 $000
Cash flows from operating activities		
Profit for the period	(49,529)	(22,652)
Dividend from associated company	234	241
Non-cash items:		
Amortisation	23,711	15,455
Depreciation	40,686	42,093
Impairment loss – Brazil	70,004	–
Investment in associates write down	4,919	–
Gain on disposal of non current assets	(273)	1,303
Share of profits of associates net of tax	(2,377)	(47)
Movement in provisions for:		
Deferred tax	29,008	(16,325)
Tax assets	(30,378)	51,149
Exchange rate change on foreign controlled entities provisions	(9,681)	(8,504)
Operating profit before changes in working capital and provisions	76,324	62,713
Movements in working capital items:		
(Increase)/decrease in receivables	152,935	(50,450)
(Increase)/decrease in inventories	11,754	256,358
Increase/(decrease) in payables	(10,942)	(6,664)
Increase/(decrease) in income tax payable	1,484	(7,866)
Exchange rate change on foreign controlled entities working capital items	(77,160)	(59,480)
	78,071	131,898
Net operating cash flows	154,395	194,611

39. Key management personnel disclosures

The following were key management personnel of the consolidated entity at any time during the reporting period and were key management personnel for the entire period (except where denoted otherwise).

Non-executive directors

DG McGauchie AO (Chairman)
AB Brennan (appointed 10 February 2011)
GDW Curlewis (retired 2 December 2010)
GR Davis (appointed 31 May 2011)
Dr RJ Edgar
Dr WB Goodfellow
GA Hounsell
Dr JW Stocker AO

Executives

BF Benson – Group general manager agriculture
R Heath – Group general manager corporate services and company secretary
KP Martin[1] – Chief financial officer
DA Mellody – Group general manager global marketing
RF Ooms – Group general manager chemicals
MJ Pointon – Group general manager innovation and development
DA Pullan – Group general manager operations
RG Reis – Group general manager corporate strategy and external affairs
BJ Croft[2] – Group executive human resources and organisation development

Executive director

DJ Rathbone AM – Managing director and chief executive

1 KP Martin resigned as chief financial officer with effect from 30 June 2011.
2 BJ Croft joined Nufarm on 1 December 2010.

Key management personnel compensation

The key management personnel compensation included in personnel expenses (see note 9) is as follows:

	Consolidated	
	2011 $	2010 $
Short term employee benefits	7,049,406	8,688,922
Post employment benefits	480,384	472,036
Equity compensation benefits	720,000	–
Termination benefits	2,026,238	–
Other long term benefits	256,927	219,630
	10,532,955	9,380,588

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interest existing at year-end.

Loans to key management personnel and their related parties

There were no loans to key management personnel at 31 July 2011 (2010: nil).

Other key management personnel transactions with the company or its controlled entities

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arms-length basis.

39. Key management personnel disclosures (continued)

Other key management personnel transactions with the company or its controlled entities (continued)

From time to time, key management personnel of the company or its controlled entities, or their related entities, may purchase goods from the group. These purchases are on the same terms and conditions as those entered into by other group employees or customers and are trivial or domestic in nature.

Options and rights over equity instruments granted as compensation

With the exception of 10,990 shares granted to BJ Croft in the current year, no options or other equity instruments were granted to key management personnel during the current or prior year reporting period as compensation.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Nufarm Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Shares held in Nufarm Ltd	Balance at 1 August 2010	Granted as remuneration	Exercise of options	Net change other	Balance as at 31 July 2011
2011					
Directors					
DG McGauchie[1]	31,239	–	–	–	31,239
DJ Rathbone	16,144,890	–	–	(4,468,859)	11,676,031
AB Brennan (appointed 10 February 2011)	–	–	–	10,000	10,000
GDW Curlewis (retired 2 December 2010)[3]	45,913	–	–	(45,913)	–
G Davis (appointed 31 May 2011)	–	–	–	20,000	20,000
Dr WB Goodfellow[1,2]	1,120,551	–	–	–	1,120,551
Dr RJ Edgar	–	–	–	13,000	13,000
GA Hounsell[1]	43,723	–	–	–	43,723
Dr JW Stocker[1]	41,521	–	–	–	41,521
Executives					
BF Benson	63,162	–	–	(30,094)	33,068
BJ Croft	–	10,990	–	9,000	19,990
R Heath	206,250	–	–	–	206,250
KP Martin[3]	394,135	–	–	(394,135)	–
DA Mellody	20,128	–	–	(3,355)	16,773
RF Ooms	333,409	–	–	–	333,409
MJ Pointon	19,217	–	–	–	19,217
DA Pullan	159,527	–	–	–	159,527
RG Reis	104,096	–	–	–	104,096
Total	18,727,761	10,990	–	(4,890,356)	13,848,395

39. Key management personnel disclosures (continued)

Movements in shares (continued)

Shares held in Nufarm Ltd	Balance at 1 August 2009	Granted as remuneration	Exercise of options	Net change other	Balance as at 31 July 2010
2010					
Directors					
DG McGauchie[1]	20,038	–	–	11,201	31,239
DJ Rathbone	24,162,610	–	–	(8,017,720)	16,144,890
GDW Curlewis	48,280	–	–	(2,367)	45,913
Dr WB Goodfellow[1,2]	708,018	–	–	412,533	1,120,551
KM Hoggard (retired 13 July 2010)[1,3]	2,383,614	–	–	(2,383,614)	–
GA Hounsell[1]	46,720	–	–	(2,997)	43,723
Dr JW Stocker[1]	43,780	–	–	(2,259)	41,521
Executives					
BF Benson	74,501	–	–	(11,339)	63,162
R Heath	215,234	–	–	(8,984)	206,250
KP Martin	415,632	–	–	(21,497)	394,135
DA Mellody	20,966	–	–	(838)	20,128
RF Ooms	343,298	–	–	(9,889)	333,409
MJ Pointon	17,583	–	–	1,634	19,217
DA Pullan	151,616	–	–	7,911	159,527
RG Reis	119,315	–	–	(15,219)	104,096
Total	28,771,205	–	–	(10,043,444)	18,727,761

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

1 The shareholdings of GDW Curlewis, Dr WB Goodfellow, GA Hounsell, DG McGauchie and Dr JW Stocker include shares issued under the company's non-executive director share plan and are held by Pacific Custodians Pty Ltd as trustee of the plan.

