Nufarm Limited
ACN 091 323 312

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nufarm.com

26 September 2017

The Manager
Company Announcements Office
ASX
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

2016-2017 FULL YEAR RESULT & PRELIMINARY FINAL REPORT

In accordance with ASX Listing Rule 4.3A, the following documents are attached for release to the market:

- Appendix 4E – Preliminary Final Report
- Company Announcement
- Directors' Comments on Preliminary Final Report
- Financial Statements and Accounting Policies
- Directors' Declaration
- Directors' Report
- Auditor's Independence Declaration
- Independent Audit Report

Yours faithfully

Rodney Heath
Nufarm Limited

Grow a better tomorrow.

Appendix 4E

Nufarm Limited
ABN 37 091 323 312

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 JULY 2017

This statement includes the consolidated results for Nufarm Limited group for the year ended 31 July 2017 compared with the year ended 31 July 2016.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

TRADING RESULTS	Consolidated 2017 $000	2016 $000	increase / (decrease) $000	increase / (decrease) %
Revenue from ordinary activities	3,111,115	2,791,217	319,898	11.5%
Profit/(loss) from ordinary activities after tax attributable to members				
- Before material items	135,823	108,918	26,905	24.7%
- After material items	114,467	27,519	86,948	n/a
Net profit/(loss) attributable to members				
- Before material items	135,823	108,918	26,905	24.7%
- After material items	114,467	27,519	86,948	n/a

DIVIDENDS AND DISTRIBUTIONS	2017 $	2016 $
Final Dividend		
Amount per security	0.08	0.07
Total value of dividend	21,354,307	18,656,341
Franked amount per security at 30%	nil	nil
Amount per security of Foreign Source Dividend	0.08	0.07
Date payable	10/11/2017	11/11/2016
Record date for entitlement	13/10/2017	14/10/2016
Interim Dividend		
Amount per security	0.05	0.04
Franked amount per security at 30%	nil	nil
Amount per security of Foreign Source Dividend	0.05	0.04
Date paid	5/05/2017	6/05/2016
Total Dividends		
Amount per security	0.13	0.11
Dividend Reinvestment Plans	Yes	Yes
Net Tangible assets per ordinary share	2.67	2.55
Contral Gained Over Entities (refer note 14)		
Control Lost Over Entities	nil	nil

AUDIT STATUS

This Appendix 4E is based on accounts which have been audited, and the accounts, including the audit opinion, is attached.

COMMENTARY

A commentary on the results for the year is attached.

G A Hunt
Managing Director

26 September 2017

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COMPANY ANNOUNCEMENT
26 September, 2017

Nufarm reports strong revenue growth, with underlying net profit up 25%

Nufarm Limited today announced a statutory net profit after tax of $114.5 million for the 12 months to 31 July, 2017. The statutory profit result includes the impact of $23 million in one-off restructuring and asset rationalisation costs and compares to a statutory profit after tax of $27.5 million in the previous year.

Underlying net profit after tax was $135.8 million, up 25% on the $108.9 million reported in the prior period. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 5% to $390.0 million and underlying earnings before interest and tax (EBIT) increased by 5% to $302.3 million.

Group revenues increased by 12% to $3.11 billion (2016: $2.79 billion).

Nufarm Managing Director and CEO, Greg Hunt, said the company's ability to grow revenues and maintain margins in a period where the overall industry saw a contraction in sales was an excellent outcome.

"We secured market share gains in most of our major markets, supported by new product introductions, and a much closer focus on our customers.

"It was a challenging year for the industry, with extremely competitive conditions driven by lower crop prices and lower demand for crop protection chemistry."

Nufarm posted strong revenue gains in Australia, North America and Asia. While South American sales were ahead of the prior year, market conditions in Argentina led to a significant fall in the profitability of that business. European sales were slightly down, but margins improved leading to a stronger profit outcome.

Mr Hunt said the company is on track to meet its 2018 target of achieving at least $116 million in net benefits from efficiency programs which have been implemented across the business in recent years.

"The company has delivered cumulative benefits of $101 million to the end of financial year 2017. A further $26 million of benefits was delivered in the 2017 financial year, with most of those savings

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coming from manufacturing footprint changes, manufacturing efficiencies and procurement initiatives."

Nufarm's global seed business also posted a strong lift in revenues and profit, with the company reporting positive progress on its proprietary omega-3 canola program. Regulatory authorities in Australia, the US and Canada are currently assessing approval submissions and the company is harvesting its first pre-commercial large scale crop in Washington State, USA, with plans for a commercial launch in Nufarm's 2018/19 financial year. This unique omega-3 canola produces long-chain omega-3, similar to that found in fish oil, using a sustainable land-based source.

Mr Hunt said Nufarm expects to achieve further growth in the current financial year and is continuing to assess opportunities that might arise from broader industry consolidation moves.

-- end --

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26 September 2017

Preliminary announcement
Results for the year ended 31 July 2017

Strong revenue growth and performance improvement benefits drive profit expansion

- **Revenue growth of 12%, despite tough industry conditions**
- **Underlying EBITDA and underlying EBIT(1)(2) up by 5%, following further investment in transformation and customer-facing activities**
- **Underlying net profit after tax(3) increases 25% on prior year**
- **Reported net profit after tax up by 316%**
- **Underlying earnings per share up by 27%**
- **Seed technologies segment generates strong revenue and profit growth**
- **Performance improvement program delivers incremental EBIT benefit of $26 million and remains on track to deliver at least $116 million by FY18**
- **Further improvements in working capital management, with average net working capital to sales down to 36.8% (2016: 39.9%)**
- **Final dividend: 8 cents per share (2016: 7 cents per share). Full year dividend: 13 cents per share (2016: 11 cents per share).**

Year ended 31 July	2017 $000	2016 $000	Change
Revenue	3,111,115	2,791,217	11.5%
Underlying Gross profit	915,765	826,429	10.8%
Underlying EBITDA (1)	390,016	371,720	4.9%
Underlying EBIT (1)(2)	302,285	286,696	5.4%
Operating profit	279,242	203,086	37.5%
Underlying net profit after tax(3)	135,823	108,918	24.7%
Net profit after tax	114,467	27,519	316.0%
Underlying net operating cash flow	73,380	189,063	-61.2%
Underlying basic earnings per share (cents)	46.7	36.7	27.2%
Total dividend per share declared in respect of period (cents)	13.0	11.0	18.2%

The financial information contained within our statutory accounts has been prepared in accordance with IFRS. Refer to footnotes, including explanations of the non-IFRS measures used in this announcement. All references to the prior period are to the year ended 31 July 2016 unless otherwise stated. This report is based on financial statements which have been audited by KPMG. Non-IFRS measures have not been subject to audit or review. Refer to the 31 July 2017 Nufarm Limited Financial Report for the independent auditor's report to the members of Nufarm Limited.

Nufarm Limited today announced a statutory net profit after tax of $114.5 million for the 12 months to 31 July, 2017. The statutory profit result includes the impact of $23 million in pre-tax one-off restructuring and asset rationalisation costs and compares to a statutory profit after tax of $27.5 million in the previous year.

Group revenues increased by 12% to $3.11 billion (2016: $2.79 billion), which is a strong outcome given the overall industry saw little to no growth during the period. The group generated an underlying gross profit margin of 29.4%, in line with the 29.6% margin for the previous year.

Underlying net profit after tax was $135.8 million, up 25% on the $108.9 million reported in the prior period. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 5% to $390.0 million and underlying earnings before interest and tax (EBIT) increased by 5% to $302.3 million. On a constant currency basis, both underlying EBITDA and EBIT increased by 9%.

Underlying earnings per share improved strongly to 46.7 cents, a 27% increase over the prior year 36.7 cents.

Average net working capital to sales was down to 36.8%, a significant improvement on the previous year (39.9%).

Net debt at 31 July 2017 was $680 million, up on the $625 million at 31 July 2016. The year-end net debt was impacted by a higher year-end net working capital balance, caused by the delayed seasonal conditions moving sales into the last quarter of the financial year. Average net debt over the 12-month period was $886 million, lower than the $912 million average in 2016, and was aided by the continued focus on more efficient working capital management.

Final Dividend

Directors declared an unfranked final dividend of 8 cents per share, resulting in a full year dividend of 13 cents. This represents an 18% increase on the full year dividend of 11 cents per share (unfranked) paid in the previous year.

The final dividend will be paid on 10 November 2017 to the holders of all fully paid shares in the company as at the close of business on 13 October 2017. The final dividend will be 100% conduit foreign income.

The Dividend Reinvestment Plan (DRP) will be made available to shareholders for the final dividend. Directors have determined that the Issue Price will be calculated on the volume weighted average of the company's ordinary shares on the ASX over the 10-day period commencing on 16 October 2017. The last election date for shareholders who are not yet participants in the DRP is 16 October 2017.

Interest / tax / cash flow

Total financing costs were $107.0 million, compared to an underlying $137.9 million in the prior year.

Net external interest expense was $93.2 million, which is $3.3 million lower than the previous period. The lower interest expense was primarily driven by the lower average net debt balance outstanding during the financial year.

Foreign exchange losses were $13.8 million, compared to $41.5 million recorded in the 2016 year. The exchange loss relates largely to the Latin American operations, and is consistent with the company's previous guidance of $1 million to $1.5 million of hedging costs per month.

The underlying effective tax rate was 30.2% for the year, which compared to 26.8% in the prior period. The income tax expense includes a $2.5 million expense, due to a reduction in the French statutory tax rate (effective in 2019), and its subsequent effect on the deferred tax assets on the French entity's balance sheet.

The business generated an underlying net operating cash inflow of $73.4 million in the 2017 year. This compares to a cash inflow of $189.1 million in the previous year. The lower cash inflow was attributable to a higher net working capital balance at year-end, which was driven by the later seasonal conditions in several regions. The lower operating cash inflow was somewhat offset by the inflow from material items of $32 million, including $49 million from the proceeds of non-core asset sales. This compares to a net cash outflow from material items in 2016 of $52 million.

Material items

The company's performance improvement program – initiated in 2014 – has reduced the fixed cost base of the business, lifted profitability and enhanced Nufarm's competitiveness. During the year, the company reported a one-off pre-tax charge of $23 million related to restructuring initiatives and asset rationalisation associated with the performance improvement program.

The restructuring costs relate to the merging of the company's Australian marketing arms and brands ($5 million), and the implementation of a European-wide Enterprise Resource Planning (ERP) system and shared services model to support Nufarm's European business ($5 million). The integration of the Australian brands has resulted in a single, focused sales organisation that is delivering business efficiencies and a more streamlined service to Australian customers. The European ERP system and shared services centre will result in a sustainably lower cost base, improved information sharing and other business efficiencies.

Nufarm has also written down the carrying value of two smaller production facilities as part of its ongoing manufacturing footprint assessment. This includes a small insecticide pelletizing operation in Yenda, NSW, and a phenoxy herbicide formulation facility in India. The asset rationalisation charge amounts to $13 million.

The cash impact of the material items is $11.2 million, of which $2.1 million was incurred in financial year 2017, with the balance carrying over into financial year 2018. In the current year, the net cash inflow associated with material items was $32 million, largely driven by the proceeds of the sale of non-current assets of $49 million, which were reported in financial year 2016, but impacted cash in the 2017 financial year. Since year-end, the company has divested a non-core ex-manufacturing property in New Zealand, with proceeds of approximately $7 million.

Year ended 31 July 2017	Pre-tax $000	After-tax $000
Material items by category		
Asset rationalisation and restructuring	(23,937)	(22,250)
Sale of Excel Crop Care investment	894	894
Total material items impacting operating profit	**(23,043)**	**(21,356)**

Operating segments summary

The group generated increased sales in both its crop protection and seed technologies segments, and across all regions when reported on a constant currency basis.

Total crop protection sales increased by 11% to $2.94 billion and generated a 6% increase in EBIT to $321.6 million. The crop protection underlying gross profit margin was 28.4% of sales, in line with the previous year of 28.5%.

Seed technology sales in the period were up by 17% to $168.6 million and generated an EBIT of $36.4 million, which was a significant improvement on the $28.7 million recorded in this segment in the 2016 year. The seed technologies underlying gross profit margin was 47.4% of sales, above the previous year of 45.0%.

The following table provides a summary of the performance of the operating segments for the 2017 financial year and the prior corresponding period.

Year ended 31 July	Revenue			Underlying EBIT		
($000s)	2017	2016	Change %	2017	2016	Change %
Crop protection						
Australia and New Zealand	654,194	553,994	18.1%	51,629	46,963	9.9%
Asia	165,633	148,604	11.5%	24,429	22,824	7.0%
Europe	539,803	550,376	-1.9%	85,827	73,017	17.5%
North America	761,050	653,939	16.4%	70,265	59,288	18.5%
Latin America	821,835	740,686	11.0%	89,415	100,396	-10.9%
Total Crop protection	*2,942,515*	*2,647,599*	*11.1%*	*321,565*	*302,488*	*6.3%*
Seed Technologies - global	168,600	143,618	17.4%	36,399	28,719	26.7%
Corporate	-	-	n/a	(55,679)	(44,511)	25.1%
Nufarm Group	**3,111,115**	**2,791,217**	**11.5%**	**302,285**	**286,696**	**5.4%**

Australia / New Zealand

Australia/New Zealand sales increased 18% on the prior year, as the business executed a strategy to regain volume and share. There was a resulting impact on gross margins, particularly in Australia, where the business took the decision to be price-competitive in certain targeted market segments.

The segment generated sales of $654.2 million, up on the previous years $554.0 million. Underlying EBIT was $51.6 million compared to $47.0 million in the prior year.

Climatic conditions in Australia were below average. The summer crop and fallow season in northern NSW and southern Queensland was very dry. The winter season also started poorly in the key cropping areas of Western Australia and Northern NSW/Southern Queensland. The month of June was the driest on record in many parts of the country. While the winter crop plantings are estimated to be in line with the area planted in 2016, this year's harvest is forecast to be down by a third. The dry conditions reduced product demand, which led to pricing pressure across the market.

In May, Nufarm announced that the company's marketing arms and brands in Australia, previously marketed under Nufarm and Crop Care brands, would be merged as of August 1, 2017. The integration has resulted in a single, focused sales organisation that is delivering business efficiencies and an improved service to Australian customers.

The previously announced closure of three manufacturing facilities in Australia and New Zealand is now complete. Two sites have been sold, with the third site sold after 31 July. The manufacturing restructure results in lower fixed costs; better plant utilisation; and improved efficiencies. This ensures the company can be more price competitive for customers, and furthermore, the higher sales volumes have helped secure more of the benefits of the restructuring program.

Asia

Asian crop protection sales were $165.6 million compared to $148.6 million in the prior year, an increase of 11%. Underlying EBIT improved to $24.4 million, up 7% on the $22.8 million generated in the prior year.

Indonesian sales were up on last year, driven by good weather and an early start to the planting season. In the prior year, Indonesian sales were impacted by an El Nino weather event. There was continued sales growth into Japan and China. The higher sales, combined with an increased focus on higher margin products, led to the improved EBIT result over the prior period.

North America

North American crop protection sales grew by 16% to $761.1 million. Underlying EBIT was up strongly to $70.3 million, compared to $59.3 million in the prior year.

In the US broadacre segment, sales volumes grew 17% with the company's focused channel strategy delivering results, aided by a strong fall burndown market and increased cotton plantings. The turf and ornamental business grew sales 5%, mainly off the back of new mixture products. In Canada, demand from higher canola, soybeans and pulse plantings, along with well executed marketing plans, drove a 28% sales increase on the prior year.

The implementation of Salesforce.com – a customer relationship management tool – was completed in February, and is resulting in better business processes, and better communication both within the organisation and with distribution customers.

The Calgary plant in Canada was closed in June 2016, with production moving to the Chicago Heights facility. The full benefit of these manufacturing efficiencies was realised in the 2017 financial year.

Latin America

Latin American crop protection sales were up 11% on the previous year ($821.8 million v $740.7 million). Underlying EBIT at $89.4 million was down 11% on the prior year's $100.4 million. The Brazilian business grew sales by 20% and earnings by 5%. In contrast, the Argentina business suffered from variable weather and severe pricing pressure, with sales down 26% and margins down 24%.

