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October 28, 2013

ASX
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

We are giving to the ASX the following documents:

- Nufarm 2013 Annual Report
- Notice of Annual General Meeting
- Proxy Form
- Chairman's Letter to Shareholders

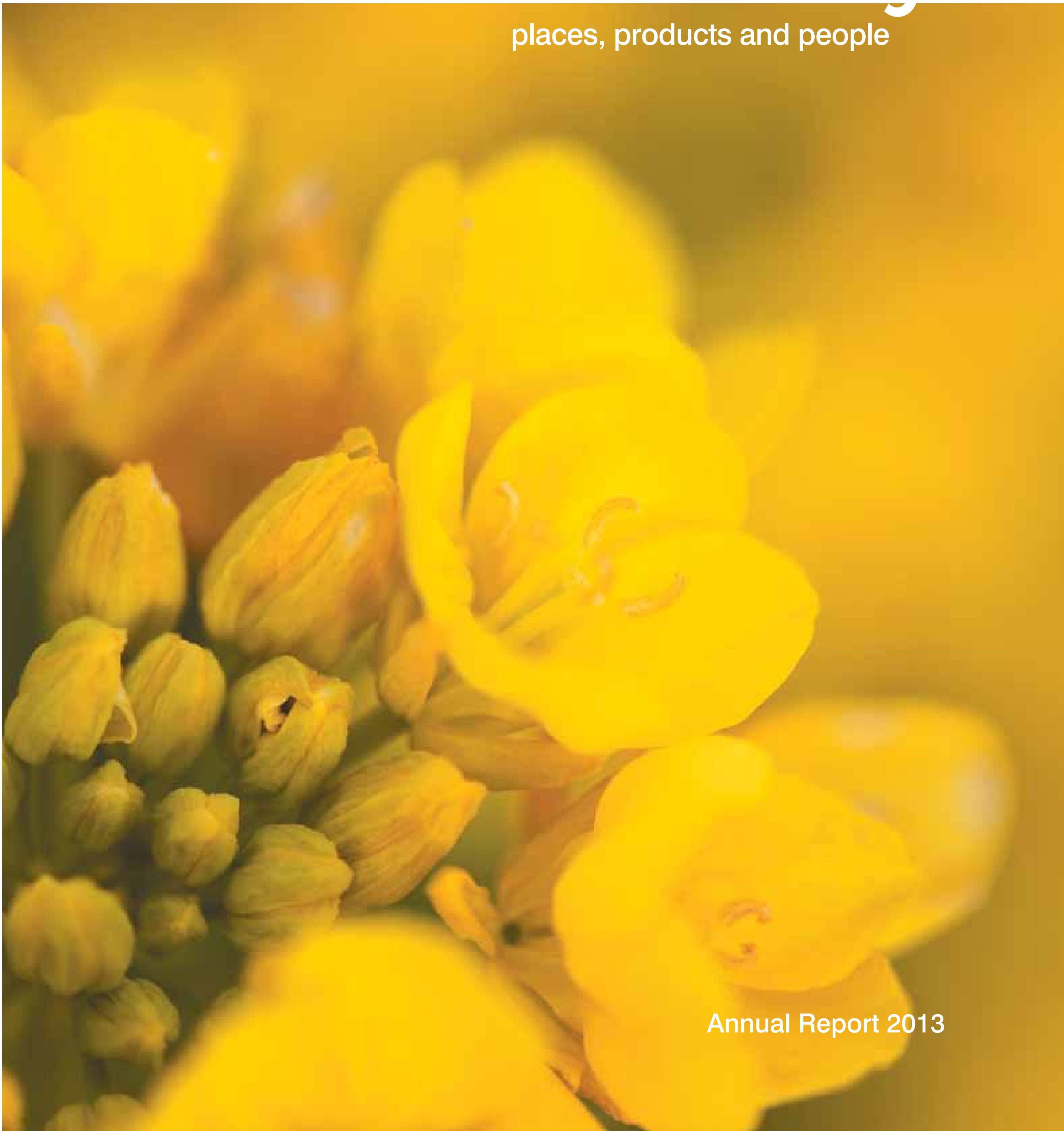
The Annual Report includes the Full Year Financial Report and Statements. The documents lodged also serve to provide ASX with a copy of documents to be sent to shareholders as provided by Listing Rule 3.17.

Yours faithfully,

RODNEY HEATH
Company Secretary

Diversity

places, products and people



Annual Report 2013

Contents

About Nufarm

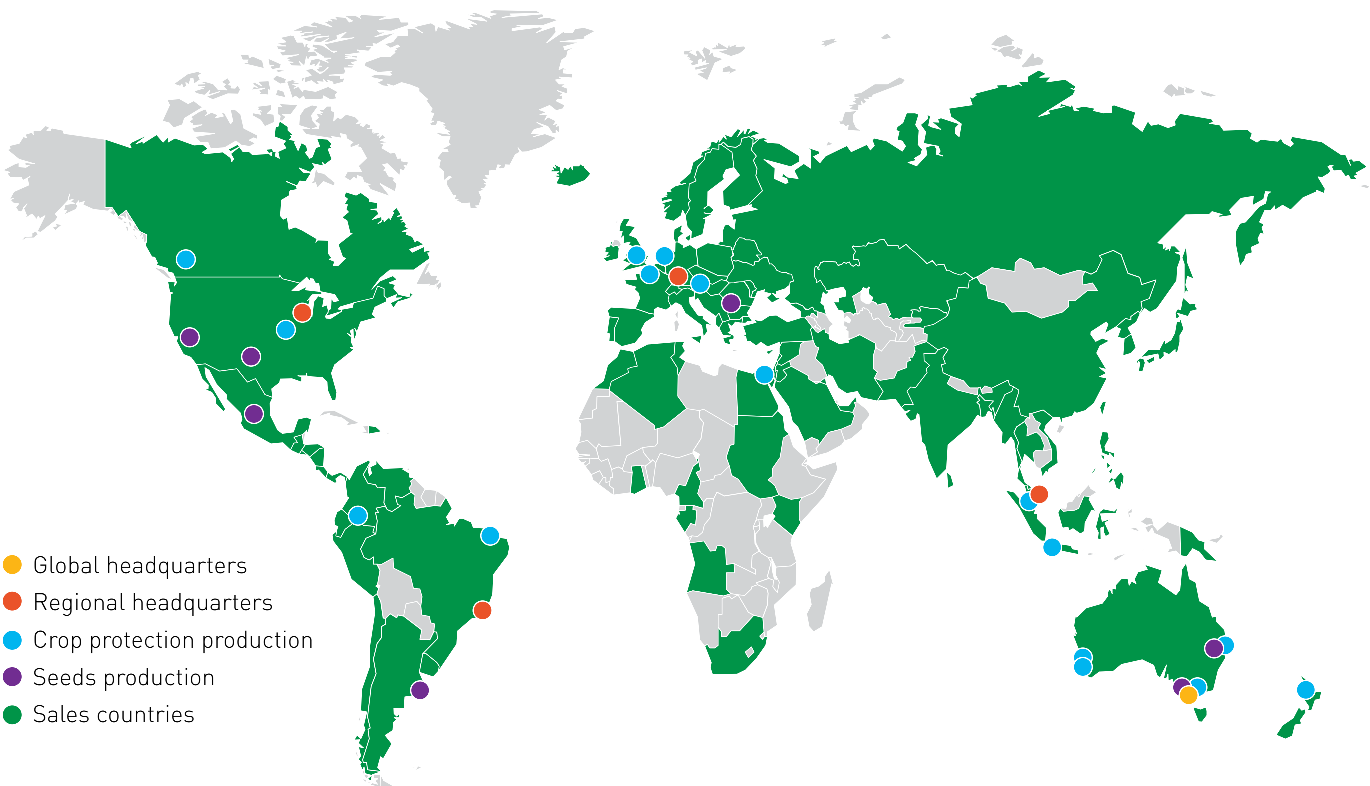
Nufarm is expanding its reach.

» We have a strong and growing global platform, with sales in more than 100 countries.

» We have an expanding range of products that provide solutions and improved yield in a broad range of crops and market segments.

» We have talented and committed people working with our customers and partners across all continents.

This expanding reach provides us with more opportunities. It also helps protect the business against risks from adverse climatic and market conditions. These risks are an inevitable part of the business of agriculture.



Key events

» Tough Australian conditions affect regional results

» Strong earnings growth in overseas businesses

» Seeds business continues to expand

» Higher working capital and net debt

» Increased dividend payment

Facts in brief

	12 months ended 31 July 2013 $000	12 months ended 31 July 2012 $000
Trading results		
Profit attributable to shareholders	**80,999**	72,594
Material (gain)/loss	**2,224**	42,846
Underlying net profit after tax	**83,223**	115,440
Sales revenue	**2,277,292**	2,181,551
Total equity	**1,664,745**	1,476,802
Total assets	**3,371,669**	2,801,268
Ratios		
Earnings per ordinary share	**25.5**	22.3
Gearing ratio (%)	**27.6**	24.1
Net tangible assets per ordinary share ($)	**3.04**	2.88
Distribution to shareholders		
Annual dividend per ordinary share (cents)	**8.0**	6.0
People		
Staff employed	**3,458**	3,401

The financial information contained within our financial statements has been prepared in accordance with IFRS. Refer to page 7 for definitions of the non-IFRS measures used in the annual report. All references to the prior period are to the year ended 31 July 2012 unless otherwise stated. Non-IFRS measures have not been subject to audit or review.

Managing director's review

While underlying profitability in financial year 2013 was down on the previous year, our results reinforce the importance of building a strong global platform and being diversified across our product and market segments.

Doug Rathbone AM
Managing director and chief executive

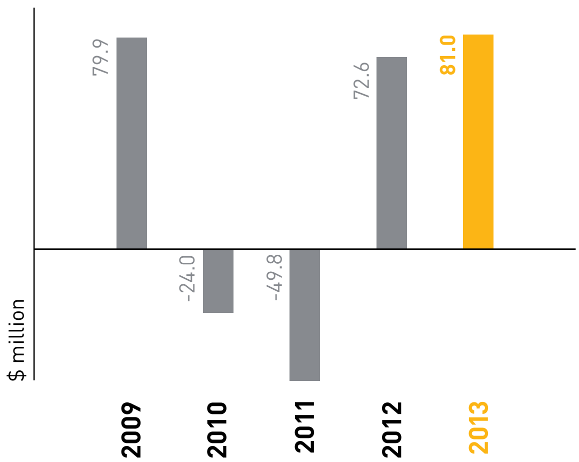
With hot and dry climatic conditions in Australia having a significant impact on demand for crop protection products, our 'home-base' results were very disappointing. Australia is our largest country market and we have secured a leadership position in Australia with a full service business model, backed by extensive investment in manufacturing and distribution assets, product development activity and a large sales team. While we are committed to maintaining our leadership position in Australia, a high fixed cost base weighed heavily on the performance of the business when volumes were down and margins were lower.

In contrast to the Australian results, our performance in other parts of the world – and in our expanding seeds business – was very strong.

The group generated a statutory profit after tax of $81.0 million for the 12 months to 31 July 2013. This compares to a statutory profit after tax of $72.6 million in the previous financial year.

Group revenues increased by just over four per cent to $2.28 billion (2012: $2.18 billion).

Profit/loss attributable to shareholders



Underlying earnings before interest and tax (EBIT) was $186.8 million, down nine per cent on the $206.0 million recorded in the 2012 financial year.

Higher interest costs and foreign exchange losses contributed to a larger relative fall in underlying net profit, which fell from $115.4 million in 2012 to $83.2 million in financial year 2013. Foreign exchange losses included within net financing expenses amounted to $10.7 million in financial year 2013, contrasting with a foreign exchange gain of $8.2 million in 2012. The foreign exchange impact on the proceeds of Nufarm's step-up securities (NSS) has been included in net foreign exchange gains and losses rather than being treated as a material item as in the previous year (FY12: a net pre-tax gain of $11.1 million).

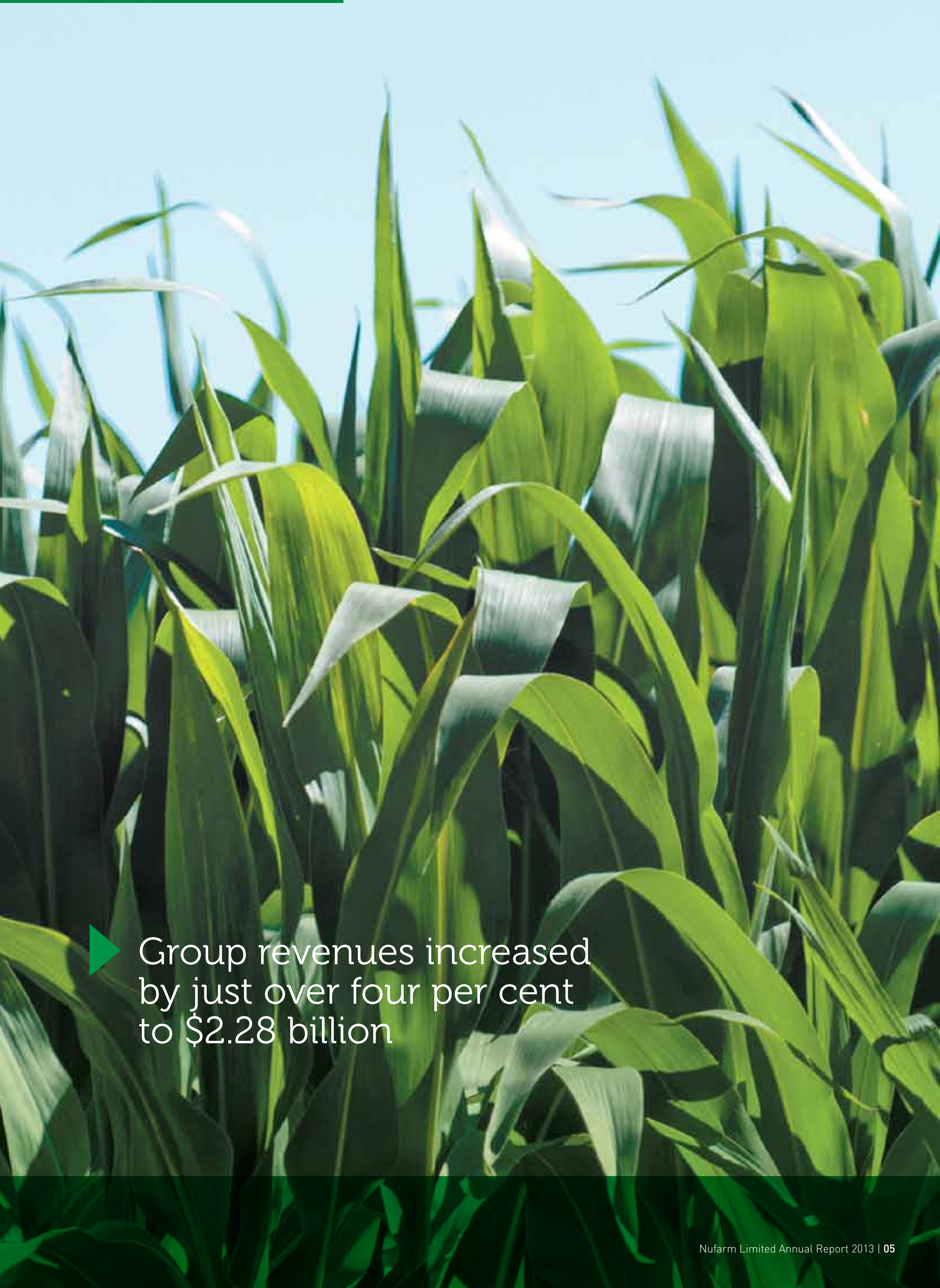
Material items amounted to a net loss of $2.2 million, representing the balance of the settlement of a class action brought against the company in 2011.

Earnings per share were 25.5 cents (2012: 22.3 cents). Excluding material items, earnings per share were 26.4 cents (2012: 38.7 cents).

The gross profit margin of 27.4 per cent in financial year 2013 was slightly lower than the 28.0 per cent recorded in 2012. Excluding the Australian business from both years, the aggregate gross profit margin of other regions improved year on year.

Net working capital at 31 July was $1.01 billion (constant currency basis: $915 million), up on the $771 million recorded at 31 July 2012. Net debt increased to $633 million (31 July 2012: $468 million). On a constant currency basis, net debt at year end was $552 million. Average net debt was $753 million, compared to $650 million in 2012.

The company will pay a fully franked final dividend of five cents per share, resulting in a full year dividend of eight cents. A full year dividend of six cents per share was paid in the previous year.



Group revenues increased by just over four per cent to $2.28 billion

Managing director's review continued

Interest/tax/cash flow

Net external interest costs were $50.5 million, up on the $40.9 million in the previous year and driven by higher average net debt due to higher levels of working capital, the funding of acquisitions (total consideration of $30.7 million) and the payment associated with settlement of the class action ($46.7 million). Higher interest costs also reflected increased funding costs associated with the seven year senior unsecured notes issued by the company in October 2012.

The reported effective tax rate is 27.6 per cent, which is lower than the 34 per cent, which applied in the previous financial year. Excluding material items, the underlying effective tax rate is 27.7 per cent (2012: 31.7 per cent). The effective tax rate has benefitted from the reversal of over-provisions booked in the previous year.

The business generated net operating cash inflows of $62.8 million, compared to $166.5 million in the prior period.

Balance sheet management

Net debt at year end was $633 million, considerably higher than the $468 million recorded on 31 July of the previous year. On a constant currency basis, however, net debt at balance date was $552 million. Average net debt was $753 million, compared to $650 million in 2012.

Higher debt levels were the result of higher working capital, acquisition-related activity, and the payment of the class action settlement.

Net working capital at 31 July increased to $1.01 billion from $771 million at the end of the previous year. The higher year end working capital was affected by excess inventory due to a poor season in Australia and a last quarter inventory build in Brazil to support strong sales activity in the early part of the new financial year. There was also an adverse translation impact on overseas inventory balances.

Average net working capital as a proportion of sales was 46.8 per cent, representing an increase on the corresponding measurement of 45.3 per cent in 2012.

Gearing (net debt to net debt plus equity) was 27.6 per cent (2012: 24.1 per cent). Capital expenditure (property, plant and equipment) in 2013 was $44.3 million, slightly lower than the $47.6 million expended in 2012. Capital expenditure on intellectual property and product development was $45.2 million versus $29.6 million in the previous year, reflecting a higher investment in US data compensation payments in support of new product introductions.

People and organisation

The talent and commitment of Nufarm employees around the world continues to be a key driver of the company's success. As the business has expanded into new markets and has acquired new businesses, we have benefitted from a diversity of skills, ideas and cultures.

Over the 2013 reporting period, we continued to strengthen the organisation and implement changes to management structures in some parts of our business. These changes will align management teams with the specific strategic growth strategies that have been implemented in certain regions.

On behalf of all shareholders, I express my appreciation to our employees for their continued efforts.

Outlook

With average seasonal conditions in Nufarm's major markets, the company expects to generate an improved underlying EBIT result in the 2014 financial year.

Despite increased competition, the company is forecasting a strong improvement in its Australian results, given a return to more normal seasonal conditions and demand patterns. It is anticipated, however, that excess inventory in the channel resulting from last year's poor season may place pressure on margins in some segments.

Several regulatory-based product withdrawals in Europe will result in the loss of sales that contributed some $4 million in EBIT in financial year 2013. Nevertheless Nufarm's European business is well positioned to capitalise on growth opportunities, driven by a number of new products scheduled to be launched, and increased market penetration in existing segments.

Managing director's review continued

The company's North American business is also expecting to generate sales and earnings growth in the current year.

Given the strong recent growth in Nufarm's Brazil business, further investments will be made to both consolidate this growth and build a stronger platform to secure additional revenue and earnings expansion in this fast growing market. Sales activity in Brazil has been very strong in the initial months of the financial year.

The Asian business is forecast to be slightly down, with additional pricing pressure anticipated in the glyphosate segment. Expansion into new crop segments such as rice and vegetables is expected to drive growth in Asia over the longer term.

The company's seed technologies business is expected to achieve an improved result in financial year 2014, with expanded penetration in a number of geographies and the benefit of a number of new varieties and downstream products being brought to market. There will be an increased spend in relation to the long chain omega-3 canola project as it continues to meet key development milestones.

A strong focus will be maintained on balance sheet management, with working capital, net debt and cash flow metrics expected to improve over the course of the year. Interest costs are forecast to be in line with the 2013 financial year with the full year impact of interest rates associated with the company's US high yield notes and a higher net debt level at the start of the year being offset by lower base rates in Australia.

The longer term outlook shows strong revenue and earnings growth as the company continues to execute on its strategic growth plans. Those plans involve further diversification and expansion into overseas markets and accelerated growth into higher value and more defendable product and market segments.

Doug Rathbone AM
Managing director and chief executive

25 September 2013

IFRS and non-IFRS financial information

Nufarm results are reported under International Financial Reporting Standards (IFRS) including underlying EBIT and underlying EBITDA, which are used to measure segment performance. This release also includes certain non-IFRS measures including underlying net profit after tax and gross profit margin. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review.

The following notes explain the terms used throughout this profit release:

1. Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is underlying EBIT before depreciation and amortisation of $73.986 million for the year ended 31 July 2013 and $61.781 million for the year ended 31 July 2012. We believe that underlying EBIT and underlying EBITDA provide useful information, but should not be considered as an indication of, or an alternative to, profit/(loss) for the period as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.

2. Underlying EBIT is used to reflect the underlying performance of Nufarm's operations. Underlying EBIT is reconciled to operating profit below;

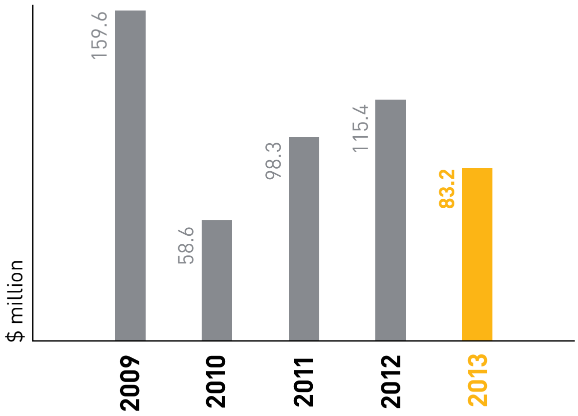
Year ended 31 July	2013 $000	2012 $000
Underlying EBIT	205,973	186,803
Material items	(61,001)	(3,177)
Operating profit	144,972	183,626

3. Non-IFRS measures are defined as follows:
   - underlying net profit after tax – comprises profit/(loss) for the period attributable to the equity holders of Nufarm Limited less material items as described on page 2;
   - average gross margin – defined as average gross profit as a percentage of revenue;
   - average gross profit – defined as revenue less a standardised estimate of production costs excluding material items and non-product specific rebates and other pricing adjustments;
   - net external interest expense – comprises interest income – external, interest expense – external and lease expense – finance charges as described in note 10 to the 31 July 2013 Nufarm Limited financial report; and
   - constant currency – reconciled in the table below – whereby '(a)' represents the impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the Australian dollar. Constant currency results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the Australian dollar, which would not have occurred if there had been a constant exchange rate.

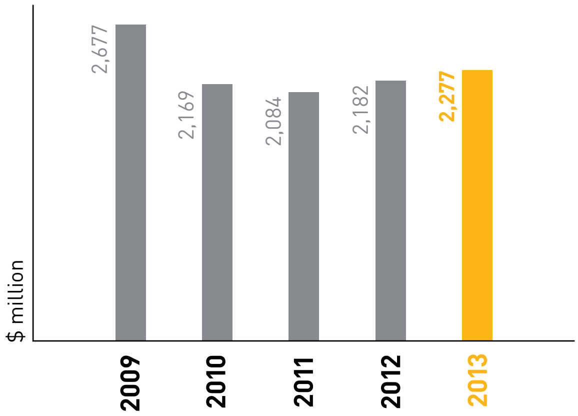
Year ended 31 July	Net working capital $000	Net debt $000
FY 2012 as reported	770,759	467,804
Foreign currency translation impact[a]	144,686	84,575
Constant currency adjusted	915,445	552,379
FY 2013 as reported	1,011,004	633,113

Managing director's review continued

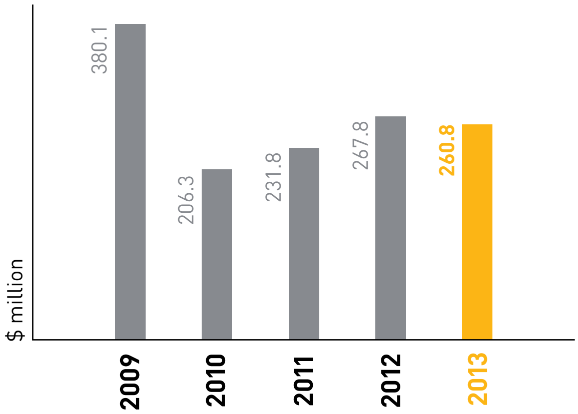
Underlying net profit after tax



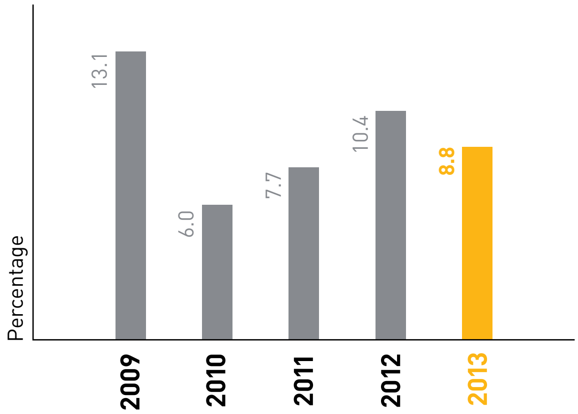
Group sales



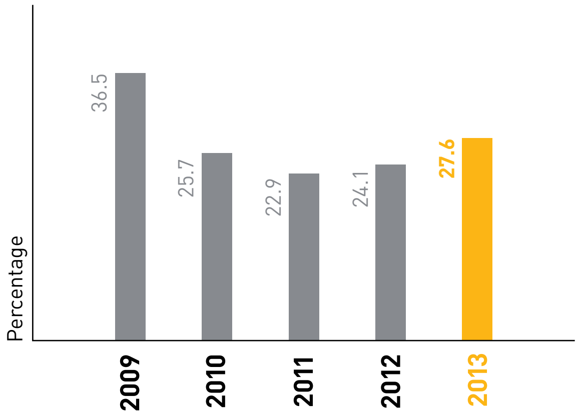
Underlying EBITDA



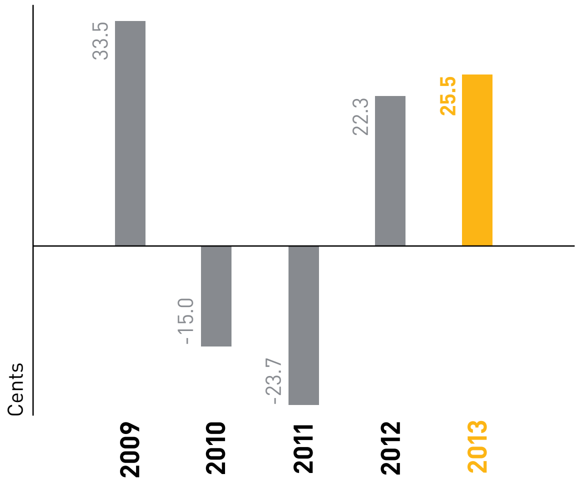
Return on funds employed

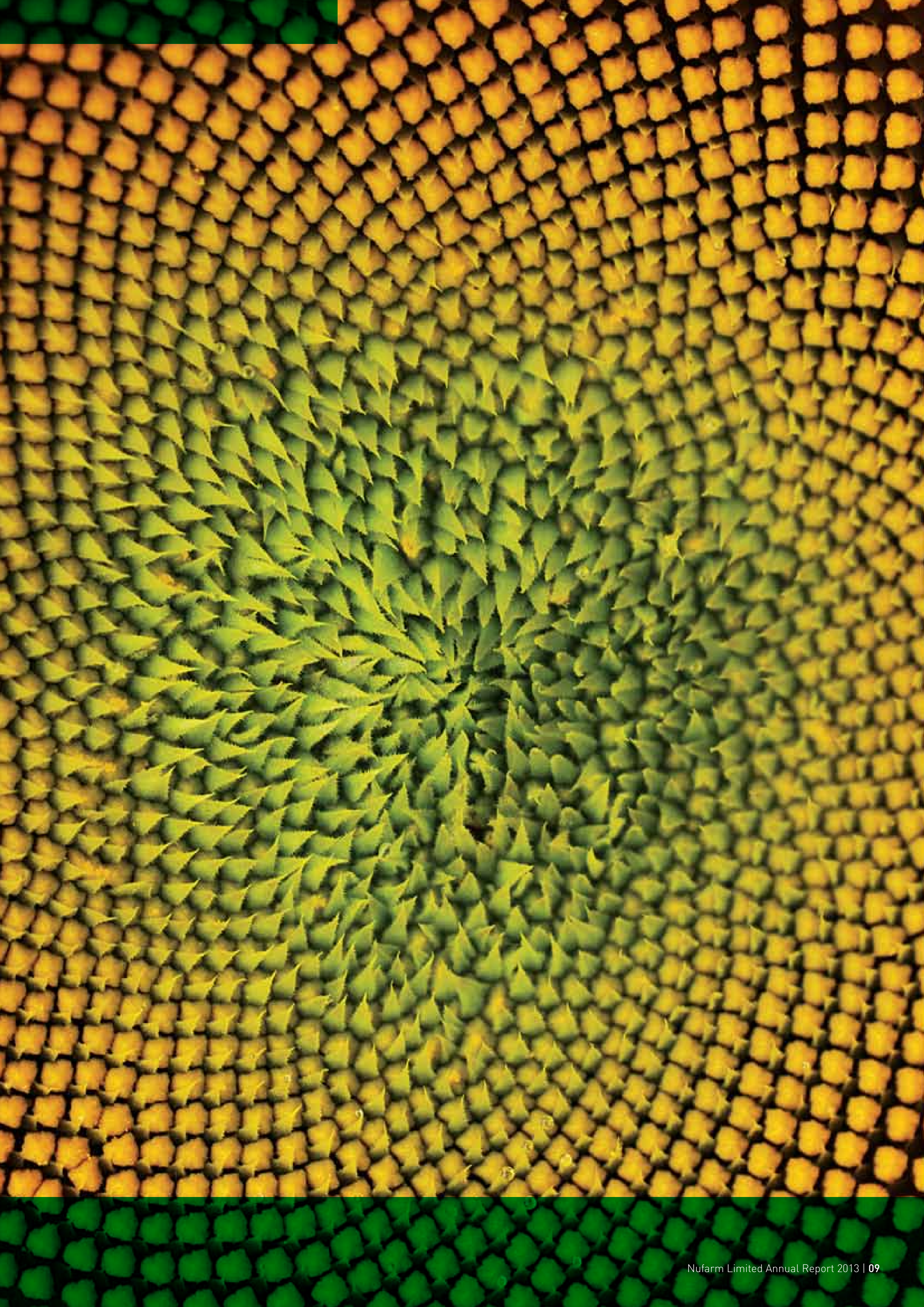


Gearing ratio



Earnings per share





Australia is Nufarm's largest country market and represents a substantial fixed cost investment

Business review

The 2013 financial year was characterised by very challenging seasonal conditions and a poor result in Australia, with positive earnings growth in all other regions, as well as the company's seed technologies business.