2 The shareholding of Dr WB Goodfellow includes his relevant interest in:

(i) St Kentigern Trust Board (430,434 shares and 19,727 Nufarm Step-up Securities) – Dr Goodfellow is chairman of the Trust Board. Dr Goodfellow does not have a beneficial interest in these shares or Step-up Securities.

(ii) Sulkem Company Limited (120,000 shares).

(iii) 531 Trust (400,861 shares). Dr Goodfellow and EW Preston are trustees of 531 Trust.

(iv) Auckland Medical Research Foundation (26,558 Step-up Securities). Dr Goodfellow does not have a beneficial interest in these Step-up Securities.

(v) Trustees of the Goodfellow Foundation (33,854 shares and 1,338 Step-up Securities). Dr Goodfellow is chairman of the Foundation Board and does not have a beneficial interest in these shares or Step-up Securities.

3 The shareholding of GDW Curlewis has been removed under the 'net change other' column due to his retirement as a director on 2 December 2010. The shareholding of KP Martin has been removed under the 'net change other' column due to his resignation from the company on 30 June 2011. The shareholding of KM Hoggard was removed in the prior year under the 'net change other' column due to his retirement as chairman on 13 July 2010.

40. Non-key management personnel disclosures

(a) Transactions with related parties in the wholly-owned group

The parent entity entered into the following transactions during the year with subsidiaries of the group:

- loans were advanced and repayments received on short term intercompany accounts; and
- management fees were received from several wholly-owned controlled entities.

These transactions were undertaken on commercial terms and conditions.

(b) Transactions with associated parties

		Consolidated 2011 $000	Consolidated 2010 $000
Excel Crop Care Ltd	Purchases from	2,860	291
	Trade payable	99	–
F&N joint ventures	Sales to	43,376	47,754
	Trade payable	118	247
	Trade receivable	31,696	36,608
Sumitomo Chemical Company Ltd	Sales to	9,885	1,001
	Purchases from	28,542	2,029
	Trade receivable	1,435	251
	Trade payable	13,507	564

These transactions were undertaken on commercial terms and conditions.

41. Class action

In January 2011, Maurice Blackburn and Slater & Gordon issued class actions for unspecified damages on behalf of shareholders who purchased shares in Nufarm in the period September 2009 to August 2010. The two separate proceedings were consolidated into one proceeding on 9 August 2011. The class action alleges that Nufarm engaged in misleading and deceptive conduct and breached disclosure obligations in respect of its financial forecasts.

Nufarm believes that the claims made against it are misconceived. Nufarm will vigorously defend the proceeding.

The class action has been brought on behalf of an 'open class' – being all shareholders who purchased Nufarm shares during the period 28 September 2009 to 31 August 2010. The action is an 'opt out' proceeding, meaning all shareholders falling within the class definition are represented unless and until they opt out. The court will fix a time before which the class members can opt out of the action. Accordingly, at the date of this report, Nufarm does not know the number of shareholders in the claim or the size of the claim, nor can it quantify any potential financial exposure arising from the claim. No amount has been provided for in the financial report in relation to this matter.

42. Subsequent events

On 23 August 2011, Nufarm executed a $300 million trade receivable securitisation facility. Funding from the securitisation facility will be used to repay an initial tranche of up to $300 million of debt from the 12 month $900 million syndicated facility that was put in place in December 2010. The multi-currency securitisation facility provides a primary source of funding for Nufarm's working capital needs.

On 12 September 2011, Nufarm announced that it had executed a binding settlement agreement in relation to a long-running dispute relating to a past receivable. The settlement will recover $13.5 million against the receivable's value. The write down associated with the unrecovered portion of the receivable has been treated as a material item in these accounts (see note 6) and is included in the current year result.

On 23 September 2011, Nufarm confirmed that it would 'step-up' the Nufarm Step-up Securities (NSS). This will result in the interest margin attached to the NSS being stepped up by 2.0 per cent, with the new interest margin being set at 3.9 per cent as at 24 November 2011 for the next distribution after that date. No other terms were adjusted and there are no further step-up dates.

43. Auditors' remuneration

	Consolidated 2011 $000	2010 $000
Audit services		
KPMG Australia		
Audit and review of group financial report	592	469
Overseas KPMG firms		
Audit and review of group financial report	675	862
Audit and review of local statutory reports	386	493
	1,653	1,824
Other auditors		
Audit and review of financial reports	81	150
Audit services remuneration	1,734	1,974
Other services		
KPMG Australia		
Other advisory services	36	69
Overseas KPMG firms		
Other assurance services	36	27
Other services remuneration	72	96

DIRECTORS' DECLARATION

1. In the opinion of the directors of Nufarm Limited (the company):
   (a) the consolidated financial statements and notes, and the remuneration report in the directors' report, are in accordance with the Corporations Act 2001 including:
      (i) giving a true and fair view of the group's financial position as at 31 July 2011 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the company and the group entities identified in note 36 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between the company and those group entities pursuant to ASIC Class Order 98/1418.
3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 July 2011.
4. The directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Melbourne this 28th day of September 2011

DG McGauchie
Director

DJ Rathbone
Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NUFARM LIMITED

KPMG

Report on the financial report

We have audited the accompanying financial report of Nufarm Limited (the Company), which comprises the consolidated balance sheet as at 31 July 2011, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 43 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 July 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included under the heading 'remuneration report' in the directors' report for the year ended 31 July 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Nufarm Limited for the year ended 31 July 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
28 September 2011

SHAREHOLDER AND STATUTORY INFORMATION

Details of shareholders, shareholdings and top 20 shareholders

Listed securities – 28 September 2011	Number of holders	Number of securities	Percentage held by top 20
Fully paid ordinary shares	13,540	211,781,821	80.88

Twenty largest shareholders	Ordinary shares as at 28.09.11	Percentage of issued capital as at 28.09.11
Sumitomo Chemical Company Limited	60,210,136	23.00
National Nominees Limited	30,633,068	11.70
JP Morgan Nominees Australia Limited	28,305,190	10.81
HSBC Custody Nominees (Australia) Limited	28,194,902	10.77
Amalgamated Dairies Limited	14,430,798	5.51
Falls Creek No 2 Pty Ltd	10,763,092	4.11
Citicorp Nominees Pty Limited	9,642,798	3.68
JP Morgan Nominees Australia Limited <Cash Income A/C>	8,460,167	3.23
Challenge Investment Company Limited	3,130,282	1.20
Queensland Investment Corporation	2,589,259	0.99
AMP Life Limited	2,389,070	0.91
Mr Edgar William Preston + Mr Paul Gerard Keeling <Avalon A/C>	2,364,282	0.90
Cogent Nominees Pty Limited	1,987,752	0.76
GBH Trustee Services Limited + Mr Aaron Craig Quintal	1,900,000	0.73
Pacific Custodians Pty Limited <Global Share Plan A/C>	1,646,915	0.63
Douglas Industries Limited	1,170,866	0.45
HSBC Custody Nominees (Australia) Limited – A/C 2	1,156,791	0.44
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,013,535	0.39
CPU Share Plans Pty Ltd <Nufarm ESP Control A/C>	943,620	0.36
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	849,298	0.32