Weather conditions in Brazil were positive, resulting in record grain production. Nufarm's local currency sales were up by 10%, reflecting a gain in market share on the prior year. The total value of the Brazil crop protection market is estimated to have been flat in calendar year 2016 (as measured in US dollars) compared to calendar year 2015.

In contrast to last year, the average Brazilian Real exchange rate for the period was nearly 10% stronger against the Australian dollar, and the Brazilian Real was less volatile compared to the 2016 financial year. This resulted in a greater proportion of sales being invoiced in US dollars, and allowed the business to better manage the foreign currency exposures, resulting in a reduced currency loss, consistent with the guidance provided at the 2016 full year results.

The strong Brazilian Real did, however, result in farmers delaying their purchases of crop protection inputs in anticipation of price reductions, and this led to some pricing pressure in the market. More sales and technical support for new product launches and increased expertise in the treasury function resulted in a higher cost base in Brazil.

A feature of the Brazilian market during the period was the continued challenges faced by the grower base in obtaining credit. Whilst the business managed credit well, and growers are experiencing record harvests, the company remains vigilant on customer receivables. The business continues to enhance the portfolio with several new products launched during the year. Channel inventory for Nufarm products is at normal levels.

The Argentina business suffered from a delayed season, due to excessive rainfall, as well as a change in the import licensing system, which allowed greater access to the market for imported products. This caused growers to delay purchases, with many putting their business out to tender, resulting in severe pricing pressure in the market. The Argentina result was also impacted by the exchange rate, with the Argentina peso 30% weaker against the Australian dollar across the year. A local inflation rate above 30% impacted the company's cost base. Argentina earnings were consequently down $17 million compared to the prior period, but still managed to generate a small profit for the year.

Europe

European sales were below the prior period by 2% (2017: $539.8 million v 2016: $550.4 million), but grew 7% on a constant currency basis. Underlying EBIT improved strongly to $85.8 million, ahead of the $73.0 million posted in the 2016 year. Seasonal conditions were mixed, with a late start to the season in western and central Europe, and dry conditions in southern Europe.

Nufarm's branded products accounted for all the constant-currency sales growth. The business continues to focus on high value and differentiated products, together with new product launches and pricing discipline which has contributed to the improved profitability of the business.

The previously announced restructuring of the European manufacturing base is completed. Manufacturing efficiency programs at the Linz (Austria) and Gaillon (France) production facilities are nearing completion. A more efficient European manufacturing base is strengthening Nufarm's competitive position and lowering the working capital requirements of the business. The new European ERP system and implementation of a shared services model will further strengthen the European business over coming periods.

Major product segments

Crop Protection

Nufarm's crop protection business generated $2.94 billion in revenues, which was up 11% on the previous year sales of $2.65 billion. These sales generated an average underlying gross profit margin of 28.4%, in line with the 28.5% average gross profit margin recorded in the 2016 year.

Herbicide sales were up 10% to $1.95 billion. Glyphosate sales were well up on last year, due to a higher average technical price, and improved volumes in Australia/New Zealand and North America, however, margins were slightly down due to competitive market conditions in Australia, North America and Latin America. Phenoxy herbicide revenues were lower than the prior year, but margins were up, driven by an improved cost position. Other herbicides are ahead of last year, with Flumioxazin and Picloram being the main drivers.

Insecticide sales were up 18% to $342 million, with margin percentage in line with the prior year. The increased sales were driven mainly by Brazil, with growth from new products, extensions into new crops and strong sales of a Sumitomo-sourced product that controls white fly infestation in soybeans.

Fungicide sales were up by 8% to $335 million, with margins ahead of the prior year. The fungicide portfolio performed well in the period, with most regions contributing to the growth. Main contributors to the result include Mancozeb, Fludioxinil and the copper-based products.

The Croplands equipment business, based in Australia, generated higher sales and there was also an increase in sales of plant growth regulators. These revenues are captured in 'other products' category sales, which were up 5% to $310 million.

The company continued to strengthen its strategic relationship with Sumitomo Chemical Company and this was reflected in higher sales of Sumitomo products across Nufarm's distribution platform. Nufarm sales of Sumitomo products grew 38% to $229 million. The higher sales were mainly in the US, Canada and Brazil. Portfolio collaboration opportunities continue to be explored and developed.

Seed Technologies

The company's seed technologies segment includes sales of seeds, managed under the Nuseed business, and seed treatment chemistry. Revenues in this segment were $168.6 million, 17% ahead of the prior year sales of $143.6 million. The segment generated a profit of $36.4 million at the underlying EBIT level, well up on the $28.7 million recorded in the prior year.

Australian canola, European sunflowers, Latin American sorghum and European seed treatment sales were all strong contributors to the sales growth. Australian canola volumes increased more than 50%, with favourable early seasonal conditions and market share gains. Australian earnings also benefitted from higher collections of canola end-point royalties from the strong 2016 farmer saved seed harvest. The growth in European sunflowers and Latin America sorghum relates primarily to market share growth from new pipeline launches. Sales of seed treatment chemistry were in line with the prior year, with a stronger sales performance in both Brazil and the US and slightly lower sales in Europe and Canada.

The regulatory submissions for the company's omega-3 canola program were filed in Australia, the United States and Canada earlier this year. The submissions are progressing well, and the company is on track to initiate first commercial production in the 2018/19 financial year. The first large-scale omega-3 canola crop is being harvested in the United States this month, representing an important milestone in the pre-commercialisation phase of the industry leading program. Some 3,000 acres of the proprietary omega-3 canola are being grown in Washington State in compliance with the USDA notification process.

This unique omega-3 canola produces long-chain omega-3, similar to those found in fish oil, using a sustainable land-based source. It has been developed through collaboration between Nufarm's wholly owned subsidiary, Nuseed; the Commonwealth Scientific and Industrial Research Organisation (CSIRO); and the Grains Research and Development Corporation (GRDC).

Pre-commercialisation plans are progressing on schedule, with important fish feed and nutrition studies underway or planned, and strong interest from the customer base. Nuseed will utilise a closed loop production system for the oil, in which growers will be contracted to grow the crop and crushers will be contracted to extract the oil, with Nuseed then supplying the oil to markets including aquaculture feed companies. The ability to coordinate the value chain beyond the seed will allow the company to secure maximum value from the omega-3 program, while ensuring quality and providing the transparency expected by customers.

Nuseed and its partners, CSIRO and GRDC, have jointly secured a strong intellectual property (IP) position, which facilitates a clear pathway to commercialisation. Several companies aspire to produce alternative sources of long chain omega-3, including BASF. BASF has chosen to challenge several of our patents without success. Nuseed continues to assess actions against BASF patents in various jurisdictions. This activity is anticipated to continue as a normal course of IP estate management in both companies.

Balance Sheet Management

Net debt at 31 July 2017 was $680 million compared to $625 million at 31 July 2016. Year-end net debt was impacted by the higher net working capital at 31 July 2017, which was driven by the delayed seasonal conditions moving sales into the fourth quarter of the financial year. Net debt did benefit from the net cash inflow from material items of $32 million.

Average net debt was lower than in the previous 12-month period ($886 million versus $912 million), aided by continued excellent working capital management across the year.

Management continued to focus on driving further efficiencies in working capital management, with average net working capital to sales down to 36.8% (2016: 39.9%).

Average net working capital over the last twelve months was $1.143 billion compared to $1.115 billion in the prior year. The 2.5% increase in average net working capital ($28 million), compares to the 12% sales growth recorded in the year.

The average leverage ratio (net debt divided by the 12-month rolling EBITDA) was 2.27x (2016: 2.45x). Gearing (net debt to net debt plus equity) was 29.8% (2016: 28.7%). The interest coverage ratio (EBITDA divided by interest expense) improved to 4.36x (2016: 4.09x).

Cost savings and performance improvement program

The company continues to make progress on its cost savings and performance improvement program, which aims to deliver a net benefit of at least $116 million in underlying EBIT by the end of the 2018 financial year.

The company delivered $26 million of benefits in the 2017 financial year, bringing cumulative benefits to $101 million. Most of the savings in the 2017 financial year came from manufacturing footprint changes, manufacturing efficiencies and procurement initiatives. In the 2018 financial year, savings are expected from the combined Australian sales and marketing functions, procurement initiatives, further SKU rationalisation benefits and the simplification of the back-office processing. The company also expects further benefits from the program in 2019 and 2020, as some projects will only achieve their full run-rate benefits in those years.

To support sustainable business improvement on an ongoing basis, the company is reinvesting in new systems and capabilities such as new customer relationship management (CRM) systems; improved supply chain processes and systems; specialist procurement resources and systems; standard back-office processes and systems across regions; and human resource systems. These transformational investments will provide a global view of information that enables a ‘One Nufarm’ approach to business decisions.

Underlying ROFE at 31 July 2017 was 13.6%, up from 13.1% in the prior year, and up from 9.1% in the 2014 financial year, when the performance improvement program was initiated. The company’s medium-term underlying ROFE target remains 16%.

Outlook

The combination of revenue growth, margin expansion and additional cost savings benefits is expected to result in earnings growth in 2018. This is despite an expectation that soft commodity prices will remain low.

The company’s performance in Australia is expected to have a better balance between sales of high margin and commodity products that should see sales and production volumes improve. As well, the merger of the Nufarm and Crop Care marketing arms will position the business to deliver a better experience for our customers. Spring and summer rains in northern NSW and Queensland are needed to generate demand for crop protection products in the summer cropping period.

The company is well positioned to generate growth in the US, where our business will benefit from new product introductions and strong support from channel partners.

In Brazil, the area planted to crops and the volume of crop protection inputs is expected to rise. Careful management of inventories; positive exposure to stronger market segments; and new product introductions should result in Nufarm's business being well placed to achieve growth in the 2018 financial year. A modest earnings recovery is expected for Argentina.

New product introductions and increased investment in marketing and sales staff in our key European markets should underpin what is expected to be another improved performance in this region.

A pipeline of continuous new seed product launches and new seed treatment products, combined with the Beyond Yield strategy, should deliver steady earnings growth over the next twelve months for the seed technologies segment.

Net interest expense is expected to be moderately lower in 2018. Net foreign exchange impacts will continue to include anticipated hedging costs of approximately $20 million for Brazil and Argentina.

Management will stay focused on strengthening the balance sheet, with continued attention given to working capital management. The working capital objective will be to retain the efficiencies achieved in recent years, and upon the completion of the supply chain investment, drive the next step change reduction in average net working capital. The benefits from this project will start to flow in the 2018 financial year.

By building on what has been achieved over the last two years with the performance improvement program, and maintaining our strategic focus, Nufarm is positioned to capitalize on the many opportunities evolving in the global agricultural space. The company continues to remain alert to potential acquisitions that might result from the current round of industry consolidation, but will be disciplined in terms of ensuring any such opportunities represent compelling value and are strategically sound.

In summary, and assuming average seasonal conditions, the business is expected to generate an improved EBIT on the prior year, driven by the combination of growing revenues, margin expansion and cost saving benefits.

G A Hunt
Managing Director & CEO

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 $87.731 million for the year ended 31 July 2017 and $85.024 million for the year ended 31 July 2016. 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	2017 $000	2016 $000
Underlying EBIT	302,285	286,696
Material items impacting operating profit	(23,043)	(83,610)
Operating profit	279,242	203,086

(3) Non-IFRS measures are defined as follows:
- Underlying gross profit – comprises gross profit less material items.
- Underlying net profit after tax – comprises Profit / (loss) for the period attributable to the equity holders of Nufarm Limited less material items.
- Average gross margin – defined as average gross profit as a percentage of revenue.
- Average gross profit – defined as revenue less a standardized 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 2017 Nufarm Limited financial report.
- ROFE – defined as underlying EBIT divided by the average of opening and closing funds employed (total equity plus net debt).
- Net debt – total debt less cash and cash equivalents.
- Average net debt – net debt measured at each month end as an average.
- Net working capital – current trade and other receivables and inventories less current trade and other payables.
- Average net working capital – net working capital measured at each month end as an average.
- Constant currency – comparison removing the impact of exchange rates. It is the FY17 result translated at FY16 exchange rates.

Nufarm Limited

Income statement

For the year ended 31 July 2017

	Note	Consolidated 2017 $000	Consolidated 2016 $000
Continuing operations			
Revenue		3,111,115	2,791,217
Cost of sales		(2,197,865)	(1,989,561)
Gross profit		913,250	801,656
Other income	7	13,264	39,971
Sales, marketing and distribution expenses		(411,067)	(419,317)
General and administrative expenses		(195,666)	(181,273)
Research and development expenses		(40,415)	(39,348)
Share of net profits/(losses) of equity accounted investees	19	(124)	1,397
Operating profit		279,242	203,086
Financial income	10	8,591	15,678
Financial expenses excluding foreign exchange gains/(losses)	10	(101,774)	(112,159)
Net foreign exchange gains/(losses)	10	(13,812)	(56,966)
Net financial expenses		(115,586)	(169,125)
Net financing costs		(106,995)	(153,447)
Profit/(Loss) before income tax		172,247	49,639
Income tax benefit/(expense)	11	(57,205)	(22,161)
Profit/(Loss) for the period from continuing operations		115,042	27,478
Attributable to:			
Equity holders of the company		114,467	27,519
Non-controlling interests		575	(41)
Profit/(Loss) for the period		115,042	27,478
Earnings per share			
Basic earnings/(loss) per share	30	38.7	6.1
Diluted earnings/(loss) per share	30	38.6	6.1

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

Nufarm Limited

Statement of comprehensive income

For the year ended 31 July 2017

	Note	Consolidated 2017 $000	2016 $000
Profit / (loss) for the period		115,042	27,478
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences for foreign operations		(29,099)	(64,880)
Effective portion of changes in fair value of cash flow hedges		2,479	(1,497)
Effective portion of changes in fair value of net investment hedges		4,019	5,487
Net changes in fair value of available-for-sale financial assets		1,342	(448)
Available-for-sale financial assets - reclassified to profit or loss		(894)	-
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans		(2,091)	(19,631)
Income tax on share based payment transactions		(358)	772
Other comprehensive profit / (loss) for the period, net of income tax		(24,602)	(80,197)
Total comprehensive profit / (loss) for the period		90,440	(52,719)
Attributable to:			
Equity holders of the company		89,865	(52,678)
Non-controlling interest		575	(41)
Total comprehensive profit / (loss) for the period		90,440	(52,719)

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.