The results underline the importance of a geographically diverse business, where adverse climatic and business conditions in certain markets can be offset with exposure to more positive conditions and growth opportunities in other geographies.

Good progress was achieved on the development and implementation of regional strategies, with a clearer focus on supporting growth in certain product and market segments.

Nufarm's crop protection business accounted for 94 per cent of group revenues and grew sales by just over four per cent to $2.15 billion. These sales generated an average gross margin of 26 per cent, slightly lower than the 27 per cent gross margin recorded in 2012 and reflecting higher sales of lower value products in some markets and margin pressure associated with the weaker market conditions in Australia.

The seed technologies segment generated revenues of $132 million, up nine per cent on the previous year and contributing a higher average gross margin of 55 per cent (2012: 53 per cent).

Corporate (head office) costs were slightly lower in 2013 at $40.6 million, compared to $41.4 million in 2012. Total expenses were up by just under 10 per cent on the previous year, reflecting higher depreciation and amortisation costs, increased head count – particularly in the South American and seeds businesses – and higher selling and distribution costs. Underlying selling, general and administrative (SG&A) expenses to sales were 18.2 per cent compared to 17.3 per cent in the previous year.

Operating segments summary

The table on the right provides a summary of the performance of the operating segments for the 2013 financial year and the prior corresponding period.

Australia/New Zealand

The Australian and New Zealand businesses generated sales of $604.4 million, 14 per cent down on segment sales in the previous year ($701.0 million). This represented 28 per cent of total crop protection revenues (2012: 34 per cent). Underlying EBIT was well down on the previous year at $35.4 million (2012: $106.0 million), reflecting very difficult conditions in the Australian market.

Unusually dry weather conditions persisted in most Australian cropping regions from early in the financial year until the last quarter of the financial period. These conditions resulted in the need for very little summer weed control and exceptionally low levels of insect and fungal disease pressure. Sales of relatively higher value products into summer crops were significantly down on normal levels. It remained dry through the pre-plant period ahead of the major winter crop, resulting in low levels of demand for fallow and pre-emergent herbicide applications. While rains in May and June helped drive demand for post-emergent herbicides, lost opportunities over the balance of the year had a very negative impact on the business.

Crop protection sales in Australia were down some 17 per cent on the previous year and with additional competition for fewer sales opportunities, margins also were affected negatively. Lower production volumes also affected the efficiency of the Australian manufacturing plants.

Australia is Nufarm's largest country market and represents a substantial fixed cost investment, which supports our clear market leadership position. While a return to more normal seasonal conditions is expected to see a strong earnings recovery in Australia, an extensive review of the business has been undertaken to identify areas for improvement.

Substantial work was also completed to prepare the Australian business for changes to distribution arrangements involving the BASF portfolio (which cease in March 2014) and a transition to new branding for the company's glyphosate portfolio (effective August 2013).

The New Zealand business generated slightly higher sales, despite dry summer and autumn conditions, which reduced demand for herbicides. Insect pressure was above average. The manufacturing division, which produces insecticide and fungicide products for Nufarm businesses in other parts of the world, performed strongly.

Year ended 31 July	Revenue			Underlying EBIT		
($000s)	2013	2012	Change (%)	2013	2012	Change (%)
Crop protection						
Australia and New Zealand	**604,432**	701,022	-13.8	**35,352**	105,982	-66.6
Asia	**125,201**	125,586	-0.3	**19,580**	16,735	17.0
Europe	**468,253**	431,095	8.6	**57,245**	43,223	32.4
North America	**516,278**	470,243	9.8	**42,153**	33,327	26.5
South America	**431,440**	332,636	29.7	**40,595**	17,526	131.6
Total crop protection	**2,145,604**	2,060,582	4.1	**194,925**	216,793	-10.1
Seed technologies – global	**131,688**	120,969	8.9	**32,449**	30,589	6.1
Corporate	**–**	–	N/A	**(40,571)**	(41,409)	-2.0
Nufarm group	**2,277,292**	**2,181,551**	**4.4**	**186,803**	**205,973**	**-9.3**

Business review continued

Asia

Asian crop protection sales were $125.2 million, in line with the previous year ($125.6 million) and again representing six per cent of total crop protection revenues. Underlying EBIT was $19.6 million, up from $16.7 million in 2012.

The business performed solidly despite lower demand for crop protection products in the plantation segment due to a lower palm oil commodity price. This is a major segment for Nufarm in Indonesia and Malaysia.

Nufarm opened a new office in South Korea to support increased sales into that market and launched several products that will help secure growth in target crop segments including rice and vegetables.

North America

North American crop protection sales increased by 10 per cent to $516.3 million. Measured in local currency, the increase in US sales was approximately two per cent, with Canadian sales up 26 per cent on the previous year. The region generated 24 per cent of total crop protection revenues (2012: 23 per cent).

Underlying EBIT was up by more than 26 per cent, increasing to $42.2 million (2012: $33.3 million).

A late winter in the US reduced opportunities in the burndown (pre-plant) segment, with the large soy and corn crops being planted later than usual and over a more concentrated period. Cotton plantings were down resulting in lower demand for Nufarm's portfolio of plant growth regulators in that segment. Sales of phenoxy herbicides were strong and the US agriculture business was able to increase total sales despite some challenging market conditions.

The business also performed strongly in the industrial vegetative management segment with both increased sales and stronger margins. The company completed the acquisition of Cleary Chemical Corporation midway through the period, which has strengthened Nufarm's fungicide and insecticide portfolio in the high value turf and ornamental market, reinforcing Nufarm's top three position in that segment.

A new manufacturing facility was commissioned at Alsip (Chicago), specialising in the formulation of insecticides, fungicides and custom seed treatment applications.

The strong Canadian result was supported by growth in the western cereals and pulse markets and increased sales into the horticulture segment. Several new products launched during the year had outstanding success.

South America

South American crop protection sales increased by almost 30 per cent to $431.4 million (2012: $332.6 million). Underlying EBIT was $40.6 million, a substantial improvement on the previous year ($17.5 million). Regional sales comprised 20 per cent of total crop protection revenues, up from 16 per cent in the previous period.

Seasonal conditions in Brazil and Argentina were generally average, albeit some dry weather affected sales in the important pasture segment in Brazil. Dry weather in Colombia and Chile also had an impact on demand in the last quarter of the year.

Market conditions in Brazil were favourable, with increased plantings and an expansion in the use of crop protection inputs. In local currency, sales in Brazil were R$686 million, up almost 41 per cent on the previous year. Brazilian EBIT more than doubled, in local currency, to R$67.8 million, from R$29.8 million in 2012.

Nufarm strengthened its position in each of its target segments and continued to diversify its product offering with several new product introductions during the year. A new high load glyphosate formulation, 'Crucial', was very successful, resulting in both increased volumes and margins in the glyphosate segment. An expansion of the sales force provided reach into additional regions.

The business in Argentina also performed very strongly, with sales up by some 34 per cent in local currency and a significant improvement in profitability, driven by higher sales of differentiated products at improved margins.

Europe

European sales were up by more than eight per cent to $468.3 million (2012: $431.1 million). This represented 22 per cent of total crop protection revenues (2012: 21 per cent). Underlying EBIT improved strongly to $57.2 million from $43.2 million in the previous year.

Business review continued

Seasonal conditions in Europe were mixed, with a relatively cold and wet autumn and a long winter having a negative impact on selling opportunities in a number of markets. The UK experienced difficult climatic conditions, with total industry sales estimated to be down by up to 20 per cent in that market.

Fungicide demand was strong in some markets and Nufarm's more diversified portfolio enabled the company to take advantage of those conditions. Growth in Europe was also driven by the successful introduction of new products and strong sales of phenoxy herbicides.

Nufarm's business in central/eastern Europe grew strongly. Sales in Germany, Spain and Portugal were also higher than in the previous year.

The company strengthened its position in the non-crop home and garden market in France, despite unhelpful climatic conditions during the high demand season. Nufarm is now the market leader in this segment and has expanded both its product range and distribution network.

The European manufacturing units performed very strongly, with increased volumes of phenoxy herbicides produced to meet strong demand in global markets. Overhead recoveries in these manufacturing facilities made an important contribution to the regional result.

The European management structure was changed during the year, with the appointment of a single head of Europe in place of the previous multi-regional structure. This is resulting in additional focus and efficiencies across the business.

Major product segments

Crop protection

Nufarm's crop protection business accounted for 94 per cent of group revenues and grew sales by four per cent to $2.15 billion. These sales generated an average gross margin of 26 per cent (2012: 27 per cent).

Herbicide sales were $1.48 billion, slightly up on the previous year, with the average gross margin down slightly at 25 per cent. Very dry conditions and lower demand in both Australia and in the pasture segment in Brazil, where Nufarm has a substantial position, affected both volumes and pricing in those markets.

While glyphosate volumes were in line with the previous year, sales were higher and represented 26 per cent of total crop protection revenues. This reflected higher input costs and higher selling prices for glyphosate products. Margins improved slightly, driven by the successful launch of a differentiated formulation in Brazil. Phenoxy herbicide sales were down with demand in key markets adversely affected by seasonal factors. Sales of several other herbicides increased, including dicamba and bromoxynil.

Nufarm's insecticide portfolio generated a 17 per cent increase in sales to $215 million, but a lower value product mix saw margins decline in comparison to the 2012 financial period (32 per cent versus 35 per cent). Insect pressure in Brazil's major crops generated strong demand for chlorpyrifos and Nufarm's sales of this chemistry were nearly double that of the previous year. Increased competition in the imidacloprid segment resulted in pricing pressure in some markets and new regulatory restrictions in some crop segments in Europe also affected sales, which were down compared to the prior year. Some higher value insecticide products were not required in Australia due to unusually low insect pressure in summer crops.

Fungicide sales were up slightly to $219 million, with average margins in line with the previous year. New product launches and relatively high disease incidence at times of the year in Brazil and Europe helped offset the very dry conditions and subsequent low demand for fungicide products, in Australia.

While sales of plant growth regulators (PGRs) were in line with the previous year, margins improved. Demand in the cotton segment was down but Nufarm's expanded portfolio in the cereals market in Europe and additional sales of PGRs in distribution arrangements with Sumitomo Chemical helped drive an improved performance.

Seed technologies

The company's seed technologies business, which includes the global Nuseed business and Nufarm's seed treatment applications, grew sales by nine per cent to $131.7 million and generated an average gross margin of 55 per cent, which was an improvement on the previous year (53 per cent). Underlying EBIT was up six per cent to $32.4 million.

Seed technologies markets faced below average conditions, with extreme drought in the lead-up to canola, sunflower and seed treatment selling periods in Australia and a very wet and cold spring affecting planting conditions in the USA sunflower segment and the soybean seed treatment market. These challenges were offset by another record sorghum year within most markets and contributions from recent acquisitions. A hot, dry summer in Australia resulted in limited subsoil moisture and reduced canola plantings. Growers in marginal areas elected to plant retained open pollinated seed rather than purchase Nuseed hybrid and elite varieties.

Nuseed successfully launched its 'Wholis' gluten free premium food grade sorghum product and announced an important downstream partnership with ADM, one of the world's largest food processing companies. Important technical milestones were also achieved on Nuseed's omega-3 DHA project in partnership with CSIRO and the Australian Grains Research and Development Corporation (GRDC). This project – which aims to express DHA rich canola oil – now enters significant development and regulatory phases, with a commensurate increase in funding support from Nufarm.

The 2013 financial year saw increased investment in Nuseed's global platform to help position the business for future strong growth. This included the establishment of stronger European breeding and product development capabilities and the recruitment of additional management, research and development and finance resources. Nuseed completed the acquisition of 51 per cent of the Atlantica seeds business in Brazil at a cost of R$25 million in January 2013. This acquisition allows Nuseed to supply its sorghum and sunflower seeds through the Atlantica distribution network and leverage other development programs in Australia, Argentina and the USA.

Seed treatment sales were slightly down on the previous year. This reflected adverse climatic conditions in some markets, particularly Australia and the USA. Some applications, involving neonicotinoid chemistry, were withdrawn in Europe due to regulatory authority concerns about impacts on bees. These restrictions also affected the company's seed treatment sales.

Several new products were launched, positioning the business for growth with a return to more normal seasonal demand. The company's new Alsip (Chicago) seed treatment facility was commissioned and has helped secure new business from US customers.

Sales revenue by region 2013
Total business

Australia/New Zealand	28%
North America	25%
South America	20%
Europe	21%
Asia	6%

$2,277.3 million

Sales by product segment 2013
Crop protection segment

Herbicides	69%
Fungicides	10%
Insecticides	10%
Other*	11%

$2,145.6 million

* Other includes machinery, adjuvants, PGRs and industrial.

Sales by product segment 2013
Seed technologies

Seed	69%
Seed treatment	31%

$131.7 million

Health, safety and environment

As a company engaged in the development, production and supply of inputs to agriculture, Nufarm works in an industry where sustainability principles are entrenched. Farmers – and other users of our products – have followed and refined sustainable practices for many years and know that these principles are all-important in maintaining the productive capacity of their land.

Nufarm's commitment to these same principles is very strong – sustainability is a cornerstone of the way we do business, so we are moving to more comprehensive reporting of our efforts and performance across key sustainability measures and activity. Part of that progress is to communicate our initiatives across a broader range of stakeholder engagement indicators and the company's first sustainability report may be downloaded from our website, together with 17 individual site reports.

Notwithstanding that broader view, our performance against various health, safety and environmental parameters remains critically important. In the 2012 calendar year we improved our performance in certain measures of safety but did not meet our objectives for continuous improvement in other areas.

The health and safety data includes permanent and casual employees and contractors with data collected from manufacturing sites, offices and regional service centres. As yet, it does not include data from eight offices in Asia and South America.

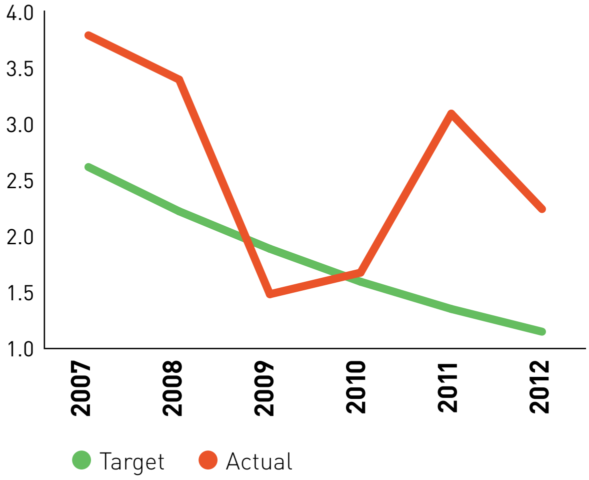
Overall, our 2012 health and safety performance improved from 2011 but we failed to meet the target limits set by the board for 2012, which were:

- LTIFR <1.16;
- MTIFR : <2.31; and
- severity: <0.014.

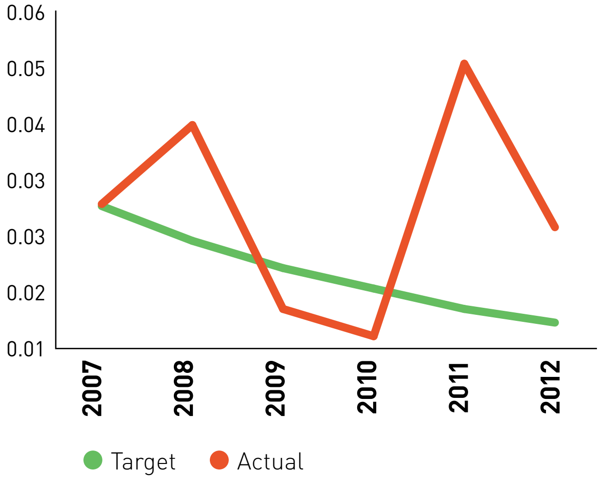
The improvements in 2012 over 2011 were:

- LTIFR 27 per cent;
- MTIFR 40 per cent; and
- severity rate 46 per cent.

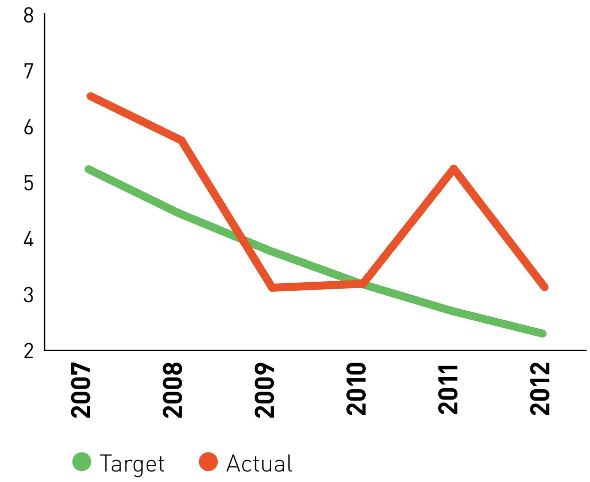
LTIFR 2007–2012



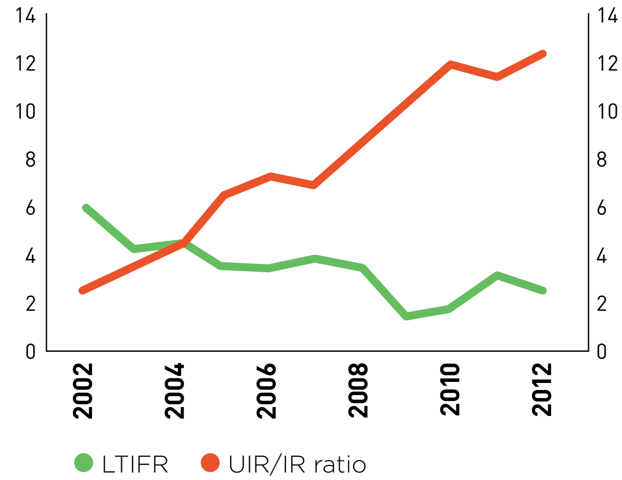
Severity 2007–2012



MTIFR 2007–2012



Unusual incident report/injury report versus LTIFR 2007–2012



Health, safety and environment continued

The data on our environmental management and performance is collected from our manufacturing plants, all of which have environmental management systems in place in varying degrees of complexity and development. Each country where we operate has different regulatory requirements and Nufarm has established specific environmental management systems to ensure compliance.

During 2012, due to an increase in production and changes in product mix at some sites, total greenhouse emissions increased while emissions per tonne of product remained consistent. The majority of greenhouse gas is generated from electricity and gas used in the production process with the Laverton, Australia plant being the largest emitter, followed by Wyke in the UK.

Water is an essential component of most of our production processes and, again, production volumes and the product mix affect the amount of water used and the waste water generated.

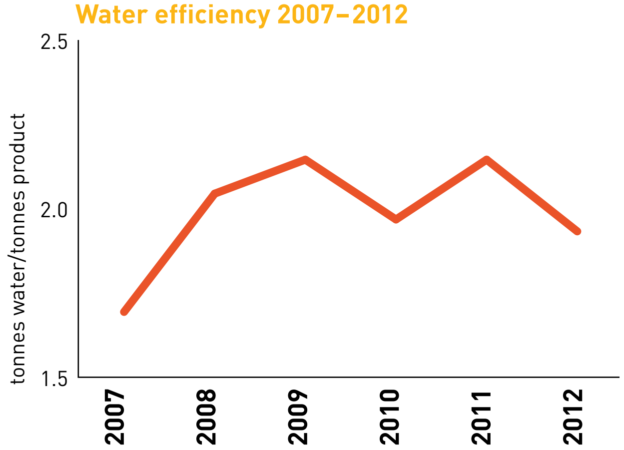
Nufarm remains vigilant in its commitment to strive for further improvement and better outcomes.

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.

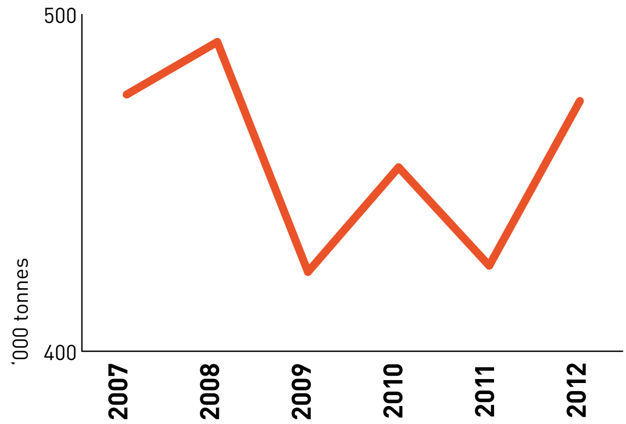
MTIFR or medical treatment injury frequency rate is the number of lost time injuries plus those that did not result in lost time but required treatment by a qualified medical practitioner per million hours worked.

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

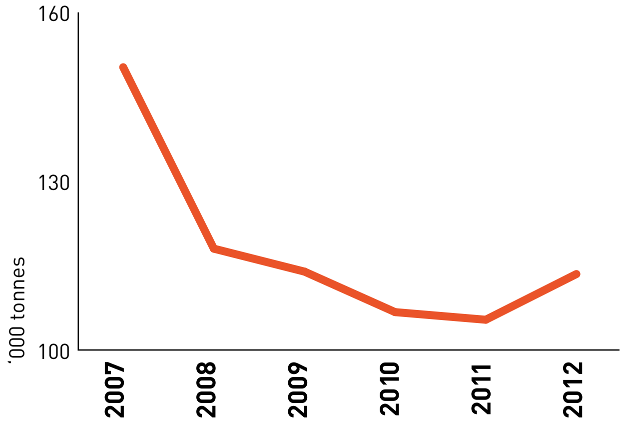
Water efficiency 2007–2012



Production volume 2007–2012



CO_2 released from energy use and processes 2007–2012



Executive management

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 40 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 joined Nufarm in November 2011. He has 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.

Greg Hunt
Group executive global marketing and business development

Greg joined Nufarm in February 2012. He has had considerable executive and agribusiness experience with a successful career at Elders Australia Limited where he held a number of management positions focused on both the Australian and international operations of Elders. Greg was appointed chief executive officer of Elders in 2001, a position he held until 2007, leading the company's operations across a broad range of activity, including rural merchandising and product distribution. After leaving Elders, Greg worked with a number of organisations in business development and agribusiness related advisory roles. He is a director of Tandou Limited.

Dale Mellody
Group executive global supply chain and strategic procurement

Dale Mellody joined Nufarm as a territory manager in 1995, having completed his bachelor of agricultural science. Promoted to the senior management group in July 2005, he has had various global roles including group executive global marketing, general manager NAFTA and has assisted with a number of company acquisitions. Dale is now responsible for global supply chain and strategic procurement.

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.

Elbert Prado
Group executive manufacturing (from 1 August 2013)

Elbert Prado, a chemical engineer, joined Nufarm on 1 July 2013 after extensive international experience in senior operations roles within the chemical industry. He has a very strong skills set in crop protection manufacturing and related areas, particularly safety. He was global manufacturing and supply chain director for the Rohm and Haas process chemicals and biocides business, with responsibility for 11 manufacturing sites in Europe, Asia and the Americas and global supply chain.

David Pullan
Group executive operations (retired 31 July 2013)

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 was 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.

Executive management continued


Doug Rathbone AM

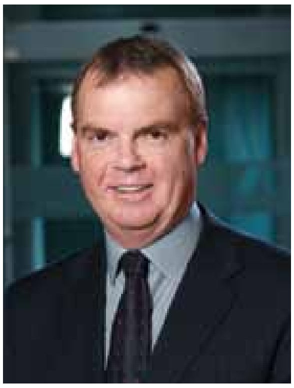

Bonita Croft


Dale Mellody


David Pullan


Brian Benson


Rodney Heath


Mike Pointon


Robert Reis


Paul Binfield


Greg Hunt


Elbert Prado

Board of directors

Donald McGauchie AO (Chairman)

Donald McGauchie AO, 63, joined the board in 2003 and was appointed chairman on 13 July 2010.

He has wide commercial experience within the agricultural, 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 Limited and a director of James Hardie Industries plc and Graincorp Ltd.

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

Doug Rathbone AM Managing director and chief executive

Doug Rathbone AM, 67, joined the board in 1987.

His background is chemical engineering and commerce and he has worked for Nufarm Australia Limited for 40 years. Doug was appointed managing director of Nufarm Australia in 1982 and managing director of Nufarm Limited in October 1999.

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

Doug has been named as one of Australia's top 100 most influential engineers by Engineers Australia. The list includes 12 chemical engineers, five of whom are IChemE Fellows, of which Doug is one.

Anne Brennan

Anne Brennan, 53, 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 was formerly the executive finance director for the Coates Group and chief financial officer for CSR. Prior to this Anne was a partner in professional services firms Ernst & Young, Andersen and KPMG.

Anne is deputy chairperson of Echo Entertainment Group Limited and a director of Myer Limited, Charter Hall Group and Argo Investments Limited. She is also a director of Rabobank Australia Limited and Rabobank New Zealand Limited. In the past three years, Anne was a director of Cuscal Limited.

Anne is a member of the audit committee and health, safety and environment committee.

Gordon Davis

Gordon Davis, 57, 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 Limited between 2006 and 2010. Prior to this, he held various senior executive positions with Orica Limited, 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 chairman of the health, safety and environment committee and a member of the audit committee and the human resources committee.

Board of directors continued

Frank Ford

Frank Ford, 67, joined the board on 10 October 2012.

He has a master of taxation from the University of Melbourne and a bachelor of business, accounting from RMIT University and is a fellow of the Institute of Chartered Accountants. Frank is a former managing partner of Deloitte Victoria after a long and successful career as a professional advisor spanning some 35 years. During that period, he was also a member of the Deloitte global board, global governance committee and national management committee.

He is a director of Toll Holdings Limited, Citigroup Pty Limited, Tarrawarra Museum of Art Limited and a former non-executive director of Manassen Foods Group.

Frank is the chairman of the audit committee and a member of the nomination and governance committee.