Distribution of shareholders	Number of holders as at 28.09.11	Ordinary shares held as at 28.09.11
Size of holding		
1 – 1,000	5,981	2,797,642
1,001 – 5,000	5,862	13,944,948
5,001 – 10,000	1,070	7,647,823
10,001 – 100,000	564	11,916,098
100,001 and over	63	225,526,494

Of these, 1,077 shareholders held less than a marketable parcel of shares of $500 worth of shares (116 shares). In accordance with the ASX Listing Rules, the last sale price of the company's shares on the ASX on 28 September 2011 was used to determine the number of shares in a marketable parcel.

SHAREHOLDER AND STATUTORY INFORMATION
CONTINUED

Stock exchanges on which securities are listed

Ordinary shares: Australian Securities Exchange Limited.

Substantial shareholders

In accordance with section 671B of the Corporations Act, as at 28 September 2011, the substantial shareholders set out below have notified the company of their respective relevant interest in voting shares in the company shown adjacent to their respective names as follows:

Number and percentage of shares in which interest held at date of notice

	Date of notice	Number	Interest %
National Australia Bank Ltd	8 August 2011	13,340,609	5.095
Sumitomo Chemical Company	10 June 2011	60,210,136	23.000
Nufarm Limited[1]	10 June 2011	60,210,136	23.000
Amalgamated Dairies Ltd	31 May 2010	14,330,798	5.470
Khyber Pass Investments Ltd[2]	31 May 2010	14,349,658	5.480
Glade Buildings Ltd[3]	31 May 2010	14,692,730	5.610
Hauraki Trading Co. Ltd[4]	31 May 2010	14,679,639	5.610
PG Keeling & EW Preston (Oxford Trustees)[5]	31 May 2010	14,711,590	5.620

1 Nufarm Limited has a relevant interest in the shares held by Sumitomo Chemical Company. The relevant interest arises under a Shareholder Deed dated 22 January 2010 between Nufarm and Sumitomo which contains certain obligations relating to the voting and disposal of shares in Nufarm by Sumitomo.

2 Khyber Pass Ltd has a relevant interest in Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Amalgamated Dairies Ltd.

3 Glade Building Ltd has a relevant interest in Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Amalgamated Dairies Ltd.

4 Hauraki Trading Ltd has a relevant interest in Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Amalgamated Dairies Ltd.

5 Oxford Trustees has a relevant interest in Glade Building Ltd, Khyber Pass Ltd and Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Glade Building Ltd, Khyber Pass Ltd and Amalgamated Dairies Ltd.

Voting rights

On a show of hands, every shareholder present in person or represented by a proxy or representative shall have one vote and on a poll every shareholder who is present in person or represented by a proxy or representative shall have one vote for every fully paid share held by the shareholder.

Shareholder information

Annual general meeting

The annual general meeting of Nufarm Limited will be held on Thursday 1 December 2011 at 10.00am in Bourke Rooms 1 and 2, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria. Full details are contained in the notice of meeting sent to all shareholders.

Voting rights

Shareholders are encouraged to attend the annual general meeting. However, when this is not possible, they are encouraged to use the form of proxy by which they can express their views. Proxy voting can be completed online via www.nufarm.com/annualgeneralmeeting or via post by completing the proxy form and sending it back in the return envelope.

Every shareholder, proxy or shareholder's representative has one vote on a show of hands. In the case of a poll, each share held by every shareholder, proxy or representative is entitled to:

(a) one vote for each fully paid share; and

(b) voting rights in proportion to the paid up amount of the issue price for partly paid shares.

Stock exchange listing

Nufarm shares are listed under the symbol NUF on the ASX. The securities of the company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System), which allows settlement of on-market transactions without having to reply on paper documentation.

Shareholders seeking more information about CHESS should contact their stockbroker or the ASX.

Shareholder details

The Nufarm Limited Share Register is managed by Computershare Investor Services. You can gain access to your shareholding information in the following ways.

Online via Investor Centre

Step 1 Go to www.computershare.com/au/investors
Step 2 Select 'Holding Enquiry'
Step 3 Enter NUF or Nufarm Limited
Step 4 Enter your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), postcode or country if outside Australia
Step 5 Enter the security code that appears and agree to the terms and conditions
Step 6 Select 'Submit'
Step 7 You will be asked to choose a User ID and password. Please keep this information confidential.

By telephone via InvestorPhone

InvestorPhone provides telephone access 24 hours a day seven days a week.

Step 1 Call the Nufarm shareholder information line on 1300 652 479 (within Australia) or +61 3 9415 4360 (outside Australia).
Step 2 Follow the prompts to gain secure, immediate access to your:
– holding details
– registration details
– payment information.

Shareholder communications

You can choose to receive shareholder communications electronically. Register for this initiative at www.eTree.com.au/nufarm and a donation of $1 will go to Landcare to support urgent reforestation projects in Australia and New Zealand.

The default for receiving the annual report is now via the company's website – www.nufarm.com

SHAREHOLDER AND STATUTORY INFORMATION
CONTINUED

Shareholder enquiries

Contact:

Computershare Investor Services
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
GPO Box 2975
Melbourne Victoria 3001

Telephone: 1300 652 479 (within Australia)
+61 3 9415 4360 (outside Australia)
Email: web.queries@computershare.com.au

Key dates

27 October 2011*	Annual report sent to shareholders
1 December 2011	Annual general meeting
28 March 2012*	Announcement of profit result for half year ending 31 January 2012
31 July 2012	End of financial year

* Subject to confirmation.