Nufarm Limited

Balance sheet

For the year ended 31 July 2017

	Note	Consolidated 2017 $000	2016 $000
Assets			
Cash and cash equivalents	15	235,145	281,444
Trade and other receivables	16	1,027,516	819,977
Inventories	17	763,039	685,833
Current tax assets	18	25,615	34,114
Other investments	20	-	38,564
Total current assets		2,051,315	1,859,932
Non-current assets			
Trade and other receivables	16	110,701	121,681
Investments in equity accounted investees	19	334	1,138
Other investments	20	384	438
Deferred tax assets	18	240,248	252,058
Property, plant and equipment	22	350,520	352,853
Intangible assets	23	891,386	873,038
Total non-current assets		1,593,573	1,601,206
TOTAL ASSETS		3,644,888	3,461,138
Current liabilities			
Bank overdraft	15	11,384	-
Trade and other payables	24	826,367	699,430
Loans and borrowings	25	426,026	364,830
Employee benefits	26	18,679	18,691
Current tax payable	18	17,628	6,524
Provisions	28	15,718	20,336
Total current liabilities		1,315,802	1,109,811
Non-current liabilities			
Payables	24	12,796	16,941
Loans and borrowings	25	478,028	542,048
Deferred tax liabilities	18	137,644	141,284
Employee benefits	26	97,695	100,826
Total non-current liabilities		726,163	801,099
TOTAL LIABILITIES		2,041,965	1,910,910
NET ASSETS		1,602,923	1,550,228
Equity			
Share capital		1,090,197	1,080,768
Reserves		(301,741)	(276,148)
Retained earnings		563,140	494,055
Equity attributable to equity holders of the Company		1,351,596	1,298,675
Nufarm step-up securities		246,932	246,932
Non-controlling interest		4,395	4,621
TOTAL EQUITY		1,602,923	1,550,228

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

Nufarm Limited

Statement of cash flows

For the year ended 31 July 2017

	Note	Consolidated 2017 $000	Consolidated 2016 $000
Cash flows from operating activities			
Profit/(Loss) for the period - before tax		172,247	49,639
Adjustments for:			
Depreciation & amortisation	8	87,731	85,024
Non-cash material items		7,081	59,173
Inventory write down excluding material items		16,849	9,801
Share of (profits)/losses of associates net of tax	19	124	(1,397)
Net finance expense		93,183	96,481
Other		(651)	4,001
Movements in working capital items:			
(Increase)/decrease in receivables		(209,195)	(114,742)
(Increase)/decrease in inventories		(94,055)	52,040
Increase/(decrease) in payables		137,896	30,704
Exchange rate change on foreign controlled entities working capital items		(29,947)	31,041
Cash generated from operations excluding material items		181,263	301,765
Material items	6	(17,937)	(51,688)
Cash generated from operations		163,326	250,077
Interest received		8,591	15,678
Dividends received		1,431	508
Interest paid		(97,996)	(106,626)
Taxes paid		(19,909)	(22,262)
Net operating cash flows		55,443	137,375
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,031	1,103
Proceeds from sale of property, plant and equipment (Material items)		9,552	-
Proceeds from sales of businesses and investments (Material items)		39,905	-
Payments for plant and equipment	22	(50,595)	(59,209)
Purchase of businesses, net of cash acquired	14	-	2,665
Payments for acquired intangibles and major product development expenditure	23	(100,651)	(82,769)
Net investing cash flows		(100,758)	(138,210)
Cash flows from financing activities			
Debt establishment transaction costs		(747)	(2,876)
Proceeds from borrowings		1,193,896	1,091,834
Repayment of borrowings		(1,153,379)	(1,138,232)
Distribution to Nufarm step-up security holders		(15,369)	(15,456)
Dividends paid		(29,880)	(24,919)
Net financing cash flows		(5,479)	(89,649)
Net increase/(decrease) in cash and cash equivalents		(50,794)	(90,484)
Cash at the beginning of the year		281,444	390,136
Exchange rate fluctuations on foreign cash balances		(6,889)	(18,208)
Cash and cash equivalents at 31 July [(a)]	15	223,761	281,444

(a) Represented by cash at bank of $235.145 million and bank overdraft of $(11.384) million (2016: cash at bank of $281.444 million and bank overdraft of $(nil)).

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

Nufarm Limited

Statement of changes in equity

For the year ended 31 July 2017

Consolidated	Share capital $000	Translation reserve $000	Capital profit reserve $000	Other reserve $000	Retained earnings $000	Total $000	Nufarm step-up securities $000	Non-controlling interest $000	Total equity $000
Balance at 1 August 2015	1,074,119	(222,427)	33,627	(24,334)	524,089	1,385,074	246,932	4,789	1,636,795
Profit/(Loss) for the period	-	-	-	-	27,519	27,519	-	(41)	27,478
Other comprehensive income									
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	(19,631)	(19,631)	-	-	(19,631)
Foreign exchange translation differences	-	(64,880)	-	-	-	(64,880)	-	-	(64,880)
Gains/(losses) on cash flow hedges taken to equity	-	-	-	(1,497)	-	(1,497)	-	-	(1,497)
Gains/(losses) on net investment hedges taken to equity	-	-	-	5,487	-	5,487	-	-	5,487
Net changes in fair value of available-for-sale financial assets	-	-	-	(448)	-	(448)	-	-	(448)
Income tax on share based payment transactions	-	-	-	772	-	772	-	-	772
Total comprehensive income / (loss) for the period	-	(64,880)	-	4,314	7,888	(52,678)	-	(41)	(52,719)
Transactions with owners, recorded directly in equity									
Accrued employee share award entitlement	-	-	-	3,956	-	3,956	-	-	3,956
Issuance of shares under employee share plans	4,876	-	-	(4,876)	-	-	-	-	-
Dividends paid to shareholders	-	-	-	-	(26,564)	(26,564)	-	(127)	(26,691)
Dividend Reinvestment Plan	1,773	-	-	-	-	1,773	-	-	1,773
Distributions to Nufarm Step-up Security holders	-	-	-	-	(11,358)	(11,358)	-	-	(11,358)
Remeasurement of non-controlling interest option	-	-	-	(1,528)	-	(1,528)	-	-	(1,528)
Balance at 31 July 2016	1,080,768	(287,307)	33,627	(22,468)	494,055	1,298,675	246,932	4,621	1,550,228
Balance at 1 August 2016	1,080,768	(287,307)	33,627	(22,468)	494,055	1,298,675	246,932	4,621	1,550,228
Profit/(Loss) for the period	-	-	-	-	114,467	114,467	-	575	115,042
Other comprehensive income									
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	(2,091)	(2,091)	-	-	(2,091)
Foreign exchange translation differences	-	(29,099)	-	-	-	(29,099)	-	-	(29,099)
Gains/(losses) on cash flow hedges taken to equity	-	-	-	2,479	-	2,479	-	-	2,479
Gains/(losses) on net investment hedges taken to equity	-	-	-	4,019	-	4,019	-	-	4,019
Net changes in fair value of available-for-sale financial assets	-	-	-	1,342	-	1,342	-	-	1,342
Available-for-sale financial assets - reclassified to profit or loss	-	-	-	(894)	-	(894)	-	-	(894)
Income tax on share based payment transactions	-	-	-	(358)	-	(358)	-	-	(358)
Total comprehensive income / (loss) for the period	-	(29,099)	-	6,588	112,376	89,865	-	575	90,440
Transactions with owners, recorded directly in equity									
Accrued employee share award entitlement	-	-	-	4,739	-	4,739	-	-	4,739
Issuance of shares under employee share plans	6,738	-	-	(6,738)	-	-	-	-	-
Dividends paid to shareholders	-	-	-	-	(31,996)	(31,996)	-	(801)	(32,797)
Dividend Reinvestment Plan	2,691	-	-	-	-	2,691	-	-	2,691
Distributions to Nufarm Step-up Security holders	-	-	-	-	(11,295)	(11,295)	-	-	(11,295)
Remeasurement of non-controlling interest option	-	-	-	(1,083)	-	(1,083)	-	-	(1,083)
Balance at 31 July 2017	1,090,197	(316,406)	33,627	(18,962)	563,140	1,351,596	246,932	4,395	1,602,923

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

Notes to the consolidated 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 2017 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 26 September 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments and available for sale investments which are measured at fair value, and defined benefit fund obligations that are 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 methods used to measure fair values are discussed further in note 4.

(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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Instrument, 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 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 the group 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, using a value in use (VIU) or a fair value less cost to dispose (FVLCD) methodology to estimate the recoverable amount of cash generating units. VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal.

VIU is determined by applying assumptions specific to the group's continued use and cannot consider future development. The determination of recoverable value often requires the estimation and discounting of future cash flows which is based on information available at balance date such as expected revenues from products, the return on assets, future costs, growth rates, applicable discount rates and useful lives.

FVLCD is an estimate of the amount that a market participant would pay for an asset or Cash Generating Unit (CGU), less the cost to dispose. Fair value is generally determined using independent market assumptions to calculate the present value of the estimated future cash flows expected to arise from the continued use of the asset, and its eventual sale where a market participant may take a consistent view. Cash flows are discounted using an appropriate discount rate to arrive at a net present value of the asset which is compared against the asset's carrying value.

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

These estimates are subject to risk and uncertainty that may be beyond the control of the group; hence there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets at each reporting date.

Other non-current assets are also assessed for impairment indicators. Refer to note 23 for key assumptions made in determining the recoverable amounts of the CGU's.

(iii) Income taxes

Uncertain tax matters:
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. The group has exercised judgement in the application of tax legislation and its interaction with income tax accounting principles. 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 recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised in the period in which the tax determination is made.

Deferred tax:
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. Judgement is required by the group to determine the likely timing and the level of future taxable income. The group assess the recoverability of recognised and unrecognised deferred taxes including losses in Australia and overseas using assumptions and projected cashflows.

Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

(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 and requires the exercise of judgement in relation to assumptions for expected future salary levels, long term price inflation and bond rates, experience of employee departures and periods of service.
Refer to Note 26 for details of the key assumptions used in determining the accounting for these plans.

(v) Working capital

In the course of normal trading activities, the group uses judgement in establishing the carrying value of various elements of working capital, which is principally inventories and trade receivables. Judgement is required to estimate the provision for obsolete or slow moving inventories and bad and doubtful receivables.
In estimating the provision for obsolete or slow moving inventories the group considers the net realizable value of inventory using estimated market price less cost to sell.
In estimating the provision for bad and doubtful receivables the group considers material change in credit quality considering each geographical location’s specific circumstances.
Actual expenses in future periods may be different from the provisions established and any such differences would impact future earnings of the group.

(vi) Capitalised development costs

Development expenditure is recognised as an intangible asset when the group judges and can 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.
The criteria above are derived from independent valuations and predicated on estimates and judgments including future cashflows, revenue streams and value in use calculations. Estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that the intangible asset is impaired, the appropriate amount will be written off to the income statement.

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(vii) 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. The group assesses intellectual property to have a finite life or indefinite life. Changes to estimates related to the useful life of intellectual property are accounted for prospectively and may affect amortisation rates and intangible asset carrying values.

(e) Reclassification

Where applicable comparatives are adjusted to present them on the same basis as current period figures.

3 Significant accounting policies

Except as described immediately below, the group's accounting policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by group entities.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 August 2017. The group has not early adopted the following new or amended standards in preparing these consolidated financial statements.

Amendments

The following amended standards are not expected to have a significant impact on the group's consolidated financial statements.
— Classification and Measurement of Share-based Payment Transactions (Amendments to AABS 2).
— Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128).
— Disclosure Initiative (Amendments to AASB 107)
— Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to AASB 112)

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. AASB 15 is effective for the group beginning on or after 1 August 2018.

The group has commenced its implementation project and has completed an initial assessment of the potential impact of the adoption of AASB 15 on its consolidated financial statements. This has included identifying significant revenue streams, liaising with the global finance teams and reviewing significant sales and distribution contract terms.

Key areas currently identified requiring further detailed analysis includes:

a) Sales incentive programs - AASB 15 introduces the concept of variable consideration with a constraint. Specifically, variable consideration is only included in the transaction price if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has subsequently been resolved. The constraint on variable consideration is a new way of measurement and may result in different outcomes upon initial recognition of the sale for Nufarm.

b) Tolling - Under AASB 15, revenue will be recognised when a customer obtains control of the goods. For some made-to-order product contracts, the customer controls all the work in progress as the products are being manufactured. When this is the case, revenue will be recognised as the products are being manufactured. This may result in revenue, and some associated costs, for these contracts being recognised earlier than at present – i.e. before the goods are delivered to the customers' premises.

The group is currently performing a detailed assessment of the impact resulting from the application of AASB 15 and expects to disclose additional quantitative information before it adopts AASB 15.

The group is currently assessing which transition option and practical expedients it will adopt.

3 Significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

AASB 9 Financial Instruments

AASB 9 is effective for the group beginning on or after 1 August 2018.

The actual impact of adopting AASB 9 on the group's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that the group holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future.

Changes in accounting policies resulting from the adoption of AASB 9 will generally be applied retrospectively, except as described below. The new hedge requirements should generally be applied prospectively and for any assessments that are required to be made based on facts and circumstances that exist at the date of initial application.

The group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of AASB 9 generally will be recognised in retained earnings and reserves as at 1 August 2018.

As part of the group's transition plan the key areas of focus are:

a) Classification - Financial assets - AASB 9 contains three principle classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing AASB 139 categories of held to maturity, loans and receivables and available for sale.

b) Impairment - Financial assets and contract assets - AASB 9 replaces the 'incurred loss' model in AASB 139 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and contract assets.

c) Hedge accounting - AASB 9 will require the group to ensure that hedge accounting relationships are aligned with the group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. AASB 9 also introduces new requirements regarding rebalancing of hedge relationships and prohibiting voluntary discontinuation of hedge accounting.

AASB 16 Leases

The standard is effective for the group beginning on or after 1 August 2019.

AASB 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value.

The group has commenced an initial assessment of the potential impact on its consolidated financial statements and has not yet quantified the impact on its reported assets and liabilities of adoption of AASB 16. So far, the most significant impact identified is that the group will recognise new assets and liabilities for its operating leases of warehouse and factory facilities in the United Kingdom. In addition, the nature of expenses related to those leases will now change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The group has not yet determined which transition approach to apply being the retrospective approach or modified retrospective approach with optional practical expedients.

Details of the group's operating leases are disclosed in note 32.

3 Significant accounting policies (continued)

(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. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the group takes into consideration potential voting rights that currently are exercisable.

The group measures goodwill at the acquisition date as:
• the fair value of the consideration transferred; plus
• the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
• the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

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

(ii) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

When a written put option is established with non-controlling shareholders in an existing subsidiary, then the group will recognise a liability for the present value of the exercise price of the option. When the NCI still has present access to the returns associated with the underlying ownership interest, NCI continues to be recognised and accordingly the liability is considered a transaction with owners and recognised via a reserve. Any changes in the carrying value of the put liability over time is recognised directly in reserves.

(iii) Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

When the group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognisd in profit and loss. Any interest retained is measured at fair value when control is lost.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as an equity transaction.

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.

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Investments in equity accounted investees

The group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognised at cost, which includes transaction costs. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. Subsequent to initial recognition, the consolidated financial statements include the group's share of the income and expenses and equity movements of the investees after adjustments to align the accounting policies of the investees with those of the group, until the date on which significant influence or joint control ceases. On loss of significant influence the investment is no longer equity accounted and is revalued to fair value.

(v) 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.

(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 and accumulated in translation reserve except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve 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 translation reserve.

(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.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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

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

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the group manages such investments and makes 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. This includes trade payables that represent liabilities for goods and services provided to the group prior to the end of the year which are unpaid.

(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 Nufarm step-up securities (NSS) are classified as non-controlling equity instruments 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.

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.

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

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

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.

(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 profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(e) Intangible assets

(i) Goodwill

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.

3 Significant accounting policies (continued)

(e) Intangible assets (continued)

(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. Intellectual property is assessed as to whether it has a finite or indefinite life. Finite life intellectual property is amortised over its useful life but not longer than 30 years. 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, for the current and comparative periods, are as follows:

* capitalised development costs	5 to 30 years
* intellectual property - finite life	over the useful life and not more than 30 years
* computer software	3 to 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.

(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.

3 Significant accounting policies (continued)

(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. Impairment losses recognised in profit and loss for equity investments classified as available for sale are not reversed through 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 or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

Refer to use of estimates and judgements Note 2 and intangibles Note 23 for further information.

(i) Assets held for sale

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.

3 Significant accounting policies (continued)

(i) Assets held for sale (continued)

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

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 the current and prior periods, discounting that amount and deducting the fair value of any assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan asset (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(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 corporate bonds that have maturity dates approximating the terms of the group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

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

3 Significant accounting policies (continued)

(j) Employee benefits (continued)

(v) Short-term benefits

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

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

(vi) Share-based payment transactions

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

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 3 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.

(m) Lease payments

Operating leases are not capitalised and payments made 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.

Assets held under lease, which result in the group receiving substantially all the risks and rewards of ownership are capitalised as property, plant and equipment at the lower of the fair value of the asset or the estimated present value of the minimum lease payments, with a corresponding lease liability included within loans and borrowings.

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.

3 Significant accounting policies (continued)

(n) Finance income and finance costs

The group's finance income and finance costs include the following: interest income, interest expense, dividends on preference shares issued classified as financial liabilities, the net gain or loss on the disposal of available-for-sale financial assets, the net gain or loss on financial assets at fair value through profit or loss, the foreign currency gain or loss on financial assets and financial liabilities, the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, the fair value loss on contingent consideration classified as a financial liability, impairment losses recognised on financial assets (other than trade receivables), the net gain or loss on hedging instruments that are recognised in profit or loss, and the reclassification of net gains previously recognised in other comprehensive income.

Interest income or expense is recognised using the effective interest method.

Finance costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets.

(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.

(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.

3 Significant accounting policies (continued)

(o) Income tax (continued)

(i) Tax consolidation (continued)

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 consolidated 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 tax authority 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.

(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 CEO to make decisions about resources to be allocated to the segment and to assess its performance.

3 Significant accounting policies (continued)

(r) Segment reporting (continued)

Determination and presentation of operating segments (continued)

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

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

4 Determination of fair values

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).