Bruce Goodfellow

Bruce Goodfellow, 61, 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 experience.

Dr Goodfellow is a director of Sanford Ltd, a public company registered in New Zealand and listed on NZX Limited, chairman of Refrigeration Engineering Co. Ltd and a director of Sulkem Co. Ltd and Cambridge Clothing Co. Ltd, all privately owned companies.

Bruce is a member of the nomination and governance committee.

Peter Margin

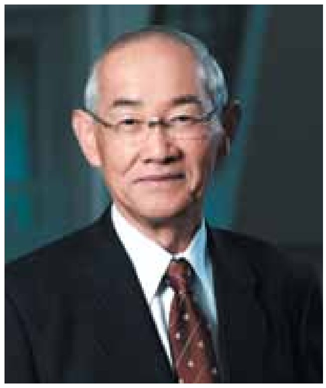
Peter Margin, 53, joined the board on 3 October 2011.

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. He has also held senior management roles in Simplot Australia Pty Ltd, Pacific Brands Limited (formerly known as Pacific Dunlop Limited), East Asiatic Company and HJ Heinz Company Australia Limited.

Peter is currently a director of Bega Cheese Ltd, PMP Limited and Ricegrowers Limited. Over the past three years Peter has been a director of Goodman Fielder Ltd.

Peter is chairman of the human resources committee and a member of the health, safety and environment committee.



Toshikazu Takasaki

Toshikazu Takasaki, 66, joined the board in 2012

Mr Takasaki represents the interests of 23 per cent shareholder Sumitomo Chemical Company (SCC).

He is a former executive of SCC who held senior management positions in businesses relating to crop protection, both within Japan and in the US. He is now a business consultant.

He brings broad industry and international experience to the board.

Information on the company

Our business

Nufarm is a leading global crop protection company and has operated in the industry for almost 60 years. We develop, manufacture and sell a wide range of crop protection products, including herbicides, insecticides and fungicides that help protect crops against damage caused by weeds, pests and disease. We operate primarily in the off-patent segment of the crop protection market, which consists of products using technical active ingredients for which the patent has expired. Our focus is on creating products that use off-patent active ingredients within a differentiated formulation, delivery system or other enhancements that provide additional benefits to crop producers. We also have a proprietary seed technologies business with a portfolio covering canola, sorghum and sunflower crops and we are developing a global presence in the fast growing and high value seed treatment segment.

We have crop protection manufacturing and/or seeds facilities in 16 countries and marketing operations in more than 30 countries. We distribute our products in more than 100 countries across Australia and New Zealand, Asia, North America, South America and Europe.

Our competitive strengths

We believe our leading position in the crop protection industry is based on a combination of innovative product development, comprehensive product registration expertise and an integrated global manufacturing, marketing and distribution platform, which combine to create a resilient business with defendable market positions.

Leading positions in targeted markets and segments across a range of geographies: we have a diversified global business with an established presence in major cropping regions throughout the world, including Australia, New Zealand, Asia, North America, South America and Europe.

Diversified business across geographies and by products: our geographic and product diversification mitigates our exposure to adverse weather conditions or commercial pressures in any single cropping region or for any single type of crop or chemistry. We offer a wide range of products across all crop protection segments, including herbicides, fungicides and insecticides, as well as a range of seeds and seed treatment products. Our diverse portfolio contains products designed to be used at various stages of the cropping cycle, from pre-planting to pre-harvest.

Differentiated product portfolio with proven expertise in bringing new products to market: we have significant product development expertise, which enables us to create a portfolio of value-added off-patent products sold under a variety of reputable brand names. We believe this expertise, along with our ability to respond quickly to evolving customer needs with new, differentiated products represents one of our key competitive strengths.

Global manufacturing, marketing and distribution platform: our ability to deliver sufficient quantities of crop protection products to end users with short lead time is critical, particularly given the seasonal nature of cropping. We have established a global platform across Australia, New Zealand, Asia, North America, South America and Europe that enables us to service our existing customer base and support the continued growth of our business.

Established strategic alliance and commercial relationships with major crop protection companies: we have a history of successful collaborations with other major crop protection companies that provides opportunities for expansion into new products and geographic markets. Our strategic alliance with Sumitomo Chemical, which includes distribution agreements in a number of geographic markets, and our other commercial relationships encompass a range of research and development, manufacturing, supply and distribution agreements.

Highly experienced management team supported by strong board of directors: we have a highly experienced management team with extensive chemical engineering, scientific and industry experience, the majority of whom have worked for us for at least a decade. Our board combines a mix of long-serving directors and more recent appointees with industry, financial, accounting, management and governance expertise.

Our strategies

Our goal is to leverage our strong product development, manufacturing and distribution platform as well as our established market positions to be a leading global provider of innovative, off-patent crop protection products, seeds and seed traits. We aim to achieve this through the following strategies:

- **leverage our product development and regulatory skills to generate accelerated growth in higher value products and market segments:** we believe we have substantial potential to expand our business and grow our market share in many of our markets. We intend to continue growing our sales and optimising our product mix through new product development and commercial partnering, which will be focused on developing value-added off-patent products that generate higher margins. As part of this strategy, we intend to continue to grow our Nuseed business, which is one of our fastest growing and highest margin businesses;
- **optimise route to market strategies:** we constantly evaluate our route to market strategies, which are designed to ensure the delivery of the right product to the right market anywhere in our global operations. Our global manufacturing, formulation and logistics capabilities complemented by our network of distribution relationships are key to implementing this strategy;
- **use strategic alliances and other commercial arrangements with industry leaders to maximise the value of our platform:** we have an important strategic alliance with Sumitomo Chemical as well as a range of business relationships with other major companies in the sector, ranging from supply agreements, licensing arrangements, toll manufacturing and distribution arrangements. We believe these arrangements provide opportunities to maximise the value of our product development, manufacturing and distribution platforms as well as increasing our customer base by providing access to additional products or new markets or creating supply chain efficiencies; and

Information on the company continued

- **continue to maximise free cash flow and strengthen our balance sheet:** we are focused on maximising our free cash flow through our continued disciplined approach to financial management. In particular, we are focused on further improving our working capital management as it relates to procurement as well as management of inventory and receivables.

Our risks

Due to the scope of our operations and the industry in which we are engaged, there are numerous factors that may have an effect on our results and operations. The following describes the material risks that could affect Nufarm.

External risks

Weather conditions may significantly affect our results of operations and financial condition.

Fluctuations in commodity prices, foreign currency exchange rates and in currency values could have a material adverse effect on our results of operation and financial condition.

We are subject to extensive regulation and stringent environmental, health and safety laws that may adversely affect our operational and financial position.

Business, operational and financial risks

We sell our products in competitive markets, and the success of our competitive strategy depends on developing new products and retaining customers and distributors.

Our collaboration relationships with other major crop protection companies may change or be terminated.

We may not be able to obtain funding on acceptable terms, or at all, due to a deterioration of the credit and capital markets. This may hinder or prevent us from meeting our future capital needs and from refinancing our existing indebtedness.

We are dependent on effective procurement strategies and on the continuing efficient operation of our manufacturing plants to be able to deliver cost competitive products to market.

We may become involved in future legal proceedings, which may result in substantial expense and may divert our attention from our business.

Management of principal risks

Our approach to managing key risks is outlined below.

Principal risk area	Risk management approach
External risks Risks arise from variable weather conditions, fluctuations in commodity prices and currency rates, actions by governments or regulators.	The diversification of our portfolio of products, geographies and currencies is a key strategy for reducing volatility. The managing director's review and business review describe external factors and trends affecting our results and note 31 to the financial statements outlines the group's financial risk management strategy, including market and currency risk. We engage with government authorities and other key stakeholders to ensure the potential impacts of proposed regulatory changes are understood and where possible mitigated.
Business, operational and financial risks Risks arise from a competitive marketplace, identifying and developing innovative solutions, legal proceedings, accessing and sourcing capital from financial markets, management of manufacturing facilities and supply chain. In addition, relationships with commercial counterparties we transact with may change.	We support our growth strategy through established investment approval and review processes that apply to all major capital decisions and we invest in new product development and innovation projects that help keep our businesses competitive. We seek to establish a capital structure that is appropriate for our business model and provides a platform to support our growth strategy. We analyse risks to monitor volatilities and key financial ratios. Credit limits and review processes are established for all customers and financial counterparties. Note 31 to the financial statements outlines our financial risk management strategy. We engage expert advisers to ensure our intellectual property is protected and potential impacts of legal proceedings are mitigated. We seek to ensure that adequate operating margins are maintained through operating cost effective manufacturing facilities. Global sourcing arrangements have been established to ensure continuity of supply and competitive costs for key supply inputs. Through the application of our risk management processes, we identify material catastrophic operational risks and implement appropriate risk management controls and business continuity plans.

Corporate governance

Nufarm's board processes have been reviewed to ensure they represent and protect the interests of all stakeholders including 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 viewed 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. Nufarm complies with all the ASX principles.

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;
- review and approve operating budgets;
- approve major capital expenditure, acquisitions, divestments and corporate funding;
- oversee risk management and internal compliance; and
- review 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 2013, there are four board committees: audit; human resources; nomination and governance; and health safety and environment. 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 executive compensation principles and remuneration mix are set out in detail in the remuneration report on pages 36 to 46 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 eight 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 seven 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 and governance committee reviews the performance and governance of directors who seek to offer themselves for re-election at the company's annual general meeting. 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 and T Takasaki (non-executive directors) and DJ Rathbone (managing director and chief executive officer).

Profiles of each board member, including terms in office, are on pages 20 and 21 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.

The nomination and governance committee

Donald McGauchie is chairman of the nomination and governance committee and Bruce Goodfellow and Frank Ford 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;
- reviewing board succession plans;
- 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;
- managing the process of managing director recruitment and transition on behalf of the board;
- reviewing and approving the company's corporate governance policies for continuous disclosure and securities trading; and
- reviewing the company's code of conduct and other ethical standards.

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.

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, this formal internal review was undertaken together with the chairman's assessment of board members against the skills and experience matrix.

It is anticipated an external assessment will be undertaken in 2013/2014.

In line with ASX Principle 2.6 Nufarm applies a capability matrix to assess the collective capability of the board. This matrix covers qualifications, strategic and functional expertise, industry knowledge, business and board experience and diversity. Prior to initiating a search for a new board member, these areas of capability are reviewed in light of Nufarm's strategy and the prevailing and expected market conditions. The collective capability of the current board is assessed against requirements and the search then focuses on finding a board member who will best complement the current mix of capability on the board.

The capability matrix is also used to select induction, development and education activities for the board and to articulate the ongoing relevance of a board member's expertise prior to recommending re-election of that board member.

In 2012 the board reviewed and updated the capability matrix and determined that all the criteria remained relevant and were free of gender bias.

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 and governance 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 and inclusion

Nufarm is committed to building a diverse and inclusive workplace. Diversity of gender, sexual orientation, age, ethnicity and religion increase our capability to develop and maintain a high performing workforce, and to better take advantage of the diverse challenges and opportunities we face around the globe.

To this end opportunities are provided for our people to work in different countries and regions as part of their development. Leadership teams are representative of the countries and regions within which they work resulting in global representation across the business.

In 2012 Nufarm confirmed cultural and gender diversity as areas for specific focus within the overall commitment to inclusion of all employees. A formal diversity policy was adopted (see the corporate governance section of our website www.nufarm.com). Human resources policies and practices and the board selection processes were reviewed to ensure they were free of bias and supportive of diverse candidates and employees.

In 2013 our focus was in the three key areas:

1. build a deeper understanding of our gender diversity profile through improved reporting and the Nufarm employee survey;
2. create an employee value proposition, targeted at a diverse range of candidates including gender, culture and experience, to attract them to our industry and company; and
3. continue to encourage gender and cultural diversity while maintaining inclusion for all employees.

Cultural diversity

Nufarm supplies products in more than 100 countries across five regions. Each region represents a sizeable percentage of our employees. This global footprint provides the opportunity to encourage a culturally diverse workforce in five ways:

- local leadership and teams are representative of local cultures;
- functions such as operations, supply chain, finance, procurement, marketing, information technology and human resources participate in global teams to share information and ideas;
- cross-regional and cross-functional teams are formed to undertake major business improvement projects;
- key individuals work in different regions to gain broader knowledge; and
- senior regional leaders meet regularly to discuss global and cross-regional strategic and operational matters.

These and other activities ensure that Nufarm is benefitting from the inclusion of its diverse workforce.

Nufarm employee representation

	%	Employees
South America	15	510
Asia	16	560
North America	19	640
Europe	25	863
Australia/New Zealand	25	860
Total	100	3,433*

* At 31 May 2013.

Corporate governance continued

Board and executive diversity

Every board and executive position which becomes available is an opportunity to bring further diversity to the business. In December 2012 Toshikazu Takasaki was appointed to the board. This year Elbert Prado (born in Columbia and now a USA citizen) was appointed as group executive manufacturing. Both bring a different perspective to the business based on their unique cultural and business experience.

Women in Nufarm

In 2013 data was collected to gain a more detailed picture of our gender diversity across the globe.

Women work in every area of our business. The highest percentage is in administrative roles, which are traditionally often staffed by women. Twenty-eight per cent are in professional roles including scientific, sales, engineering, marketing, finance, human resources and information technology. Fifteen per cent are in manufacturing working in our plants largely on day shift. Fifteen per cent work in a range of people management and executive roles.

Female representation

- Executive/senior management 6%
- People managers/team leaders 9%
- Professionals 28%
- Manufacturing 15%
- Administration 42%

One aspect of retaining women in Nufarm is the ability to encourage them back into the workforce after maternity leave. In the last year 90 per cent of maternity leavers returned to work – 55 per cent full-time and 45 per cent in a part-time capacity. This high percentage is encouraged through 'keep in touch' conversations during the period of leave and flexibility in working arrangements on their return.

Employee survey feedback

Nufarm conducts an employee survey every two years and uses the feedback from that survey to assist in refining our practices for both retaining and attracting talented people to the business.

- Eighty per cent of Nufarm employees responded to the survey conducted in October 2012. The overall engagement score was in the top quartile with no notable difference in the engagement levels of men and women or in the factors they found more or less engaging.
- The employee value proposition attributes do not vary notably for our people regardless of gender or nationality. The work attributes emerging as being most valued in Nufarm include: having a job with a clear impact on business outcomes; working in a collegiate atmosphere; working in a role closely aligned to personal interests; the health and wellbeing benefits offered by Nufarm; and the company's reputation for quality product and services.

Regions	Percentage of women	Distribution women in full and part-time employment: Full-time	Part-time
All Nufarm	**22**	**90%**	**10%**
Australia/New Zealand	27	86%	14%
Asia	15	100%	0%
North America	23	92%	8%
Europe	21	87%	13%
South America	21	92%	8%

Twenty-two per cent of Nufarm's permanent full-time or part-time employees are women. The table above shows the percentages by region with a breakdown of full-time and part-time employment.

Diversity and inclusion 2014

Our objectives for 2014 build on our past accomplishments and findings. In 2014 we will:

1. carry out a detailed study of remuneration and turnover to determine if there is any difference based on gender or other non-work related factors;
2. ensure involvement of women in management and leadership development activities to encourage their ambitions to take on managerial roles; and
3. increase the number of people involved in cross-regional projects and assignments.

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

Frank Ford is chairman of the board audit committee with Anne Brennan and Gordon Davis 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.

Frank Ford has a master of taxation from the University of Melbourne and a bachelor of business, accounting from RMIT University and is a fellow of the Institute of Chartered Accountants. Frank is a former managing partner of Deloitte Victoria after a long and successful career as a professional advisor spanning some 35 years. During that period, he was also a member of the Deloitte global board, global governance committee and national management committee.

Frank is a director of Toll Holdings Limited, Citigroup Pty Limited, Tarrawarra Museum of Art Limited.

Anne Brennan 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. Prior to this Anne was a partner in professional services firms Ernst & Young, Andersen and KPMG.

Anne is deputy chairperson of Echo Entertainment Group Limited and a director of Myer Limited, Charter Hall Group and Argo Investments Ltd. She is also a director of Rabobank Australia Limited and Rabobank New Zealand Limited.

Gordon Davis 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 Limited, 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.

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 partner 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 and was most recently amended in May 2013.

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 our 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.

In 2012 Nufarm introduced a risk management framework, policies and procedures, which set out the roles, responsibilities and guidelines for managing financial and operational risks associated with the business. The framework, policies and procedures have been designed to provide effective management of material risks at a level appropriate to Nufarm's global business.

During the year, Nufarm's group risk management department initiated the implementation of this framework across the group and commenced the process of developing detailed risk profiles for key operational business units. These risk profiles identify the:

- nature and likelihood of specific material risks;
- key controls in place to mitigate and manage the risk;
- sources and level of assurance provided on the effective operation of key controls; and
- responsibilities for managing these risks.

Nufarm's key operational and financial risks are set out on page 23 in the information on the company section of this report.

Nufarm's risk management framework is based on concepts and principles identified in the Australian/New Zealand Standard on Risk Management (AS/NZ ISO 31000:2009). The risk framework, policies and procedures will continue to be enhanced as the group's operations develop and its range of activities expand.

The board annually, at its strategy review meeting, comprehensively reviews the material strategic risks faced by the company. In so doing, it considers the interests of all relevant stakeholders.

The managing director and the company's senior management (group executives who report directly to the managing director) are responsible for the management of material risks in their respective areas of responsibility. At each board meeting, management report on specific issues of risk and compliance, including legal compliance, health safety and environmental compliance and financial reporting.

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

The board is responsible 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 delegates certain responsibilities to board committees. All board committees report to the board on risk management issues within their area of responsibility.

The nomination and governance committee is responsible for ensuring the company has appropriate governance policies and practices and appropriate ethical standards.

The health safety and environment (HSE) committee assists the board in respect of the company's responsibilities in relation to health, safety and environment matters arising out of activities within the Nufarm group as they affect employees, contractors, visitors, customers and the communities in which the Nufarm group operates. Gordon Davis is chairman of the HSE committee with Anne Brennan and Peter Margin members of the committee. All members of the committee are independent directors.

The audit committee assists the board in regard to financial reporting, audit and risk management, including oversight of the preparation of Nufarm's financial reporting, compliance with legal and regulatory obligations, oversight of the effectiveness of the Nufarm's enterprise-wide risk management and internal control framework and oversight of the relationship with the external and internal auditors. The general manager global risk and assurance reports at each audit committee meeting on the implementation and management of the enterprise risk management policy.

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

The Nufarm audit committee charter specifies the roles and responsibilities of the committee and the general manager global risk and assurance and requires the committee to:

- evaluate the effectiveness of the group's process for assessing, monitoring and managing significant risks or exposures and the steps management has taken to minimise such risks to the group as required by ASX Principle 7.2;
- assess the effectiveness of, or weaknesses in, the group's internal control framework including computerised information system controls and security, the overall control environment, and accounting, treasury and financial controls;
- consider significant findings and recommendations of the external auditors and internal auditors, together with management's responses thereto, and the timetable for implementation of recommendations to correct identified weaknesses in internal controls; and
- review, with the general manager global risk and assurance and the external auditors, the coordination of audit effort to assure completeness of coverage of key business controls and risk areas, reduction of redundant effort, and the effective use of risk management and audit resources.

Corporate governance continued

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.

The board received in the current reporting period an assurance from the chief executive officer and 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. Full details of the executive remuneration structure are set out in the remuneration report on pages 36 to 46 of this report.

Human resources committee

Peter Margin is chairman of the human resources committee and Gordon Davis and Donald McGauchie 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.

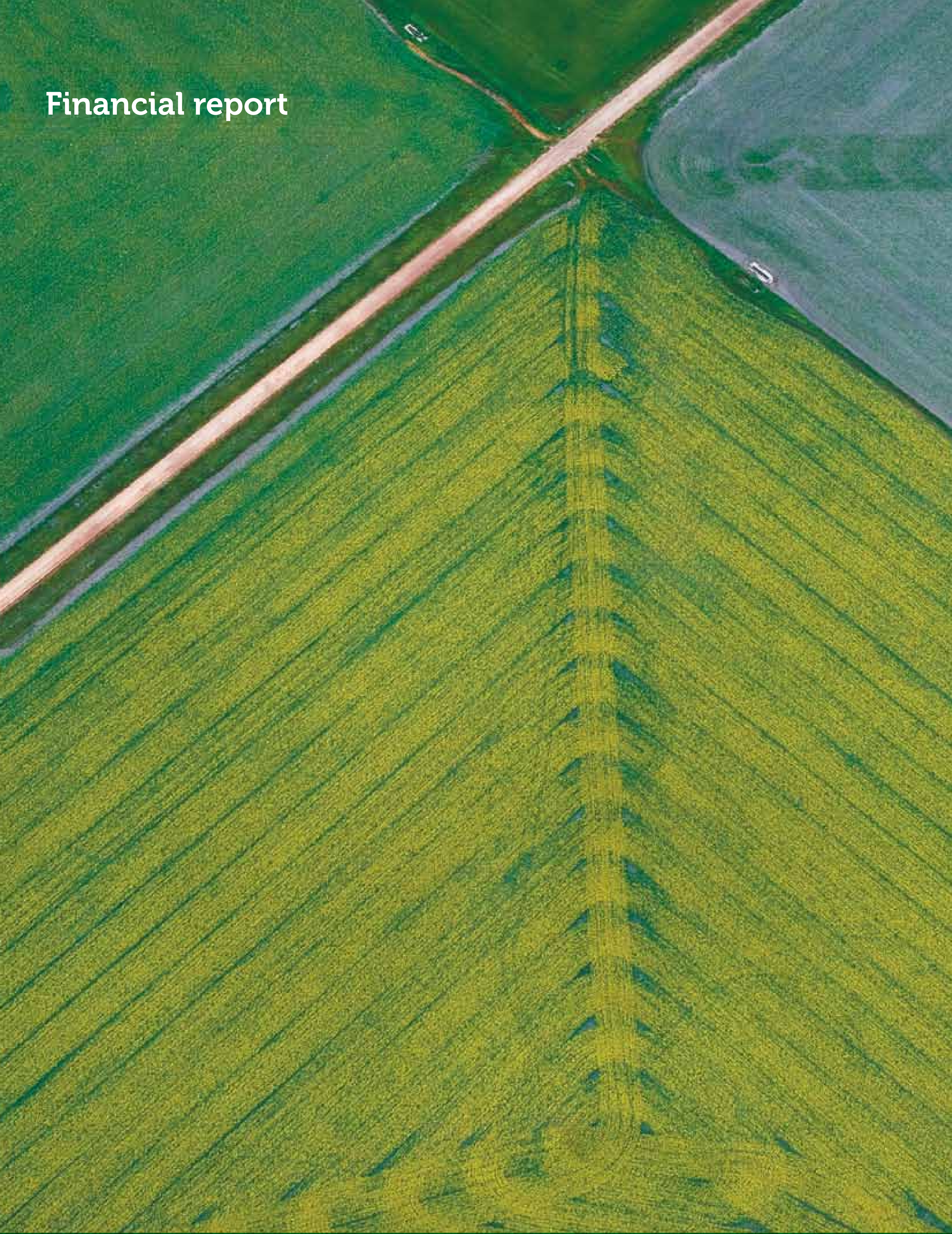
The committee is responsible for seeking and approving independent remuneration advisers who will provide independent remuneration advice, as appropriate, on board, chief executive officer and other key management personnel remuneration strategy, structure, practice and disclosure.

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 senior executive and non-executive directors' remuneration are set out in the remuneration report on pages 36 to 46 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 report



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 2013 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
GR Davis
FA Ford (appointed 10 October 2012)
Dr WB Goodfellow
GA Hounsell (retired 8 October 2012)
PM Margin
T Takasaki (appointed 6 December 2012)

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 and 21.

Company secretary

The company secretary is R Heath.

Details of the qualifications and experience of the company secretary are set out on page 18.

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	–
FA Ford	–	–
Dr WB Goodfellow[1,2]	1,143,416	48,423
DG McGauchie[1]	46,239	–
PM Margin	2,458	–
DJ Rathbone	11,726,031	1,500
T Takasaki	–	–

Note: at the date of his retirement GA Hounsell owned 43,723 shares.

1. The shareholdings of Dr WB Goodfellow and DG McGauchie 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.
   (vi) Archem Trading (NZ) Ltd (700 step-up securities).

Directors' report continued

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 and governance		Health safety and environment	
	Meetings held[2]	Meetings attended	Meetings held[2]	Meetings attended	Meetings held[2]	Meetings attended	Meetings held[2]	Meetings attended	Meetings held[2]	Meetings attended
AB Brennan	12	12	4	4	–	–	–	–	4	4
GR Davis	12	12	4	4	5	5	–	–	4	4
FA Ford[1]	9	9	3	3			2	2		
Dr WB Goodfellow	12	12	–	–	–	–	3	3	–	–
GA Hounsell[1]	1	1	1	1	–	–	–	–	–	–
DG McGauchie	12	12	–	–	5	5	3	3	–	–
PM Margin	12	12	–	–	5	5	–	–	4	4
DJ Rathbone	12	11	–	–	–	–	–	–	–	–
T Takasaki[1]	7	7								

1. FA Ford was appointed a director on 10 October 2012. T Takasaki was appointed a director on 6 December 2012. GA Hounsell retired as a director on 8 October 2012.
2. Number of meetings held during the period the director held office.

Principal activities and changes

Details of Nufarm's principal activities and changes are set out in the information on the company section on pages 22 to 23 of the financial report.

Nufarm employs approximately 3,458 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 profit attributable to members of the group for the 12 months to 31 July 2013 is $81.0 million. The comparable figure for the 12 months to 31 July 2012 was $72.6 million.

Dividends

The following dividends have been paid declared or recommended since the end of the preceding financial year.

	$000
The final dividend for 2011–2012 of 3 cents paid 16 November 2012.	7,817
The interim dividend for 2012–2013 of 3 cents paid 10 May 2013.	7,884

The final dividend for 2012–2013 of 5 cents as declared and recommended by the directors is payable 15 November 2013.

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 16 April 2012 – 15 October 2012 at the rate of 8.1067% per annum paid 15 October 2012	10,146
Distribution for the period 15 October 2012 – 15 April 2013 at the rate of 7.03% paid 15 April 2013	8,798

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 4 to 8 and the business review on pages 11 to 14.

State of affairs

The state of the group's affairs are set out in the managing director's review on pages 4 to 8 and the business review on pages 11 to 14.

Operations, financial position, business strategies and prospects

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, the business review, and the information on the company section on pages 22 and 23 of the financial report.

Events subsequent to reporting date

On 25 September 2013, the directors declared a final franked dividend of 5 cents per share payable 15 November 2013.

Likely developments

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 16 and 17. The group did not incur any prosecutions or fines in the financial period relating to environmental performance. The group publishes annually a sustainability report (formerly called 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 41 to 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.

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 2013.

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.

Remuneration report

A message from the chairman of the human resources committee (unaudited)

Nufarm's success is delivered through the efforts of our global teams of people and their commitment and passion to make Nufarm a better company. The best way to focus those efforts is to balance our deep company and industry knowledge with new thinking and ideas on both an individual and shared basis. This drives the sustainable innovation that is key to delivering our growth strategy. The remuneration structure for key management personnel (KMP) at Nufarm has been designed to support these principles. The short and long term incentive plans combine shared accountability for financial results with individual reward for strategic changes and improvements within the individual's function or business unit. Each year the board reviews the financial metrics and individual objectives to ensure they remain appropriate as a basis of reward given the objectives of the business strategy and the interests of shareholders.

Nufarm's remuneration report is for the year ended 31 July 2013. The report details remuneration information as it applies to Nufarm non-executive directors (NED) and Nufarm's executives (referred to as KMP).

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

Peter Margin

Remuneration governance

The human resources (HR) committee is responsible for reviewing and making recommendations to the board on remuneration policies and packages applicable to KMP. The committee is comprised of three independent non-executive directors and is tasked with ensuring that remuneration policies and packages retain and motivate high calibre executives and have a clear relationship between company performance and executive remuneration. The committee charter can be found at www.nufarm.com

The board measures financial performance under the short term incentive (STI) and long term incentive plan, (LTIP) using audited numbers. The relative total shareholder return (TSR) will be measured by an independent external advisor.

Within the remuneration framework the board has discretion to 'clawback' LTIP and 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 misstated; and/or for individual gross misconduct.

KMP are not permitted to hedge any shares issued to them under the STI while those shares remain held in trust.

Key outcomes for the 2013 year detailed in this report include:

- fixed remuneration increases for KMP;
- STI awards to KMP in line with performance; and
- LTIP awards to KMP.

Remuneration advice

The human resources committee engaged Godfrey Remuneration Group (GRG) as advisors to provide executive remuneration benchmarking data through comparisons to organisations of similar size and complexity to Nufarm and through detailed analysis of KMP compensation trends. This advice covered both fixed and variable components of compensation.