For enquiries relating to the operations of the company, please contact the Nufarm Corporate Affairs Office on:

Telephone: +61 3 9282 1177
Facsimile: +61 3 9282 1111
Email: robert.reis@au.nufarm.com

Written correspondence should be directed to:

Corporate Affairs Office
Nufarm Limited
PO Box 103
Laverton Victoria 3028 Australia

DIRECTORY

Directors

DG McGauchie AO – Chairman
DJ Rathbone AM – Managing director
AB Brennan
GR Davis
Dr RJ Edgar
Dr WB Goodfellow
GA Hounsell
PM Margin
Dr JW Stocker AO

Company secretary

R Heath

Solicitors

Arnold Bloch Leibler & Co
333 Collins Street
Melbourne Victoria 3000 Australia

Auditors

KPMG
147 Collins Street
Melbourne Victoria 3000 Australia

Trustee for Nufarm Step-up Securities

Permanent Trustee Company Ltd
35 Clarence Street
Sydney NSW 2000 Australia

Share registrar

Australia
Computershare Investor Services Pty Ltd
GPO Box 2975EE
Melbourne Victoria 3001 Australia
Telephone: 1300 850 505
Outside Australia: +61 3 9415 4000

Step-up Securities registrar

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Private Bag 92119
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Telephone: +64 9 488 8700

Registered office

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Telephone: +61 3 9282 1000
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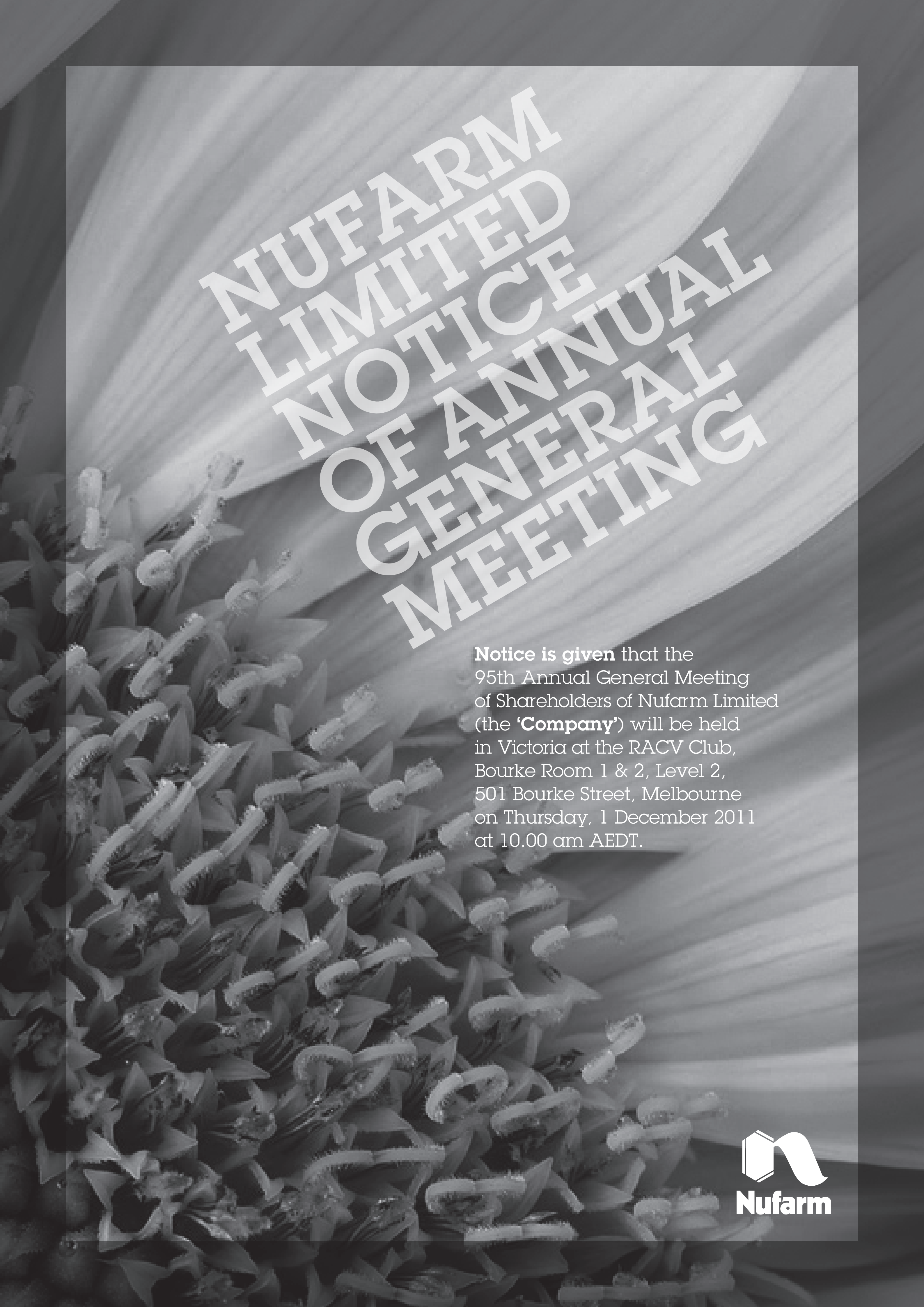
http://www.nufarm.com

Nufarm Limited
ACN 091 323 312

Produced by Gillian Sweetland. Photographers include Lynton Crabb, Danielle Moore, Melissa Powell and Shanna Rowlands. Designed by MDM Design.


Nufarm



NUFARM LIMITED NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 95th Annual General Meeting of Shareholders of Nufarm Limited (the **'Company'**) will be held in Victoria at the RACV Club, Bourke Room 1 & 2, Level 2, 501 Bourke Street, Melbourne on Thursday, 1 December 2011 at 10.00 am AEDT.

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Business

1. Financial Reports and Statements

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 July 2011.

2. Remuneration Report

To receive, consider and adopt the Remuneration Report for the year ended 31 July 2011.

3. Re-election of Directors

To consider, and if thought fit, pass each of the following resolutions as separate resolutions:

(a) That Ms Anne Bernadette Brennan, who was appointed as a Director of the Company on 10 February 2011 and in accordance with the Company's constitution and ASX Listing Rule 14.4 being eligible, offers herself for re-election, be re-elected as a Director of the Company.

(b) That Mr Gordon Richard Davis, who was appointed as a Director of the Company on 31 May 2011 and in accordance with the Company's constitution and ASX Listing Rule 14.4 being eligible, offers himself for re-election, be re-elected as a Director of the Company.

(c) That Mr Peter Maxwell Margin, who was appointed as a Director of the Company on 3 October 2011 and in accordance with the Company's constitution and ASX Listing Rule 14.4 being eligible, offers himself for re-election, be re-elected as a Director of the Company.