(viii) Available for sale investments

The fair value of the available for sale investment is derived from quoted market prices in an active market.

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 and USA. The Latin America region (previously known as South America) includes Brazil, Argentina, Chile, Uruguay, Paraguay, Bolivia, Columbia, the Andean countries, Mexico and the Central American 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 CEO. 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 non-operating corporate segment comprises mainly corporate expenses, interest-bearing loans, borrowings and corporate assets.

5 Operating segments (continued)

2017 Operating Segments	Crop Protection Australia and New Zealand $000	Crop Protection Asia $000	Crop Protection Europe $000	Crop Protection North America $000	Crop Protection Latin America $000	Crop Protection Total $000	Seed Technologies Global $000	Non-Operating Corporate $000	Group Total $000
Revenue									
Total segment revenue	654,194	165,633	539,803	761,050	821,835	2,942,515	168,600	-	3,111,115
Results									
Underlying EBITDA [(a)]	64,876	28,315	121,350	89,338	95,608	399,487	45,305	(54,776)	390,016
Depreciation & amortisation excluding material items	(13,247)	(3,886)	(35,523)	(19,073)	(6,193)	(77,922)	(8,906)	(903)	(87,731)
Underlying EBIT [(a)]	**51,629**	**24,429**	**85,827**	**70,265**	**89,415**	**321,565**	**36,399**	**(55,679)**	**302,285**
Total material items (refer note 6)									(23,043)
Net financing costs (excluding material items)									(106,995)
Profit / (loss) before tax									**172,247**
Assets									
Segment assets	559,936	77,794	756,299	528,935	846,434	2,769,398	373,931	501,225	3,644,554
Investment in associates	-	-	-	-	-	-	334	-	334
Total assets	559,936	77,794	756,299	528,935	846,434	2,769,398	374,265	501,225	3,644,888
Liabilities									
Segment liabilities	184,960	209,181	249,370	115,387	182,086	940,984	33,493	1,067,488	2,041,965
Total liabiltiies	184,960	209,181	249,370	115,387	182,086	940,984	33,493	1,067,488	2,041,965
Other segment information									
Capital expenditure	39,730	2,022	57,130	14,057	5,995	118,934	32,312	-	151,246

2016 Operating Segments	Crop Protection Australia and New Zealand $000	Crop Protection Asia $000	Crop Protection Europe $000	Crop Protection North America $000	Crop Protection Latin America $000	Crop Protection Total $000	Seed Technologies Global $000	Non-Operating Corporate $000	Group Total $000
Revenue									
Total segment revenue	553,994	148,604	550,376	653,939	740,686	2,647,599	143,618	-	2,791,217
Results									
Underlying EBITDA (a)	61,773	26,723	110,313	76,931	104,443	380,183	35,529	(43,992)	371,720
Depreciation & amortisation excluding material items	(14,810)	(3,899)	(37,296)	(17,643)	(4,047)	(77,695)	(6,810)	(519)	(85,024)
Underlying EBIT (a)	**46,963**	**22,824**	**73,017**	**59,288**	**100,396**	**302,488**	**28,719**	**(44,511)**	**286,696**
Material items included in operating profit (refer note 6)									(83,610)
Material items included in net financing costs (refer note 6)									(15,450)
Total material items (refer note 6)									(99,060)
Net financing costs (excluding material items)									(137,997)
Profit / (loss) before tax									**49,639**
Assets									
Segment assets	486,868	89,788	688,906	412,074	803,801	2,481,437	363,129	615,434	3,460,000
Investment in associates	-	-	764	-	-	764	374	-	1,138
Total assets	486,868	89,788	689,670	412,074	803,801	2,482,201	363,503	615,434	3,461,138
Liabilities									
Segment liabilities	129,558	182,173	243,544	67,249	207,577	830,101	26,833	1,053,976	1,910,910
Total liabiltiies	129,558	182,173	243,544	67,249	207,577	830,101	26,833	1,053,976	1,910,910
Other segment information									
Capital expenditure	40,421	2,317	47,453	12,378	6,992	109,561	30,753	-	140,314

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

5 Operating segments (continued)

Geographical information - revenue by location of customer

	Revenue 2017 $000	Revenue 2016 $000
Brazil	707,266	590,784
United States of America	641,132	582,525
Australia	630,573	519,709
Rest of world [(b)]	1,132,144	1,098,199
Total	3,111,115	2,791,217

(b) Other than Australia, United States of America and Brazil, sales to other countries are individually less than 10% of the group's total revenues.

Geographical information - non-current assets by location of asset

	Non-current assets 2017 $000	Non-current assets 2016 $000
United States of America	334,601	357,781
Australia	284,991	265,472
Brazil	273,514	278,399
United Kingdom	272,065	246,648
Rest of world [(c)]	188,043	200,898
Unallocated [(d)]	240,359	252,008
Total	1,593,573	1,601,206

(c) Other than Australia, United States of America, Brazil and United Kingdom, non-current assets held in other countries are individually less than 10% of the group's total non-current assets.

(d) Unallocated non-current 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 2017 $000 Pre-tax	Consolidated 2017 $000 After-tax	Consolidated 2016 $000 Pre-tax	Consolidated 2016 $000 After-tax
Material items by category:				
Asset rationalisation and restructuring	(23,937)	(22,250)	(126,223)	(108,497)
Sale of Excel Crop Care investment	894	894	-	-
Gain arising on revaluation of investment to fair value	-	-	27,127	27,075
Argentina peso devaluation event	-	-	36	23
Total	(23,043)	(21,356)	(99,060)	(81,399)

2017 asset rationalisation and restructure

The asset rationalisation and restructuring program continued throughout 2017 resulting in a further $23.937 million of costs relating primarily to the integration of the Crop Care range under the Nufarm brand, the restructure of back office activities in Europe and the rationalisation of two production facilities in Australia and India. Included in this charge is a non-cash write down of inventory, property, plant and equipment assets and intangible assets (goodwill) of $11.833 million related to the production facilities in Australia and India primarily held in the ANZ and Asia segments.

2017 sale of Excel Crop Care investment

During October 2016, Nufarm recorded a gain of $0.894 million on the sale of its 14.69 per cent interest in Excel Crop Care.

2016 asset rationalisation and restructure

The asset rationalisation and restructuring program has resulted in the rationalisation of under-utilised assets and a restructure throughout the Nufarm group. Asset rationalisation and restructure costs amount to $126.223 million mainly relate to the write-down of product related assets arising from rationalisation of the group's product portfolio. A breakdown of the nature of costs incurred are further described below. Asset rationalisation costs have only been tax benefited to the extent that it is probable that the benefit will be utilised.

Summary of nature of cost	$000 Pre-tax	***Further explanation of nature of cost***
Portfolio rationalisation program	81,346	Primarily the write downs of product related assets
Manufacturing excellence	30,999	Primarily closure of the Calgary plant
Other asset rationalisation and restructure costs	13,878	
	126,223	

2016 Argentina peso devaluation event

In December 2015 the Argentine government relaxed regulations restricting free movement of the Argentine peso. This relaxation of regulations resulted in a one-off significant devaluation of the peso against the United States dollar. As a result of the devaluation Nufarm incurred foreign currency exchange losses on its net USD liabilities ($15.450 million) and benefited from increased gross margin on its USD denominated sales ($15.486 million).

6 Items of material income and expense (continued)

2016 Gain arising on revaluation of investment to fair value

Excel Crop Care is an Indian crop protection business, in which Nufarm had an equity accounted 14.69 per cent interest. During June 2016, Sumitomo Chemical Company Limited acquired a 45 per cent stake in Excel Crop Care and declared an open market offer for an additional 30 per cent of the company's shares. On 30 June 2016, Nufarm concluded that its ability to exert significant influence was relinquished. Subsequently, the company ceased to account for its investment in Excel Crop Care as an equity accounted investment, and reclassified its investment as 'available-for-sale'. This reclassification resulted in a one-off gain of $27.127 million to account for the difference between the carrying value of the equity investment and the fair value.

Material items are classified by function as follows:

Year ended 31 July 2017 $'000s	Cost of sales	Other income	Selling, marketing and distribution expense	General & administrative expense	Research and development expenses	Net financing costs	Total Pre-tax
Asset rationalisation and restructuring	(2,515)	-	(419)	(20,909)	(94)	-	(23,937)
Sale of Excel Crop Care investment	-	894	-	-	-	-	894
Total material items	(2,515)	894	(419)	(20,909)	(94)	-	(23,043)
Total material items included in operating profit	(2,515)	894	(419)	(20,909)	(94)	-	(23,043)

Year ended 31 July 2016 $'000s	Cost of sales	Other income	Selling, marketing and distribution expense	General & administrative expense	Research and development expenses	Net financing costs	Total Pre-tax
Asset rationalisation and restructuring	(40,259)	-	(68,574)	(17,381)	(9)	-	(126,223)
Argentina peso devaluation event	15,486	-	-	-	-	(15,450)	36
Gain due to revaluation of investment to fair value	-	27,127	-	-	-	-	27,127
Total material items	(24,773)	27,127	(68,574)	(17,381)	(9)	(15,450)	(99,060)
Total material items included in operating profit	(24,773)	27,127	(68,574)	(17,381)	(9)	-	(83,610)

Material items impact operating cash flows as follows:	Consolidated 2017 $000	2016 $000
Net operating cash flows	55,443	137,375
Net operating cash (inflows)/outflows arising on material items	17,937	51,688
Net cash from operating activities excluding material items	73,380	189,063

7 Other income

	Consolidated 2017 $000	2016 $000
Dividend income	745	35
Rental income	279	243
Gain arising on revaluation of investment to fair value (a)	-	27,127
Sundry income	12,240	12,566
Total other income	13,264	39,971

(a) Refer to note 6, 19 and 20

8 Other expenses

The following expenses were included in the period result:

	Consolidated 2017 $000	2016 $000
Depreciation and amortisation	(87,731)	(85,024)
Inventory write down	(19,324)	(22,910)
Minimum lease payments recognised as an operating lease expense	(5,078)	(6,476)

9 Personnel expenses

	Consolidated 2017 $000	2016 $000
Wages and salaries	(284,751)	(271,966)
Other associated personnel expenses	(45,664)	(48,237)
Contributions to defined contribution superannuation funds	(21,507)	(13,471)
(Expense)/gain related to defined benefit superannuation funds	(1,618)	(3,991)
Short-term employee benefits	(9,537)	(8,645)
Other long-term employee benefits	(2,707)	(2,481)
Restructuring	(8,052)	(17,464)
Personnel expenses	(373,836)	(366,255)

The restructure expense relates to the group's asset rationalisation and organisational restructure program.
These costs are included in material items in note 6.

10 Finance income and expense

	Consolidated 2017 $000	2016 $000
Other financial income	8,591	15,678
Financial income	8,591	15,678
Interest expense - external	(96,072)	(104,387)
Interest expense - debt establishment transaction costs	(3,777)	(5,533)
Lease amortisation - finance charges	(1,925)	(2,239)
Net foreign exchange gains/(losses)	(13,812)	(56,966)
Financial expenses	(115,586)	(169,125)
Net financing costs	(106,995)	(153,447)

11 Income tax expense

	Consolidated 2017 $000	2016 $000
Recognised in the income statement		
Current tax expense		
Current period	48,211	30,276
Tax free income and non-recognition of tax assets on material items	3,119	12,538
Adjustments for prior periods	(4,121)	(2,393)
Current tax expense	47,209	40,421
Deferred tax expense		
Origination and reversal of temporary differences and tax losses	1,641	(20,433)
Effect of changes in tax rates	2,730	(14)
Initial (recognition)/derecognition of tax assets	5,625	2,187
Deferred tax expense/(benefit)	9,996	(18,260)
Total income tax expense/(benefit) in income statement	57,205	22,161
Attributable to:		
Continuing operations	57,205	22,161
Total income tax expense/(benefit) in income statement	57,205	22,161

Numerical reconciliation between tax expense and pre-tax net profit

	2017 $000	2016 $000
Profit/(Loss) before tax	172,247	49,639
Income tax using the Australian corporate tax rate of 30%	51,674	14,892
Increase/(decrease) in income tax expense due to:		
Non-deductible expenses	6,698	4,591
Other taxable income	2,668	2,218
Effect of changes in tax rates	2,730	(14)
Initial (recognition)/derecognition of tax assets	5,625	2,187
Tax free income and non-recognition of tax assets on material items	3,119	12,538
Effect on tax rate in foreign jurisdictions	(3,115)	(5,051)
Tax exempt income	(2,002)	(1,740)
Tax incentives not recognised in the income statement	(6,071)	(5,067)
	61,326	24,554
Under/(over) provided in prior years	(4,121)	(2,393)
Income tax expense/(benefit)	57,205	22,161

	2017 $000	2016 $000
Income tax recognised directly in equity		
Nufarm step-up securities distribution	(4,074)	(4,098)
Income tax recognised directly in equity	(4,074)	(4,098)
Income tax recognised in other comprehensive income		
Relating to actuarial gains/(losses) on defined benefit plans	524	(3,687)
Relating to equity based compensation	358	(772)
Income tax recognised in other comprehensive income	882	(4,459)

12 Discontinued operations

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

13 Assets held for sale

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

14 Acquisition of businesses and acquisition of non-controlling interests

Business acquisitions - 2017

There were no business acquisitions in the current period.

Business acquisitions - 2016

On 1 November 2015 the group acquired 100 percent ownership interest in F&N Agro Polska SP. Z O.O (F&N Poland). As a result the group's equity interest in F&N Poland increased from 50 to 100 percent, obtaining control of F&N Poland. The acquisition of F&N Poland increases the group's presence in this emerging agriculture chemical market. The provisional fair value of assets acquired, established at 1 November 2015, has remained unchanged throughout the 12-month period post acquisition.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Fair value on acquisition $000
Acquiree's net assets at acquisition date	
Cash and cash equivalents	2,665
Receivables	19,694
Inventory	10,673
Property, plant and equipment	326
Deferred tax asset	746
Intangible assets	1
Other assets	404
Trade and other payables	(16,329)
Interest bearing loans and borrowings	(15,052)
Deferred tax liability	(31)
Other liabilities	(3,097)
Net identifiable assets and liabilities	-
Goodwill on acquisition	3,875
Total fair value of assets aquired	3,875

Goodwill arising at the date of acquisition was recognised as follows:	$000
Consideration to be transferred [(a)]	1,937
Fair value of pre exisiting interest in F&N Poland	1,938
Fair value of identifiable net assets	-
Goodwill	3,875

(a) The total consideration to be transferred represents the fair value at the acquisition date of Nufarm's equity investment in the Czech Republic and Slovakian F&N joint ventures (F&N joint ventures). Under the terms of the acquisition, during August 2016, Nufarm relinquished its equity investment in the F&N joint ventures.

Total goodwill of $3.875 million (2015: $nil) from business acquisitions is attributable mainly to the synergies expected to be achieved from integrating the respective business into the group's existing business. The remeasurement to fair value of the group's existing 50 percent interest in F&N Poland resulted in a gain of $1.938 million. This amount has been included in other income.

Acquisition of non-controlling interest

There was no acquisition of non-controlling interest in the current or prior period.

Notes to the consolidated financial statements (continued)

15 Cash and cash equivalents

	Consolidated 2017 $000	Consolidated 2016 $000
Bank balances	217,128	236,511
Call deposits	18,017	44,933
	235,145	281,444
Bank overdraft	(11,384)	-
Total cash and cash equivalents	223,761	281,444

16 Trade and other receivables

	Consolidated 2017 $000	Consolidated 2016 $000
Current		
Trade receivables	974,915	779,318
Provision for impairment losses	(26,439)	(36,127)
	948,476	743,191
Derivative financial instruments	5,928	8,521
Prepayments	23,238	18,298
Other receivables	49,874	49,967
Current receivables	1,027,516	819,977
Non-current		
Derivative financial instruments	11,125	19,060
Trade receivables	73,197	62,351
Other receivables	26,379	40,270
Non-current receivables	110,701	121,681
Total trade and other receivables	1,138,217	941,658

17 Inventories

	Consolidated 2017 $000	Consolidated 2016 $000
Raw materials	203,698	202,231
Work in progress	15,996	14,780
Finished goods	552,662	474,613
	772,356	691,624
Provision for obsolescence of finished goods	(9,317)	(5,791)
Total inventories	763,039	685,833

18 Tax assets and liabilities

Current tax assets and liabilities

The current tax asset for the group of $25.615 million (2016: $34.114 million) represents the amount of income taxes recoverable in respect of prior periods and that which 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 $17.628 million (2016: $6.524 million) represents the amount of income taxes payable in respect of current and prior financial periods.