GRG was paid $36,300 for the provision of this advice. No other services were provided by GRG during the year.

The human resources committee appointed GRG with a set of clear criteria including the requirement for all reporting to be delivered directly to the chairman of the human resources committee. A process was established to ensure that GRG would be able to carry out its work, including information capture and the formation of its recommendations, free from undue influence from KMP to whom the recommendations would apply. The human resources committee undertook a full and independent review of the advice.

The board was satisfied that the remuneration recommendations made by GRG were free from undue influence by members of the KMP to whom the recommendations would apply.

The remuneration recommendations were provided to the Nufarm board as an input into decision-making only. The board considered the recommendations, along with other factors such as company performance, individual performance and the motivation and retention of key individuals, in making its remuneration decisions.

Principles of remuneration for the period ended 31 July 2013

The company's remuneration policy for the period ended 31 July 2013 was based on total target reward (TTR) structured to align overall remuneration spend with business performance.

TTR was composed of total fixed remuneration (TFR), a variable component of STI linked to current year performance and a LTIP linked to longer term performance and business outcomes.

Remuneration mix

The TTR for the majority of the KMP (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 (retained in performance rights). New KMP are employed on this basis. For longer serving KMP a case-by-case transition plan is being implemented to arrive at the target remuneration mix. Individual plans are necessary given different salary levels and contractual arrangements.

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

Fixed remuneration

The company's policy for the fixed reward was benchmarked against Australian executives with reference to the 62.5th percentile of companies of similar size and complexity excluding retail, utilities, financial and resources companies.

The 62.5th percentile positioning reflects the reality that while the current KMP are Australian based they have significant international responsibility and operate in a globally competitive employment market where remuneration levels are often higher than in the Australian market.

Short term incentive

Nufarm's strategy focuses on growth and increased participation in high value markets with sustainable returns. Therefore our STI program is heavily biased to growth in profitability and a strong focus on balance sheet management. Eighty per cent of STI potential was attached to the achievement of key financial outcomes for which KMP have shared accountability. Twenty per cent of STI potential was attached to individual strategic objectives depending on the role and function of the executive. Each of these objectives was focused on the contribution of the individual to the development of innovation capability and increased business discipline, both of which the company sees as integral to delivering targeted financial outcomes and returning the company to acceptable returns for shareholders.

The board reviews the measures each year to ensure they remain relevant for the company and shareholders. For the 2013 year the financial measures were changed. Underlying NPAT replaced underlying EBIT while average net working capital (ANWC)/sales replaced return on assets (ROA). These changes resulted in greater alignment with shareholder interests and rewards and better alignment within the business where ANWC as a percentage of sales is a standard measure across the business units.

In 2013 the STI, which rewards annual performance, was delivered through a combination of cash incentive and shares which were retained and will vest in 2015 on the second anniversary.

Directors' report continued

<table>
<tr><td rowspan="3">Who participates in the STI?</td><td colspan="5">Plan participants include KMP and senior managers globally.</td></tr>
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<table>
<tr><td>Who participates in the STI?</td><td colspan="5">Plan participants include KMP and senior managers globally.</td></tr>
<tr><td>When are awards made?</td><td colspan="5">Awards under the plan are made at the end of the financial year.</td></tr>
<tr><td rowspan="3">What measures are used in the plan?</td><td colspan="5">The board sets measures at the start of each year focused on profitability, balance sheet management and overall return. Noted below are the measures used in 2013.</td></tr>
<tr><td colspan="2">80% of the potential was based on underlying net profit after tax (NPAT) and average net working capital (ANWC)/sales.</td><td colspan="3">20% of the potential was based on individual strategic and business improvement objectives aligned to the role and contribution of the executive.</td></tr>
<tr><td colspan="5">This structure reflects Nufarm's strong focus on the use of capital and ensures alignment of reward to business outcomes and shareholder returns.</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 Underlying NPAT
110 ANWC/Sales</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% and budget and between budget (target) and 120% budget achievement (stretch).

Strategic and business improvement objectives are assessed on a merit basis against stated objectives.</td></tr>
<tr><td>Are payments in cash or shares?</td><td colspan="5">50% of STI is paid in cash at the time of performance testing and 50% deferred into shares in the company for nil consideration.</td></tr>
<tr><td>When do the shares vest?</td><td colspan="5">Vesting will occur on the second anniversary subject to continued employment.</td></tr>
<tr><td>Is there a clawback provision in the plan?</td><td colspan="5">The rules of the plan provide for clawback of 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 misstated; and/or for individual gross misconduct.</td></tr>
</table>

Long term incentive plan

Nufarm's LTIP commenced in 2011 and is based on the principle of aligning executive interests and rewards with those of shareholders. Return on funds employed (ROFE) has long been held as an important metric for Nufarm and it was considered important to include a return measure in the LTIP. Relative TSR recognises that investors will choose to invest their money in industries and companies with acceptable returns. This plan rewards executives to the degree the company performs against these two hurdles over three years.

Why have a LTIP?	This plan aligns executive interests and earnings with the longer term Nufarm strategy and the interests of shareholders.
Who participates in the LTIP	The current participants in the plan are KMP and other selected senior managers (together, the LTIP participants).
Are the awards cash or shares?	Awards are 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.
When are the awards made?	Under the plan, Australian LTIP participants 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 the award is delayed until after shareholder approval is gained at an annual general meeting. The initial awards were made to LTIP participants (excluding the managing director) in the first quarter of 2012 in line with the individual transition plans mentioned above under 'remuneration mix'. The awards for the 2012 financial year were made to the LTIP participants in the first quarter of the 2013 year.
How are the number of rights calculated?	The number of rights for the 2011 and 2012 awards were calculated at 'face value' using the five day VWAP post the announcement of annual results for FY12: • the board will review the efficacy of a fair value methodology annually; and • to be eligible the LTIP participant needs to be employed by Nufarm on the vesting date.

<table>
<tr><td>When do the awards vest?</td><td>The performance/vesting period for awards is three years. Awards will vest in two equal tranches as follows:
• 50% 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% of the LTIP grant will vest subject to the three year average of an absolute ROFE target.</td></tr>
<tr><td>Why have ROFE and relative TSR been chosen as the hurdles?</td><td>ROFE is used to track progress towards the goal to return long term results back to acceptable levels for Nufarm (ROFE). Strong relative TSR performance ensures Nufarm is an attractive investment for shareholders.</td></tr>
<tr><td>What is the comparator group for the assessment of relative TSR?</td><td>Based on the results of research and modelling carried out by Ernst and 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 which 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>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>What is the relative TSR performance required for vesting?</td><td><table>
<tr><td>TSR of Nufarm relative to the TSR of comparator group companies</td><td>Proportion of TSR grant vesting</td></tr>
<tr><td>Less than 50th percentile</td><td>0%</td></tr>
<tr><td>50th percentile</td><td>50%</td></tr>
<tr><td>Between 51st percentile and 75th percentile</td><td>Straight-line vesting between 50% and 100%</td></tr>
<tr><td>75th percentile</td><td>100% vesting</td></tr>
</table></td></tr>
<tr><td>How is the ROFE target set?</td><td>ROFE objectives are set by the board at the beginning of each year. There is both a 'target' and a 'stretch' hurdle. These numbers are based on the budget and growth strategy. 'Target' represents a sustainable return to acceptable ROFE levels. 'Stretch' recognises achievement well above budget. This ensures that full vesting of the LTIP is truly reliant on outstanding performance.</td></tr>
<tr><td>How is ROFE measured?</td><td>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>What ROFE result is required for vesting?</td><td><table>
<tr><td>Percentage of ROFE target achieved</td><td>Proportion of ROFE grant vesting</td></tr>
<tr><td>Less than target</td><td>0%</td></tr>
<tr><td>Target</td><td>50%</td></tr>
<tr><td>Between target and stretch</td><td>Straight-line vesting between 50% and 100%</td></tr>
<tr><td>Stretch</td><td>100%</td></tr>
</table></td></tr>
<tr><td>What was the result for the 2013 year?</td><td>There is no partial vesting of the LTIP before the third anniversary which will be 31 July 2014 for the first awards under the plan. The table below shows the performance against target for the first two years of the plan.<table>
<tr><td></td><td>Target %</td><td>Outcome %</td></tr>
<tr><td>2012</td><td>10.00</td><td>10.40</td></tr>
<tr><td>2013</td><td>10.90</td><td>8.8</td></tr>
<tr><td>Cumulative average</td><td>10.45</td><td>9.6</td></tr>
</table>This means that at the second anniversary of the 2012 award that the results are tracking below the hurdle rate necessary to trigger vesting on this metric of the LTIP.</td></tr>
<tr><td>What happens if the awards do not vest?</td><td>To the extent that the TSR and ROFE performance hurdles are not met at the end of the three year performance period and vesting is not achieved, performance will not be re-tested and the award will lapse.</td></tr>
<tr><td>Is there a clawback provision in the plan?</td><td>The rules of the plan provide for clawback of unvested LTIP rights where: payment is contrary to the financial soundness of the company; in circumstances where the financial performance of Nufarm over the relevant period has been misstated; and/or for individual gross misconduct.</td></tr>
</table>

Link between performance and KMP remuneration outcomes

- Fixed and variable remuneration review: given the financial performance of the group and the contribution to the continued recovery of the business, KMP were granted increases in fixed remuneration and short term incentive potential of between three per cent and 10 per cent. Percentage increases reflected changes in the scope and responsibility of the role, individual performance and alignment to market comparators. Salary benchmarking carried out by Godfrey Remuneration Group confirmed that these increases were in line with market comparisons and movement in executive salaries.
- STI: based on an underlying NPAT result of $83.2 million, an ANWC/Sales result at 46.8 per cent and performance against individual strategic and business improvement objectives, KMP were awarded a limited incentive in accordance with the rules of the plan.
  - Individual objectives were driven by Nufarm's strategy and the goals to deliver on sustainable innovation and business discipline across the business. These objectives were specific to the role of each executive and included organisation restructuring, management and board renewal, business process and systems improvements and the implementation of initiatives to support growth in higher value segments.
- LTIP: the LTIP vests on the third anniversary. While both measures are tested on the third anniversary, the ROFE results for 2012 and 2013 are currently tracking below the hurdle rate necessary to trigger any payment against this metric.

The table below summarises the company's performance and shareholder wealth statistics which influence KMP variable remuneration. These are listed over the last five years with the exception of ANWC/Sales and Underlying NPAT which were used for calculation of the 2013 STI.

	Underlying EBIT*	ANWC/Sales***	Underlying NPAT**	ROFE achieved	Closing share price 31 July	Total shareholder return****
	$M	%	$M	%	$	%
2009	312.5	–	–	13.0	10.84	(33.8)
2010	148.4	N/A	N/A	6.0	3.82	(62.7)
2011	171.8	N/A	N/A	7.6	4.34	13.6
2012	206.0	45.3	115.4	10.4	5.47	26.8
2013	186.8	46.8	83.2	8.8	4.50	(16.5)

* And ** Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying NPAT is net profit after tax before material items. Underlying NPAT and Underlying EBIT are used internally by management to assess performance of our business and make decisions on the allocation of our resources. NPAT, rather than EBIT, is used to assess management's STI to ensure rewarded business outcomes are aligned with shareholder returns.

*** Average net working capital/sales is used throughout the business and highlights the strong business-wide focus on the management of working capital over the full year.

**** Source: Credit-Suisse.

2013 STI outcomes

KMP	2013 STI Potential At target $	2013 STI Potential At maximum $	Total award as a % of target potential $	Total award $	To be paid in cash in October 2013 $	Retained in shares vesting on 2nd anniversary $
Doug Rathbone*	1,638,000	2,452,500	30.6	501,294	200,518	300,776
Paul Binfield	312,400	468,600	33.1	103,418	51,709	51,709
David Pullan**	527,135	790,703	33.1	174,504	87,252	87,252
Brian Benson	504,216	756,324	33.1	166,916	83,458	83,458
Robert Reis	440,669	661,004	33.1	145,880	72,940	72,940
Greg Hunt	280,160	420,240	33.1	92,744	46,372	46,372
Dale Mellody	378,378	567,567	33.1	125,258	62,629	62,629
Mike Pointon	277,100	415,650	33.1	91,732	45,866	45,866
Bonita Croft	237,220	355,830	33.1	78,530	39,265	39,265
Rodney Heath	231,351	347,027	33.1	76,586	38,293	38,293

* Deferred STI is retained in cash.

** David Pullan retired on 31 July 2013 as a qualifying leaver. Therefore his award remains in the plan and is subject to the same vesting measurements and timing as if he had remained an employee.

2013 LTIP allocations

KMP	Value of award $	Number of performance rights*
Doug Rathbone	787,500	134,282
Paul Binfield	249,700	42,578
David Pullan	156,724	26,724
Brian Benson	149,910	25,562
Robert Reis	133,536	22,770
Greg Hunt	224,540	38,288
Dale Mellody	114,660	19,552
Mike Pointon	95,420	16,271
Bonita Croft	71,885	12,258
Rodney Heath	70,106	11,954

* Rights were valued at $5.8645 being the five day VWAP post the announcement of 2012 annual results.

Note: To the degree that the ROFE and relative TSR hurdles are met, rights will vest on 31 July 2016.

Service contracts

The company has employment contracts with the KMP. These contracts formalise the terms and conditions of employment. The contracts are for an indefinite term. The contracts of the managing director and several other 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 TFR (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 other 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 plans 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.

Termination benefits

Under the rules of the STI plan if a KMP leaves before the vesting anniversary under 'qualifying leaver' provisions the equity will remain in the plan until the vesting date. If the KMP leaves under other than qualifying leaver circumstances the equity will be forfeited.

To be eligible under the LTI plan the KMP 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 subject always to certain overriding discretions set out in the plan, and to supervening provisions in certain executive contracts, which extend or alter the manner in which the pro-rating is undertaken. 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, in special circumstances (for example, health or severe personal hardship), to accelerate the vesting. In the case of the STI this would result in the shares being released from the trust to the KMP. In the case of the LTI plan the qualifying allocation will be tested against the hurdles to determine the value (if any) of the allocation.

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 (excluding superannuation costs).

Set out below are details of the annual fees payable for the year ended 31 July 2013 (including superannuation costs). These fees were effective from 1 February 2012. There was no change to fees during the 2013 year.

The total fees for year remained well within the approved cap. The board has determined there is no need to seek an increase in the cap for the 2014 year.

	Fees applicable from 1 February 2012 to 31 July 2013 $
Chairman[1]	330,000
General board	135,000
Audit committee chair	27,500
Audit committee member	11,000
Health, safety, environment and risk committee chair	16,500
Health, safety, environment and risk committee member	5,500
Human resources committee chair	22,000
Human resources committee member	8,250
Nominations and governance committee chair	11,000
Nominations and governance committee member	1,375 per meeting

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

Board fees are reviewed every 18 months. After consideration of general market data all board and committee fees will increase by five per cent effective 1 August 2013. These fees will be reviewed again in January 2015.

Remuneration of directors and executives

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		Short term Salary and fees $	Short term Cash bonus (vested) $	Short term Non-monetary benefits $
Directors' non-executive				
AB Brennan	2013	151,500	–	–
	2012	128,864	–	–
GR Davis	2013	170,750	–	–
	2012	135,025	–	–
Dr RJ Edgar[3]	2013	–	–	–
	2012	84,833	–	–
Dr WB Goodfellow	2013	139,125	–	–
	2012	121,364	–	–
GA Hounsell[4]	2013	30,625	–	–
	2012	155,114	–	–
DG McGauchie	2013	330,000	–	–
	2012	295,000	–	–
P Margin	2013	162,500	–	–
	2012	110,310	–	–
Dr JW Stocker[5]	2013	–	–	–
	2012	40,455	–	–
F Ford[2]	2013	134,625	–	–
	2012	–	–	–
T Takasaki[6]	2013	88,788	–	–
	2012	–	–	–
Sub total non-executive directors' remuneration	2013	1,207,913	–	–
	2012	1,070,965	–	–
Executive director DJ Rathbone (managing director)	2013	1,522,303	840,247	47,172
	2012	1,451,451	1,141,795	51,508
Total directors' remuneration	2013	2,730,216	840,247	47,172
	2012	2,522,416	1,141,795	51,508
Group executives				
DA Pullan[8] (group executive operations)	2013	778,558	87,252	–
	2012	702,458	259,987	–
P Binfield (chief financial officer)	2013	639,588	51,709	–
	2012	449,875	309,226	–
BF Benson (group executive marketing)	2013	682,937	83,458	37,638
	2012	624,858	248,683	22,030
G Hunt (group executive global marketing)	2013	587,303	46,372	14,160
	2012	270,310	100,545	–
RG Reis (group executive corporate strategy and external affairs)	2013	610,707	72,940	43,511
	2012	542,504	215,310	22,829
DA Mellody (group executive global marketing)	2013	498,339	62,629	35,219
	2012	475,262	182,991	31,612
MJ Pointon (group executive innovation and development)	2013	346,351	45,866	35,416
	2012	298,261	129,179	35,468
BJ Croft (group executive human resources and organisation development)	2013	324,974	39,265	33,519
	2012	285,629	114,832	–
R Heath (company secretary)	2013	281,498	38,293	32,746
	2012	245,157	113,038	38,096
RF Ooms[7] (group executive chemicals)	2013	–	–	–
	2012	604,812	–	13,293
E Prado[9] (group executive manufacturing)	2013	55,078	–	–
	2012	–	–	–
Sub total – total executives' remuneration	2013	4,805,333	527,784	232,209
	2012	4,499,126	1,673,791	163,328
Total directors' and executives' remuneration	2013	7,535,549	1,368,031	279,381
	2012	7,021,542	2,815,586	214,836

1. Represents total remuneration in the financial year.
2. F Ford appointed as a director 10 October 2012.
3. Dr RJ Edgar retired as a director 27 March 2012.
4. GA Hounsell retired as a director on 8 October 2012.
5. Dr JW Stocker retired as a director 1 December 2011.
6. T Takasaki appointed as a director 6 December 2012.
7. R Ooms left Nufarm on 29 February 2012.
8. D Pullan retired from Nufarm 31 July 2013. Payments to Mr. Pullan comprised his entitlements and termination payment under the conditions of his employment contract.
9. E Prado was appointed to the role of group executive manufacturing on 1 July 2013.

Note: KMP were granted increases in fixed remuneration and short term incentive potential of between three per cent and 10 per cent. Percentage increases reflected changes in the scope and responsibility of the role, individual performance and alignment to market comparators.

	Post-employment		Share-based payments	Other long term	Total[1]		
Total $	Superannuation $	Termination benefits $	Equity settled $	$	Total remuneration $	Percentage of remuneration performance based %	Value of options as a proportion of total remuneration %
151,500	13,772	–	–	–	165,272		
128,864	12,886	–	–	–	141,750		
170,750	15,522	–	–	–	186,272		
135,025	13,482	–	–	–	148,507		
–	–	–	–	–	–		
84,833	8,483	–	–	–	93,316		
139,125	12,647	–	–	–	151,772		
121,364	12,136	–	–	–	133,500		
30,625	2,784	–	–	–	33,409		
155,114	14,511	–	–	–	169,625		
330,000	30,000	–	–	–	360,000		
295,000	29,500	–	–	–	324,500		
162,500	14,772	–	–	–	177,272		
110,310	11,031	–	–	–	121,341		
–	–	–	–	–	–		
40,455	4,045	–	–	–	44,500		
134,625	12,238	–	–	–	146,863		
–	–	–	–	–	–		
88,788	8,071	–	–	–	96,859		
–	–	–	–	–	–		
1,207,913	109,806	–	–	–	1,317,719		
1,070,965	106,074	–	–	–	1,177,039		
2,409,722	22,341	–	439,683	94,909	2,966,655	43	15
2,644,754	24,102	–	233,393	178,174	3,080,423	45	8
3,617,635	132,147	–	439,683	94,909	4,284,374		
3,715,719	130,176	–	233,393	178,174	4,257,462		
865,810	30,828	799,000	210,500	–	1,906,138	16	4
962,445	45,854	–	145,844	17,400	1,171,543	35	3
691,297	23,606	–	175,934	–	890,837	26	13
759,101	13,311	–	102,024	–	874,436	24	6
804,033	23,725	–	201,346	25,364	1,054,468	27	7
895,571	48,800	–	139,504	19,671	1,103,546	35	3
647,835	22,917	–	162,636	–	833,388	25	13
370,855	16,667	–	96,166	–	483,688	41	11
727,158	24,000	–	175,405	29,644	956,207	26	6
780,643	34,646	–	120,784	20,455	956,528	35	3
596,187	24,150	–	150,335	17,265	787,937	27	7
689,865	24,300	–	103,432	13,969	831,566	34	3
427,633	24,000	–	109,715	15,080	576,428	27	7
462,908	46,791	–	72,830	8,520	591,049	34	3
397,758	25,833	–	93,820	–	517,411	26	6
400,461	47,917	–	64,418	–	512,796	35	3
352,537	24,833	–	92,085	18,009	487,464	27	7
396,291	45,890	–	63,412	9,316	514,909	34	3
–	–	–	–	–	–	0	0
618,105	28,992	1,525,000	–	–	2,172,097	0	0
55,078	2,040	–	–	–	57,118	0	0
–	–	–	–	–	–	0	0
5,565,326	225,932	799,000	1,371,776	105,362	8,067,396		
6,336,245	353,168	1,525,000	908,414	89,331	9,212,158		
9,182,961	358,079	799,000	1,811,459	200,271	12,351,770		
10,051,964	483,344	1,525,000	1,141,807	267,505	13,469,620		

Directors' report continued

Remuneration options: granted and vested during the year

During the year 350,239 (2012: 465,677) performance rights were granted to executives under the LTIP. No options vested or were 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.

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

DG McGauchie
Director

DJ Rathbone
Director

Melbourne
25 September 2013

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 2013 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
25 September 2013

Income statement
For the year ended 31 July 2013

	Note	Consolidated 2013 $000	2012 $000
Continuing operations			
Revenue		**2,277,292**	2,181,551
Cost of sales		**(1,653,991)**	(1,570,657)
Gross profit		**623,301**	610,894
Other income	7	**20,677**	10,124
Sales, marketing and distribution expenses		**(269,582)**	(240,543)
General and administrative expenses		**(148,012)**	(198,007)
Research and development expenses		**(42,698)**	(37,874)
Share of net profits/(losses) of equity accounted investees	19	**(60)**	378
Operating profit		**183,626**	144,972
Financial income excluding foreign exchange gains/(losses)[a]	10	**5,491**	7,910
Net foreign exchange gains/(losses)[a]	10	**(10,734)**	19,237
Net financing income		**(5,243)**	27,147
Financial expenses[a]	10	**(65,460)**	(61,796)
Net financing costs		**(70,703)**	(34,649)
Profit/(loss) before income tax		**112,923**	110,323
Income tax benefit/(expense)	11	**(31,173)**	(37,501)
Profit/(loss) for the period from continuing operations		**81,750**	72,822
Attributable to:			
Equity holders of the company		**80,999**	72,594
Non-controlling interest		**751**	228
Profit/(loss) for the period		**81,750**	72,822
Earnings per share			
Basic earnings/(loss) per share	30	**25.5**	22.3
Diluted earnings/(loss) per share	30	**25.4**	22.3

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

(a) Comparative amounts have been reclassifed to align with current classification. Refer to note 2(e) for details.

Statement of comprehensive income
For the year ended 31 July 2013

		Consolidated	
	Note	2013 $000	2012 $000
Profit/(loss) for the period		**81,750**	72,822
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences for foreign operations		**166,767**	(135,859)
Effective portion of changes in fair value of cash flow hedges		**(3,625)**	–
Effective portion of changes in fair value of net investment hedges		**(23,071)**	–
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans		**(683)**	(5,494)
Income tax on share-based payment transactions		**252**	93
Other comprehensive profit/(loss) for the period, net of income tax		**139,640**	(141,260)
Total comprehensive profit/(loss) for the period		**221,390**	(68,438)
Attributable to:			
Equity holders of the company		**220,639**	(68,666)
Non-controlling interest		**751**	228
Total comprehensive profit/(loss) for the period		**221,390**	(68,438)

The amounts recognised directly in equity are disclosed net of tax.

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

Balance sheet
As at 31 July 2013

	Note	Consolidated 2013 $000	2012 $000
Assets			
Cash and cash equivalents	15	**264,972**	191,317
Trade and other receivables	16	**758,534**	730,496
Inventories	17	**802,789**	515,254
Current tax assets	18	**33,866**	37,664
Assets held for sale	13	**–**	–
Total current assets		**1,860,161**	1,474,731
Non-current assets			
Trade and other receivables	16	**36,191**	41,095
Investments in equity accounted investees	19	**6,197**	4,126
Other investments	20	**448**	6,213
Deferred tax assets	18	**200,219**	181,633
Property, plant and equipment	22	**402,698**	370,780
Intangible assets	23	**865,755**	722,690
Other financial assets	21	**–**	–
Total non-current assets		**1,511,508**	1,326,537
TOTAL ASSETS		**3,371,669**	2,801,268
Current liabilities			
Bank overdraft	15	**–**	–
Trade and other payables	24	**550,319**	474,991
Loans and borrowings	25	**316,365**	292,323
Employee benefits	26	**19,783**	18,167
Current tax payable	18	**16,677**	14,834
Provisions	28	**3,279**	6,742
Total current liabilities		**906,423**	807,057
Non-current liabilities			
Payables	24	**48,871**	10,246
Loans and borrowings	25	**581,720**	366,798
Deferred tax liabilities	18	**119,691**	95,823
Employee benefits	26	**50,219**	44,542
Total non-current liabilities		**800,501**	517,409
TOTAL LIABILITIES		**1,706,924**	1,324,466
NET ASSETS		**1,664,745**	1,476,802
Equity			
Share capital		**1,063,992**	1,059,522
Reserves		**(198,670)**	(326,915)
Retained earnings		**547,302**	496,663
Equity attributable to equity holders of the company		**1,412,624**	1,229,270
Nufarm step-up securities		**246,932**	246,932
Non-controlling interest		**5,189**	600
TOTAL EQUITY		**1,664,745**	1,476,802

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

Statement of cash flows

For the year ended 31 July 2013

	Note	Consolidated 2013 $000	2012 $000
Cash flows from operating activities			
Cash receipts from customers		**2,464,521**	2,163,049
Cash paid to suppliers and employees		**(2,296,316)**	(1,927,654)
Cash generated from operations		**168,205**	235,395
Interest received		**5,491**	7,910
Dividends received		**73**	151
Interest paid		**(49,958)**	(48,824)
Income tax paid		**(14,347)**	(28,127)
Class action settlement		**(46,677)**	–
Net cash from operating activities	38	**62,787**	166,505
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**1,036**	591
Proceeds from sales of businesses and investments		**12,630**	4,915
Payments for plant and equipment		**(44,229)**	(47,569)
Payment for investments		**–**	–
Purchase of businesses, net of cash acquired		**(30,706)**	(53,914)
Payments for acquired intangibles and major product development expenditure		**(51,874)**	(34,320)
Net investing cash flows		**(113,143)**	(130,297)
Cash flows from financing activities			
Debt establishment transaction costs		**(16,569)**	(26,960)
Proceeds from borrowings		**1,244,168**	832,466
Repayment of borrowings		**(1,094,345)**	(863,406)
Distribution to Nufarm step-up security holders		**(19,275)**	(19,082)
Dividends paid		**(14,727)**	(7,614)
Net financing cash flows		**99,252**	(84,596)
Net increase/(decrease) in cash and cash equivalents		**48,896**	(48,388)
Cash at the beginning of the year		**191,317**	246,825
Exchange rate fluctuations on foreign cash balances		**24,759**	(7,120)
Cash and cash equivalents at 31 July	15	**264,972**	191,317

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 2013

Consolidated	Share capital $000	Translation reserve $000	Capital profit reserve $000
Balance at 1 August 2011	1,058,151	(227,551)	33,627
Profit/(loss) for the period	–	–	–
Other comprehensive income			
Actuarial gains/(losses) on defined benefit plans	–	–	–
Foreign exchange translation differences	–	(135,859)	–
Gains/(losses) on cash flow hedges taken to equity	–	–	–
Gains/(losses) on net investment hedges taken to equity	–	–	–
Income tax on share-based payment transactions	–	–	–
Total comprehensive income/(loss) for the period	–	(135,859)	–
Transactions with owners, recorded directly in equity			
Accrued employee share award entitlement	–	–	–
Issuance of shares under employee share plans	768	–	–
Dividends paid to shareholders	–	–	–
Dividend reinvestment plan	603	–	–
Distributions to Nufarm step-up security holders	–	–	–
Acquisition of non-controlling interest	–	–	–
Balance at 31 July 2012	1,059,522	(363,410)	33,627
Balance at 1 August 2012	**1,059,522**	**(363,410)**	**33,627**
Profit/(loss) for the period	**–**	**–**	**–**
Other comprehensive income			
Actuarial gains/(losses) on defined benefit plans	**–**	**–**	**–**
Foreign exchange translation differences	**–**	**166,767**	**–**
Gains/(losses) on cash flow hedges taken to equity	**–**	**–**	**–**
Gains/(losses) on net investment hedges taken to equity	**–**	**–**	**–**
Income tax on share-based payment transactions	**–**	**–**	**–**
Total comprehensive income/(loss) for the period	**–**	**166,767**	**–**
Transactions with owners, recorded directly in equity			
Accrued employee share award entitlement	**–**	**–**	**–**
Issuance of shares under employee share plans	**3,494**	**–**	**–**
Dividends paid to shareholders	**–**	**–**	**–**
Dividend reinvestment plan	**976**	**–**	**–**
Distributions to Nufarm step-up security holders	**–**	**–**	**–**
Acquisition of non-controlling interest	**–**	**–**	**–**
Balance at 31 July 2013	**1,063,992**	**(196,643)**	**33,627**

The statement of changes in equity is to be read in conjunction with the attached notes.