In accordance with the ASX Listing Rules and the Company's constitution, the Company must hold an election of Directors each year. No Director (other than Ms Anne Bernadette Brennan, Mr Gordon Richard Davis and Mr Peter Maxwell Margin) is required to be submitted for re-election at this year's AGM. In accordance with the Company's constitution, Dr JW (John) Stocker AO retires by rotation and is not seeking re-election.

Special Business

4. Amendment to Constitution

To consider, and if thought fit, pass the following special resolution:

"That the Constitution of the Company be amended by inserting the words "except to the extent permitted by the Law or permitted under the Listing Rules" at the end of clause 13.4.

5. Issue of Performance Rights to Managing Director/CEO – Mr Doug Rathbone

To consider, and if thought fit, pass the following resolution:

"That, for the purpose of Listing Rule 10.14, approval be given to the issue of 180,749 Performance Rights to the Company's Managing Director and Chief Executive Officer, Mr Doug Rathbone, and on vesting of the Performance Rights, the issue of Ordinary Shares in accordance with the terms of the Company's LTI Plan as set out in the Explanatory Notes which accompany the Notice of AGM."

By Order of the Board

Rodney Heath
Company Secretary
4 October 2011

1. Defined Terms

Capitalised terms used in this Notice of AGM (including those used in the items set out in this Notice) have, unless otherwise defined, the same meanings as set out in the Explanatory Notes attached to this Notice.

2. Material Accompanying this Notice

The following materials accompany this Notice:

(a) the Financial Report, Directors' Report and Auditor's Report, including the Remuneration Report, if you have elected to receive a printed copy and have not withdrawn that election;

(b) the Explanatory Notes setting out details relevant to the business set out in this Notice; and

(c) a Proxy Form.

3. Voting and Required Majority – Corporations Act

(a) In accordance with section 249HA of the Corporations Act for **resolution 2** and **resolutions 3(a), 3(b)** and **3(c)** (all inclusive) and **resolution 5** to be effective:

(i) not less than 28 days written notice specifying the intention to propose the resolutions has been given; and

(ii) each resolution must be passed by more than 50% of all the votes cast by Shareholders entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).

(b) In accordance with sections 9 and 249HA of the Corporations Act for **resolution 4** to be effective:

(i) not less than 28 days written notice specifying the intention to propose the resolution as a special resolution has been given; and

(ii) the special resolution must be passed by at least 75% of all the votes cast by Shareholders entitled to vote on the special resolution (whether in person or by proxy, attorney or representative).

(c) Subject to paragraph 4 below, on a show of hands every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Ordinary Share held.

4. Voting Exclusion Statement

(a) Item 2

In accordance with the Corporations Act, a member of the Company's Key Management Personnel ('**KMP**') and closely related parties of a KMP, whose remuneration is included in the Remuneration Report, will not be eligible to vote on **resolution 2**, except if the person:

(i) votes as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; **and**

(ii) the vote is not cast on behalf of a person who is a KMP or a closely related party of a KMP.

(b) Item 5

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolution 5 by the Managing Director and Chief Executive Officer, Mr Doug Rathbone, and his associates and any other Director and their respective associates (except if ineligible to participate in any employee incentive scheme in relation to the Company). However, the Company will not disregard a vote if it is cast by:

(i) a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(ii) the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As Mr Doug Rathbone is a member of the Company's KMP, in accordance with the Corporations Act, a vote must not be cast on this resolution by him or any other KMP, or a closely related party of Mr Doug Rathbone or any other KMP, acting as a proxy if the Proxy Form does not specify the way the proxy is to vote on this resolution. However, the Company will not disregard any proxy votes cast on this resolution by a KMP if the KMP is the Chairman of the AGM acting as a proxy and the appointment expressly authorises the Chairman to exercise the proxy even though this resolution is connected with the remuneration of Mr Doug Rathbone.

5. Shareholders Eligible to Vote

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that, for the purposes of the AGM, all Ordinary Shares in the Company will be taken to be held by the persons registered as Shareholders at **7.00pm AEDT on Tuesday, 29 November 2011** (‘**Effective Time**’).

6. Proxies and Representatives

(a) All Shareholders at the Effective Time who are entitled to attend at the AGM may appoint a proxy for that purpose.

(b) A proxy need not be a Shareholder of the Company.

(c) The Proxy Form sent to you with this Notice should be used for the AGM unless you appoint your proxy online as set out in clause 6(g) below.

(d) Each Shareholder who is entitled to cast two or more votes at the AGM, may appoint up to two proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder **does not** specify the proportion or number of that Shareholder’s votes each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by the Company on request.

(e) Any Shareholder may appoint an attorney to act on behalf of the Shareholder at the AGM. The power of attorney, or a certified copy of it, must be received by the Company as set out in clause 6(g) below.

(f) Any corporation which is a Shareholder of the Company may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company as set out in clause 6(g) below at any time before the time of the meeting, or adjourned meeting, or at the meeting.

(g) Proxies and powers of attorney granted by Shareholders must be received by the Company by no later than **10.00am AEDT on Tuesday, 29 November 2011**:

(i) electronically, by visiting www.investorvote.com.au and following the instructions provided **but** a proxy cannot be appointed online if appointed under power of attorney or similar authority; **or**

(ii) at the Company’s share registry in Australia – Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria, 3001; **or**

(iii) by fax at the Company’s share registry – fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); **or**

(iv) for Intermediary Online subscribers **only** (custodians) – electronically by visiting www.intermediaryonline.com.

Please refer to the Proxy Form accompanying this Notice for more information.

EXPLANATORY NOTES

1. General

(a) These Explanatory Notes contain information relevant to the business referred to in the Notice of AGM of Nufarm Limited (the '**Company**'), which they accompany. **These Explanatory Notes should be read carefully by Shareholders prior to the AGM**.

(b) All capitalised terms used in these Explanatory Notes have the meanings set out in the Glossary of Terms located at the end of this document.

(c) Further details relating to each item in the Notice of AGM is set out below.

2. Business

(a) Item 1: Financial Reports and Statements

The Financial Report, Directors' Report and Auditor's Report of the Nufarm Group, prepared on a consolidated single entity basis for the most recent financial year, will be laid before the AGM as required by the Corporations Act. This item does not require a formal resolution to be put to the meeting.