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
Consolidated	$000	$000	$000	$000	$000	$000
Property, plant and equipment	2,480	1,838	(11,612)	(11,961)	(9,132)	(10,123)
Intangible assets	11,672	14,121	(104,285)	(108,337)	(92,613)	(94,216)
Employee benefits	20,125	23,361	-	-	20,125	23,361
Provisions	20,054	21,797	(514)	-	19,540	21,797
Other items	29,773	22,836	(21,233)	(20,986)	8,540	1,850
Tax value of losses carried forward	156,144	168,105	-	-	156,144	168,105
Tax assets/(liabilities)	240,248	252,058	(137,644)	(141,284)	102,604	110,774
Set off of tax	-	-	-	-	-	-
Net tax assets/(liabilities)	240,248	252,058	(137,644)	(141,284)	102,604	110,774

Movement in temporary differences during the year

Consolidated 2017	Balance 2016 $000	Recognised in income $000	Recognised in equity $000	Currency adjustment $000	Other movement $000	Balance 2017 $000
Property, plant and equipment	(10,123)	517	-	474	-	(9,132)
Intangibles assets	(94,216)	(1,482)	-	3,085	-	(92,613)
Employee benefits	23,361	(2,856)	524	(904)	-	20,125
Provisions	21,797	(2,181)	-	(76)	-	19,540
Other items	1,850	6,157	358	175	-	8,540
Tax value of losses carried forward	168,105	(10,151)	-	(1,810)	-	156,144
	110,774	(9,996)	882	944	-	102,604

Consolidated 2016	Balance 2015 $000	Recognised in income $000	Recognised in equity $000	Currency adjustment $000	Other movement $000	Balance 2016 $000
Property, plant and equipment	(7,238)	(4,017)	-	1,132	-	(10,123)
Intangibles assets	(107,224)	11,205	-	1,803	-	(94,216)
Employee benefits	23,333	6,136	(3,687)	(2,421)	-	23,361
Provisions	27,039	(5,212)	-	(30)	-	21,797
Other items	460	1,606	(772)	556	-	1,850
Tax value of losses carried forward	162,765	8,542	-	(3,202)	-	168,105
	99,135	18,260	(4,459)	(2,162)	-	110,774

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 carrying value of this asset will continue to be assessed at each reporting date.

Deferred tax assets and liabilities

Unrecognised deferred tax liability

At 31 July 2017, a deferred tax liability of $23.527 million (2016: $26.865 million) 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 2017, there are unrecognised deferred tax assets in respect of tax losses and timing differences of $43.716 million (2016: $42.962 million).

19 Investments accounted for using the equity method

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

The group had the following individually immaterial associates and joint ventures during the year:

	Nature of relationship	Country	Balance date of associate	Ownership and voting interest 2017	Ownership and voting interest 2016	Carrying amount 2017 $000	Carrying amount 2016 $000	Share of profit/(loss) 2017 $000	Share of profit/(loss) 2016 $000
Excel Crop Care Ltd	Associate (1)	India	31 March	0.00%	14.69%	-	-	-	2,005
F&N joint ventures	Joint Ventures (2)	Eastern Europe	31 December	0.00%	50.00%	-	764	(84)	(682)
Seedtech Pty Ltd	Associate (3)	Australia	31 December	25.00%	25.00%	334	374	(40)	74
						334	1,138	(124)	1,397

(1) Excel Crop Care is an Indian crop protection business, in which the company had an equity accounted 14.69 per cent interest. During June 2016, Sumitomo Chemical Company Limited acquired a 45 per cent stake in Excel Crop Care and declared an open market offer for an additional 30 per cent of the company's shares. On 30 June 2016, the company concluded that its ability to exert significant influence was relinquished. Subsequently, the company ceased to account for its investment in Excel Crop Care as an equity accounted investment, and reclassified its investment as 'available-for-sale' and was disclosed as other investments with a value of $38.564 million at 31 July 2016.

Up to this date the company's investment in Excel Crop Care was equity accounted due to the company holding 14.69 per cent of voting rights and its ability to exert significant influence. The relationship extended to manufacturing and marketing collaborations and the sale/purchase of crop protection products. The share of profits disclosed above for the year ended 31 July 2016 is the share of profits earned from 1 August 2015 to 30 June 2016. During October 2016, the company sold its 14.69 per cent interest in Excel Crop Care via the open market offer, refer to note 20 for final sale proceeds.

(2) The F&N joint ventures represents the group's interest in joint ventures with FMC Corporation, which operated in Poland until 31 October 2015, and continued to operate in the Czech Republic and Slovakia until September 2016. The joint ventures sold the group and FMC products within their respective countries. On 1 November 2015, the group's equity interest in F&N Poland increased from 50 to 100 per cent and F&N Poland became a subisidary from that date.

(3) Seedtech is a company that offers services to the seed industry such as cleaning, packaging, distribution and storage of seeds.

20 Other investments

	Consolidated 2017 $000	2016 $000
Investments - available-for-sale		
Balance at the beginning of the year	38,564	-
Additions	-	39,012
Net change in fair value gains/(losses) transfered to equity	1,342	(448)
Disposal	(39,906)	-
Balance at the end of the year	-	38,564
Current Investments		
Equity securities - available-for-sale	-	38,564
Total current investments	-	38,564
Non-Current Investments		
Other investments	384	438
Total non-current investments	384	438

Available-for-sale equity securities

As discussed in Note 19, on 30 June 2016 Nufarm ceased to equity account for its investment in Excel Crop Care due to the loss of significant influence, and subsequently recognised a one-off gain of $27.127 million (note 6) due to the difference between the carrying amount of the investment and its fair value. Subsequently Nufarm reclassified its investment as 'available-for-sale'.

21 Other non-current assets

There were no other non-current assets in the current or prior period.

22 Property, plant and equipment

Consolidated	Land and buildings $000	Plant and machinery $000	Leased plant and machinery $000	Capital work in progress $000	Total $000
2017					
Cost					
Balance at 1 August 2016	201,805	504,451	21,912	27,870	756,038
Additions	981	13,981	305	35,328	50,595
Additions through business combinations	-	-	-	-	-
Disposals and write-offs	(2,642)	(7,857)	(9,445)	(90)	(20,034)
Other transfers	2,164	16,801	(246)	(18,786)	(67)
Exchange adjustment	(2,182)	(9,206)	(780)	(841)	(13,009)
Balance at 31 July 2017	200,126	518,170	11,746	43,481	773,523
Depreciation and impairment losses					
Balance at 1 August 2016	(86,338)	(311,277)	(5,570)	-	(403,185)
Depreciation charge for the year	(6,371)	(30,695)	(1,572)	-	(38,638)
Additions through business combinations	-	-	-	-	-
Impairment loss	-	-	-	-	-
Disposals and write-offs	2,160	6,452	4,435	-	13,047
Other transfers	-	(138)	205	-	67
Exchange adjustment	1,010	4,500	196	-	5,706
Balance at 31 July 2017	(89,539)	(331,158)	(2,306)	-	(423,003)
Net property, plant and equipment at 31 July 2017	110,587	187,012	9,440	43,481	350,520

22 Property, plant and equipment (continued)

	Consolidated				
	Land and buildings	Plant and machinery	Leased plant and machinery	Capital work in progress	Total
	$000	$000	$000	$000	$000
			2016		
Cost					
Balance at 1 August 2015	213,733	654,148	24,240	28,410	920,531
Additions	2,870	31,130	528	24,681	59,209
Additions through business combinations	-	329	338	-	667
Disposals and write-offs	(17,258)	(112,076)	(21)	(358)	(129,713)
Other transfers	5,771	(42,756)	(18)	(22,872)	(59,875)
Exchange adjustment	(3,311)	(26,324)	(3,155)	(1,991)	(34,781)
Balance at 31 July 2016	201,805	504,451	21,912	27,870	756,038
Depreciation and impairment losses					
Balance at 1 August 2015	(93,416)	(452,733)	(4,499)	-	(550,648)
Depreciation charge for the year	(6,659)	(33,369)	(1,637)	-	(41,665)
Additions through business combinations	-	(278)	(63)	-	(341)
Impairment loss	-	-	-	-	-
Disposals and write-offs	8,024	111,893	14	-	119,931
Other transfers	4,006	49,674	14	-	53,694
Exchange adjustment	1,707	13,536	601	-	15,844
Balance at 31 July 2016	(86,338)	(311,277)	(5,570)	-	(403,185)
Net property, plant and equipment at 31 July 2016	115,467	193,174	16,342	27,870	352,853

Assets pledged as security for finance leases amount to $9.440 million (2016: $10.298 million).

23 Intangible assets

	Consolidated					
		Intellectual Property		Capitalised		Total
	Goodwill	indefinite life	finite life	development costs	Computer software	
	$000	$000	$000	$000	$000	$000
			2017			
Cost						
Balance at 1 August 2016	335,983	1,563	533,110	272,022	61,945	1,204,623
Additions	-	-	6,725	51,374	42,552	100,651
Additions through business combinations	-	-	-	-	-	-
Disposals and write-offs	(3,546)	-	-	(1,201)	(45)	(4,792)
Other transfers	-	-	547	(2,193)	224	(1,422)
Exchange adjustment	(9,940)	13	(14,356)	(11,383)	(2,021)	(37,687)
Balance at 31 July 2017	322,497	1,576	526,026	308,619	102,655	1,261,373
Amortisation and impairment losses						
Balance at 1 August 2016	(107,840)	(1,563)	(114,435)	(73,416)	(34,331)	(331,585)
Amortisation charge for the year	-	-	(22,939)	(20,925)	(5,229)	(49,093)
Additions through business combinations	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
Disposals and write-offs	-	-	(103)	127	125	149
Other transfers	-	-	(81)	1,544	(41)	1,422
Exchange adjustment	2,363	(13)	3,232	2,848	690	9,120
Balance at 31 July 2017	(105,477)	(1,576)	(134,326)	(89,822)	(38,786)	(369,987)
Intangibles carrying amount at 31 July 2017	217,020	-	391,700	218,797	63,869	891,386

23 Intangible assets (continued)

	Consolidated					
		Intellectual Property				Total
	Goodwill	indefinite life	finite life	Capitalised development costs	Computer software	
	$000	$000	$000	$000	$000	$000
			2016			
Cost						
Balance at 1 August 2015	354,661	443,071	134,799	303,880	45,560	1,281,971
Additions	-	-	3,056	58,026	15,438	76,520
Additions through business combinations	3,875	-	-	44	-	3,919
Disposals and write-offs	(5,920)	(34,566)	(2,396)	(41,024)	(828)	(84,734)
Other transfers	(2,518)	(389,333)	394,664	(9,545)	3,714	(3,018)
Exchange adjustment	(14,115)	(17,609)	2,987	(39,359)	(1,939)	(70,035)
Balance at 31 July 2016	335,983	1,563	533,110	272,022	61,945	1,204,623
Amortisation and impairment losses						
Balance at 1 August 2015	(112,578)	(15,743)	(89,586)	(79,384)	(32,216)	(329,507)
Amortisation charge for the year	-	-	(15,185)	(24,408)	(3,766)	(43,359)
Additions through business combinations	-	-	-	(43)	-	(43)
Impairment loss	-	-	-	-	-	-
Disposals and write-offs	-	(258)	1,064	18,506	454	19,766
Other transfers	2,036	13,745	(12,364)	2,093	51	5,561
Exchange adjustment	2,702	693	1,636	9,820	1,146	15,997
Balance at 31 July 2016	(107,840)	(1,563)	(114,435)	(73,416)	(34,331)	(331,585)
Intangibles carrying amount at 31 July 2016	228,143	-	418,675	198,606	27,614	873,038

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" / "CGU").

The group has determined that operating unit by country or region (i.e. Europe) 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 life intangibles are country or region specific in nature. There is no allocation of goodwill between CGUs.

The major CGUs and their intangible assets are as follows: North America $195 million (2016: $208 million), Brazil $175 million (2016: $166 million), Seed Technologies $273 million (2016: $252 million), Europe $195 million (2016: $177 million) and Australia and New Zealand (ANZ) $47 million (2016: $52 million). The balance of intangibles is spread across multiple CGUs, with no individual CGU intangible balance 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.

Valuation method - Value in use

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 three year plan for each cash-generating unit with a growth factor applied to extrapolate a cash flow beyond year three. 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, 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 using a value in use methodology is as follows:

	Terminal growth rate		Discount rate		Total goodwill and indefinite life assets	
	2017	2016	2017	2016	2017	2016
					$000	$000
Material crop protection CGU's (North America, Brazil, Europe and ANZ)	1.9% to 4.5%	1.7% to 4.5%	7.8% to 13.5%	7.6% to 13.4%	136,238	144,341

23 Intangible assets (continued)

Valuation method - Fair value less cost of disposal

At 31 July 2017 the group used the fair value less cost of disposal (FVLCD) method to estimate the Seed Technology CGU recoverable amount. FVLCD is an estimate of the amount that a market participant would pay for an asset or CGU, less the cost of disposal. The fair value is determined using 10 year discounted cash flows. Values determined are benchmarked against comparable market transactions. Cash flows are discounted using an appropriate post-tax market discount rate to arrive at a net present value of the asset which is compared against the asset's carrying value.

The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used (see note 31). The group commenced using the FVLCD methodology for the Seed Technology CGU to incorporate significant developments in its product portfolio.

The FVLCD valuation is most sensitive to changes in margin, discount rates, volumes and terminal growth rates.

The range of terminal growth rates and nominal post-tax discount rates applied for impairment testing purposes using a FVLCD methodology are as follows:

	Terminal growth rate		Discount rate		Total goodwill and indefinite life assets	
	2017	2016	2017	2016	2017	2016
					$000	$000
Seed Technology CGU	2.5%	2.2%	13.8%	13.3%	67,085	68,821

The terminal growth rate assumed is generally a long term inflation estimate. The discount rate assumed is the company's weighted average cost of capital, adjusted for country risk and asset-specific risk. The margin and volume assumptions generally reflect past experience for existing and enhanced portfolio products, while new products utilise external sources of information reflecting current market pricing in expected end use markets.

24 Trade and other payables

	Consolidated 2017	2016
	$000	$000
Current payables - unsecured		
Trade creditors and accruals - unsecured	812,920	683,854
Derivative financial instruments	6,118	15,415
Payables - acquisitions	7,329	161
Current payables	826,367	699,430
Non-current payables - unsecured		
Creditors and accruals	9,981	10,623
Derivative financial instruments	2,815	212
Payables - acquisitions	-	6,106
Non-current payables	12,796	16,941

25 Interest-bearing loans and borrowings

	Consolidated 2017 $000	2016 $000
Current liabilities		
Bank loans - secured	303,150	288,517
Bank loans - unsecured	124,391	79,026
Deferred debt establishment costs	(3,065)	(3,696)
Other loans - unsecured	1,231	787
Finance lease liabilities - secured	319	196
Loans and borrowings - current	426,026	364,830
Non-current liabilities		
Bank loans - secured	22,861	83,002
Bank loans - unsecured	40,021	19,965
Senior unsecured notes	403,537	428,800
Deferred debt establishment costs	(2,147)	(4,546)
Other loans - unsecured	2,264	2,752
Finance lease liabilities - secured	11,492	12,075
Loans and borrowings - non-current	478,028	542,048
Net cash and cash equivalents	(223,761)	(281,444)
Net debt	680,293	625,434

Financing facilities

Refer to the section entitled "Liquidity Risk" in note 31 for detail regarding the group's financing facilities.