Statement of changes in equity continued

For the year ended 31 July 2013

Other reserve $000	Retained earnings $000	Total $000	Nufarm step-up securities $000	Non-controlling interest $000	Total equity $000
714	451,472	1,316,413	246,932	773	1,564,118
–	72,594	72,594	–	228	72,822
–	(5,494)	(5,494)	–	–	(5,494)
–	–	(135,859)	–	–	(135,859)
–	–	–	–	–	–
–	–	–	–	–	–
93	–	93	–	–	93
93	67,100	(68,666)	–	228	(68,438)
2,829	–	2,829	–	–	2,829
(768)	–	–	–	–	–
–	(7,865)	(7,865)	–	(351)	(8,216)
–	–	603	–	–	603
–	(14,044)	(14,044)	–	–	(14,044)
–	–	–	–	(50)	(50)
2,868	496,663	1,229,270	246,932	600	1,476,802
2,868	**496,663**	**1,229,270**	**246,932**	**600**	**1,476,802**
–	**80,999**	**80,999**	**–**	**751**	**81,750**
–	**(683)**	**(683)**	**–**	**–**	**(683)**
–	**–**	**166,767**	**–**	**–**	**166,767**
(3,625)	**–**	**(3,625)**	**–**	**–**	**(3,625)**
(23,071)	**–**	**(23,071)**	**–**	**–**	**(23,071)**
252	**–**	**252**	**–**	**–**	**252**
(26,444)	**80,316**	**220,639**	**–**	**751**	**221,390**
4,528	**–**	**4,528**	**–**	**–**	**4,528**
(3,494)	**–**	**–**	**–**	**–**	**–**
–	**(15,703)**	**(15,703)**	**–**	**–**	**(15,703)**
–	**–**	**976**	**–**	**–**	**976**
–	**(13,974)**	**(13,974)**	**–**	**–**	**(13,974)**
(13,112)	**–**	**(13,112)**	**–**	**3,838**	**(9,274)**
(35,654)	**547,302**	**1,412,624**	**246,932**	**5,189**	**1,664,745**

Notes to the financial statements

1. Reporting entity

Nufarm Limited (the 'company') is a company limited by shares and domiciled in Australia that is listed on the Australian Securities Exchange. 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 2013 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 a for-profit entity and 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, and seed treatment products.

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 25 September 2013.

(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 the going concern basis, which assumes the realisation of assets and extinguishment of liabilities in the ordinary course of business. The going concern basis is considered appropriate by the directors having regard to the group's access to appropriate lines of credit to support the group's working capital and general corporate financing requirements through its three year $406 million syndicated bank facility, entered into in November 2011, a debtors' securitisation facility, entered into in August 2011, and the completion of a US$325 million senior unsecured notes offering in October 2012.

(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.

(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 or at each reporting date if required. 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 assumptions 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. Other non-current assets are also assessed for impairment indicators.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(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.

(vi) Capitalised development costs

Development expenditures are recognised as an intangible asset when the group judges and is able to demonstrate:

(a) the technical feasibility of completing the intangible asset so that it will be available for use;

(b) intention to complete;

(c) ability to use the asset; and

(d) how the asset will generate future economic benefits and the ability to measure reliably the expenditure during development.

(e) Reclassification

Net foreign exchange gains/losses on proceeds from Nufarm step-up securities financing (2012: gain $11.505 million) are now classified within net foreign exchange gains/losses, having previously been disclosed separately on the face of the income statement as part of net financing costs.

Comparatives have been adjusted to present them on the same basis as current period figures.

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.

(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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

Acquisitions on or after 1 July 2009 (continued)

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 and 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.

(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 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 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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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 net financing costs as they are mostly derived from financing arrangements.

The group has on issue a hybrid security called Nufarm step-up securities (NSS). Proceeds from the NSS (note 29) have been utilised to provide funding throughout the group. This creates a foreign currency exposure when the funding currency denomination differs from the respective entity's functional currency.

(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 IFRS, 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 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.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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 purchase 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.

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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as another category of financial asset. Available-for-sale financial assets are recognised initiallly at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and any changes other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

(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 NSS are classified as equity instruments but as non-controlling interests as they are issued by a subsidiary. After-tax distributions thereon are recognised as distributions within equity. Further details can be found in note 29.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derivative financial instruments, including hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Notes to the financial statements continued

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derivative financial instruments, including hedge accounting (continued)

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

(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.

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.

3. Significant accounting policies (continued)

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of business combinations is included in intangible assets. Subsequent to initial recognition, 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.

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 value. With the exception of goodwill, intangibles with a finite life are amortised on a straight-line basis in profit and loss 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 where 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) Non-derivative 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.

Objective evidence of impairment includes default or delinquency by a debtor, indications that a debtor will enter bankruptcy, and, in the case of an investment in an equity security, a significant or prolonged decline in its fair value.

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.

An impairment loss on an available-for-sale financial asset is recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit and loss. The cumulative loss that is reclassified from equity to profit and loss is the difference between the acquisition cost and the current fair value less any impairment loss previously recognised in profit and loss. If, in a subsequent period, the fair value of an impaired available-for-sale financial asset increases and the increase relates to an event occurring after the impairment loss was recognised then the impairment loss is reversed, with the amount of the reversal recognised in profit and loss.

(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 at each 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 inflows 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 costs 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.

(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.

3. Significant accounting policies (continued)

(j) Employee benefits (continued)

(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 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.

The group has a short term incentive plan (STI) available to key executives, senior managers and other managers globally. A pre-determined percentage of the STI is paid in cash with the remainder deferred into shares which have either a one or two year vesting period. The cash portion is recognised immediately as an expense at the time of performance testing. The expense relating to deferred shares is expensed over the vesting period. Refer to note 27 for further details on this plan.

The group has a long term incentive plan (LTIP) which is available to key executives and certain selected senior managers. Peformance rights have been granted to acquire ordinary shares in the company subject to the achievement of global performance hurdles. The expense in relation to the LTIP is recognised over the vesting period of three years. Refer note 27 for further details on this 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 a 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

(i) 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.

(ii) Dividend income

Dividend income is recognised when the right to receive the payment is established. This is generally at the point the dividend has been formally declared.

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, 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.

Finance costs comprise interest expense on borrowings, transaction costs, 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. 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.

Notes to the financial statements continued

3 Significant accounting policies (continued)

(o) Income tax (continued)

(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 (refer below). Any difference between these amounts is recognised by the company as an equity contribution amounts 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.

(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) 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.

Notes to the financial statements continued

3 Significant accounting policies (continued)

(r) 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' results are reviewed regularly by the group's chief executive to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the chief executive 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.

(s) 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 August 2012, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the group are set out below. The group does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The extent of the impact upon adoption of these standards has not been determined.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (2011)

AASB 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting:

- the group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the group's interest in those assets and liabilities; and
- the group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

The group may need to reclassify its joint arrangements, which may lead to changes in current accounting for these interests.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. The extent of the impact upon adoption of these standards 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.

4. Determination of fair values (continued)

(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.

(vii) Share-based payment transactions

The fair value of the performance rights issued under the Nufarm long term incentive plan have been measured using Monte Carlo Simulation and the Binomial Tree. The fair value of the deferred shares granted to participants under the Nufarm Short Term Incentive will be measured using the volume weighted average price for the five day period subsequent to year end results announcement. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility, expected term of the instruments, dividends, and the risk-free rate (based on government bonds).

5. Operating segments

Segment information is presented in respect of the group's key operating segments. The operating segments are based on the group's management and internal reporting structure.

Operating segments

The group operates predominantly along two business lines, being crop protection and seed technologies.

The crop protection business deals in the manufacture and sale of crop protection products used by farmers to protect crops from damage caused by weeds, pests and disease. It is managed by 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, Columbia and the Andean countries.

The seed technologies business deals in the sale of seeds and seed treatment products. The seed technologies business is managed on a worldwide basis.

Information regarding the results of each operating segment is included below. Performance is measured based on underlying EBIT as included in the internal management reports that are reviewed by the group's chief executive. Underlying EBIT 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.

5. Operating segments (continued)

Operating segments 2013	Crop protection Australia and New Zealand $000	Asia $000	Europe $000	North America $000	South America $000	Total $000	Seed technologies Global $000	Corporate $000	Group Total $000
Revenue									
Total segment revenue	604,432	125,201	468,253	516,278	431,440	2,145,604	131,688	–	2,277,292
Results									
Underlying EBITDA[a]	57,765	23,640	84,023	55,366	43,482	264,276	36,024	(39,511)	260,789
Depreciation and amortisation excluding material items	(22,413)	(4,060)	(26,778)	(13,213)	(2,887)	(69,351)	(3,575)	(1,060)	(73,986)
Underlying EBIT[a]	35,352	19,580	57,245	42,153	40,595	194,925	32,449	(40,571)	186,803
Material items included in operating profit (refer note 6)									(3,177)
Material items included in net financing costs (refer note 6)									–
Net financing costs (excluding material items)									(70,703)
Profit/(loss) before tax									112,923
Assets									
Segment assets	545,034	86,364	749,453	527,147	672,960	2,580,958	287,647	496,867	3,365,472
Investment in associates	–	3,882	1,992	–	–	5,874	323	–	6,197
Total assets	545,034	90,246	751,445	527,147	672,960	2,586,832	287,970	496,867	3,371,669
Liabilities									
Segment liabilities	144,996	48,888	214,159	90,307	126,072	624,422	29,677	1,052,825	1,706,924
Total liabilities	144,996	48,888	214,159	90,307	126,072	624,422	29,677	1,052,825	1,706,924
Other segment information									
Capital expenditure	17,322	1,629	35,491	24,839	8,168	87,449	5,356	1	92,806

5. Operating segments (continued)

	Crop protection						Seed technologies	Corporate	Group
Operating segments 2012	**Australia and New Zealand $000**	**Asia $000**	**Europe $000**	**North America $000**	**South America $000**	**Total $000**	**Global $000**	**$000**	**Total $000**
Revenue									
Total segment revenue	701,022	125,586	431,095	470,243	332,636	2,060,582	120,969	–	2,181,551
Results									
Underlying EBITDA[a]	127,036	19,387	65,801	43,501	19,365	275,090	32,721	(40,057)	267,754
Depreciation and amortisation excluding material items	(21,054)	(2,652)	(22,578)	(10,174)	(1,839)	(58,297)	(2,132)	(1,352)	(61,781)
Underlying EBIT[a]	105,982	16,735	43,223	33,327	17,526	216,793	30,589	(41,409)	205,973
Material items included in operating profit (refer note 6)									(61,001)
Material items included in net financing costs (refer note 6)									2,072
Net financing costs (excluding material items)									(36,721)
Profit/(loss) before tax									110,323
Assets									
Segment assets	560,976	62,128	618,347	416,170	500,660	2,158,281	224,038	414,823	2,797,142
Investment in associates	–	2,658	1,167	–	–	3,825	301	–	4,126
Total assets	560,976	64,786	619,514	416,170	500,660	2,162,106	224,339	414,823	2,801,268
Liabilities									
Segment liabilities	158,070	40,548	173,894	36,291	79,150	487,953	18,534	817,979	1,324,466
Total liabilities	158,070	40,548	173,894	36,291	79,150	487,953	18,534	817,979	1,324,466
Other segment information									
Capital expenditure	21,013	1,392	30,440	9,504	6,707	69,056	3,457	3	72,516

(a) Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is Underlying EBIT, before depreciation, amortisation and impairments.

Notes to the financial statements continued

5. Operating segments (continued)

Geographical information	Revenue by location of customer 2013 $000	2012 $000	Non-current assets by location 2013 $000	2012 $000
Australia	**567,235**	672,504	**257,186**	269,150
New Zealand	**59,480**	54,412	**15,999**	14,443
Asia	**138,603**	139,213	**39,831**	30,289
Europe	**488,711**	444,624	**369,692**	304,895
USA	**460,295**	449,158	**333,481**	265,653
Rest of North America	**106,751**	70,850	**30,736**	29,776
Brazil	**341,802**	253,789	**245,419**	214,281
Rest of South America	**114,415**	97,001	**18,945**	16,417
Unallocated[b]	**–**	–	**200,219**	181,633
Total	**2,277,292**	2,181,551	**1,511,508**	1,326,537

(b) Unallocated assets predominately include deferred tax assets.

6. Items of material income and expense

Material items are those items where their nature and/or amount is considered material to the financial statements. Such items included within the group's profit for the year are detailed below.

	Consolidated 2013 $000 Pre-tax	Consolidated 2013 $000 After-tax	Consolidated 2012 $000 Pre-tax	Consolidated 2012 $000 After-tax
Material items by category:				
Class action settlement	**(3,177)**	**(2,224)**	(43,500)	(30,450)
Restructuring costs	**–**	**–**	(7,295)	(5,013)
Debt refinancing costs	**–**	**–**	(9,931)	(6,952)
Due diligence and litigation costs	**–**	**–**	(3,552)	(2,427)
Investment in associate write down	**–**	**–**	(1,993)	(1,993)
Intangibles write-off – Brazil	**–**	**–**	(3,708)	(3,708)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	**–**	**–**	11,050	7,697
	(3,177)	**(2,224)**	(58,929)	(42,846)

Class action settlement

In 2013 the Federal Court gave final approval to the settlement of the class action brought against the company in early 2011. The settlement agreement was amended to cover an expanded number of claims, with Nufarm agreeing to pay a total of $46.6 million (previously $43.5 million). Consistent with previous treatment, the additional settlement amount and related costs have been reported as a material item.

Restructuring costs

No material restructuring costs were incurred during the year ended 31 July 2013. The prior year costs related to the reorganisation of the European business.

Debt refinancing costs

Whilst we have incurred and capitalised material debt establishment transaction costs associated with the US$325 million bond issuance, debt establishment transaction costs expensed during the year ended 31 July 2013 were not material or unusual in nature. The prior year debt refinancing costs relate to the establishment of a 12 month facility that was put in place in December 2010. These costs were treated as a material item and were partially recognised in the year ended 31 July 2011 with the balance recognised in the year ended 31 July 2012 ($6.952 million).

6. Items of material income and expense (continued)

Due diligence and litigation costs

No material due diligence and litigation costs were incurred during the year ended 31 July 2013. The 2012 financial year due diligence and litigation costs largely relate to the class action proceedings, the Seeds 2000 acquisition and arbitration proceedings against the previous owner of the Brazilian business.

Investment in associate write down

No material write down on investment in associate occurred during the year ended 31 July 2013. The 2012 $1.993 million write-off was related to the value of a minor equity investment in an Indian crop protection company Excel Crop Care Ltd.

Intangibles write-off – Brazil

Several older insecticide products have been phased out of the Brazilian product portfolio due to regulatory requirements. The company took a write down in the carrying value of the intangible assets associated with these products in the prior year ($3.708 million) with the balance written down as at 31 July 2012. No further charges were incurred during the year ended 31 July 2013.

Net foreign exchange gains/(losses) on Nufarm step-up securities financing

No material foreign exchange gains/(losses) on the Nufarm step-up securities were incurred during the year ended 31 July 2013. In 2012, the company benefitted from a net after tax gain of $7.697 million associated with the mark-to-market revaluation of proceeds from Nufarm step-up securities.

Material items are classified by function as follows

Year ended 31 July 2013 $'000	**Cost of sales**	**Selling, marketing and distribution expense**	**General and administrative expense**	**Net financing costs**	**Total Pre-tax**
Class action settlement	**–**	**–**	**(3,177)**	**–**	**(3,177)**
Restructuring costs	**–**	**–**	**–**	**–**	**–**
Debt refinancing costs	**–**	**–**	**–**	**–**	**–**
Due diligence and legal costs	**–**	**–**	**–**	**–**	**–**
Investment in associate write down	**–**	**–**	**–**	**–**	**–**
Intangibles write-off – Brazil	**–**	**–**	**–**	**–**	**–**
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	**-**	**–**	**–**	**–**	**–**
	–	**–**	**(3,177)**	**–**	**(3,177)**
Total material items included operating profit	**–**	**–**	**(3,177)**	**–**	**(3,177)**

Year ended 31 July 2012 $'000	**Cost of sales**	**Selling, marketing and distribution expense**	**General and administrative expense**	**Net financing costs**	**Total Pre-tax**
Class action settlement	–	–	(43,500)	–	(43,500)
Restructuring costs	(805)	(4,846)	(1,644)	–	(7,295)
Debt refinancing costs	–	–	(953)	(8,978)	(9,931)
Due diligence and legal costs	–	–	(3,552)	–	(3,552)
Investment in associate write down	–	–	(1,993)	–	(1,993)
Intangibles write-off – Brazil	–	–	(3,708)	–	(3,708)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	-	–	–	11,050	11,050
	(805)	(4,846)	(55,350)	2,072	(58,929)
Total material items included operating profit	(805)	(4,846)	(55,350)	–	(61,001)

7. Other income

	Consolidated 2013 $000	Consolidated 2012 $000
Dividend income	**1**	24
Rental income	**199**	318
Sundry income	**20,477**	9,782
Total other income	**20,677**	10,124

8. Other expenses

The following expenses were included in the period result:

	2013	2012
Depreciation and amortisation	**(73,986)**	(65,489)
Inventory write down	**(5,773)**	(2,966)

9. Personnel expenses

	2013	2012
Wages and salaries	**(219,754)**	(212,306)
Other associated personnel expenses	**(37,370)**	(32,520)
Contributions to defined contribution superannuation funds	**(13,809)**	(13,371)
Expenses related to defined benefit superannuation funds	**(3,311)**	(1,813)
Short term employee benefits	**(8,081)**	(7,976)
Other long term employee benefits	**(3,319)**	(2,252)
Restructuring expense	**–**	(4,847)
Personnel expenses	**(285,644)**	(275,085)

No material restructuring costs were incurred in the year ended 31 July 2013. (2012: Restructuring of the group's European operations). The prior year restructuring expenses are included in material items in note 6.

10. Finance income and expense

	2013	2012
Financial income excluding foreign exchange gains/(losses)[a]	**5,491**	7,910
Net foreign exchange gains/(losses)[a][b]	**(10,734)**	19,237
Financial income	**(5,243)**	27,147
Interest expense – external	**(54,537)**	(47,405)
Interest expense – debt establishment transaction costs	**(9,447)**	(12,972)
Lease expense – finance charges	**(1,476)**	(1,419)
Financial expenses	**(65,460)**	(61,796)
Net financing costs	**(70,703)**	(34,649)

(a) Refer note 2(e) for an explanation of the prior year reclassification.

(b) In 2012, net foreign exchange gains on Nufarm step-up securities financing totalled $11.050 million. Refer to note 6.

11. Income tax expense

	Consolidated 2013 $000	2012 $000
Recognised in the income statement		
Current tax expense		
Current period	**29,383**	46,782
Adjustments for prior periods	**(2,189)**	(690)
Current tax expense	**27,194**	46,092
Deferred tax expense		
Origination and reversal of temporary differences and tax losses	**3,446**	(8,801)
Reduction in tax rates	**(30)**	10
Initial (recognition)/derecognition of tax assets	**563**	200
Deferred tax expense/(benefit)	**3,979**	(8,591)
Total income tax expense/(benefit) in income statement	**31,173**	37,501
Attributable to:		
Continuing operations	**31,173**	37,501
Total income tax expense/(benefit) in income statement	**31,173**	37,501
Numerical reconciliation between tax expense and pre-tax net profit		
Profit/(loss) before tax	**112,924**	110,323
Income tax using the local corporate tax rate of 30%	**33,877**	33,097
Increase in income tax expense due to:		
Non-deductible expenses	**2,676**	7,121
Other taxable income	**1,388**	887
Effect of changes in the tax rate	**(30)**	10
Initial (recognition)/derecognition of tax assets	**563**	200
Decrease in income tax expense due to:		
Effect on tax rate in foreign jurisdictions	**(2,838)**	(1,476)
Tax exempt income	**(382)**	(385)
Tax incentives not recognised in the income statement	**(1,892)**	(1,267)
	33,362	38,187
Under/(over) provided in prior years	**(2,189)**	(686)
Income tax expense/(benefit)	**31,173**	37,501
Income tax recognised directly in equity		
Nufarm step-up securities distribution	**(4,970)**	(5,038)
Income tax recognised directly in equity	**(4,970)**	(5,038)
Income tax recognised in other comprehensive income		
Relating to actuarial gains/(losses) on defined benefit plans	**269**	(1,596)
Relating to equity based compensation	**(252)**	(93)
Income tax recognised in other comprehensive income	**17**	(1,689)

12. Discontinued operations

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

13. Non-current assets held for sale

There were no assets held for sale in the current or prior period.

	Consolidated	
Assets classified as held for sale	**2013 $000**	**2012 $000**
Property, plant and equipment including costs incurred in preparing site for sale	–	–
Total assets held for sale	–	–

14. Acquisition of businesses and acquisition of non-controlling interests

Business acquisitions – 2013

On 1 January 2013, the group purchased the turf and ornamental business of USA based Cleary Chemical Corporation for US$10 million plus working capital adjustments of US$2.5 million (A$12.0 million). The acquisition has provided a wider product offering for the group and is expected to complement and result in synergies with the existing turf and ornamental business in the region.

On 23 January 2013, the group acquired 51 per cent of the equity in Atlantica Sementes Ltda., a Brazilian business specialising in sorghum and sunflower seeds. The 51 per cent stake, purchased at a cost of 25 million Brazilian reais (A$12.0 million), will allow Nuseed to supply a number of existing Nuseed hybrids through the Atlantica distribution network and leverage other development programs in Australia, Argentina and the USA. The acquisition has been made to expand the seeds business in South America and is expected to complement the existing seeds business and grow our market share.

On 19 April 2013, the group purchased the pelletising business of Masmart Pty Ltd based in New South Wales, Australia for $4.8 million. Masmart is a supplier to the Australian Nufarm Crop Care business and also provides pelletising tolling services. The acquisition is expected to complement and result in synergies with the crop protection business in the region.

On 4 July 2013, the group purchased the Australian based sorghum seed business of the HSR Group for $2.5 million. The acquisition has sourced the breeding and germplasm assets of the HSR's sorghum seed business and is expected to complement Nufarm's existing global sorghum business.

Business acquisitions – 2012

On 1 December 2011, the group acquired 100 per cent of the shares in Seeds 2000 Inc. at a total cost of US$55.2 million. Seeds 2000 is a sunflower seed research and production company based in Minnesota, USA and has activities in the USA, Canada, China, Argentina, and a number of European markets.

On 31 March 2012 the group acquired 100 per cent of the shares in Seeds 2000 Argentina SRL, a related company of Seeds 2000 Inc, at a total cost of US$1.4 million. On 24 October 2011, the group acquired the breeding and germplasm assets of the Super Seeds sunflower business in Serbia. The Seeds 2000 Argentina SRL and Super Seeds acquisitions are individually immaterial.

14. Acquisition of businesses and acquisition of non-controlling interests (continued)

Acquiree's net assets at acquisition date	Fair value on acquisition[a] 31 Jul 2013 $000	Fair value on acquisition[a] 31 Jul 2012 $000
Cash and cash equivalents	**643**	1,844
Receivables	**9,137**	1,967
Inventory	**6,205**	13,182
Property, plant and equipment	**1,102**	1,749
Deferred tax asset	**–**	400
Pre-acquistion intangibles assets	**52**	1,879
Other assets	**72**	164
Trade and other payables	**(4,224)**	(1,275)
Interest bearing loans and borrowings	**–**	(2,074)
Deferred tax liability	**(3,173)**	(14,400)
Other liabilities	**(275)**	(4,321)
Net identifiable assets and liabilities	**9,539**	(885)
Intangibles acquired on acquisition	**10,034**	37,287
Non-controlling interest	**(3,837)**	–
Goodwill on acquisition	**15,613**	19,355
Consideration paid	**31,349**	55,757
Cash acquired	**(643)**	(1,844)
Net cash outflow	**30,706**	53,913

(a) Fair values established at acquisition date are provisional through to 12 months post-acquisition date.

Total goodwill of $15,613,000 (2012: $19,355,000) from business acquisitions is attributable mainly to the synergies expected to be achieved from integrating the respective businesses into the group's existing business.

Acquisition of non-controlling interest

On 1 May 2012, the group acquired an additional 49 per cent interest in the voting shares of Nufarm Technologies (M) Sdn Bhd, increasing its ownership interest to 100 per cent. A cash consideration of $50,000 was paid to the non-controlling interest shareholders. The carrying value of the net assets of Nufarm Technologies (M) Sdn Bhd at the acquisition date was $102,000, and the carrying value of the additional interest acquired was $50,000. The group recognised a decrease in non-controlling interests of $50,000.

15. Cash and cash equivalents

	Consolidated 2013 $000	Consolidated 2012 $000
Bank balances	**230,750**	103,522
Call deposits	**34,222**	87,795
Cash and cash equivalents	**264,972**	191,317
Bank overdrafts repayable on demand	**–**	–
Cash and cash equivalents in the statement of cash flows	**264,972**	191,317

16. Trade and other receivables

	Consolidated 2013 $000	Consolidated 2012 $000
Current		
Trade receivables	**701,560**	688,059
Provision for impairment losses	**(24,172)**	(22,278)
	677,388	665,781
Receivables due from associates	**–**	–
Derivative financial instruments	**2,161**	7,196
Proceeds receivable from sale of businesses	**2,153**	3,363
Prepayments	**19,199**	11,484
Other receivables	**57,633**	42,672
Current receivables	**758,534**	730,496
Non-current		
Receivables due from associates	**–**	38
Other receivables	**36,191**	39,420
Proceeds receivable from sale of businesses	**–**	1,637
Non-current receivables	**36,191**	41,095
Total trade and other receivables	**794,725**	771,591

17. Inventories

	2013 $000	2012 $000
Raw materials	**213,880**	138,018
Work in progress	**16,702**	13,991
Finished goods	**578,609**	368,172
	809,191	520,181
Provision for obsolescence of finished goods	**(6,402)**	(4,927)
Total inventories	**802,789**	515,254

18. Tax assets and liabilities

Current tax assets and liabilities

The current tax asset for the group of $33,865,619 (2012: $37,664,065) represents the amount of income taxes recoverable in respect of prior periods and that arose from the payment of tax in excess of the amounts due to the relevant tax authority. The current tax liability for the group of $16,677,067 (2012: $14,833,945) represents the amount of income taxes payable in respect of current and prior financial periods.