The Chairman will give Shareholders a reasonable opportunity to ask the Auditor questions relevant to the Auditor's Report or conduct of the audit. If a Shareholder prefers to put written questions to the Auditor, the Shareholder is entitled to submit questions relevant to the content of the Auditor's Report or the conduct of the audit, in writing, to the Company, up to five business days prior to the AGM. The Company will pass the questions on to the Auditor prior to the AGM. The Auditor may, but is not obligated to, answer any written or oral questions that are put to it by Shareholders.

The Financial Report, Directors' Report and Auditor's Report are available for Shareholders to access and download from the Company's website at www.nufarm.com/Annual Reports. In accordance with the Corporations Act, a printed copy of these reports has only been sent to Shareholders who have asked for them.

(b) Item 2: Remuneration Report

The Remuneration Report (which forms part of the Directors' Report) is required to include discussion on a number of issues relating to remuneration policy and its relationship to the Nufarm Group's performance.

As required under section 250R(2) of the Corporations Act, a resolution will be put to Shareholders to adopt the Remuneration Report. Shareholders should note that the vote on this resolution is advisory only and is not binding on the Board.

Under new reforms to the Corporations Act which apply to this year's AGM, if 25% or more of the votes cast on this Resolution are against adoption of the Remuneration Report, the Company will be required to consider, and report to Shareholders on, what action (if any) has been taken to address Shareholders' concerns at next year's annual general meeting.

Directors' recommendation

The Directors unanimously recommend Shareholders vote in favour of adopting the Remuneration Report. As stated in the Notice of AGM, each of the KMP's whose remuneration is included in the Remuneration Report and closely related parties of those KMP's are not eligible to vote on this Resolution, except as stated in the Notice of AGM.

The Chairman intends to vote all available proxies in favour of the adoption of the Remuneration Report.

(c) Items 3(a), 3(b) and 3(c): Re-election of Directors

Each re-election will be conducted as a separate resolution.

Ms Anne Bernadette Brennan, 51, joined the Board in February 2011.

Anne has a bachelor of commerce (Hons) from University College Galway and is a fellow of the Institute of Chartered Accountants in Australia and a fellow of the Australian Institute of Company Directors.

She has over 25 years in senior finance roles and in professional accounting firms.

Anne was formerly the executive finance director for the Coates Group and chief financial officer for CSR Limited. Anne has extensive experience in financial management, treasury, audit, risk management, tax, investor relations and ASX and statutory reporting. Anne is a director of Myer Limited, Charter Hall Group, Cuscal Limited and Argo Investments Limited. Anne is also a member of the Audit Committee.

EXPLANATORY NOTES CONTINUED

Mr Gordon Richard Davis, 55, joined the Board in May 2011.

Gordon has a bachelor of forest science (Hons), master of agricultural science and holds a master of business administration.

Gordon was managing director of AWB Limited between 2006 and 2010. Prior to this, he held various senior executive positions with Orica, including general manager of Orica Mining Services (Australia, Asia) and general manager of Incitec Fertilizers. He has also served in a senior capacity on various industry associations.

Gordon is also a member of the Human Resources Committee.

Mr Peter Maxwell Margin, 51, joined the Board on 3 October 2011

Peter has a Bachelor of Science (Hons) from the University of NSW and holds a Master of Business Administration from Monash University.

Peter has many years of leadership experience in major Australian and International food companies. His most recent role was as Chief Executive of Goodman Fielder Ltd, and prior to that Peter was Chief Executive and Chief Operating Officer of National Foods Ltd. Peter has also held senior management roles in Simplot, Pacific Dunlop, East Asiatic Company, and Heinz.

Peter is currently a director of Bega Cheese Ltd.

Further information about the Directors can be found in the Directors' Report which accompanies, and forms part of, the Financial Report.

Directors' Recommendation

The continuing Directors unanimously support, and recommend, the re-election of Ms Anne Bernadette Brennan, Mr Gordon Richard Davis and Mr Peter Maxwell Margin.

The Chairman intends to vote all available proxies in favour of the re-election of Ms Anne Bernadette Brennan, Mr Gordon Richard Davis and Mr Peter Maxwell Margin.

(d) Item 4: Amendment to Constitution

Background

Item 4 set out in the Notice of AGM seeks approval, by special resolution, to the proposed amendment to the Company's constitution.

Listing Rule 8.14 was amended on 24 January 2011 to permit listed entities and their share registries to charge a reasonable fee for registering paper-based off-market transfers. The Company's share registry has advised that it has notified ASX of the amounts it proposes to charge for this service.

As the Company's constitution mirrors the previous prohibition in Listing Rule 8.14, the Board considers that the amendment to the Company's existing constitution is appropriate to ensure that it is consistent with the Listing Rules.

Shareholder approval

Shareholders are asked to pass this resolution as a special resolution pursuant to section 136 of the Corporations Act.

Recommendation

The Directors unanimously recommend that you vote in favour of resolution 4 set out in the Notice of AGM.

The Chairman intends to vote all available proxies in favour of the amendment to the Company's constitution.

(e) Item 5: Issue of Performance Rights to Managing Director/CEO – Mr Doug Rathbone

Background

Item 5 set out in the Notice of AGM seeks approval to the proposed issue of Performance Rights to the value of $750,000 to Mr Doug Rathbone, the Company's Managing Director and Chief Executive Officer, in accordance with the terms of the Company's LTI Plan.

As part of the Board's annual review of its remuneration policy a set of revised remuneration principles were considered and adopted for the 2012 financial year following consultation with, and receiving advice from, independent remuneration consultants, Ernst & Young, and consideration of recommendations made by the Company's Human Resources Committee ('**HR Committee**').

As a result of that review the Board established the LTI Plan for the purpose of better aligning the interests of Nufarm Group's key management personnel and other senior executives (including the Company's Managing Director and Chief Executive Officer) and its Shareholders, ensuring that senior executive remuneration is competitive and clearly link senior executive rewards to the Nufarm Group's performance and growth of its business. The Board approved the LTI Plan on 28 September 2011.

The remuneration package for Mr Doug Rathbone for the 2012 financial year will comprise three components, fixed remuneration ('**TEC**'), a short term incentive opportunity each of which are described in the Remuneration Report, and a long term incentive award of $750,000 ('**LTI Value**').

The Directors (excluding Mr Doug Rathbone) have taken into consideration the nature of Mr Rathbone's position, the purpose of the long term component of the Company's revised remuneration strategy, benchmarking against the practices of a selected comparator group comprising companies of a similar size and complexity to Nufarm and other relevant information provided by the independent remuneration consultants and the HR Committee.