	Accessible $000	Utilised $000
2017		
Bank loan facilities and senior unsecured notes	1,736,331	893,960
Other facilities	3,495	3,495
Total financing facilities	1,739,826	897,455
2016		
Bank loan facilities and senior unsecured notes	1,801,589	899,310
Other facilities	3,539	3,539
Total financing facilities	1,805,128	902,849

25 Interest-bearing loans and borrowings (continued)

Financing arrangements

Repayment of borrowings (excluding finance leases)	Consolidated 2017 $000	2016 $000
Period ending 31 July, 2016	-	368,330
Period ending 31 July, 2017	428,772	66,866
Period ending 31 July, 2018	60,947	467,653
Period ending 31 July, 2019 or later	407,736	-

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:

	Consolidated 2017 $000	2016 $000
Not later than one year	1,528	1,644
Later than one year but not later than two years	1,571	1,566
Later than two years but not later than five years	5,019	4,962
Later than five years	81,873	88,159
	89,991	96,331
Less future finance charges	(78,180)	(84,060)
Finance lease liabilities	11,811	12,271

Finance lease liabilities are secured over the relevant leased plant.

Average interest rates	Consolidated 2017 %	2016 %
Nufarm step-up securities (refer note 29)	5.87	6.36
Syndicated bank facility	n/a	2.03
Group securitisation program facility	2.49	2.36
Other bank loans	10.54	12.09
Finance lease liabilities - secured	13.12	12.74
Senior unsecured notes	6.38	6.38

Average interest rates are calculated using the weighted average of the interest rates for the drawn balances under each facility as at 31 July 2017. At 31 July 2017 the syndicated bank facility was undrawn.

26 Employee benefits

	Consolidated 2017 $000	2016 $000
Current		
Liability for short-term employee benefits	16,068	15,563
Liability for current portion of other long-term employee benefits	2,611	3,128
Current employee benefits	18,679	18,691
Non-current		
Defined benefit fund obligations		
Present value of unfunded obligations	7,667	8,409
Present value of funded obligations	166,916	216,495
Fair value of fund assets - funded	(90,485)	(136,292)
Recognised liability for defined benefit fund obligations	84,098	88,612
Liability for non-current portion of other long-term employee benefits	13,597	12,214
Non-current employee benefits	97,695	100,826
Total employee benefits	116,374	119,517

During the year ended 31 July 2017 the group made contributions to defined benefit pension funds in the United Kingdom, the Netherlands, France and Indonesia that provide defined benefit amounts for employees upon retirement.

26 Employee benefits (continued)

Changes in the present value of the defined benefit obligation are as follows:	Consolidated 2017 $000	2016 $000
Opening defined benefit obligation	224,904	228,326
Service cost	666	1,180
Interest cost	4,563	7,611
Actuarial losses/(gains)	31	30,329
Past service cost	-	-
Losses/(gains) on curtailment	(1,236)	-
Liabilities extinguished on settlement	(38,781)	-
Contributions	-	41
Benefits paid	(5,582)	(7,389)
Exchange differences on foreign funds	(9,982)	(35,194)
Closing defined benefit obligation	174,583	224,904

Changes in the fair value of fund assets are as follows:		
Opening fair value of fund assets	136,292	147,351
Interest income	2,375	4,800
Actuarial gains/(losses) - return on plan assets excluding interest income	(1,536)	7,011
Surplus taken to retained earnings	-	-
Assets distributed on settlement	(38,781)	-
Contributions by employer	3,254	6,472
Distributions	(5,397)	(7,231)
Exchange differences on foreign funds	(5,722)	(22,111)
Closing fair value of fund assets	90,485	136,292

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

Expense/(gain) recognised in profit or loss	Consolidated 2017 $000	2016 $000
Current service costs	666	1,180
Interest on obligation	4,563	7,611
Interest income	(2,375)	(4,800)
Losses/(gains) on curtailment	(1,236)	-
Past service cost/(gain)	-	-
Expense recognised in profit or loss	1,618	3,991
The expense is recognised in the following line items in the income statement:		
Cost of sales	1,441	2,053
Sales, marketing and distribution expenses	865	1,177
General and administrative expenses	(842)	515
Research and development expenses	154	246
Expense recognised in profit or loss	1,618	3,991

26 Employee benefits (continued)

	2017	2016
	$000	$000
Actuarial gains/(losses) recognised in other comprehensive income (net of tax)		
Cumulative amount at 1 August	(71,956)	(52,325)
Recognised during the period	(2,091)	(19,631)
Cumulative amount at 31 July	(74,047)	(71,956)

	Consolidated	
The major categories of fund assets as a percentage of total fund assets are	2017	2016
as follows:	%	%
Equities	59.6%	55.1%
Bonds	32.9%	38.7%
Property	1.0%	1.9%
Cash	6.4%	4.3%
Principal actuarial assumptions at the reporting date (expressed as weighted averages):		
Discount rate at 31 July	2.7%	2.5%
Future salary increases	0.3%	0.6%
Future pension increases	2.8%	2.3%

The group expects to pay $4.791 million in contributions to defined benefit plans in 2017. (2016: $4.125 million)

27 Share-based payments

Nufarm Executive Share Plan (2000)

The Nufarm Executive Share Plan (2000) offered shares to executives. 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. 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 ten years without board approval. An independent trustee holds the shares and options on behalf of the executives. At 31 July 2017 there were 19 participants (2016: 25 participants) in the scheme and 125,347 shares (2016: 189,460) were allocated and held by the trustee on behalf of the participants. The cost of issuing shares is expensed in the year of issue.

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 on the following metrics, relevant to an individual:
- budget measures of profit before tax or net profit after tax and net working capital; and
- strategic and business improvement objectives

A pre-determined 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 5 days subsequent to the results announcement. Vesting will occur after a two year period.

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 performance and vesting period for the awards will be three years. Awards 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% of the number of ordinary shares acquired with a participant's contribution in the form of additional ordinary shares. Amounts over 10% 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% 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 2017 there were 573 participants (2016: 766 participants) in the scheme and 1,664,626 shares (2016: 1,780,842) 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.

	2017	2016
Employee expenses	$000	$000
Total expense arising from share-based payment transactions	4,739	3,956

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 2017 Deferred shares	Nufarm LTI 2017 Performance rights Nov 2016	Nufarm LTI 2017 Performance rights Dec 2016	Nufarm STI 2016 Deferred shares	Nufarm LTI 2016 Performance rights Oct 2015	Nufarm LTI 2016 Performance rights Dec 2015
Weighted average fair value at grant date	$9.15	$7.17	$7.63	$8.07	$6.72	$6.61
Share price at grant date	$9.15	$8.59	$9.03	$8.07	$8.28	$8.25
Grant date	28 Sep 2016	3 Nov 2016	1 Dec 2016	30 Sep 2015	15 Oct 2015	3 Dec 2015
Earliest vesting date	31 Jul 2018	31 Jul 2019	31 Jul 2019	31 Jul 2017	31 Jul 2018	31 Jul 2018
Exercise price	-	-	-	-	-	-
Expected life	1 year	2.7 years	2.7 years	1 year	2.9 years	2.8 years
Volatility	n/a	31%	31%	n/a	31%	31%
Risk free interest rate	n/a	1.7%	1.9%	n/a	1.8%	2.1%
Dividend yield	n/a	1.7%	1.7%	n/a	1.5%	1.5%

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 aw	Nufarm LTI number of performance rights 2017	Nufarm STI number of deferred shares 2017	Nufarm LTI number of performance rights 2016	Nufarm STI number of deferred shares 2016
Outstanding at 1 August	977,401	430,290	1,208,112	325,896
Forfeited during the year	(44,248)	(2,639)	(368,789)	(3,765)
Exercised during the year	(374,220)	(428,499)	(110,483)	(324,957)
Expired during the year	-	-	-	-
Granted during the year	328,431	270,354	248,561	433,116
Outstanding at 31 July	887,364	269,506	977,401	430,290
Exercisable at 31 July	349,484	-	374,220	-

The performance rights outstanding at 31 July 2017 have a $nil exercise price and a weighted average contractual life of 3 years (2016: 3 years). All performance rights granted to date have a $nil exercise price.

28 Provisions

	Consolidated 2017 $000	2016 $000
Current		
Restructuring	14,533	18,842
Other	1,185	1,494
Current provisions	15,718	20,336

Movement in provisions	Restructuring $000	Consolidated Other provisions $000	Total $000
Balance at 1 August 2016	18,842	1,494	20,336
Provisions made during the year	12,166	76	12,242
Provisions used during the year	(16,424)	(375)	(16,799)
Exchange adjustment	(51)	(10)	(61)
Balance at 31 July 2017	14,533	1,185	15,718

The provision for restructuring is mainly relating to the asset rationalisation and restructuring being undertaken by the group.

29 Capital and reserves

Share capital	Parent Company Number of ordinary shares 2017	Number of ordinary shares 2016
Balance at 1 August	265,899,295	265,067,424
Issue of shares	1,029,545	831,871
Balance at 31 July	266,928,840	265,899,295

The company does not have authorised capital or par value in respect of its issued shares. 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 9 October 2016, 640,428 shares at $9.1459 were issued under the Nufarm short term incentive plan and Nufarm executive long term incentive plan. On 11 November 2016, 177,405 shares at $8.8758 were issued under the dividend reinvestment program. On 2 December 2016, 23,927 shares at $9.1459 were issued under the Nufarm short term incentive plan and Nufarm executive long term incentive plan. On 5 January 2017, 72,412 shares at $9.12 were issued under the global share plan. On 5 May 2017, 115,373 shares at $9.6881 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.

29 Capital and reserves (continued)

Nufarm Step-up Securities (continued)

Distributions on the NSS are at the discretion of the directors and are floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are curtailed if distributions to NSS holders are not made, until such time that Nufarm Finance (NZ) Limited makes up the arrears. The first distribution date for the NSS was 16 April 2007 and on a six-monthly basis after this date. The floating rate is the average mid-rate for bills with a term of six months plus a margin of 3.9% (2016: 3.9%). 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.

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% 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 5 cents per share, totalling $13,339,938 was declared on 22 March 2017, and was paid (net of dividend re-investment program) on 5 May 2017 (2016: 4 cents per share, totalling $10,631,114).

A final dividend of 8 cents per share, totalling $21,354,307 was declared on 26 September 2017, and will be paid on 10 November 2017 (2016: 7 cents per share, totalling $18,656,341).

Distributions

Distributions recognised in the current year by Nufarm Finance (NZ) Ltd on the Nufarm Step-up Securities* are:	Distribution rate	Consolidated Total amount $000	Payment date
2017			
Distribution	5.89%	7,372	18-Apr-17
Distribution	6.36%	7,997	15-Oct-16
		15,369	
2016			
Distribution	6.12%	7,702	15-Apr-16
Distribution	6.16%	7,754	15-Oct-15
		15,456	

* 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 $11.295 million (2016: $11.358 million).

Franking credit / (debit) balance	2017 $000	2016 $000
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the year at 30% (2016: 30%)	-	529
Franking credits/(debits) that will arise from the payment of income tax payable/(refund) as at the end of the year	-	(1,440)
Credit/(debit) balance at 31 July	-	(911)

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/(obligation of $nil (2016: ($910,825)) franking credits/(debits).

30 Earnings per share

	Consolidated 2017 $000	2016 $000
Net profit for the year	115,042	27,478
Net profit attributable to non-controlling interest	(575)	41
Net profit attributable to equity holders of the parent	114,467	27,519
Nufarm Step-up Securities distribution	(11,295)	(11,358)
Earnings used in the calculations of basic and diluted earnings per share	103,172	16,161
Earnings from continuing operations	103,172	16,161
Subtract items of material income/(expense) (refer note 6)	(21,356)	(81,399)
Earnings excluding items of material income/(expense) used in the calculation of earnings per share excluding material items	124,528	97,560

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 2017	2016
Weighted average number of ordinary shares used in calculation of basic earnings per share	266,635,627	265,635,463
Weighted average number of ordinary shares used in calculation of diluted earnings per share	267,613,174	266,527,407

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.

Earnings per share for continuing and discontinued operations	Cents per share 2017	2016
Basic earnings per share		
From continuing operations	38.7	6.1
	38.7	6.1
Diluted earnings per share		
From continuing operations	38.6	6.1
	38.6	6.1
Earnings per share (excluding items of material income/expense - see note 6)		
Basic earnings per share	46.7	36.7
Diluted earnings per share	46.5	36.6

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.

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.

31 Financial risk management and financial instruments (continued)

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	
Carrying amount	2017	2016
	$000	$000
Trade and other receivables	1,121,164	914,077
Cash and cash equivalents	235,145	281,444
Derivative contracts:		
Assets	17,053	27,581
	1,373,362	1,223,102

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

	Consolidated	
Carrying amount	2017	2016
	$000	$000
Australia/New Zealand	187,717	153,584
Asia	26,182	34,940
Europe	273,188	217,319
North America	96,140	38,283
South America	537,937	469,951
Trade and other receivables	1,121,164	914,077

The group's top five customers account for $127.7 million of the trade receivables carrying amount at 31 July 2017 (2016: $113.0 million). These top five customers represent 12 per cent (2016: 15 per cent) of the total receivables.

31 Financial risk management and financial instruments (continued)

Impairment losses

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

Consolidated	**Consolidated**	
Receivables ageing	2017	2016
	$000	$000
Current	894,074	684,317
Past due - 0 to 90 days	69,431	73,652
Past due - 90 to 180 days	9,210	7,572
Past due - 180 to 360 days	10,846	17,137
Past due - more than one year	64,551	58,991
	1,048,112	841,669
Provision for impairment	(26,439)	(36,127)
Trade receivables	1,021,673	805,542

Some receivables are secured by collateral from customers such as guarantees and charges on assets. In some countries credit insurance is undertaken to reduce credit risk. The past due receivables not impaired are considered recoverable.

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	
	2017	2016
	$000	$000
Balance at 1 August	36,127	42,766
Provisions made during the year	7,372	3,967
Provisions used during the year	(16,969)	(10,076)
Provisions acquired through business combinations	-	-
Exchange adjustment	(91)	(530)
Balance at 31 July	26,439	36,127

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.

Sales and operating profit are seasonal and are weighted towards the first half of the calendar year in Australia/New Zealand, North America and Europe, reflecting the planting and growing cycle in these regions while in Latin America the sales and operating profit is weighted towards the second half of the calendar year. This seasonal operating activity results in seasonal working capital requirements.

The principal source of liquidity consists of cash generated from operations. Working capital fluctuations due to seasonality of the business are supported by the short-term funding available from the group's trade receivable securitisation facility.

As at 31 July 2017, the key group facilities include a group trade receivables securitisation facility, a US$325 million senior unsecured notes offering due in October 2019, and a senior secured bank facility of $505 million (31 July 2017: $485 million).

On 20 July 2017 an additional lender was added to the senior secured bank facility (SFA), which was previously refinanced on 29 January 2016, and the total facility amount increased to $505 million (31 July 2016: $485 million). Of this $30 million is due in January 2018, $435 million is due in January 2019, and $40 million is due in January 2021 (31 July 2016: $30 million due in January 2018, $415 million due in January 2019, and $40 million due in January 2021). 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 facility is undrawn at 31 July 2017 (2016: $4 million).

On 23 August 2011, Nufarm executed a group trade receivables securitisation facility. The facility provides funding that aligns with the working capital cycle of the company. Subsequent to execution, on 15 April 2015, a monthly facility limit was introduced to reflect the cyclical nature of the trade receivables being used to secure funding under the program. The monthly facility limit is set at $300 million for four months of the financial year, $375 million for three months of the financial year, and at $225 million for five months of the financial year (31 July 2016: facility limit was set at $300 million for four months of the financial year, $375 million for three months of the financial year, and at $225 million for five months of the financial year).

The US$325 million senior unsecured notes (the 'notes') due in October 2019 were completed on 8 October 2012.

The majority of debt facilities that reside outside the notes, SFA and the group trade receivables securitisation facility are regional working capital facilities, primarily located in Latin America and Europe, which at 31 July 2017 totalled $528 million (2016: $588 million).

At 31 July 2017, the group had access to debt of $1,740 million (2016: $1,805 million) under the notes, SFA, group trade receivables securitisation facility and with other lenders.

A parent guarantee is provided to support working capital facilites in Europe, South America and the notes.

The liquidity of the group is influenced by the terms suppliers extend in respect of purchases of goods and services. The determination of terms provided by suppliers is influenced by a variety of factors including supplier’s liquidity. Suppliers may engage financial institutions to facilitate the receipt of payments for goods and services from the group, which are often referred to as supplier financing arrangements. The group is aware that trade payables of $256 million at 31 July 2017 (2016: $175 million) are to be settled via such arrangements in future periods. In the event suppliers or financial institutions cease such arrangements the liquidity of the group’s suppliers may be affected. If suppliers subsequently seek to reduce terms on group’s purchases of goods and services in the future, the group’s liquidity will be affected. Details of the group's trade and other payables are disclosed in note 24.