18. Tax assets and liabilities (continued)

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	**2013 $000**	**2012 $000**	**2013 $000**	**2012 $000**	**2013 $000**	**2012 $000**
Property, plant and equipment	**5,274**	4,507	**(11,808)**	(8,215)	**(6,534)**	(3,708)
Intangible assets	**9,123**	8,511	**(98,113)**	(75,510)	**(88,990)**	(66,999)
Employee benefits	**14,613**	14,265	**–**	–	**14,613**	14,265
Provisions	**10,654**	25,951	**–**	–	**10,654**	25,951
Other items	**27,500**	28,319	**(15,603)**	(15,364)	**11,897**	12,955
Tax value of losses carried forward	**138,888**	103,346	**–**	–	**138,888**	103,346
Tax assets/(liabilities)	**206,052**	184,899	**(125,524)**	(99,089)	**80,528**	85,810
Set off of tax	**(5,833)**	(3,266)	**5,833**	3,266	**–**	–
Net tax assets/(liabilities)	**200,219**	181,633	**(119,691)**	(95,823)	**80,528**	85,810

Movement in temporary differences during the year

Consolidated 2013	**Balance 31.07.12 $000**	**Recognised in income $000**	**Recognised in equity $000**	**Currency adjustment $000**	**Other movement $000**	**Balance 31.07.13 $000**
Property, plant and equipment	**(3,708)**	**(571)**	**–**	**(2,255)**	**–**	**(6,534)**
Intangibles assets	**(66,999)**	**(10,671)**	**–**	**(10,836)**	**(484)**	**(88,990)**
Employee benefits	**14,265**	**(668)**	**(269)**	**1,285**	**–**	**14,613**
Provisions	**25,951**	**(15,852)**	**–**	**555**	**–**	**10,654**
Other items	**12,955**	**(3,946)**	**252**	**2,636**	**–**	**11,897**
Tax value of losses carried forward	**103,346**	**27,729**	**–**	**12,830**	**(5,017)**	**138,888**
	85,810	**(3,979)**	**(17)**	**4,215**	**(5,501)**	**80,528**

Consolidated 2012	**Balance 31.07.11 $000**	**Recognised in income $000**	**Recognised in equity $000**	**Currency adjustment $000**	**Other movement $000**	**Balance 31.07.12 $000**
Property, plant and equipment	(2,051)	(1,917)	–	260	–	(3,708)
Intangibles assets	(53,596)	(2,131)	–	3,128	(14,400)	(66,999)
Employee benefits	13,778	(1,109)	1,596	–	–	14,265
Provisions	11,174	17,110	–	(2,333)	–	25,951
Other items	36,468	3,862	93	(5,313)	(22,155)	12,955
Tax value of losses carried forward	99,831	(7,223)	–	(10,956)	21,694	103,346
	105,604	8,592	1,689	(15,214)	(14,861)	85,810

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 $56.3 million (2012: $59.1 million). Based on the group'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 44 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 2013, a deferred tax liability of $25,200,672 (2012: $17,589,702) 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 2013, there are unrecognised tax losses and timing differences of $29,590,667 (2012: $30,805,379). 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	Ownership and voting interest 2013	2012
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%
Lotus Agrar GmbH	Agricultural chemicals distributor	Germany	31 December	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.

Lotus Agrar GmbH is a joint venture established in Germany to sell generic agrochemicals.

Financial summary of material associates (at reporting date)

	Revenues (100%) $000	Profit/(loss) after-tax (100%) $000	Total assets (100%) $000	Total liabilities (100%) $000	Net assets as reported by associates (100%) $000	Share of associates' net assets equity accounted $000
2013						
Excel Crop Care Ltd	**140,177**	**3,817**	**94,238**	**48,333**	**45,905**	**6,743**
F&N joint ventures	**57,633**	**(1,686)**	**65,134**	**64,122**	**1,012**	**506**
Lotus Agrar GmbH	**–**	**–**	**2,972**	**–**	**2,972**	**1,486**
	197,810	**2,131**	**162,344**	**112,455**	**49,889**	**8,735**
2012						
Excel Crop Care Ltd	130,561	2,766	97,755	58,151	39,604	5,818
F&N joint ventures	49,948	668	51,158	48,824	2,334	1,167
	180,509	3,434	148,913	106,975	41,938	6,985

The financial summary information is as per the latest management accounts.

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

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

	Consolidated 2013 $000	Consolidated 2012 $000
Carrying value by major associate		
Excel Crop Care Ltd	**3,882**	2,658
F&N joint ventures	**506**	1,167
Lotus Agrar GmbH	**1,486**	–
Others	**323**	301
Carrying value of associates	**6,197**	4,126

No write down on the Excel Crop Care Ltd investment occurred during the year ended 31 July 2013. (2012: $1.993 million). Refer to note 6.

Share of profit by major associate		
Excel Crop Care Ltd	**796**	202
F&N joint ventures	**(897)**	254
Others	**41**	(78)
Share of net profits of associates	**(60)**	378

The share of net profits has been derived from the latest management reports as at 31 July 2013 for the F&N joint ventures. The Excel Crop Care share of net profits is from the 30 June 2013 management accounts.

20. Other investments

Investments – available-for-sale		
Balance at the beginning of the year	5,568	5,324
New investments during the year	**–**	–
Disposals during the year	**(5,616)**	–
Exchange adjustment	**48**	244
Balance at the end of the year	**–**	5,568
Other investments		
Other investments	**448**	645
Total other investments	**448**	6,213

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

21. Other non-current assets

Derivative financial instruments	**–**	–
	–	–

22. Property, plant and equipment

Consolidated 2013	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 2012	188,982	568,129	15,641	19,424	792,176
Additions	**802**	**17,303**	**1,910**	**24,217**	**44,232**
Additions through business combinations	**617**	**3,074**	**–**	**11**	**3,702**
Disposals	**(1,131)**	**(4,033)**	**(244)**	**(4)**	**(5,412)**
Other transfers	**4,572**	**4,555**	**–**	**(22,912)**	**(13,785)**
Exchange adjustment	**20,279**	**58,115**	**1,330**	**3,122**	**82,846**
Balance at 31 July 2013	**214,121**	**647,143**	**18,637**	**23,858**	**903,759**
Depreciation and impairment losses					
Balance at 1 August 2012	(61,919)	(358,657)	(820)	–	(421,396)
Depreciation charge for the year	**(6,075)**	**(34,830)**	**(659)**	**–**	**(41,564)**
Additions through business combinations	**(189)**	**(2,411)**	**–**	**–**	**(2,600)**
Disposals	**385**	**3,501**	**244**	**–**	**4,130**
Other transfers	**–**	**5,732**	**–**	**–**	**5,732**
Exchange adjustment	**(9,540)**	**(35,721)**	**(102)**	**–**	**(45,363)**
Balance at 31 July 2013	**(77,338)**	**(422,386)**	**(1,337)**	**–**	**(501,061)**
Net property, plant and equipment at 31 July 2013	**136,783**	**224,757**	**17,300**	**23,858**	**402,698**

Consolidated 2012	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 2011	192,698	554,660	9,644	18,202	775,204
Additions	2,328	22,075	6,048	17,124	47,575
Additions through business combinations	1,303	2,283	–	–	3,586
Disposals	(125)	(4,221)	–	(4)	(4,350)
Other transfers	3,677	11,329	(31)	(14,975)	–
Exchange adjustment	(10,899)	(17,997)	(20)	(923)	(29,839)
Balance at 31 July 2012	188,982	568,129	15,641	19,424	792,176
Depreciation and impairment losses					
Balance at 1 August 2011	(60,619)	(340,140)	(640)	–	(401,399)
Depreciation charge for the year	(4,763)	(33,056)	(215)	–	(38,034)
Additions through business combinations	(376)	(1,461)	–	–	(1,837)
Disposals	75	3,855	–	–	3,930
Other transfers	(78)	48	30	–	–
Exchange adjustment	3,842	12,097	5	–	15,944
Balance at 31 July 2012	(61,919)	(358,657)	(820)	–	(421,396)
Net property, plant and equipment at 31 July 2012	127,063	209,472	14,821	19,424	370,780

Assets pledged as security for finance leases amount to $10.063 million (2012: $8.8 million).

23. Intangible assets

Consolidated 2013	Goodwill $000	Intellectual property Indefinite life $000	Intellectual property Finite life $000	Capitalised development costs $000	Computer software $000	Total $000
Cost						
Balance at 1 August 2012	300,453	368,749	110,685	145,966	28,699	954,552
Additions	10,520	11,789	412	32,992	2,904	58,617
Additions through business combinations	15,644	374	9,661	–	20	25,699
Disposals and write-offs	–	(489)	(1,872)	(3,179)	(165)	(5,705)
Other transfers	–	(9,919)	9,919	(1,238)	2,071	833
Exchange adjustment	31,289	49,247	17,936	20,801	3,249	122,522
Balance at 31 July 2013	357,906	419,751	146,741	195,342	36,778	1,156,518
Amortisation and impairment losses						
Balance at 1 August 2012	(110,590)	(14,894)	(53,348)	(34,100)	(18,930)	(231,862)
Amortisation charge for the year	–	(560)	(14,450)	(13,633)	(3,778)	(32,421)
Impairment loss	–	(1,191)	–	–	–	(1,191)
Disposals and write-offs	–	77	1,872	2,353	36	4,338
Other transfers	–	1,919	(1,919)		–	–
Exchange adjustment	(10,189)	(2,024)	(9,257)	(6,130)	(2,027)	(29,627)
Balance at 31 July 2013	(120,779)	(16,673)	(77,102)	(51,510)	(24,699)	(290,763)
Intangibles carrying amount at 31 July 2013	237,127	403,078	69,639	143,832	12,079	865,755

Consolidated 2012	Goodwill $000	Intellectual property Indefinite life $000	Intellectual property Finite life $000	Capitalised development costs $000	Computer software $000	Total $000
Cost						
Balance at 1 August 2011	327,610	391,948	77,063	124,151	27,357	948,129
Additions	–	13	548	29,029	2,052	31,642
Additions through business combinations	19,355	28,724	8,563	1,857	22	58,521
Disposals and write-offs	–	(183)	–	(87)	(15)	(285)
Other transfers	(14,309)	(20,953)	25,730	(646)	–	(10,178)
Exchange adjustment	(32,203)	(30,800)	(1,219)	(8,338)	(717)	(73,277)
Balance at 31 July 2012	300,453	368,749	110,685	145,966	28,699	954,552
Amortisation and impairment losses						
Balance at 1 August 2011	(129,585)	(12,916)	(44,508)	(38,630)	(16,679)	(242,318)
Amortisation charge for the year	–	(3,708)	(10,422)	(10,272)	(3,053)	(27,455)
Impairment loss	–	–	–	–	–	–
Disposals and write-offs	–	–	–	(3)	–	(3)
Other transfers	–	–	(222)	10,314	86	10,178
Exchange adjustment	18,995	1,730	1,804	4,491	716	27,736
Balance at 31 July 2012	(110,590)	(14,894)	(53,348)	(34,100)	(18,930)	(231,862)
Intangibles carrying amount at 31 July 2012	189,863	353,855	57,337	111,866	9,769	722,690

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, 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 operating unit 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 intangibles are country specific in nature. There is no allocation of goodwill between CGUs.

The major CGUs and their intangible value is as follows: US$188 million (2012: $146 million), Brazil $170 million (2012: $158 million), Seeds business $200 million (2012: $166 million), UK and Holland $90 million (2012: $76 million) and Australia $58 million (2012: $57 million). The balance of intangibles is spread across multiple CGUs, with no individual amount being material relative to the total intangibles balance 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 terminal growth rate assumed for each CGU is generally a long term inflation estimate. 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 range of terminal growth rates and nominal post-tax discount rates applied for impairment testing purposes is as follows:

	Terminal growth rate		Discount rate	
	2013	**2012**	**2013**	**2012**
Material crop protection CGU's (USA, Brazil, UK/Holland and Australia)	**2.0% to 3.5%**	2.0% to 3.5%	**9.2% to 11.4%**	9.1% to 12.8%
Seed CGU	**2.0%**	2.0%	**8.9%**	9.1%

Brazil cash-generating unit (CGU)

The Brazil CGU has the following intangible assets:

	2013 $000	**2012 $000**
Goodwill	**50,025**	47,374
Indefinite life intangibles	**108,685**	102,908
Capitalised development costs	**10,556**	7,619
Computer software	**561**	397
Total	**169,827**	158,298

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

In 2013, the company has assessed the recoverable amount of the Brazil CGU and determined the CGU's recoverable amount exceeds its carrying value.

23. Intangible assets (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 1 per cent increase in the discount rate would result in a reduction in recoverable amount of approximately $91 million; or (b) a 5 per cent decrease in EBITDA compared to budget for all years in the forecast period and also in the terminal value calculation would result in a reduction in recoverable amount of approximately $58 million.

24. Trade and other payables

	Consolidated	
	2013 $000	**2012 $000**
Current payables – unsecured		
Trade creditors and accruals – unsecured	**525,846**	467,121
Payables due to associated entities	**–**	–
Derivative financial instruments	**19,984**	2,129
Payables – acquisitions	**4,489**	5,741
Current payables	**550,319**	474,991
Non-current payables – unsecured		
Creditors and accruals	**9,633**	8,343
Derivative financial instruments	**22,313**	–
Payables – acquisitions	**16,925**	1,903
Non-current payables	**48,871**	10,246

25. Interest-bearing loans and borrowings

Current liabilities		
Bank loans– secured	**231,002**	215,321
Bank loans – unsecured	**93,793**	82,268
Deferred debt establishment costs	**(9,218)**	(5,995)
Other loans – unsecured	**386**	557
Finance lease liabilities – secured	**402**	172
Loans and borrowings – current	**316,365**	292,323
Non-current liabilities		
Bank loans – secured	**225,674**	359,441
Bank loans – unsecured	**4,834**	4,134
Senior unsecured notes	**350,146**	–
Deferred debt establishment costs	**(11,892)**	(7,993)
Other loans – unsecured	**1,104**	816
Finance lease liabilities – secured	**11,854**	10,400
Loans and borrowings – non-current	**581,720**	366,798
Net cash and cash equivalents	**(264,972)**	(191,317)
Net debt	**633,113**	467,804

Notes to the financial statements continued

25. Interest-bearing loans and borrowings (continued)

Financing facilities

On 23 August 2011, Nufarm executed a A$300 million trade receivables securitisation facility. Subsequent to execution, the facility size was reduced to A$250 million to reflect the value of trade receivables being used to secure funding under the program at that time. On 13 June 2013 the facility size was increased to A$300 million to reflect the increase in the current value of trade receivables being used to secure funding under this program. As at 31 July 2013, the amount of funding drawn under the securitised facility by the participating Nufarm entities was A$208 million (2012: A$202 million).

On 22 November 2011, the company executed a A$625 million senior secured syndicated bank facility (SFA) with a term of three years. On 8 October 2012, the group completed a US$325 million senior unsecured notes offering due in October 2019 (the 'notes'). Concurrent with the issuance of the notes, US$250 million of the commitments under the A$625 million senior secured syndicated bank facility was cancelled. Subsequently, upon the admission of an additional financial institution to the syndicate on 25 January 2013, the SFA was increased by A$25 million. As at 31 July 2013, the amount of funding drawn under the SFA of A$406 million was A$164 million (2012: A$336 million) with loans being advanced in multiple currencies.

The SFA and trade receivables securitisation facility provide access to committed lines of credit to support the group's seasonal working capital demands and general corporate financing requirements. The SFA includes covenants of a type normally associated with facilities of this kind, and the group was in compliance with these covenants throughout the financial year.

The majority of debt facilities that reside outside the notes, the SFA and the trade receivables securitisation facility are regional working capital facilities, primarily located in Brazil and Europe totalling A$343 million (2012: A$152 million).

Total net debt at 31 July 2013 is A$633.1 million (2012: A$467.8 million).

	Accessible $000	Utilised $000
2013		
Bank loan facilities and senior unsecured notes	**1,320,116**	**905,449**
Other facilities	**1,490**	**1,490**
Total financing facilities	**1,321,606**	**906,939**
2012		
Bank loan facilities and senior unsecured notes	1,027,218	661,164
Other facilities	1,373	1,373
Total financing facilities	1,028,591	662,537

Financing arrangements

	Consolidated	
Repayment of borrowings (excluding finance leases)	**2013 $000**	**2012 $000**
Period ending 31 July 2013	**–**	298,146
Period ending 31 July 2014	**325,181**	816
Period ending 31 July 2015	**194,684**	363,575
Period ending 31 July, 2016 or later	**387,074**	–

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:

Not later than one year	**1,732**	1,382
Later than one year but not later than two years	**1,657**	1,493
Later than two years but not later than five years	**4,462**	3,696
Later than five years	**90,333**	80,587
	98,184	87,158
Less future finance charges	**(85,928)**	(76,586)
Finance lease liabilities	**12,256**	10,572

Finance lease liabilities are secured over the relevant leased plant.

25. Interest-bearing loans and borrowings (continued)

Average interest rates	Consolidated 2013 %	Consolidated 2012 %
Nufarm step-up securities (refer note 29)	**6.95**	7.60
Syndicated bank facility	**5.06**	3.79
Securitisation program facility	**3.32**	3.61
Other bank loans	**5.66**	5.63
Finance lease liabilities – secured	**12.48**	12.13
Senior unsecured notes	**6.38**	–

26. Employee benefits

	Consolidated 2013 $000	Consolidated 2012 $000
Current		
Liability for short term employee benefits	**16,400**	15,066
Liability for current portion of other long term employee benefits	**3,383**	3,101
Current employee benefits	**19,783**	18,167
Non-current		
Defined benefit fund obligations		
Present value of unfunded obligations	**6,079**	4,768
Present value of funded obligations	**140,505**	112,005
Fair value of fund assets – funded	**(111,361)**	(84,971)
Recognised liability for defined benefit fund obligations	**35,223**	31,802
Liability for other long term employee benefits	**14,996**	12,740
Non-current employee benefits	**50,219**	44,542
Total employee benefits	**70,002**	62,709

The group 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	2013 $000	2012 $000	2011 $000	2010 $000	2009 $000
Present value of defined benefit obligation	**(146,584)**	(116,773)	(108,817)	(117,766)	(121,657)
Fair value of plan assets	**111,361**	84,971	80,630	87,900	89,829
Surplus/(deficit)	**(35,223)**	(31,802)	(28,187)	(29,866)	(31,828)
Experience adjustments arising on plan liabilities	**2,597**	(1,541)	(550)	1,103	(1,223)
Experience adjustments arising on plan assets	**1,821**	(1,191)	3,591	6,013	(8,058)

26. Employee benefits (continued)

	Consolidated 2013 $000	2012 $000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**116,773**	108,817
Service cost	**2,580**	2,260
Interest cost	**5,090**	5,858
Actuarial loss	**5,647**	8,391
Past service cost	**4**	25
Losses/(gains) on curtailment	**–**	(1,066)
Contributions	**50**	172
Benefits paid	**(4,965)**	(5,067)
Exchange differences on foreign funds	**21,405**	(2,617)
Closing defined benefit obligation	**146,584**	116,773
Changes in the fair value of fund assets are as follows:		
Opening fair value of fund assets	**84,971**	80,630
Expected return	**4,363**	5,264
Actuarial gains/(losses)	**2,679**	1,492
Surplus taken to retained earnings	**2,554**	(191)
Contributions by employer	**4,531**	4,632
Distributions	**(4,752)**	(4,876)
Exchange differences on foreign funds	**17,015**	(1,980)
Closing fair value of fund assets	**111,361**	84,971

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

	Consolidated 2013 $000	2012 $000
Expense recognised in profit or loss		
Current service costs	**2,580**	2,260
Interest on obligation	**5,090**	5,858
Expected return on fund assets	**(4,363)**	(5,264)
Past service cost	**4**	25
Losses/(gains) on curtailment	**–**	(1,066)
Expense recognised in profit or loss	**3,311**	1,813
The expense is recognised in the following line items in the income statement:		
Cost of sales	**2,013**	1,436
Sales, marketing and distribution expenses	**720**	263
General and administrative expenses	**427**	36
Research and development expenses	**151**	78
Expense recognised in profit or loss	**3,311**	1,813
Actuarial gains/(losses) recognised in other comprehensive income (net of tax)		
Cumulative amount at 1 August	**(16,998)**	(11,504)
Recognised during the period	**(683)**	(5,494)
Cumulative amount at 31 July	**(17,681)**	(16,998)

26. Employee benefits (continued)

The major categories of fund assets as a percentage of total fund assets are as follows:	Consolidated 2013 %	2012 %
Equities	**60.9**	48.0
Bonds	**37.0**	46.6
Property	**1.3**	1.5
Cash	**0.8**	3.9
Principal actuarial assumptions at the reporting date (expressed as weighted averages):		
Discount rate at 31 July	**4.5**	4.2
Expected return on fund assets at 31 July	**5.8**	6.3
Future salary increases	**3.0**	2.8
Future pension increases	**2.6**	2.2

The overall expected long term rate of return on assets is 5.8 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 $4,571,000 in contributions to defined benefit plans in 2014.

27. Share-based payments

Nufarm executive share plan (2000)

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 granted 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 2013 there were 48 participants (2012: 61 participants) in the scheme and 764,616 shares (2012: 989,830) were allocated and held by the trustee on behalf of the participants. The cost of issuing shares is expensed in the year of issue. From 1 August 2011, it was decided that there will be no further awards under this share plan and that it would be replaced by the Nufarm Short Term Incentive plan (refer below). Any unvested equities held in the executive share plan will remain and be subject to the vesting conditions under the rules of the plan.

Nufarm short term incentive plan (STI)

The STI is available to key executives, senior managers and other managers globally. The first awards under the plan were issued in October 2012. The STI is measured as follows:

- 80 per cent of the potential is based on budget measures of EBIT and return on operating assets (ROA); and
- 20 per cent of the potential is based on strategic and business improvement objectives.

A predetermined percentage of the STI is paid in cash at the time of performance testing and the balance is deferred into shares in the company for nil consideration. The number of shares granted is based on the volume weighted average price (VWAP) of Nufarm Limited shares in the five days subsequent to the results announcement. Vesting will occur after a two year period, although for the first year only (FY12) 50 per cent of the shares will vest on the first anniversary and 50 per cent of the shares will vest on the second anniversary.

27. Share-based payments (continued)

Nufarm executive long term incentive plan (LTIP)

On 1 August 2011, the LTIP commenced and is available to key executives and certain selected senior managers. Awards are granted to individuals 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. Under the plan, individuals will receive an annual award of performance rights as soon as practical after the announcement of results in the preceding year. The initial awards were granted to executives (excluding the managing director) on 9 February 2012. The performance and vesting period for the 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 total shareholder return (TSR) performance hurdle measured against a selected comparator group of companies; and
- the remaining 50 per cent will vest subject to meeting an absolute return on funds employed (ROFE) target.

Global share plan (2001)

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 2013 there were 948 participants (2012: 722 participants) in the scheme and 1,925,656 shares (2012: 1,783,289) were allocated and held by the trustee on behalf of the participants.

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

	2013 $000	2012 $000
Employee expenses		
Total expense arising from share-based payment transactions	**4,528**	2,829

Measurement of fair values

The fair value of performance rights granted through the LTIP and deferred shares granted through the STIP were measured as follows:

Plan	Nufarm STI 2013 deferred shares	Nufarm LTI 2013 performance rights Dec 2012	Nufarm LTI 2013 performance rights Oct 2012	Nufarm LTI 2012 performance rights Feb 2012
Weighted average fair value at grant date	**$5.86**	**$4.40**	**$4.73**	$3.71
Share price at grant date	**$5.96**	**$5.62**	**$5.96**	$4.86
Grant date	**9 Oct 2012**	**6 Dec 2012**	**9 Oct 2012**	9 Feb 2012
Earliest vesting date	**31 Jul 2013**	**31 Jul 2015**	**31 Jul 2015**	31 Jul 2014
Exercise price	**–**	**–**	**–**	–
Expected life	**1 year**	**2.7 years**	**2.8 years**	2.5 years
Volatility	**N/A**	**30%**	**30%**	35%
Risk free interest rate	**N/A**	**2.60%**	**2.41%**	3.59%
Dividend yield	**N/A**	**2.3%**	**2.3%**	3.0%

The fair values of awards granted were estimated using a Monte Carlo simulation methodology and a Binomial Tree methodology.

27. Share-based payments (continued)

Reconciliation of outstanding share awards	Nufarm LTI number of performance rights 2013	Nufarm STI number of deferred shares 2013	Nufarm LTI number of performance rights 2012	Nufarm STI number of deferred shares 2012
Outstanding at 1 August	465,677	–	–	–
Forfeited during the year	–	(4,452)	–	–
Exercised during the year	–	(217,472)	–	–
Expired during the year	–	–	–	–
Granted during the year	555,451	518,414	465,677	–
Outstanding at 31 July	1,021,128	296,490	465,677	–
Exercisable at 31 July	–	–	–	–

The performance rights outstanding at 31 July 2013 have a $nil exercise price and a weighted average contractual life of three years (2012: three years). All performance rights granted to date have a $nil exercise price.

28. Provisions

	Consolidated 2013 $000	Consolidated 2012 $000
Current		
Restructuring	118	3,747
Other	3,161	2,995
Current provisions	3,279	6,742

Consolidated	Restructuring $000	Other provisions $000	Total $000
Movement in provisions			
Balance at 1 August 2012	3,747	2,995	6,742
Provisions made during the year	–	–	–
Provisions used during the year	(3,266)	–	(3,266)
Exchange adjustment	(363)	166	(197)
Balance at 31 July 2013	118	3,161	3,279

The provision for restructuring is mainly relating to the restructuring of the European operations.
The restructuring provision primarily consists of unpaid redundancy costs.
The other provision consists of liabilities recognised with the Agripec acquisition.

29. Capital and reserves

	Parent company	
Share capital	**Number of ordinary shares 2013**	**Number of ordinary shares 2012**
Balance at 1 August	**262,142,247**	261,833,005
Issue of shares	**811,793**	309,242
Balance at 31 July	**262,954,040**	262,142,247

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

On 12 October 2012, 274,443 shares at $5.86 were issued under the executive share plan.

On 15 October 2012, 245,936 shares at $5.86 were issued under the executive share plan.

On 16 November 2012, 58,796 shares at $5.76 were issued under the dividend reinvestment program.

On 8 January 2013, 75,469 shares at $5.87 were issued under the global share plan. 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.

On 10 May 2013, 157,149 shares at $4.06 were issued under the dividend reinvestment program.

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, were deducted from the proceeds.

Distributions on the NSS are at the discretion of the directors and are floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are 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 3.9 per cent (2012: 3.9 per cent). On 23 September 2011, Nufarm announced that it would 'step-up' the NSS. This resulted 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. No other terms were adjusted and there are no further step-up dates. Nufarm retains the right to redeem or exchange the NSS on future distribution dates.

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 from the presentation currency of the reporting entity.

Capital profit reserve

This reserve is used to accumulate realised capital profits.

29. Capital and reserves (continued)

Other reserve

This reserve represents the accrued employee entitlements to share awards that have been charged to the income statement and have not yet been exercised. This reserve also holds the debit balance related to the written put option of the 49 per cent interest held by the non-controlling shareholders of Altantica Sementes Ltda (Atlantica). As the non-controlling shareholders still have present access to the economic benefits with their underlying ownership interest, their non-controlling interest continues to be recognised. In the event the written put option is exercised, this debit reserve will be utilised to complete the transaction. This reserve also holds the balances related to hedging.

Dividends

An interim dividend of 3 cents per share, totalling $7,883,907 was declared on 27 March 2013 and was paid (net of dividend reinvestment program) on 10 May 2013 (2012: 3 cents per share, totalling $7,864,874).

A final dividend of 5 cents per share, totalling $13,147,702 was declared on 25 September 2013, and will be paid on 15 November 2013 (2012: 3 cents per share, totalling $7,817,469).

Distributions

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

		Consolidated	
	Distribution rate %	**Total amount $000**	**Payment date**
2013			
Distribution	**7.03**	**8,798**	15 April 2013
Distribution	**8.11**	**10,146**	15 October 2012
		18,944	
2012			
Distribution	6.61 and 8.61*	10,253	16 April 2012
Distribution	6.94	8,829	17 October 2011
		19,082	

* Refer to discussion titled 'Nufarm step-up securities' above.

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 $13.974 million (2012: $14.044 million).

	2013 $000	**2012 $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% (2012: 30%)	**18,771**	30,421
Franking credits/(debits) that will arise from the payment of income tax payable/(refund) as at the end of the year	**–**	(4,923)
Balance at 31 July	**18,771**	25,498

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the company as the head entity in the tax-consolidated group has also assumed the benefit of $18,771,001 (2012: $25,498,018) franking credits.

Notes to the financial statements continued

30. Earnings per share

	Consolidated 2013 $000	2012 $000
Net profit for the year	**81,750**	72,822
Net profit attributable to non-controlling interest	**(751)**	(228)
Net profit attributable to equity holders of the parent	**80,999**	72,594
Nufarm step-up securities distribution	**(13,974)**	(14,044)
Earnings used in the calculations of basic and diluted earnings per share	**67,025**	58,550
Earnings from continuing operations	**67,025**	58,550
	67,025	58,550
Subtract items of material income/(expense) (refer note 6)	**(2,224)**	(42,846)
Earnings excluding items of material income/(expense) used in the calculation of earnings per share excluding material items	**69,249**	101,396

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 2013	2012
Weighted average number of ordinary shares used in calculation of basic earnings per share	**262,675,412**	261,983,233
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**263,587,730**	262,203,348

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.