The Board will invite Mr Doug Rathbone to participate in the LTI Plan and will offer him Performance Rights to the value of $750,000 which, if certain pre-determined performance conditions are achieved, will entitle him to acquire Ordinary Shares. The issue of the Performance Rights to Mr Doug Rathbone is conditional on Shareholder approval.

Level of participation by Mr Doug Rathbone

If Shareholders approve this resolution, the issue of the Performance Rights will equate to 50% of Mr Doug Rathbone's TEC, with the number of Performance Rights calculated by dividing the LTI Value by the volume weighted average market price of Ordinary Shares traded on the ASX in the five trading days following (and including) 29 September 2011.

Mr Doug Rathbone currently holds, directly or indirectly through associated entities, 11,676,031 Ordinary Shares. At the date of the Notice, on a fully diluted basis, Mr Doug Rathbone has a 4.459% relevant interest in the total voting rights in the Company. If Shareholders approve the issue of these Performance Rights to Mr Doug Rathbone and these Performance Rights vest, Mr Doug Rathbone's relevant interest in the Company will increase by 180,749 to 4.528% on a fully diluted basis, based on the issued capital of the Company as at the date of these Explanatory Notes.

Key terms of the Performance Rights

(a) The Performance Rights will be issued to Mr Doug Rathbone for no cash consideration as soon as possible after the AGM if Shareholders approve this resolution. In any event the Performance Rights will be issued no later than 12 months after the date of the AGM.

(b) The Performance Rights will vest in two equal tranches, **only** if the performance conditions set out below ('**Conditions**') over the period of three years commencing on 1 August 2011 and ending 31 July 2014 ('**Performance Period**') have been satisfied.

(c) The two tranches will be tested independently of each other and vest as follows:

   (i) 50% of the Performance Rights will vest subject to achieving a relative total shareholder return ('**TSR**') performance hurdle measured against a selected comparator group referred to in paragraph (e) below; and

   (ii) the remaining 50% of the Performance Rights will vest subject to an absolute return of funds employed ('**ROFE**') target.

(d) The Performance Rights will be performance tested as soon as practicable following 31 July 2014 ('**Testing Date**').

EXPLANATORY NOTES CONTINUED

(e) The TSR will be determined by measuring and ranking the Company's TSR relative to a comparator group comprising constituents of the S&P ASX 200 (excluding companies classified in the financial, materials and energy sectors) over the Performance Period. This comparator group has been selected because it provides a group which is large enough for sound measurement with exclusions that reduce the volatility by removing companies that are in significantly different industries. For the purpose of this performance measurement, each company's share price will be measured using the average closing price over a period of 60 days up to (but excluding) the first day of the Performance Period and the average closing price over an equal period of time up to and including the last day of the Performance Period. Dividends will be assumed to have been reinvested on the ex-dividend date and tax and franking credits or equivalent, if any, will be ignored.

(f) The number of Performance Rights that may vest if the Company's TSR relative to the comparator group over the Performance Period is ranked at or above the 50th percentile is set out in the following table:

TSR of Nufarm Group relative to TSR of comparator group	Portion of Performance Rights that vest
Less than the 50th percentile	0%
50th percentile	50%
Between 51st percentile and 75th percentile	Between 50% and 100% increasing on a straight line basis
75th percentile	100%

(g) The comparator group will be adjusted to exclude companies which are delisted due to merger or sale but companies which have been removed from the S&P ASX 200 due to share price performance but remain listed on ASX will remain and companies which are delisted for corporate failure will be retained but given a total shareholder return of – 100% to reflect the negative shareholder value.

(h) The ROFE performance hurdle will be set by the Board for the 2012 year at both a target ('**Target**') and a stretch ('**Stretch**') hurdle level. The Board will determine a Target and Stretch ROFE target at the beginning of each year during the Performance Period with a focus on the budget and growth strategy. The ROFE performance will then be averaged over the Performance Period. Details of how Nufarm performed against the Target and Stretch hurdles will be disclosed following the end of the Performance Period.

(i) The ROFE will be calculated on the Nufarm Group's earnings before interest and taxation and adjusted for any non-operating items. Funds employed are represented by Shareholders' funds (equity) plus total interest bearing debt.

(j) The number of Performance Rights that may vest if the Company's ROFE target is achieved will be averaged over the Performance Period as set out in the following table:

Average absolute ROFE	Portion of Performance Rights that vest
Less than Target ROFE	0%
Target ROFE	50%
Between Target ROFE and Stretch	Straight line vesting between 50% and 100%
Stretch	100%

(k) Following the end of the Performance Period and the Testing Date, the Company will notify Mr Doug Rathbone of the level of vesting.

(l) The Conditions applying to the Performance Rights will be tested only once and to the extent the Conditions have not been met at the end of the Performance Period, the relevant Performance Rights will not be re-tested.

(m) Performance Rights which have not vested will automatically lapse if:

- Mr Doug Rathbone ceases to be employed by the Company, for any reason, before the first anniversary of the grant date of the Rights (unless the Board determines otherwise);
- Mr Doug Rathbone ceases to be employed by the Company in circumstances other than death, total and permanent disability or retirement over the age of 60 years or such other reason determined by the Board ('**Qualifying Reason**'); or
- the Conditions have not been fully satisfied.

(n) Performance Rights may be capable of accelerated vesting in the event of a takeover bid or scheme of arrangement resulting in a change of control of the Company or following cessation of employment for a Qualifying Reason (subject to an assessment of the Conditions on cessation of employment) on terms determined by the Board.

(o) Performance Rights are not transferable except with the consent of the Board and do not carry voting or dividend rights.

(p) On vesting of a Performance Right, Mr Doug Rathbone will be entitled to receive one Ordinary Share for no consideration and until conversion into an Ordinary Share, the Performance Right will be held on trust by the trustee for the time being of the LTI Plan, on the terms of the rules of the LTI Plan.

(q) Ordinary Shares to be allocated on vesting and exercise of any Performance Rights may be satisfied by the issue of new Ordinary Shares or acquired on market. All new Ordinary Shares issued will rank, in all respects, equally with all other Ordinary Shares and the Company will apply for quotation of the new Ordinary Shares on ASX.

(r) If there is a reorganisation of the Company's capital, the rights attaching to Performance Rights will be adjusted to comply with the ASX Listing Rules to the extent necessary to reflect the effects of the reorganisation.