31 Financial risk management and financial instruments (continued)

Liquidity risk (continued)

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

Consolidated	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1-2 years $000	More than 2 years $000
			2017		
Non-derivative financial liabilities					
Bank overdrafts	11,384	11,384	11,384	-	-
Trade and other payables	830,230	830,230	820,249	17	9,964
Bank loans - secured	326,011	342,082	318,101	19,551	4,430
Bank loans - unsecured	164,412	181,624	140,844	40,780	-
Senior unsecured notes	403,537	468,389	25,941	25,941	416,507
Other loans - unsecured	3,495	3,495	1,231	2,264	-
Finance lease liabilities - secured	11,811	89,991	1,528	1,571	86,892
Derivative financial liabilities					
Derivatives used for hedging:					
Outflow	2,815	924	418	418	88
Inflow	-	-	-	-	-
Other derivative contracts:					
Outflow	6,118	215,422	215,422	-	-
Inflow	-	(210,956)	(210,956)	-	-
Derivative financial assets					
Derivatives used for hedging:					
Outflow	-	145,167	7,539	7,539	130,089
Inflow	(11,125)	(162,984)	(9,107)	(9,107)	(144,770)
Other derivative contracts:					
Outflow	-	383,789	383,789	-	-
Inflow	(5,928)	(388,536)	(388,536)	-	-
	1,742,760	1,910,021	1,317,847	88,974	503,200
			2016		
Non-derivative financial liabilities					
Bank overdrafts	-	-	-	-	-
Trade and other payables	700,744	700,744	684,015	6,325	10,404
Bank loans - secured	371,519	394,252	301,001	58,483	34,768
Bank loans - unsecured	98,991	107,472	86,697	12,582	8,193
Unsecured note issues	428,800	524,203	27,258	27,258	469,687
Other loans - unsecured	3,539	3,539	787	2,752	-
Finance lease liabilities - secured	12,271	96,331	1,644	1,566	93,121
Derivative financial liabilities					
Derivatives used for hedging:					
Outflow	3,081	39,345	39,345	-	-
Inflow	-	(35,929)	(34,222)	(772)	(935)
Other derivative contracts:					
Outflow	12,546	433,768	433,768	-	-
Inflow	-	(421,004)	(421,004)	-	-
Derivative financial assets					
Derivatives used for hedging:					
Outflow	-	153,662	7,643	7,643	138,376
Inflow	(19,060)	(180,828)	(9,569)	(9,569)	(161,690)
Other derivative contracts:					
Outflow	-	396,197	396,197	-	-
Inflow	(8,521)	(404,782)	(404,782)	-	-
	1,603,910	1,806,970	1,108,778	106,268	591,924

31 Financial risk management and financial instruments (continued)

Liquidity risk (continued)

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.

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 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, the Euro, the British Pound, the Australian Dollar, the New Zealand Dollar and the Brazilian Real. Financial instruments used by the group to manage currency risks include derivative instruments such as foreign exchange contracts, cross currency interest rate swaps and options, and non-derivative instruments such as foreign currency debt instruments. The group designates select financial instruments for hedge accounting where it is deemed appropriate to do so.

In October 2012, 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.

The group uses financial instruments to manage foreign currency translation risk arising from the group's net investments in foreign currency subsidiary entities. These financial instruments are designated as net investment hedges for hedge accounting purposes. No ineffectiveness was recognised from net investment hedges during the reporting periods.

For accounting purposes, other than the financial instruments referred to previously, the group has not designated any other derivative financial instruments in hedge relationships and all movements in fair value are recognised in profit or loss during the period. The net fair value of derivative financial instruments in the group, not designated as being in a hedge relationship, used as economic hedges of forecast transactions at 31 July 2017 was a $0.190 million liability (2016: $4.025 million asset) comprising assets of $5.928 million (2016: $8.521 million) and liabilities of $6.118 million (2016: $12.546 million).

Exposure to currency risk

The group's exposure to major foreign currency risks at balance date are as follows. The exposures are calculated based on locally reported net foreign currency exposures, and are presented net of open derivative financial instruments. The analysis is performed on the same basis as the previous financial year.

	Net financial assets/(liabilities) - by currency of denomination			
Consolidated	AUD	USD	Euro	GBP
2017	$000	$000	$000	$000
Functional currency of group operation				
Australian dollars	-	322	2,921	(3,410)
US dollars	12,688	-	-	-
Euro	2,408	20,033	-	908
British pound	(268)	(4,827)	23,382	-
Brazilian real	-	15,001	-	-
	14,828	30,529	26,303	(2,502)

	Net financial assets/(liabilities) - by currency of denomination			
Consolidated	AUD	USD	Euro	GBP
2016	$000	$000	$000	$000
Functional currency of group operation				
Australian dollars	-	21,631	3,232	(6,114)
US dollars	(1,362)	-	-	-
Euro	3,908	13,759	-	2,202
British pound	(268)	19,227	(255)	-
Brazilian real	-	1	-	-
	2,278	54,618	2,977	(3,912)

31 Financial risk management and financial instruments (continued)

Currency risk (continued)

Sensitivity analysis

Based on the aforementioned group's net financial assets/(liabilities) at 31 July 2017, a 1 percent strengthening or weakening of the following currencies at 31 July 2017 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 31 July 2016.

	Strengthening	Weakening	Strengthening	Weakening
	Profit or (loss) after tax 2017	Profit or (loss) after tax 2017	Profit or (loss) after tax 2016	Profit or (loss) after tax 2016
Currency movement	$000	$000	$000	$000
1% change in the Australian dollar exchange rate	104	(105)	(114)	115
1% change in the US dollar exchange rate	20	(20)	392	(388)
1% change in the Euro exchange rate	21	(20)	(118)	117
1% change in the GBP exchange rate	(146)	144	(158)	157
1% change in the BRL exchange rate	(105)	104	-	-

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	2017	2016	2017	2016
US Dollar	0.754	0.727	0.799	0.760
Euro	0.690	0.658	0.675	0.680
GBP	0.593	0.496	0.605	0.573
BRL	2.433	2.692	2.501	2.462

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$505 million syndicated bank facility and the group 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 are designated for hedge accounting. The group also uses interest rate swaps to manage the level of floating rate debt held by the group. These swaps effectively convert a portion of floating rate debt to fixed rate debt, and are predominately 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% (2016: 3.90%).

Profile

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

	Consolidated Carrying amount	
	2017	2016
	$000	$000
Variable rate instruments		
Financial assets	18,017	44,933
Financial liabilities	(787,729)	(790,576)
	(769,712)	(745,643)
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(121,537)	(124,544)
	(121,537)	(124,544)

31 Financial risk management and financial instruments (continued)

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The sensitivity is calculated on the debt at 31 July 2017. Due to the seasonality of the crop protection business, debt levels can vary during the year. The analysis is performed on the same basis for 31 July 2016.

	Profit or loss	
	100bp increase	100bp decrease
2017	$000	$000
Variable rate instruments	(7,697)	7,697
Total sensitivity	(7,697)	7,697
2016		
Variable rate instruments	(7,456)	7,456
Total sensitivity	(7,456)	7,456

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 $125.3 million (2016: $131.6 million), the fair value at 31 July 2017 is $130.3 million (2016: $128.5 million).

Consolidated

2017	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	-	-	-	235,145	235,145
Trade and other receivables excluding derivatives	16	-	-	-	1,121,164	1,121,164
Equity securities - available-for-sale	20	-	-	-	-	-
Forward exchange contracts:						
Assets	16	-	5,928	-	-	5,928
Liabilities	24	-	(5,454)	-	-	(5,454)
Interest Rate Swaps:						
Assets	16	-	-	11,125	-	11,125
Liabilities	24	-	(664)	(2,815)	-	(3,479)
Trade and other payables excluding derivatives	24	-	-	-	(830,230)	(830,230)
Bank overdraft	15	-	-	-	(11,384)	(11,384)
Secured bank loans	25	-	-	-	(326,011)	(326,011)
Unsecured bank loans	25	-	-	-	(164,412)	(164,412)
Senior unsecured notes [(a)]	25	-	-	-	(403,537)	(403,537)
Other loans	25	-	-	-	(3,495)	(3,495)
Finance leases	25	-	-	-	(11,811)	(11,811)
		-	(190)	8,310	(394,571)	(386,451)

Consolidated

2016	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	-	-	-	281,444	281,444
Trade and other receivables excluding derivatives	16	-	-	-	914,077	914,077
Equity securities - available-for-sale	20	38,564	-	-	-	38,564
Forward exchange contracts:						
Assets	16	-	8,521	-	-	8,521
Liabilities	24	-	(5,250)	-	-	(5,250)
Interest Rate Swaps:						
Assets	16	-	-	19,060	-	19,060
Liabilities	24	-	(7,296)	(3,081)	-	(10,377)
Trade and other payables excluding derivatives	24	-	-	-	(700,744)	(700,744)
Bank overdraft	15	-	-	-	-	-
Secured bank loans	25	-	-	-	(371,519)	(371,519)
Unsecured bank loans	25	-	-	-	(98,991)	(98,991)
Senior unsecured notes [(a)]	25	-	-	-	(428,800)	(428,800)
Other loans	25	-	-	-	(3,539)	(3,539)
Finance leases	25	-	-	-	(12,271)	(12,271)
		38,564	(4,025)	15,979	(420,343)	(369,825)

(a) Includes $278.3 million (2016: $297.2 million) 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 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			
2017	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Equity securities - available-for-sale	-	-	-	-
Derivative financial assets	-	17,053	-	17,053
	-	17,053	-	17,053
Derivative financial liabilities	-	(8,933)	-	(8,933)
	-	(8,933)	-	(8,933)

	Consolidated			
2016	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Equity securities - available-for-sale	38,564	-	-	38,564
Derivative financial assets	-	27,581	-	27,581
	38,564	27,581	-	66,145
Derivative financial liabilities	-	(15,627)	-	(15,627)
	-	(15,627)	-	(15,627)

There have been no transfers between levels in either 2017 or 2016.

Valuation techniques used to derive fair values
The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:
- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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 shareholder's 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 based on the budget and growth strategy. The ROFE return for the year ended 31 July 2017 was 13.6 per cent (2016: 13.1 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 2017 $000	2016 $000
Not later than one year	10,778	12,247
Later than one year but not later than two years	8,927	9,033
Later than two years but not later than five years	18,682	19,969
Later than five years	124,012	134,418
	162,399	175,667

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 $7.373 million at 31 July 2017 (2016: $7.713 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 2017 $000	2016 $000
Environmental guarantee given to the purchaser of land and buildings at Gennevilliers for EUR 8.5 million.	12,593	12,500
Insurance bond for EUR 2.789 million established to make certain capital expenditures at Gaillon plant in France.	4,132	4,102
Brazilian taxation proceedings	25,959	23,699
Brazilian taxation proceedings - goodwill deductibility	16,200	-
Other bank guarantees	316	775
Contingent liabilities	59,200	41,076

Brazilian taxation proceedings

As at 31 July 2017, the total contingent liability relating to future potential tax liabilities (excluding the goodwill deductibility case) in Brazil is $25.959 million (2016: $23.699 million). The group considers that it is not probable that a liability will arise in respect of these cases and it continues to defend the cases.

Brazilian taxation proceedings - goodwill deductibility

The Brazilian tax authorities are challenging the validity of goodwill deductions, in respect of certain years, arising from Nufarm's acquisition of Agripec (now known as Nufarm Brazil). Nufarm considers that it is not probable that a liability will arise in respect of this matter and has been successful in a lower court hearing. During the year, the Brazilian tax authorities continue to pursue this assessment.

There are six levels of Brazilian courts, and Brazilian tax disputes can take 10-15 years to be settled. It is possible that assessments could be received in future periods. In the event contingent Brazilian tax obligations crystallise, they will be settled using tax assets and cash.

Contingent asset

The group holds a contingent asset in respect of potential pre-acquisition tax credits of its Brazilian business acquired in 2007. Whilst the credits are deemed to be valid, the Brazilian courts are currently deliberating the value of the credits and therefore the full amount of this contingent asset is yet to be established. Such credits can be used to offset future federal tax payable.

35 Group entities

	Notes	Place of incorporation	Percentage of shares held 2017	2016
Parent entity				
Nufarm Limited - ultimate controlling entity				
Subsidiaries				
Access Genetics Pty Ltd	(a)	Australia	100	100
Agcare Biotech Pty Ltd	(a)	Australia	100	100
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		United Kingdom	100	100
AH Marks Pensions Scottish Limited Partnership		United Kingdom	100	100
Artfern Pty Ltd	(a)	Australia	100	100
Atlantica Sementes SA		Brazil	51	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
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 Trade of Chemical Products SA		Greece	100	100
Growell Limited		United Kingdom	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
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)	Australia	100	100
Mastra Corporation Pty Ltd	(a)	Australia	100	100
Mastra Corporation Sdn Bhd		Malaysia	100	100
Mastra Corporation USA Pty Ltd	(a)	Australia	100	100
Mastra Holdings Sdn Bhd		Malaysia	100	100
Mastra Industries Sdn Bhd		Malaysia	100	100
Medisup Securities Limited	(a)	Australia	100	100
Midstates Agri Services Inc		USA	100	100

Notes to the consolidated financial statements (continued)

35 Group entities (continued)

	Notes	Place of incorporation	Percentage of shares held 2017	2016
NF Agriculture Inc		USA	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 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 Bulgaria		Bulgaria	100	100
Nufarm BV		Netherlands	100	100
Nufarm Canada Receivables Partnership		Canada	100	100
Nufarm Chemical (Shanghai) Co Ltd		China	100	100
Nufarm Chile Limitada		Chile	100	100
Nufarm Colombia S.A.		Colombia	100	100
Nufarm Crop Products UK Limited		United Kingdom	100	100
Nufarm Cropcare Private Limited		India	100	100
Nufarm Costa Rica Inc. SA		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	100
Nufarm Finance BV		Netherlands	-	-
Nufarm Finance (NZ) Limited		New Zealand	100	100
Nufarm GmbH		Austria	100	100
Nufarm GmbH & Co KG		Austria	100	100
Nufarm Grupo Mexico S DE RL DE CV		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
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	100
Nufarm Labuan Pte Ltd		Malaysia	100	100
Nufarm Limited		United Kingdom	100	100
Nufarm Malaysia Sdn Bhd		Malaysia	100	100
Nufarm Materials Limited	(a)	Australia	100	100
Nufarm NZ Limited		New Zealand	100	100
Nufarm Pensions General Partner Ltd		United Kingdom	100	100
Nufarm Pensions Scottish Limited Partnership		United Kingdom	100	100
Nufarm Peru SAC		Peru	100	100
Nufarm Platte Pty Ltd	(a)	Australia	100	100
Nufarm Polska SP.Z O.O	(b)	Poland	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 Services (Singapore) Pte Ltd		Singapore	100	100
Nufarm Services Sdn Bhd		Malaysia	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 Turkey Import & Trade of Chemical Products LLP		United Kingdom	100	100

35 Group entities (continued)

	Notes	Place of incorporation	Percentage of shares held 2017	2016
Nufarm UK Limited		United Kingdom	100	100
Nufarm Ukraine LLC		Ukraine	100	100
Nufarm Uruguay SA		Uruguay	100	100
Nufarm USA Inc		USA	100	100
Nugrain Pty Ltd	(a)	Australia	100	100
Nuseed Americas Inc		USA	100	100
Nuseed Europe Holding Company Ltd		United Kingdom	100	100
Nuseed Europe Ltd		United Kingdom	100	100
Nuseed Global Innovation		United Kingdom	100	100
Nuseed Holding Company		USA	100	100
Nuseed Mexico SA De CV		Mexico	100	100
Nuseed Pty Ltd	(a)	Australia	100	100
Nuseed SA		Argentina	100	100
Nuseed Serbia d.o.o.		Serbia	100	100
Nuseed South America Sementes Ltda		Brazil	100	100
Nuseed Ukraine LLC		Ukraine	100	100
Nuseed Uruguay		Uruguay	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 Nufamindo Agro Mukmur		Indonesia	100	100
PT Nufarm Indonesia		Indonesia	100	100
Richardson Seeds Ltd		USA	100	100
Seeds 2000 Argentina SRL		Argentina	100	100
Selchem Pty Ltd	(a)	Australia	100	100
Societe Des Ecluses la Garenne s.a.s		France	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): Formerly known as F&N Argo Polska SP.Z O.O and operated under a joint venture agreement with FMC Corporation.