	Cents per share 2013	2012
Earnings per share for continuing and discontinued operations		
Basic earnings per share		
From continuing operations	**25.5**	22.3
	25.5	22.3
Diluted earnings per share		
From continuing operations	**25.4**	22.3
	25.4	22.3
Earnings per share (excluding items of material income/expense – see note 6)		
Basic earnings per share	**26.4**	38.7
Diluted earnings per share	**26.3**	38.7

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 of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Notes to the financial statements continued

31. Financial risk management and financial instruments (continued)

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 chairman of the audit committee and functionally to the chief financial officer. He provides a written report of his activities at each meeting of the audit committee. In doing so he has direct and ongoing 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 represents the maximum open amount without requiring further management approval.

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

	Consolidated	
	2013 $000	**2012 $000**
Carrying amount		
Trade and other receivables	**792,564**	764,395
Cash and cash equivalents	**264,972**	191,317
Forward exchange contracts:		
Assets	**2,161**	7,196
	1,059,697	962,908

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

Carrying amount		
Australia/New Zealand	**166,006**	199,740
Asia	**31,022**	22,476
Europe	**223,360**	192,943
North America	**103,750**	122,663
South America	**268,426**	226,573
Trade and other receivables	**792,564**	764,395

The group's top five customers account for $120.8 million of the trade receivables carrying amount at 31 July 2013 (2012: $150.6 million). These top five customers represent 17 per cent (2012: 22 per cent) of the total receivables.

31. Financial risk management and financial instruments (continued)

Credit risk (continued)

Exposure to credit risk (continued)

Impairment losses

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

	Consolidated	
Receivables ageing	2013 $000	2012 $000
Current	**598,898**	578,876
Past due – 0 to 90 days	**60,727**	85,681
Past due – 90 to 180 days	**9,325**	1,801
Past due – 180 to 360 days	**9,972**	4,809
Past due – more than one year	**22,638**	16,892
	701,560	688,059
Provision for impairment	**(24,172)**	(22,278)
Trade receivables	**677,388**	665,781

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.

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

	Consolidated	
	2013 $000	2012 $000
Balance at 1 August	**22,278**	26,587
Provisions made during the year	**294**	410
Provisions used during the year	**(1,032)**	(410)
Provisions acquired through business combinations	**39**	–
Exchange adjustment	**2,593**	(4,309)
Balance at 31 July	**24,172**	22,278

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.

31. Financial risk management and financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 23 August 2011, Nufarm executed a A$300 million trade receivables securitisation facility. Subsequent to execution, the facility size was reduced to A$250 million to reflect the value of trade receivables being used to secure funding under the program at the time. On 13 June 2013 the facility size was increased to A$300 million to reflect the increase in the current value of trade receivables being used to secure funding under this program. The facility provides funding that aligns with the working capital cycle of the company.

On 8 October 2012, the group completed a US$325 million senior unsecured notes offering due in October 2019 (the 'notes').

In November 2011, the group finalised a three year A$625 million syndicated bank facility. Concurrent with the issuance of the notes, US$250 million of the commitments under the A$625 million senior secured bank facility was cancelled. Subsequently, upon the admission of an additional financial institution to the syndicate on 25 January 2013, the syndicated bank facility was increased by A$25 million. The amount drawn down under the facility at 31 July 2013 is $164 million (2012: $336 million).

At 31 July 2013, the group had access to debt of $1,322 million (2012: $1,029 million) under the notes, SFA, trade receivables securitisation facility and with other lenders.

The majority of debt facilities that reside outside the notes, senior facility agreement (SFA) and the trade receivables securitisation facility are regional working capital facilities, primarily located in Brazil and Europe, which at 31 July totalled $343 million (2012: $152 million).

The SFA is secured by assets in the primary geographies in which Nufarm operates including Australia, USA, Canada, UK and France. A parent guarantee is provided to support working capital facilities in Brazil and the notes. Total net debt (net of cash) at 31 July 2013 was $633.1 million (2012: $467.8 million). The SFA includes covenants of a type normally associated with facilities of this kind, and the group was in compliance with these covenants throughout the financial year.

31. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

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

Consolidated 2013	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	–	–	–	–	–
Trade and other payables	556,893	556,893	530,335	4,876	21,682
Bank loans – secured	456,676	470,867	241,563	197,102	32,202
Bank loans – unsecured	98,627	101,256	94,863	363	6,030
Senior unsecured notes	350,146	502,868	23,471	23,471	455,926
Other loans – unsecured	1,490	1,490	386	1,104	–
Finance lease liabilities – secured	12,256	98,184	1,732	1,657	94,795
Derivative financial liabilities					
Derivatives used for hedging:					
Outflow	22,313	279,592	19,321	19,751	240,520
Inflow	–	(263,639)	(20,948)	(20,948)	(221,743)
Other derivative contracts:					
Outflow	19,984	222,794	222,794	–	–
Inflow	–	(201,393)	(201,393)	–	–
Derivative financial assets					
Derivatives used for hedging:					
Outflow	–	–	–	–	–
Inflow	–	–	–	–	–
Other derivative contracts:					
Outflow	–	105,905	105,905	–	–
Inflow	(2,161)	(108,483)	(108,483)	–	–
	1,516,224	1,766,334	909,546	227,376	629,412

31. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

Consolidated 2012	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	–	–	–	–	–
Trade and other payables	483,108	483,108	472,862	1,903	8,343
Bank loans – secured	574,762	604,435	228,038	12,717	363,680
Bank loans – unsecured	86,402	86,402	82,268	–	4,134
Unsecured note issues	–	–	–	–	–
Other loans – unsecured	1,373	1,373	557	816	–
Finance lease liabilities – secured	10,572	87,158	1,382	1,493	84,283
Derivative financial liabilities					
Derivatives used for hedging:					
Outflow	–	–	–	–	–
Inflow	–	–	–	–	–
Other derivative contracts:					
Outflow	2,129	179,158	179,158	–	–
Inflow	–	(177,029)	(177,029)	–	–
Derivative financial assets					
Derivatives used for hedging:					
Outflow	–	–	–	–	–
Inflow	–	–	–	–	–
Other derivative contracts:					
Outflow	–	183,880	183,880	–	–
Inflow	(7,196)	(191,076)	(191,076)	–	–
	1,151,150	1,257,409	780,040	16,929	460,440

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 used to manage the exposure.

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 include the US dollar (USD), the Euro, the British pound (GBP), the Australian dollar (AUD), the New Zealand dollar and the Brazilian Real (BRL). The group uses foreign exchange contracts and options to manage currency risk.

The group uses foreign exchange contracts and options 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. During the previous financial reporting period, the funding, which was previously advanced to these jurisdictions in US dollars, the Euro and the British pound, was converted to Australian dollars. The foreign currency contracts therefore primarily cover the exposure of the lenders to movements in the Australian dollar against their local currencies.

During the period the group completed a US$325 million senior unsecured notes offering due in October 2019 (the 'notes'). Currency risk related to the principal amount of the notes has been hedged using cross currency interest rate swap contracts that mature on the same date as the notes are due for repayment. These contracts have been designated for hedge accounting.

For accounting purposes, other than the contracts referred to previously, the group has not designated any other derivatives in hedge relationships and all movements in fair value are recognised in profit or loss during the period. The net fair value of forward exchange contracts in the group, not designated as being in a hedge relationship, used as economic hedges of forecast transactions at 31 July 2013 was a $17.823 million liability (2012: $5.067 million asset) comprising assets of $2.161 million (2012: $7.196 million) and liabilities of $19.984 million (2012: $2.129 million).

Exposure to currency risk

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

	Net financial assets/(liabilities) – by currency of denomination			
Consolidated 2013	**AUD $000**	**USD $000**	**Euro $000**	**GBP $000**
Functional currency of group operation				
Australian dollars	**–**	**(15,380)**	**(14,715)**	**(19,778)**
US dollars	**2,345**	**–**	**(2,515)**	**–**
Euro	**6,820**	**12,581**	**–**	**(2,254)**
UK pounds sterling	**(14,768)**	**20,802**	**(8,771)**	**–**
	(5,603)	**18,003**	**(26,001)**	**(22,032)**

Consolidated 2012	**AUD $000**	**USD $000**	**Euro $000**	**GBP $000**
Functional currency of group operation				
Australian dollars	–	(24,448)	(12,396)	(24,665)
US dollars	39,618	–	(1,715)	–
Euro	336	38,132	–	(9,498)
UK pounds sterling	–	56,172	(5,682)	–
	39,954	69,856	(19,793)	(34,163)

Sensitivity analysis

Based on the aforementioned group's net financial assets/(liabilities) at 31 July, a one per cent strengthening or weakening of 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 is performed on the same basis for 2012.

Notes to the financial statements continued

31. Financial risk management and financial instruments (continued)

Market risk (continued)

Sensitivity analysis (continued)

	Strengthening	Weakening	Strengthening	Weakening
	Profit or (loss) after-tax 2013 $000	Profit or (loss) after-tax 2013 $000	Profit or (loss) after-tax 2012 $000	Profit or (loss) after-tax 2012 $000
Currency movement				
1% change in the Australian dollar exchange rate	**306**	**(313)**	705	(714)
1% change in the US dollar exchange rate	**127**	**(127)**	226	(221)
1% change in the Euro exchange rate	**(301)**	**303**	(339)	343
1% change in the GBP exchange rate	**(135)**	**135**	(589)	593

The group's financial asset and liability profile may not remain constant, and therefore these sensitivities should be used with care.

The following significant exchange rates applied during the year:

	Average rate		Reporting date	
AUD	**2013**	**2012**	**2013**	**2012**
US dollar	**1.009**	1.033	**0.895**	1.051
Euro	**0.774**	0.783	**0.673**	0.854
GBP	**0.645**	0.654	**0.589**	0.671
BRL	**2.086**	1.900	**2.037**	2.151

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.

The majority of the group's debt is raised under central borrowing programs. The A$406 million syndicated bank facility and the A$300 million trade receivables securitisation facility are considered floating rate facilities. On 8 October 2012, the group completed a US$325 million notes issue with a fixed coupon component. Concurrent with the completion of the US$325 million notes issue, the group entered into interest rate swaps to manage specifically identified interest rate risks associated with the fixed coupon component of the notes. These swaps effectively converted a majority of the fixed interest payable on the notes to floating interest, and have been designated for hedge accounting. The group's earnings are sensitive to changes in interest rates on the floating interest rate component of the group's net borrowings.

Interest rate risk on Nufarm step-up securities

The distribution rate is the average mid-rate for bank bills with a term of six months plus a margin of 3.90 per cent (2012: 3.90 per cent).

Profile

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

	Consolidated Carrying amount	
	2013 $000	**2012 $000**
Variable rate instruments		
Financial assets	**34,222**	87,795
Financial liabilities	**(807,416)**	(673,109)
	(773,194)	(585,314)
Fixed rate instruments		
Financial assets	**–**	–
Financial liabilities	**(111,779)**	–
	(111,779)	–

Notes to the financial statements continued

31. Financial risk management and financial instruments (continued)

Market risk (continued)

Profile (continued)

A change of 100 basis points (bp) 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 2012.

	Profit or loss	
	100bp increase $000	100bp decrease $000
2013		
Variable rate instruments	**(7,732)**	7,732
Total sensitivity	**(7,732)**	7,732
2012		
Variable rate instruments	**(5,853)**	5,853
Total sensitivity	**(5,853)**	5,853

Fair values

All financial assets and financial liabilities, other than derivatives, are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortised cost, as indicated in the tables below. Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate to the fair values. In the case of the centrally managed fixed rate debt not swapped to floating rate totalling $111.8 million (2012: $nil), the fair value at 31 July 2013 is $109.686 million (2012: $nil).

Consolidated 2013	Note	Available for sale $000	Carried at fair value through profit or loss $000	Derivatives used for hedging $000	Financial assets/ liabilities at amortised cost $000	Total $000
Cash and cash equivalents	15	–	–	–	**264,972**	**264,972**
Trade and other receivables	16	–	–	–	**792,564**	**792,564**
Forward exchange contracts:						–
Assets	16	–	**2,161**	–	–	**2,161**
Liabilities	24	–	**(19,984)**	–	–	**(19,984)**
Interest rate swaps	24	–	–	**(22,313)**	–	**(22,313)**
Trade and other payables	24	–	–	–	**(579,206)**	**(579,206)**
Bank overdraft	15	–	–	–	–	–
Secured bank loans	25	–	–	–	**(456,676)**	**(456,676)**
Unsecured bank loans	25	–	–	–	**(98,627)**	**(98,627)**
Senior unsecured notes[a]	25	–	–	–	**(350,146)**	**(350,146)**
Other loans	25	–	–	–	**(1,490)**	**(1,490)**
Finance leases	25	–	–	–	**(12,256)**	**(12,256)**
		–	**(17,823)**	**(22,313)**	**(440,865)**	**(481,001)**

(a) Includes $238.3 million (2012: $nil) of centrally managed fixed rate debt swapped to floating rate under fair value hedges, and is consequently fair valued for interest rate risk.

31. Financial risk management and financial instruments (continued)

Fair values (continued)

Consolidated 2012	Note	Available for sale $000	Carried at fair value through profit or loss $000	Derivatives used for hedging $000	Financial assets/ liabilities at amortised cost $000	Total $000
Cash and cash equivalents	15	–	–	–	191,317	191,317
Trade and other receivables	16	–	–	–	764,395	764,395
Forward exchange contracts:						
Assets	16	–	7,196	–	–	7,196
Liabilities	24	–	(2,129)	–	–	(2,129)
Interest rate swaps	24	–	–	–	–	–
Trade and other payables	24	–	–	–	(483,108)	(483,108)
Bank overdraft	15	–	–	–	–	–
Secured bank loans	25	–	–	–	(574,762)	(574,762)
Unsecured bank loans	25	–	–	–	(86,402)	(86,402)
Senior unsecured notes[a]	25	–	–	–	–	–
Other loans	25	–	–	–	(1,373)	(1,373)
Finance leases	25	–	–	–	(10,572)	(10,572)
		–	5,067	–	(200,505)	(195,438)

(a) Includes $238.3 million (2012: $nil) of centrally managed fixed rate debt swapped to floating rate under fair value hedges, and is consequently fair valued for interest rate risk.

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			
2013	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Derivative financial assets	**–**	**2,161**	**–**	**2,161**
	–	**2,161**	**–**	**2,161**
Derivative financial liabilities	**–**	**(42,297)**	**–**	**(42,297)**
	–	**(42,297)**	**–**	**(42,297)**

	Consolidated			
2012	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Derivative financial assets	–	7,196	–	7,196
	–	7,196	–	7,196
Derivative financial liabilities	–	(2,129)	–	(2,129)
	–	(2,129)	–	(2,129)

There have been no transfers between levels in either 2013 or 2012.

31. Financial risk management and financial instruments (continued)

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 material items. Funds employed is defined as shareholders' funds plus total interest bearing debt. The board of directors determines the level of dividends to ordinary shareholders and reviews the group's total shareholder return with similar 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 are set by the board at the beginning of each year. There is 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 2013 was 8.8 per cent (2012: 10.4 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	
	2013 $000	**2012 $000**
Not later than one year	**10,114**	8,569
Later than one year but not later than two years	**11,453**	9,429
Later than two years but not later than five years	**21,806**	17,956
Later than five years	**141,166**	127,427
	184,539	163,381

Operating leases are generally entered 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

The group had contractual obligations to purchase plant and equipment for $6.116 million at 31 July 2013 (2012: $8.253 million).

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.

	Consolidated	
	2013 $000	**2012 $000**
Guarantee facility for Eastern European joint ventures with FMC Corporation.	**6,225**	6,983
Environmental guarantee given to the purchaser of land and buildings at Genneviliers for EUR 8.5 million.	**12,630**	9,953
Insurance bond for EUR 2.717 million established to make certain capital expenditures at Gaillon plant in France.	**3,843**	3,182
Brazilian taxation proceedings[a]	**74,624**	86,163
Contingent liabilities	**97,322**	106,281

(a) The group has a contingent liability for an amount of $74.624 million (July 2012: $86.163 million) in respect of potential pre-acquisition tax liabilities of its Brazilian business acquired in 2007. In June 2010 the group commenced arbitration proceedings against the previous owners of the Brazilian business that sought to confirm that the tax indemnification clauses contained in the initial Investment Agreement and the subsequent Share Purchase Agreement ('the Agreements') are effective in allowing Nufarm to recover amounts from the previous owners.

In November 2012 Nufarm received the award from the Arbitral Tribunal. Whilst the award, and subsequent clarification ruling, confirmed the validity of the indemnities provided by the previous owners of the Brazilian business, Nufarm continues to work through the application of the award to the many specific tax cases.

Nufarm will only be liable to the extent that the tax authorities are ultimately successful in pursuing the claims for primary tax, penalties and interest. In which case, Nufarm will seek to enforce the tax indemnities provided by the former owners in order to recover, to the extent possible under the Agreements, the tax paid. It is acknowledged that the cash outflow (if any) in the event the tax authorities are ultimately successful in pursuing their claims will pre-date cash inflows Nufarm will obtain by enforcing the indemnities.

Further to the above, the group has a contingent asset for an amount of $29.315 million (July 2012: $28.429 million) in respect of potential pre-acquisition tax credits of its Brazilian business acquired in 2007. Currently, the validity of the credits is before the Brazilian courts and if found to be valid, can be used to offset federal tax obligations.

Nufarm's share of the contingent liability after applying the former owner's indemnities' is estimated to be $31.147 million.

Notes to the financial statements continued

35. Group entities

	Notes	Place of incorporation	Percentage of shares held 2013	2012
Parent entity				
Nufarm Limited – ultimate controlling entity				
Subsidiaries				
Access Genetics Pty Ltd	(a)	Australia	**100**	100
Agcare Biotech Pty Ltd	(a)	Australia	**100**	70
Agchem Receivables Corporation		USA	**100**	100
Agryl Holdings Limited	(a)	Australia	**100**	100
Ag-seed Research Pty Ltd	(a)	Australia	**100**	100
Agturf Inc		USA	**100**	100
AH Marks (New Zealand) Limited		New Zealand	**100**	100
AH Marks Australia Pty Ltd	(a)	Australia	**100**	100
AH Marks Holdings Limited		UK	**100**	100
Artfern Pty Ltd	(a)	Australia	**100**	100
Atlantica Sementes Ltda		Brazil	**51**	–
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	(a)	Australia	**100**	100
Edgehill Investments Pty Ltd	(a)	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	(a)	Australia	**100**	100
Framchem SA		Egypt	**100**	100
Frost Technology Corporation		USA	**100**	100
Greenfarm Hellas Chemicals SA		Greece	**100**	100
Growell Limited		UK	**100**	100
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	(a)	Australia	**100**	100
Les Ecluses de la Garenne s.a.s		France	**100**	100
Manaus Holdings Sdn Bhd		Malaysia	**100**	100
Marman (Nufarm) Inc		USA	**100**	100
Marman de Guatemala Sociedad Anomima		Guatemala	**100**	100
Marman de Mexico Sociedad Anomima De Capital Variable		Mexico	**100**	100
Marman Holdings LLC		USA	**100**	100
Masmart Pty Ltd	(a)(b)	Australia	**100**	100
Mastra Corporation Pty Ltd	(a)	Australia	**100**	70

35. Group entities (continued)

	Notes	Place of incorporation	Percentage of shares held 2013	2012
Mastra Corporation Sdn Bhd		Malaysia	**100**	70
Mastra Corporation USA Pty Ltd	(a)	Australia	**100**	70
Mastra Holdings Sdn Bhd		Malaysia	**100**	70
Mastra Industries Sdn Bhd		Malaysia	**100**	70
Medisup International NV		N. Antillies	**100**	100
Medisup Securities Limited	(a)	Australia	**100**	100
Midstates Agri Services de Mexico		Mexico	**100**	100
Midstates Agri Services Inc		USA	**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)		USA	**100**	100
Nufarm Agriculture Zimbabwe (Pvt) Ltd		Zimbabwe	**100**	100
Nufarm Americas Holding Company		USA	**100**	100
Nufarm Americas Inc		USA	**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		UK	**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 Europe GmbH		Germany	**100**	N/A
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.		USA	**100**	100

35. Group entities (continued)

	Notes	Place of incorporation	Percentage of shares held 2013	2012
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 Korea Ltd		Korea	**100**	N/A
Nufarm Labuan Pte Ltd		Malaysia	**100**	100
Nufarm Limited		UK	**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	(a)	Australia	**100**	100
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	**100**	100
Nufarm Technologies USA		New Zealand	**100**	100
Nufarm Technologies USA Pty Ltd	(a)	Australia	**100**	100
Nufarm Treasury Pty Ltd	(a)	Australia	**100**	100
Nufarm UK Limited		UK	**100**	100
Nufarm Ukraine LLC		Ukraine	**100**	100
Nufarm USA Inc		USA	**100**	100
Nugrain Pty Ltd	(a)	Australia	**100**	100
Nuseed Americas Inc		USA	**100**	100
Nuseed do Brazil S.A.		Brazil	**100**	N/A
Nuseed Holding Company		USA	**100**	100
Nuseed Pty Ltd	(a)	Australia	**100**	100
Nuseed SA		Argentina	**100**	100
Nuseed Serbia d.o.o.		Serbia	**100**	100
Nutrihealth Grains Pty Ltd	(a)	Australia	**100**	100
Nutrihealth Pty Ltd	(a)	Australia	**100**	100
Opti-Crop Systems Pty Ltd		Australia	**75**	75
Pharma Pacific Pty Ltd	(a)	Australia	**100**	100
PT Agrow		Indonesia	**100**	100
PT Crop Care		Indonesia	**100**	100
PT Nufarm Indonesia		Indonesia	**100**	100
Richardson Seeds Ltd		USA	**100**	100
Seeds 2000 Inc		USA	**100**	100
Seeds 2000 Argentina SRL		Argentina	**100**	100
Selchem Pty Ltd	(a)	Australia	**100**	100

(a) These entities have entered into a deed of cross guarantee dated 21 June 2006 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.

(b) Masmart Pty Ltd was previously named 'ACN000425927 Pty Ltd'.

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 director's 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 21 June 2006 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 2013 is set out as follows:

	Consolidated	
	2013 $000	2012 $000
Summarised income statement and retained profits		
Profit before income tax expense	**1,019**	(32,368)
Income tax expense	**10,446**	(3,039)
Net profit attributable to members of the closed group	**11,465**	(35,407)
Retained profits at the beginning of the period	**126,356**	169,628
Adjustments for entities entering the deed of cross guarantee	**(1,459)**	–
Dividends paid	**(15,703)**	(7,865)
Retained profits at the end of the period	**120,659**	126,356
Balance sheet		
Current assets		
Cash and cash equivalents	**25,224**	29,073
Trade and other receivables	**664,394**	407,800
Inventories	**194,463**	159,509
Current tax assets	**9,472**	13,327
Total current assets	**893,553**	609,709
Non-current assets		
Equity accounted investments	**4,177**	2,658
Other investments	**1,153,447**	1,120,632
Deferred tax assets	**52,310**	38,019
Property, plant and equipment	**155,366**	159,337
Intangible assets	**107,758**	23,806
Total non-current assets	**1,473,058**	1,344,452
TOTAL ASSETS	**2,366,611**	1,954,161
Current liabilities		
Trade and other payables	**568,350**	512,574
Employee benefits	**11,155**	11,656
Current tax payable	**–**	–
Total current liabilities	**579,505**	524,230
Non-current liabilities		
Payables	**24,313**	–
Interest bearing loans and borrowings	**460,059**	131,914
Deferred tax liabilities	**16,629**	7,126
Employee benefits	**11,143**	9,464
Total non-current liabilities	**512,144**	148,504
TOTAL LIABILITIES	**1,091,649**	672,734
NET ASSETS	**1,274,962**	1,281,427
Equity		
Share capital	**1,063,992**	1,059,522
Reserves	**90,311**	95,549
Retained earnings	**120,659**	126,356
TOTAL EQUITY	**1,274,962**	1,281,427

Notes to the financial statements continued

37. Parent entity disclosures

	Company 2013 $000	2012 $000
Result of the parent entity		
Profit/(loss) for the period	**8,833**	(30,344)
Other comprehensive income	**2,385**	(1,205)
Total comprehensive profit/(loss) for the period	**11,218**	(31,549)
Financial position of the parent entity at year end		
Current assets	**1,106,952**	1,096,826
Total assets	**1,447,739**	1,432,484
Current liabilities	**188,746**	173,448
Total liabilities	**189,073**	173,714
Total equity of the parent entity comprising of:		
Share capital	**1,063,992**	1,059,522
Reserves	**38,651**	36,355
Accumulated losses	**(30,344)**	(30,344)
Retained earnings	**186,367**	193,237
Total equity	**1,258,666**	1,258,770

Parent entity contingencies

The parent entity is one of the guarantors of the Senior Facility Agreement (SFA) and would be obliged, along with the other guarantors, to make payment on the SFA in the unlikely event of a default by one of the borrowers. The parent entity also provides guarantees to support several of the regional working capital facilities located in Brazil and Europe, and the senior unsecured notes.

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

There are no capital commitments for the parent entity in 2013 or 2012.

38. Reconciliation of cash flows from operating activities

	Consolidated 2013 $000	2012 $000
Cash flows from operating activities		
Profit/(loss) for the period	**81,750**	72,822
Adjustments for:		
Dividend from associated company	**73**	151
Amortisation and impairment of intangibles	**33,612**	27,455
Depreciation	**41,564**	38,034
Investment in associates write down	**–**	1,993
Gain on disposal of non-current assets and investments	**(2,744)**	(333)
Share of (profits)/losses of associates net of tax	**60**	(378)
Financial expense	**65,460**	61,796
Interest paid	**(49,958)**	(48,824)
Tax expense	**31,173**	37,501
Taxes paid	**(14,347)**	(28,127)
	186,643	162,090
Movements in working capital items:		
(Increase)/decrease in receivables	**(16,005)**	(61,231)
(Increase)/decrease in inventories	**(281,329)**	39,607
Increase/(decrease) in payables	**65,917**	84,830
Exchange rate change on foreign controlled entities working capital items	**107,561**	(58,791)
	(123,856)	4,415
Net operating cash flows	**62,787**	166,505

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	Executives	Title
DG McGauchie AO (Chairman)	BF Benson	Group executive, agriculture
AB Brennan	P Binfield[1]	Chief financial officer (CFO)
GR Davis	BJ Croft	Group executive, human resources and organisation development
FA Ford (appointed 10 October 2012)	R Heath	Group executive, corporate services and company secretary
Dr RJ Edgar (retired 27 March 2012)	G Hunt[2]	Group executive, global marketing and business development
Dr WB Goodfellow	DA Mellody[3]	Group executive, supply chain and strategic procurement
GA Hounsell (retired 8 October 2012)	RF Ooms[4]	Group general manager chemicals
PM Margin (appointed 3 October 2011)	MJ Pointon	Group executive, innovation and development
Dr JW Stocker AO (retired 1 December 2011)	DA Pullan[5]	Group executive, operations
T Takasaki (appointed 6 December 2012)	RG Reis	Group executive, corporate strategy and external affairs
	E Prado[6]	Group executive, manufacturing

Executive director

DJ Rathbone AM – Managing director and chief executive officer

1. Mr P Binfield was appointed as CFO with effect from 6 November 2011.
2. Mr G Hunt was appointed as group general manager of global marketing and business development with effect from 6 February 2012.
3. Mr DA Mellody, formerly the group general manager global marketing, moved into a new executive role of group general manager supply chain and strategic procurement with effect from 1 February 2012.
4. Mr RF Ooms resigned as group general manager chemicals with effect from 29 February 2012.
5. Mr DA Pullan resigned as group general manager operations with effect from 31 July 2013.
6. Mr E Prado was appointed as group executive, manufacturing with effect from 1 July 2013.

Key management personnel compensation

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

	Consolidated	
	2013 $	**2012 $**
Short term employee benefits	**9,182,961**	10,051,964
Post-employment benefits	**358,079**	483,344
Equity compensation benefits	**1,811,459**	1,141,807
Termination benefits	**799,000**	1,525,000
Other long term benefits	**200,271**	267,505
	12,351,770	13,469,620

39. Key management personnel disclosures (continued)

Individual director's and executive's compensation disclosures

Information regarding individual director's and executive's 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 entities in the group 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 2013 (2012: 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 arm's length basis.