Additional information

The ASX Listing Rules require that this Notice include the following additional information.

As the date of the Notice of AGM, no Performance Rights have been issued under the Company's LTI Plan and no other Director or associate of a Director is eligible to participate in the LTI Plan. No other person who requires approval to participate in the LTI Plan under ASX Listing Rule 10.14 will be issued with Performance Rights unless Shareholder approval is obtained. No loans will be granted to Mr Doug Rathbone in relation to his participation in the LTI Plan and Mr Doug Rathbone is prohibited from entering into hedging transactions or arrangements in respect of these Performance Rights.

Details of Performance Rights issued under the LTI Plan in any financial year will be published in the Company's annual report and that approval to the issue was obtained under ASX Listing Rule 10.14.

Shareholder approval

Shareholders are asked to approve the issue of the Performance Rights to Mr Doug Rathbone in accordance with, and for the purpose of, ASX Listing Rule 10.14.

Recommendation

The Directors, other than Mr Doug Rathbone, believe that the success of the Nufarm Group will depend largely on the skills, motivation and leadership of Mr Doug Rathbone in overseeing the management of the Nufarm Group's operations and strategy. The Directors (excluding Mr Doug Rathbone) unanimously recommend that you vote in favour of this resolution.

As stated in the Notice of AGM, Mr Doug Rathbone, his associates and his closely related parties and each other KMP and their respective closely related parties are not eligible to vote on this resolution, except as stated in the Notice of AGM.

The Chairman intends to vote all available proxies in favour of this resolution.

GLOSSARY OF TERMS

AEDT means Australian Eastern Daylight Time.

AGM means the annual general meeting of the Company to be held on Thursday, 1 December 2011 at 10.00 am AEDT.

ASX means ASX Limited ACN 008 624 691.

Auditor means the auditor of the Nufarm Group.

Auditor's Report means the report of the Auditor regarding its audit of the Nufarm Group which accompanies the Notice of AGM.

Board means the board of Directors of the Company.

Chairman means the individual acting as chairman of the AGM.

Company means Nufarm Limited ABN 37 091 323 312.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director means a director of the Company.

Directors' Report means the report of the Directors, which accompanies the Notice of AGM.

Effective Time means 7.00pm AEDT on Tuesday, 29 November 2011.

Explanatory Notes means the notes contained in this document that provide details of the business to be heard at the AGM.

Financial Report means the financial report of the Nufarm Group for the year ending on 31 July 2011 that accompanies the Notice of AGM.

Key Management Personnel has the meaning given to that term in the Financial Report.

Listing Rules means the listing rules of the ASX, as amended from time to time.

LTI Plan means the Nufarm Limited Executive Long Term Incentive Plan.

Notice of AGM means the notice of the AGM of the Company accompanying these Explanatory Notes (and the term '**Notice**' has the same meaning).

Nufarm Group means the Company and its controlled entities.

Ordinary Shares means fully paid ordinary shares in the capital of the Company.

Proxy Form means the proxy form accompanying the Notice of AGM.

Remuneration Report means the remuneration report of the Nufarm Group that forms part of the Directors' Report accompanying the Notice of AGM.

Shareholder means a holder of one or more Ordinary Shares.

Nufarm

Nufarm

Nufarm Limited

ABN 37 091 323 312

MR JOHN SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 652 479
(outside Australia) +61 3 9415 4360

Proxy Form

Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

☑ **Cast your proxy vote**

☑ **Access the annual report**

☑ **Review and update your securityholding**

Your secure access information is:

Control Number: 123456

SRN/HIN: I1234567890 **PIN:** 123456

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10.00am (AEDT) Tuesday 29 November 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

133027_015MKA

MR JOHN SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

I 1234567890 IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Nufarm Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ____________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Nufarm Limited to be held at the RACV Club, Bourke Room 1 & 2, Level 2, 501 Bourke Street, Melbourne, Victoria on Thursday, 1 December 2011 at 10.00am (AEDT) and at any adjournment of that meeting.

Important for Items 2 & 5 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default
By marking this box, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 2 & 5 as set out below and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Items 2 & 5, the Chairman of the Meeting will not cast your votes on Items 2 & 5 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chairman of the Meeting as your proxy you can direct the Chairman how to vote by either marking the boxes in Step 2 below (for example if you wish to vote for, against or abstain from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Items 2 & 5).

The Chairman of the Meeting intends to vote all available proxies in favour of Items 2 & 5 of business.

☐ I/We direct the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Items 2 & 5 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Items 2 & 5 are connected directly or indirectly with the remuneration of a member of key management personnel and even if the Chairman of the Annual General Meeting has an interest in the outcome of these items and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

		For	Against	Abstain
Item 2	Adoption of the Remuneration Report	☐	☐	☐
Item 3a	Re-election of Ms Anne Bernadette Brennan as a Director	☐	☐	☐
Item 3b	Re-election of Mr Gordon Richard Davis as a Director	☐	☐	☐
Item 3c	Re-election of Mr Peter Maxwell Margin as a Director	☐	☐	☐
Item 4	Amendment to the Constitution	☐	☐	☐
Item 5	Issue of Performance Rights to Managing Director/CEO - Mr Doug Rathbone	☐	☐	☐

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________ Contact Daytime Telephone ____________ Date ___ / ___ / ___

Nufarm
Nufarm Limited
ABN 37 091 323 312

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SAM
MR JOHN SAMPLE
FLAT 123
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN VIC 3030

Reference Number

IND

Dear Shareholder

I have pleasure in inviting you to attend our Annual General Meeting and have enclosed the Notice of Meeting, which sets out the items of business. The meeting will be held at the RACV Club, Bourke Room 1 & 2, Level 2, 501 Bourke Street, Melbourne, Victoria on Thursday, 1 December 2011 at 10.00am.

If you are attending this meeting, please bring this letter with you to facilitate registration into the meeting.

If you are unable to attend the Annual General Meeting, you are encouraged to complete the enclosed proxy form. The proxy form should be returned in the envelope provided or faxed to our share registry on 1800 783 447 (within Australia) 61 3 9473 2555 (outside Australia) so that it is received by 10.00am on Tuesday, 29 November 2011. You may also vote online via www.investorvote.com.au.

Corporate shareholders will be required to complete a “Certified Appointment of Representative” to enable a person to attend on their behalf. A form of this certificate may be obtained from the Company’s share registry.

I look forward to your attendance at the meeting.

Yours sincerely

Donald McGauchie AO
Chairman

Encl.