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

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

Options/rights over ordinary shares in Nufarm Ltd	Scheme	Balance at 1 August 2012	Granted as remuneration	Exercised	Net change other	Balance at 31 July 2013	Vested during 2013	Vested at 31 July 2013[a]
2013								
Directors								
DJ Rathbone[b]	LTI performance	180,749	**134,282**	**–**	**–**	**315,031**	**–**	**–**
Executives								
BF Benson	LTI performance	34,740	**25,562**	**–**	**–**	**60,302**	**–**	**–**
	STI deferred	–	**42,404**	**(21,202)**	**–**	**21,202**	**21,202**	**–**
P Binfield	LTI performance	54,710	**42,578**	**–**	**–**	**97,288**	**–**	**–**
	STI deferred	–	**18,624**	**(9,312)**	**–**	**9,312**	**9,312**	**–**
BJ Croft	LTI performance	16,040	**12,258**	**–**	**–**	**28,298**	**–**	**–**
	STI deferred	–	**19,580**	**(9,790)**	**–**	**9,790**	**9,790**	**–**
R Heath	LTI performance	15,790	**11,954**	**–**	**–**	**27,744**	**–**	**–**
	STI deferred	–	**19,274**	**(9,637)**	**–**	**9,637**	**9,637**	**–**
G Hunt	LTI performance	52,588	**38,288**	**–**	**–**	**90,876**	**–**	**–**
	STI deferred	–	**11,776**	**(5,888)**	**–**	**5,888**	**5,888**	**–**
DA Mellody	LTI performance	26,320	**19,552**	**–**	**–**	**45,872**	**–**	**–**
	STI deferred	–	**31,204**	**(15,602)**	**–**	**15,602**	**15,602**	**–**
MJ Pointon	LTI performance	18,340	**16,271**	**–**	**–**	**34,611**	**–**	**–**
	STI deferred	–	**22,028**	**(11,014)**	**–**	**11,014**	**11,014**	**–**
DA Pullan	LTI performance	36,320	**26,724**	**–**	**(63,044)**	**–**	**–**	**–**
	STI deferred	–	**44,332**	**(22,166)**	**(22,166)**	**–**	**22,166**	**–**
RG Reis	LTI performance	30,080	**22,770**	**–**	**–**	**52,850**	**–**	**–**
	STI deferred	–	**36,714**	**(18,357)**	**–**	**18,357**	**18,357**	**–**
Total		465,677	**596,175**	**(122,968)**	**(85,210)**	**853,674**	**122,968**	**–**

(a) All options/rights that are vested are exerciseable.

(b) DJ Rathbone STI is deferred in cash.

Notes to the financial statements continued

39. Key management personnel disclosures (continued)

Options and rights over equity instruments granted as compensation (continued)

Options/rights over ordinary shares in Nufarm Ltd	Scheme	Balance at 1 August 2011	Granted as remuneration	Exercised	Net change other	Balance at 31 July 2012	Vested during 2012	Vested at 31 July 2012[a]
2012								
Directors								
DJ Rathbone	LTI performance	–	180,749	–	–	180,749	–	–
Executives								
BF Benson	LTI performance	–	34,740	–	–	34,740	–	–
P Binfield	LTI performance	–	54,710	–	–	54,710	–	–
BJ Croft	LTI performance	–	16,040	–	–	16,040	–	–
R Heath	LTI performance	–	15,790	–	–	15,790	–	–
G Hunt	LTI performance	–	52,588	–	–	52,588	–	–
DA Mellody	LTI performance	–	26,320	–	–	26,320	–	–
MJ Pointon	LTI performance	–	18,340	–	–	18,340	–	–
DA Pullan	LTI performance	–	36,320	–	–	36,320	–	–
RG Reis	LTI performance	–	30,080	–	–	30,080	–	–
Total		–	465,677	–	–	465,677	–	–

(a) All options/rights that are vested are exerciseable.
(b) DJ Rathbone STI is deferred in cash.

39. Key management personnel disclosures (continued)

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 2012	Granted as remuneration	On exercise of rights	Net change other	Balance at 31 July 2013
2013					
Directors					
DG McGauchie[1]	31,239	**–**	**–**	**15,000**	**46,239**
DJ Rathbone[4]	11,676,031	**–**	**–**	**50,000**	**11,726,031**
AB Brennan	10,000	**–**	**–**	**–**	**10,000**
GR Davis	40,000	**–**	**–**	**–**	**40,000**
FA Ford (appointed 10 October 2012)	–	**–**	**–**	**–**	**–**
Dr WB Goodfellow[1,2]	1,141,491	**–**	**–**	**1,925**	**1,143,416**
GA Hounsell (retired 8 October 2012)[1,3]	43,723	**–**	**–**	**(43,723)**	**–**
PM Margin	2,458	**–**	**–**	**–**	**2,458**
T Takasaki (appointed 6 December 2012)	–	**–**	**–**	**–**	**–**
Executives					
BF Benson	70,783	**–**	**21,202**	**–**	**91,985**
P Binfield	30,000	**–**	**9,312**	**–**	**39,312**
BJ Croft	36,040	**–**	**9,790**	**52**	**45,882**
R Heath	218,300	**–**	**9,637**	**–**	**227,937**
G Hunt	10,000	**–**	**5,888**	**10,000**	**25,888**
DA Mellody	34,848	**–**	**15,602**	**(18,075)**	**32,375**
MJ Pointon	37,292	**–**	**11,014**	**–**	**48,306**
E Prado (appointed 1 July 2013)	–	**–**	**–**	**–**	**–**
DA Pullan (retired 31 July 2013)[3]	187,242	**–**	**22,166**	**(209,408)**	**–**
RG Reis	131,811	**–**	**18,357**	**–**	**150,168**
Total	13,701,258	**–**	**122,968**	**(194,229)**	**13,629,997**

39. Key management personnel disclosures (continued)

Movements in shares (continued)

Shares held in Nufarm Ltd	Balance at 1 August 2011	Granted as remuneration	On exercise of rights	Net change other	Balance at 31 July 2012
2012					
Directors					
DG McGauchie[1]	31,239	–	–	–	31,239
DJ Rathbone[4]	11,676,031	–	–	–	11,676,031
AB Brennan	10,000	–	–	–	10,000
GR Davis	20,000	–	–	20,000	40,000
Dr RJ Edgar (resigned 27 March 2012)	13,000	–	–	(13,000)	–
Dr WB Goodfellow[1,2]	1,120,551	–	–	20,940	1,141,491
GA Hounsell[1]	43,723	–	–	–	43,723
PM Margin (appointed 3 October 2011)	–	–	–	2,458	2,458
Dr JW Stocker (retired 1 December 2011)[1,3]	41,521	–	–	(41,521)	–
Executives					
BF Benson	33,068	27,715	–	10,000	70,783
P Binfield (appointed 7 November 2012)	–	–	–	30,000	30,000
BJ Croft	19,990	12,050	–	4,000	36,040
R Heath	206,250	12,050	–	–	218,300
G Hunt (appointed 6 February 2012)	–	–	–	10,000	10,000
DA Mellody	16,773	18,075	–	–	34,848
RF Ooms (retired 27 March 2012)	333,409	18,075	–	(351,484)	–
MJ Pointon	19,217	18,075	–	–	37,292
DA Pullan	159,527	27,715	–	–	187,242
RG Reis	104,096	27,715	–	–	131,811
Total	13,848,395	161,470	–	(308,607)	13,701,258

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 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.
   (vi) Archem Trading (NZ) Ltd (700 step-up securities).
3. The shareholding of GA Hounsell, Dr JW Stocker, Dr RJ Edgar and GDW Curlewis has been removed under the 'net change other' column due to their retirement as directors. The shareholding of DA Pullan has been removed under the 'net change other' column due to his resignation from the company on 31 July 2013.
4. DJ Rathbone holds 1,500 step-up securities at 31 July 2013 (2012: 1,500).

Notes to the financial statements continued

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 2013 $000	Consolidated 2012 $000
Excel Crop Care Ltd	Purchases from	**–**	–
	Trade payable	**–**	–
F&N joint ventures	Sales to	**41,427**	32,454
	Trade payable	**–**	99
	Trade receivable	**38,249**	25,554
Sumitomo Chemical Company Ltd	Sales to	**30,822**	15,737
	Purchases from	**48,840**	27,545
	Trade receivable	**1,913**	5,868
	Trade payable	**12,618**	14,675

These transactions were undertaken on commercial terms and conditions.

41. Auditors' remuneration

	Consolidated 2013 $000	Consolidated 2012 $000
Audit services		
KPMG Australia		
Audit and review of group financial report	**546**	615
Overseas KPMG firms		
Audit and review of group and local financial reports	**1,149**	1,022
	1,695	1,637
Other auditors		
Audit and review of financial reports	**79**	259
Audit services remuneration	**1,774**	1,896
Other services		
KPMG Australia		
Other assurance services	**55**	356
Other advisory services	**–**	41
Overseas KPMG firms		
Other assurance services	**79**	2
Other services remuneration	**134**	399

42. Subsequent events

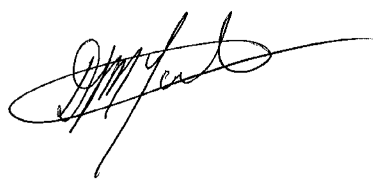
A final dividend of 5 cents per share, totalling $13,147,702 was declared on 25 September 2013 and will be paid on 15 November 2013 (2012: 3 cents per share, totalling $7,817,469).

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 2013 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 2013.
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 25th day of September 2013.



DG McGauchie
Director

DJ Rathbone
Director

Independent auditor's report

to the members of Nufarm Limited

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 2013, 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 42 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.

Independent auditor's report continued

to the members of Nufarm Limited

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 2013 and of its performance for the year ended on that date; and

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

(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' of the directors' report for the year ended 31 July 2013. 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 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
25 September 2013

Shareholder and statutory information

Details of shareholders, shareholdings and top 20 shareholders

Listed securities – 25 September 2013	Number of holders	Number of securities	Percentage held by top 20
Fully paid ordinary shares	**10,807**	**262,954,040**	**84.98**

Twenty largest shareholders	Ordinary shares as at 25.09.13	Percentage of issued capital as at 25.09.13
Sumitomo Chemical Company Limited	**60,210,136**	**22.90**
HSBC Custody Nominees (Australia) Limited	**37,438,421**	**14.24**
National Nominees Limited	**31,138,475**	**11.84**
J P Morgan Nominees Australia Limited	**25,493,637**	**9.70**
Amalgamated Dairies Limited	**14,805,328**	**5.63**
Citicorp Nominees Pty Limited	**14,517,972**	**5.52**
Falls Creek No 2 Pty Ltd	**10,763,092**	**4.09**
JP Morgan Nominees Australia Limited <Cash Income A/C>	**5,780,636**	**2.20**
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	**3,220,922**	**1.22**
Challenge Investment Company Limited	**3,130,282**	**1.19**
BNP Paribas Noms Pty Ltd <DRP>	**2,865,998**	**1.09**
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	**2,368,722**	**0.90**
Mr Edgar William Preston + Mr Paul Gerard Keeling <Avalon A/C>	**2,364,282**	**0.90**
Pacific Custodians Pty Limited <Global Share Plan TST A/C>	**1,917,835**	**0.73**
GBH Trustee Services Limited + Mr Aaron Craig Quintal	**1,850,000**	**0.70**
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	**1,330,066**	**0.51**
QIC Limited	**1,220,077**	**0.46**
Douglas Industries Limited	**1,170,866**	**0.45**
Moturua Properties Ltd	**964,455**	**0.37**
Mirrabooka Investments Limited	**900,000**	**0.34**

Distribution of shareholders	Number of holders as at 25.09.13	Ordinary shares held as at 25.09.13
Size of holding		
1 – 1,000	**4,925**	**2,174,823**
1,001 – 5,000	**4,501**	**10,831,593**
5,001 – 10,000	**854**	**6,099,719**
10,001 – 100,000	**470**	**10,176,039**
100,001 and over	**57**	**233,671,866**

Of these, 1,009 shareholders held less than a marketable parcel of shares of $500 worth of shares (103 shares). In accordance with the ASX Listing Rules, the last sale price of the company's shares on the ASX on 25 September 2013 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 Stock Exchange Limited.

Substantial shareholders

In accordance with section 671B of the Corporations Act, as at 25 September 2013, 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 %
Paradice Investments Management Pty Ltd	9 September 2013	13,261,120	5.04
Sumitomo Chemical Company Limited	10 June 2011	60,210,136	23
Nufarm Limited[1]	10 June 2011	60,210,136	23
Amalgamated Dairies Limited	31 May 2010	14,330,798	5.47
The Khyber Pass Investment Ltd[2,6]	31 May 2010	14,349,658	5.48
Glade Buildings Ltd[3,6]	31 May 2010	14,692,730	5.61
Hauraki Trading Co. Ltd[4]	31 May 2010	14,679,639	5.61
PG Keeling & EW Preston (Oxford Trustees)[5]	31 May 2010	14,711,590	5.62

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. The Khyber Pass Investment Co. 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 Buildings 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 Buildings 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 Buildings Ltd, Khyber Pass Ltd and Amalgamated Dairies Ltd.
6. On 30 March 2012 Glade Buildings Ltd and the Kyber Pass Investment Co. Ltd amalgamated to become The Kyber Pass Investment Co. Ltd. Glade Buildings Ltd was struck off as a NZ Limited Company.

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 5 December 2013 at 10.00am in Bayside Rooms 5 & 6, 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.

Shareholder and statutory information continued

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 7 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 enquires

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

29 October 2013*	Annual report sent to shareholders
5 December 2013	Annual general meeting
26 March 2014*	Announcement of profit result for half year ending 31 January 2014
31 July 2014	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
Ms AB Brennan
GR Davis
FA Ford
Dr WB Goodfellow
PM Margin
T Takasaki

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

Share registrar

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Step-up securities registrar

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Website

www.nufarm.com

Nufarm Limited
ACN 091 323 312

Special thanks to Gillian Sweetland who has produced Nufarm's annual and interim reports since 2000. Gillian has been an invaluable contributor and a highly valued colleague.

Produced by Gillian Sweetland. Photographers include Lynton Crabb, Danielle Moore and Melissa Powell. Designed by MDM Design.

Nufarm

Notice of Annual General Meeting

Notice is given that the 97th Annual General Meeting ('AGM') of Shareholders of Nufarm Limited (the 'Company') will be held in Victoria at the RACV Club, Bayside Rooms 5 & 6 Level 2, 501 Bourke Street, Melbourne on Thursday 5 December 2013 at 10.00am 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 2013.

2. Remuneration Report

To receive, consider and adopt the Remuneration Report for the year ended 31 July 2013.

3. Re-election of Directors

To consider, and if thought fit, pass each of the following resolutions as a separate resolution:

(a) That Mr DG (Donald) McGauchie, who retires by rotation in accordance with the Company's constitution and ASX Listing Rule 14.4 and being eligible offers himself for re-election, be re-elected as a Director of the Company.

(b) That Mr Toshikazu Takasaki, who was appointed as a Director of the Company on 6 December 2012 and in accordance with the Company's constitution, ASX Listing Rule 14.4 and being eligible offers himself for re-election, be re-elected as a Director of the Company.

Special Business

4. 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 170,881 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."

5. Amendment to Constitution: Proportional Takeover Approval Provisions

To consider, and if thought fit, pass the following special resolution:

"That the Constitution of the Company be amended by re-inserting clauses 13.7A and 13.7B after 13.7 as set out in Attachment A for a period of three years."

6. Amendment to Constitution: Method of payment of dividends

To consider, and if thought fit, pass the following special resolution:

"That the Constitution of the Company be amended by deleting clause 33.10 and substituting:

"Any Dividend or other money payable by the Company to Members may be paid in any manner and by any means determined by the Board from time to time. Without limiting any other means of payment which the Board may adopt, any payment may be made:

33.10.1 by direct deposit or other electronic funds transfer to any account with a bank or other financial institution nominated in writing by a Member or, in the case of joint holders, by the Member whose name first appears in the Register; or

33.10.2 by cheque or warrant sent by post to the registered address of a Member or, in the case of joint holders, to the registered address of the Member whose name first appears in the Register,

and the Company will not be liable for any loss arising from the method of payment referred to in this Clause. If the Board determines to make a payment by direct deposit or any other method of electronic funds transfer and an account has not been nominated by a Member or joint Members in accordance with this Clause, the Company may hold the amount payable in a separate non-interest bearing account of the Company until the Member or joint Members nominate an account."

By Order of the Board

Rodney Heath
Company Secretary
3 October 2013

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. Materials 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 resolutions 2, 3(a), 3(b) and 4 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 resolutions 5 and 6 to be effective:

(i) not less than 28 days written notice specifying the intention to propose the resolutions as special resolutions has been given; and

(ii) the special resolutions must be passed by at least 75% of all the votes cast by Shareholders entitled to vote on the special resolutions (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 Exclusions – Items 2 and 4

(a) Item 2

In accordance with the Corporations Act, a member of the Company's Key Management Personnel whose remuneration is included in the Remuneration Report ('KMP'), and closely related parties of such a KMP, will not be eligible to vote on resolution 2. However, a person may vote if the vote is not cast on behalf of such a KMP or a closely related party of the KMP and the person:

(i) votes as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(ii) is the Chairman of the AGM appointed 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 even though this resolution is connected with the remuneration of a member of the KMP.

(b) Item 4

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on resolution 4 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 the 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, 3 December 2013 ('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 2 or more votes at the AGM, may appoint up to 2 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, 3 December 2013:

(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.

Attachment A

Special resolution to reinsert proportional takeover approval provisions

1. By re-inserting clause 13.7A after clause 13.7:

"13.7A(1) Subject to the Listing Rules, the ASTC Settlement Rules, Clause 13.7B and despite any other provision of this Constitution, if offers are made under a proportional takeover bid for securities of the Company:

13.7A(1).1 the Directors shall refuse to register a transfer giving effect to a takeover contract for the bid unless and until a resolution (an 'approving resolution') to approve the bid is passed in accordance with the provisions of this Clause; and

13.7A(1).2 a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote on an approving resolution; and

13.7A(1).3 an approving resolution is to be voted on at a general meeting of the Company by the persons entitled to vote on the resolution, or in such other manner provided by the Corporations Act 2001 (the 'Act'); and

13.7A(1).4 an approving resolution that has been voted on is taken to have been passed if the proportion that the number of votes cast in favour of the resolution bears to the total number of votes cast on the resolution is greater than 50%, and otherwise is taken to have been rejected.

13.7A(2) For the purposes of Clause 13.7A(1), an approving resolution in relation to a proportional takeover bid must be passed before the 14th day before the last day of the bid period to be effective.

13.7A(3) The provisions of Clauses 16 to 20 (inclusive) of this Constitution and/or the Act that apply to general meetings of the Company have effect, with such modifications as the circumstances may require, to a meeting called and held under Clause 13.7A(1)."

2. By re-inserting clause 13.7B after clause 13.7A:

"13.7B Clause 13.7A ceases to have effect on the third anniversary of the date of passing of the special resolution to insert that Clause in the Company's Constitution, or its last renewal, in accordance with the Act and, in the event that the Act is amended to remove the requirement to periodically renew that Clause, this Clause shall cease to have any effect."

Explanatory Notes continued

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 Shareholder approval.

The Chairman will give Shareholders the opportunity to ask questions and make comments on the financial statements and reports and to ask the Auditor questions relevant to the Auditor's Report or conduct of the audit. Shareholders are 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 on any questions received 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 from the Company's website at www.nufarm.com/AnnualReports. 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.

Shareholders are asked to consider the Remuneration Report in accordance with section 250R(2) of the Corporations Act. The vote on this resolution is advisory only and is not binding on the Board.

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.

(c) Items 3(a) and 3(b): Re-election of Directors

Each re-election will be conducted as a separate resolution.

Mr DG (Donald) McGauchie AO (Chairman), 63, joined the Board in 2003 and was appointed Chairman on 13 July 2010. He has wide commercial experience within the agricultural, 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.

Mr McGauchie is chairman of Australian Agricultural Company Limited and a director of James Hardie Industries plc and Graincorp Ltd.

Mr McGauchie is also chairman of the Nomination and Governance Committee and a member of the Human Resources Committee.

Further information about Mr McGauchie can be found on the Company's website at www.nufarm.com/Directors

Mr Toshikazu Takasaki, 66, joined the Board in 2012. Mr Takasaki represents the interests of 23% shareholder, Sumitomo Chemical Company (SCC). He is a former executive of SCC who held senior management positions in businesses relating to crop protection, both within Japan and in the US. He is now a business consultant. He brings broad industry and international experience to the Board.

Further information about Mr Takasaki can be found on the Company's website at www.nufarm.com/Directors

Directors' recommendation

The continuing Directors unanimously support, and recommend, the re-election of Mr McGauchie and the re-election of Mr Takasaki.

(d) Item 4: Issue of Performance Rights to Managing Director/CEO – Mr Doug Rathbone

Background

Item 4 set out in the Notice of AGM seeks approval to the proposed issue of Performance Rights to the value of $811,125.00 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 senior executive remuneration, the remuneration package for Mr Doug Rathbone for the 2013 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 $811,125.00 ('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 remuneration strategy, benchmarking against the practices of a selected comparator group comprising companies of a similar size and complexity to the Nufarm Group and other relevant information provided by the independent remuneration consultants, Godfrey Remuneration Group, and the Company's Human Resources Committee.

The Board will again invite Mr Doug Rathbone to participate in the LTI Plan and will offer him Performance Rights to the value of $811,125.00 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) 26 September 2013.

Mr Doug Rathbone currently holds, directly or indirectly through associated entities, 11,726,031 Ordinary Shares. At the date of the Notice, on a fully diluted basis (excluding all the Performance Rights issued following the Company's 2011 and 2012 annual general meetings), 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 all the issued Performance Rights vest, Mr Doug Rathbone's relevant interest in the Company will increase by 170,881 to 4.524% 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 2013 and ending 31 July 2016 ('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 average over the three year Performance Period.

(d) The Performance Rights will be performance tested as soon as practicable following 31 July 2016 ('Testing Date').

(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 table below:

(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.

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%

Explanatory Notes continued

(h) The ROFE performance hurdle will be set by the Board for the 2014 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 the Nufarm Group 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 table below:

(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.

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%

Additional information

The ASX Listing Rules require that this Notice include the following additional information.

As at the date of the Notice of AGM, 315,031 Performance Rights have been issued under the Company's LTI Plan to Mr Doug Rathbone as approved by Shareholders at the Company's 2011 and 2012 annual general meetings. No other Director or associate of a Director is eligible to participate in the LTI Plan and 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 have been, or 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 following the date of issue and the annual report will confirm 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.

Directors' recommendation

The Directors, other than Mr Doug Rathbone, believe that the success of the Nufarm Group is dependent 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.

(e) Item 5: Amendment to Constitution: Proportional Takeover Approval Provisions

Background

Item 5 set out in the Notice of AGM seeks approval, by special resolution, to the proposed amendments to the Company's constitution to renew the proportional takeover approval provisions ('PTA Provisions'). The PTA Provisions were first inserted into the constitution at the Company's annual general meeting in December 2001 and were last renewed at the annual general meeting in December 2010.

The Corporations Act provides that the PTA Provisions cease to apply at the end of three years but can be renewed for a further period of three years or lesser period specified. The PTA Provisions contained in the Company's constitution will expire on 2 December 2013.

PTA Provisions

The PTA Provisions in the Company's constitution enable the Company to refuse to register a transfer of shares acquired under a proportional takeover bid, unless a resolution is passed by Shareholders approving the bid. The Corporations Act provides that the PTA Provisions have effect despite anything in the ASX Listing Rules, the operating rules of ASX, the Company's constitution or any agreement.

A proportional takeover bid is defined to mean an off-market bid for a specified proportion of the Company's securities in a class of securities (defined in the Corporations Act as the 'bid class').

In considering this amendment to the Company's constitution, the following should be noted:

(a) The effect of the provision is that if a proportional takeover bid is made for the Company, a share transfer to the bidder cannot be registered until the bid is approved by Shareholders, in general meeting.

(b) The resolution to approve the bid must be considered at a meeting held more than 14 days before the bid closes and, in default, the bid is taken to have been approved.

(c) If the resolution to approve the bid is passed, transfer forms pursuant to the bid may be registered but if the resolution is not passed, the bid is taken to have been withdrawn.

(d) The provision requires renewal every three years and, unless renewed by further special resolution in general meeting, will cease to apply. The provision must be renewed in the same manner as if reinserted into the constitution.

(e) The provision does not apply to, or have any effect on, a full takeover bid.

(f) Shareholders who, together, hold not less than 10% in number, of the issued securities in a class of securities in the Company to which the provisions apply may, within 21 days after the Company purports to alter its constitution by renewing the PTA Provisions, apply to the Court to have the renewal set aside to the extent to which it relates to that class of securities. However, the Court must be satisfied that it is appropriate, in all the circumstances.

This resolution is being put to Shareholders as the Directors consider that Shareholders should be able to vote on whether a proportional takeover bid should be permitted to proceed.

The PTA Provisions will enable the Directors to determine the views of Shareholders in respect of a proportional takeover bid and will ensure that Shareholders have an opportunity to consider the bid and vote on it at a general meeting.

The renewal of the PTA Provisions in the Company's constitution is likely to reduce the possibility of the Company becoming a target of a proportional takeover. A provision of this type could be considered to constitute an additional restriction on the ability of the Company's Shareholders to freely deal with their respective shares in the capital of the Company. However, a proportional takeover bid could have the effect of enabling control of the Company to change without giving Shareholders an opportunity to dispose of all of their securities for a satisfactory control premium.

The Directors of the Company will remain free to make a recommendation to Shareholders as to whether a proportional takeover bid should or should not be accepted but the proposed amendment to the Company's constitution will, as mentioned, ensure that for the bid to proceed, Shareholders must approve the proportional takeover.

At the date of the Notice of AGM which these Explanatory Notes accompany, no Director of the Company is aware of any proposal by any person to acquire, or to increase the extent of, a substantial shareholding in the Company.

Shareholder approval

Shareholders are asked to pass this resolution as a special resolution pursuant to section 136 of the Corporations Act.

Directors' recommendation

The Directors unanimously recommend that you vote in favour of resolution 5 set out in the Notice of AGM to renew the PTA Provisions.

(f) Item 6: Amendment to Constitution: Method of payment of dividends

Background

Item 6 set out in the Notice of AGM seeks approval, by special resolution, to the proposed amendment to the Company's constitution to clarify the Company's ability to pay dividends by any method determined by the Board. The Board wishes to streamline the way it pays dividends. Effective from the 2014 final dividend payment, cash payments to Members will only be made by direct credit to all Members with registered addresses in Australia and New Zealand.

There are a number of benefits of having dividends paid by direct credit or other means of electronic funds transfer. The benefits include safety, security, the avoidance of delays which would otherwise be incurred in waiting for cheques to be delivered by post, reduced risk of lost or stolen cheques, faster access to payments and cost benefits for Members and the Company.

Members will continue to receive dividend statements, in hard or soft copy as nominated.

Shareholder approval

Shareholders are asked to pass this resolution as a special resolution pursuant to section 136 of the Corporations Act.

Directors' recommendation

The Directors unanimously recommend that you vote in favour of resolution 6 set out in the Notice of AGM.

Glossary of Terms

AEDT means Australian Eastern Daylight Time.

AGM means the annual general meeting of the Company to be held on Thursday, 5 December 2013 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, 3 December 2013.

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 2013 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

⊢ 000001 000 NUF
MR SAM 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 and view the annual report online

Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 **PIN: 99999**

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 3 December 2013

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 ➔

MR SAM 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 9999999999 I ND

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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Nufarm Limited to be held at the RACV Club, Bayside Rooms 5 & 6, Level 2, 501 Bourke Street, Melbourne, Victoria on Thursday, 5 December 2013 at 10.00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2 & 4 (except where I/we have indicated a different voting intention below) even though Items 2 & 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: For Item 4, this express authority is also subject to you marking the box in the section below.

If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2 & 4 by marking the appropriate box in step 2 below.

Important for Item 4: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Item 4 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Item 4, the Chairman of the Meeting will not cast your votes on Item 4 and your votes will not be counted in computing the required majority if a poll is called on this item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 4 of business.

☐ I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Item 4 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.

		For	Against	Abstain
Item 2	Adoption of the Remuneration Report	☐	☐	☐
Item 3a	Re-election of Mr D G (Donald) McGauchie as a Director	☐	☐	☐
Item 3b	Re-election of Mr Toshikazu Takasaki as a Director	☐	☐	☐
Item 4	Issue of Performance Rights to Managing Director/CEO - Mr Doug Rathbone	☐	☐	☐
Item 5	Amendment to Constitution: Proportional Takeover Approval Provisions	☐	☐	☐
Item 6	Amendment to Constitution: Method of payment of dividends	☐	☐	☐

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

All correspondence to:
Computershare Investor Services Pty Limited
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Victoria 3001 Australia
Enquiries (within Australia) 1300 652 479
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000001
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SAMPLETOWN VIC 3030

Reference Number

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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, Bayside Rooms 5 & 6, Level 2, 501 Bourke Street, Melbourne, Victoria on Thursday, 5 December 2013 at 10.00am (AEDT).

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 (AEDT) on Tuesday, 3 December 2013. You may also vote online via www.investorvote.com.au.

Corporate shareholders will be required to complete a “Appointment of Corporate Representative” to enable a person to attend on their behalf. A copy of this form 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.