36 Deed of cross guarantee

Under ASIC Corporations (Wholly owned Companies) Instrument 2016/785, 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 2017 is set out as follows:

36 Deed of cross guarantee (continued)

	Consolidated 2017 $000	2016 $000
Summarised income statement and retained profits		
Profit/(loss) before income tax expense	90,088	88,017
Income tax expense	(3,921)	(4,824)
Net profit attributable to members of the closed group	86,167	83,193
Retained profits at the beginning of the period	50,356	(6,273)
Dividends paid	(31,996)	(26,564)
Retained profits at the end of the period	104,527	50,356
Balance sheet		
Current assets		
Cash and cash equivalents	38,937	50,541
Trade and other receivables	612,104	645,435
Inventories	201,272	177,121
Current tax assets	4,716	7,512
Other Investments	-	38,564
Total current assets	857,029	919,173
Non-current assets		
Trade and other receivables	11,212	21,553
Investments in equity accounted investees	334	374
Other investments	1,223,734	1,216,126
Deferred tax assets	68,318	63,624
Property, plant and equipment	130,312	122,095
Intangible assets	145,596	124,600
Total non-current assets	1,579,506	1,548,372
TOTAL ASSETS	2,436,535	2,467,545
Current liabilities		
Trade and other payables	630,355	695,241
Loans and borrowings	133	-
Employee benefits	8,294	8,876
Current tax payable	2,242	1,560
Provision	7,848	5,745
Total current liabilities	648,872	711,422
Non-current liabilities		
Payables	2,815	212
Loans and borrowings	401,391	424,237
Deferred tax liabilities	17,674	16,212
Employee benefits	8,787	7,332
Total non-current liabilities	430,667	447,993
TOTAL LIABILITIES	1,079,539	1,159,415
NET ASSETS	1,356,996	1,308,130
Equity		
Share capital	1,156,688	1,147,259
Reserves	95,781	110,515
Retained earnings	104,527	50,356
TOTAL EQUITY	1,356,996	1,308,130

37 Parent entity disclosures

	Company 2017 $000	2016 $000
Result of the parent entity		
Profit/(loss) for the period	7,554	19,927
Other comprehensive income	375	2,527
Total comprehensive profit/(loss) for the period	7,929	22,454
Financial position of the parent entity at year end		
Current assets	1,037,191	1,067,008
Total assets	1,389,289	1,424,788
Current liabilities	171,450	190,012
Total liabilities	170,275	188,838
Total equity of the parent entity comprising of:		
Share capital	1,090,197	1,080,768
Reserves	41,065	42,988
Accumulated losses	(31,536)	(31,536)
Retained Earnings [a]	119,288	143,730
Total equity	1,219,014	1,235,950

(a) Retained earnings comprises the transfer of net profit for the year and are characterised as profits available for distribution as dividends in future years. Dividends amounting to $31.996 million (2016: $26.564 million) were distributed from the retained earnings during the year.

Parent entity contingencies

The parent entity is one of the guarantors of the senior secured bank facility (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 Latin America 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 2017 or 2016.

38 Related parties

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 2017 $000	2016 $000
Excel Crop Care Ltd	purchases from	-	4,189
	trade payable	-	3,355
F&N joint ventures	sales to	-	19,551
	trade payable	-	2
	trade receivable	-	12,660
Sumitomo Chemical Company Ltd	sales to	55,603	34,900
	purchases from	207,310	136,181
	trade receivable	16,938	17,261
	trade payable	42,852	48,529

These transactions were undertaken on commercial terms and conditions.

c) Key management personnel compensation

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

	Consolidated 2017 $	2016 $
Short term employee benefits	6,887,593	5,565,176
Post employment benefits	285,705	452,243
Equity compensation benefits	1,880,617	1,233,768
Termination benefits	-	-
Other long term benefits	-	-
	9,053,915	7,251,187

Individual directors and executives compensation disclosures

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

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

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 director's interest existing at year-end.

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

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.

e) Loans to key management personnel and their related parties

There were no loans to key management personnel at 31 July 2017 (2016: nil).

39 Auditors' remuneration

	Consolidated 2017 $	2016 $
Audit services		
KPMG Australia		
Audit and review of group financial report	538,000	510,000
Overseas KPMG firms		
Audit and review of group and local financial reports	1,539,239	1,470,122
	2,077,239	1,980,122
Other auditors		
Audit and review of financial reports	136,248	222,788
Audit services remuneration	2,213,487	2,202,910
Other services		
KPMG Australia		
Other assurance services	280,641	21,000
Other advisory services	-	-
Overseas KPMG firms		
Other assurance services	-	16,667
Other advisory services	76,941	75,000
Other services remuneration	357,582	112,667

40 Subsequent events

A final dividend of 8 cents per share, totalling $21,354,307 was declared on 26 September 2017, and will be paid on 10 November 2017 (2016: 7 cents per share, totalling $18,656,341).

Other than the matters outlined above, or elsewhere in the financial information, no matters or circumstances have arisen since the end of the financial year, that have or may significantly affect the operations, results or state of affairs of the group in subsequent accounting periods.

Directors' declaration

1 In the opinion of the directors of Nufarm Limited (the company):

(a) the consolidated financial statements and notes 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 2017 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 35 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 Corporations (Wholly owned Companies) Instrument 2016/785.

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 2017.

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 26th day of September 2017

DG McGauchie AO
Director

GA Hunt
Director

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 2017 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)
GA Hunt (Managing Director)
AB Brennan
GR Davis
FA Ford
Dr WB Goodfellow
ME McDonald (appointed 22 March 2017)
PM Margin
T Takasaki

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 in the Company's 2017 Annual Report.

Company secretary

The company secretary is Mr R Heath.

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

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	20,000	-
Dr WB Goodfellow [1]	1,172824	48,423
GA Hunt	211,610	-
DG McGauchie	54,239	-
ME McDonald	-	-
PM Margin	2,458	-
T Takasaki	-	-

1 The shareholdings of Dr WB Goodfellow include:
(i) 31,585 shares issued under the company's non-executive director share plan and held by Pacific Custodians Pty Ltd as trustee of the plan, and include his relevant interests in:
(ii) St Kentigern Trust Board (430,434 shares and 19,727 step-up securities) – Dr Goodfellow is a Trustee of the Trust Board. Dr Goodfellow does not have a beneficial interest in these shares or step-up securities;
(iii) Sulkem Company Limited (129,787 shares);
(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) Henry Berry Corporation Limited (420,861 shares and 700 step-up securities)

Directors' meetings

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

	Committees									
Director	Board		Audit & Risk Committee		Human Resources		Nomination & Governance		Health Safety & Environment	
	Meetings Held 1	Meetings Attended	Meetings Held 1	Meetings Attended	Meetings Held 1	Meetings Attended	Meetings Held 1	Meetings Attended	Meetings Held 1	Meetings Attended
AB Brennan	7	7	3	3	5	5	-	-	-	-
GR Davis	7	7	3	3	5	5	-	-	3	3
FA Ford	7	7	3	3	-	-	3	3	-	-
Dr WB Goodfellow	7	7	-	-	-	-	3	3	-	-
GA Hunt	7	7	-	-	-	-	-	-	-	-
ME McDonald	3	3	-	-	-	-	-	-	-	-
DG McGauchie	7	7	-	-	5	5	3	3	-	-
PM Margin	7	7	3	3	5	5	-	-	3	3
T Takasaki 2	7	6	-	-	-	-	-	-	3	3

1 Number of meetings held during the period the director held office.
2 Takasaki-san did not attend 1 meeting during the period due to a conflict of interest

Principal activities and changes

Details of Nufarm's principal activities and changes are set out in the Information on the Company section in the Company's 2017 Annual Report.

Nufarm employs approximately 3,200 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 2017 is $115.0 million. The comparable figure for the 12 months to 31 July 2016 was $27.5 million.

Dividends

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

	$000
The Final dividend for 2015-2016 of 7 cents paid 11 November 2016.	18,656
The Interim dividend for 2016-2017 of 5 cents paid 5 May 2017.	13,340

The Final dividend for 2016-2017 of 8 cents as declared and recommended by the directors is payable 10 November 2017.

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 2016 – 15 October 2016 at the rate of 6.36 per cent per annum paid 17 October 2016	7,997
Distribution for the period 16 October 2016 – 15 April 2017 at the rate of 5.89 per cent paid 18 April 2017	7,372

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 and the business review in the Company's 2017 Annual Report.

State of affairs

The state of the group's affairs are set out in the managing director's review in the Company's 2017 Annual Report.

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 in the Company's 2017 Annual Report.

Events subsequent to reporting date

On 26 September 2017, the Directors declared a final franked dividend of 8 cents per share payable 10 November 2017.

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 in the Company's 2017 Annual Report. 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 39 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 in the Company's 2017 Annual Report and forms part of the directors' report for the financial year ended 31 July 2017.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

2017 Remuneration Report

The remuneration report is designed to provide shareholders with an understanding of Nufarm's remuneration policies and the link between our remuneration strategy and performance. This report details Nufarm's remuneration framework and outcomes for Key Management Personnel (KMP) for the year ended 31 July 2017 (FY17). The report has been prepared in accordance with section 300A of the Corporations Act 2001 (Corporations Act).

Section	What it covers
1. Remuneration snapshot	
1.1 Key points	Provides a summary of the remuneration outcomes for FY17.
1.2 Changes during FY17	Details the key remuneration changes in FY17.
1.3 Key Management Personnel	Lists the names and roles of the Executive KMP whose remuneration details are disclosed in this report.
2. Setting Senior Executive remuneration	
2.1 Remuneration governance	Explains Nufarm's remuneration policy, and how the board and Human Resources committee (HRC) make decisions, including the use of external consultants.
2.2 Remuneration strategy	Explains Nufarm's remuneration strategy and how it underpins the business strategy.
2.3 Remuneration components	Shows how executive remuneration is structured to support business objectives and explains the executive remuneration mix.
3. Executive remuneration outcomes	
3.1 Financial performance	Provides a breakdown of Nufarm's performance over the past five years.
3.2 Short Term Incentive outcomes	Details the STI outcomes for FY17.
3.3 Long Term Incentive outcomes	Details the LTI outcomes for the plan with a performance test at 31 July 2017.
3.4 Senior Executive contract details	Lists the key contract terms governing the employment of Executive KMP (including termination entitlements where relevant).
4. Non-Executive Director remuneration	Provides details of the fee structure for board and committee roles.
5. Remuneration tables	
5.1 Remuneration of directors and disclosed executives	Provides the remuneration disclosures required by the Corporations Act and in accordance with relevant Australian Accounting Standards.
5.2 Equity instruments held by disclosed executives	
5.3 Shares held in Nufarm	

1. Remuneration snapshot

1.1 Key Points

The overall structure and philosophy of Nufarm's approach to remuneration remained consistent throughout FY17. The organisation's remuneration philosophy is based on linking financial rewards directly to employee contributions and company performance. As Nufarm continues its three year business transformation journey to deliver growth and build a better Nufarm, the remuneration framework and incentive plans continue to connect the evolving business strategy to leadership behaviours.

The incentive outcomes for FY17 reflect the performance of the business and the value created for shareholders over the past three years.

THE KEY OUTCOMES UNDER OUR INCENTIVE PLANS THIS YEAR WERE:

Short Term Incentive outcomes	Executive KMPs received an average of 133% of the target opportunity available based on the assessment of financial and individual performance.
Long Term Incentive outcomes	The FY15 LTI plan was tested on 31 July 2017. The outcome was that 100% of the maximum opportunity vested as shares. The results of the two plan measures were that the Relative Total Shareholder Return (RTSR) ranked at the top decile of the comparator group and Nufarm achieved an average underlying Return on Funds Employed (ROFE) over three years of 12.5% which exceeded the target of 11.5% for the FY15 LTI plan.

1.2 Changes during FY17

Niels Pöerksen was appointed Group executive portfolio solutions effective 1 October 2016. He represents the portfolio solutions function as part of Nufarm's Leadership Team (NLT). He is responsible for the development of a product portfolio pipeline that will meet the needs of customers in key crops.

The FY17 STI plan was designed to support Nufarm's year on year growth. The gateway for the STI plan in FY16 was 85% of the budgeted underlying Net Profit After Tax (UNPAT), in FY17 the gateway was the previous year's actual UNPAT. Similarly, the gateway for ANWC/Sales was also increased from 85% of budgeted ANWC/Sales to previous year's actual ANWC/Sales. However, the scale of STI pay out associated with achievement against budget did not change in order to ensure that any acceleration of STI payment did not occur.

For FY17, all Executive KMPs participated in the same STI plan with the exception of Group executive Nuseed who participated in a separate plan tailored to ensure the role is measured against and rewarded for Nuseed financial deliverables. The key change to his STI plan was that the gate for the plan was changed from 85% of budgeted UNPAT to FY16 UNPAT achievement. This ensures the plan does not pay for less than last year's profit hence rewarding year on year growth.

1.3 Key Management Personnel

Nufarm's KMP comprise the directors of the company and selected members of the NLT. The term Executive KMPs refers to the CEO and those executives with authority and responsibility for planning, directing and controlling the activities of the company and the group, directly or indirectly. The Executive KMPs disclosed in this report are:

Name	Position	Term as KMP in FY17
Greg Hunt	Managing director and chief executive officer	1 August 2016 – 31 July 2017
Paul Binfield	Chief financial officer	1 August 2016 – 31 July 2017
Elbert Prado	Group executive supply chain operations	1 August 2016 – 31 July 2017
Brent Zacharias	Group executive Nuseed	1 August 2016 – 31 July 2017
Niels Poerksen	Group executive portfolio solutions	1 October 2016 – 31 July 2017

2. Setting Senior Executive remuneration

2.1 Remuneration governance

The HRC is responsible for reviewing and making recommendations to the Nufarm board on remuneration policies and packages applicable to disclosed executives. The HRC is comprised of four 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 HRC charter can be found at www.nufarm.com.

During 2017, the HRC reviewed information provided by Egan Associates Pty Ltd to assess whether existing frameworks remain appropriate. The HRC also sought external general market movement data for the 2017 year from Egan Associates Pty Ltd but did not receive a remuneration recommendation.

The HRC reviews Executive KMPs' remuneration annually to ensure there is a balance between fixed and at risk pay, and it reflects both short and long term objectives aligned to Nufarm's strategy. The board reviews the CEO's remuneration based on market practice, performance against agreed measures and other relevant factors, while the CEO undertakes a similar exercise in relation to Senior

Executives. The results of the CEO's annual review of Senior Executives' performance and remuneration are subject to board review and approval.

The board measures financial performance under the STI and LTI plans using audited numbers. The relative total shareholder return (RTSR) is measured by an independent external advisor.

Within the remuneration framework the board has discretion to 'clawback' LTI plan 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 mis-stated; and/or
- for individual gross misconduct.

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

The board considered all information in light of company performance, changes during the year to the scope and scale of executive roles, individual performance and the motivation and retention of key individuals, in making its' remuneration decisions.

2.2 Remuneration Strategy

Nufarm's remuneration strategy and reward frameworks reflect the importance of improving the performance of the business and lifting returns on funds employed, as well as supporting a goal to attract, motivate and retain a high performing workforce.

The core elements of Nufarm's remuneration strategy and policy for the disclosed Executive KMPs are as follows:

- An overall framework that supports attraction, motivation and retention of talent, shareholder value creation and reward differentiation.
- An STI program that is biased to growth in profitability and a strong focus on balance sheet management. The program also focuses individuals to achieve innovation and increased business discipline, both of which the company sees as integral to delivering targeted financial outcomes and acceptable returns for shareholders.
- An LTI plan that is based on the principle of aligning Executive KMPs' interests and rewards with those of shareholders. With a focus on growth and increased participation in high value markets with sustainable returns, this improvement will be driven by:
  - continued growth in our revenues.
  - a strengthening of our margins
  - a continued, relentless focus on driving down net working capital; and
  - a cost savings and performance improvement program that is planned to deliver a cumulative net benefit of at least $116 million by 2018.

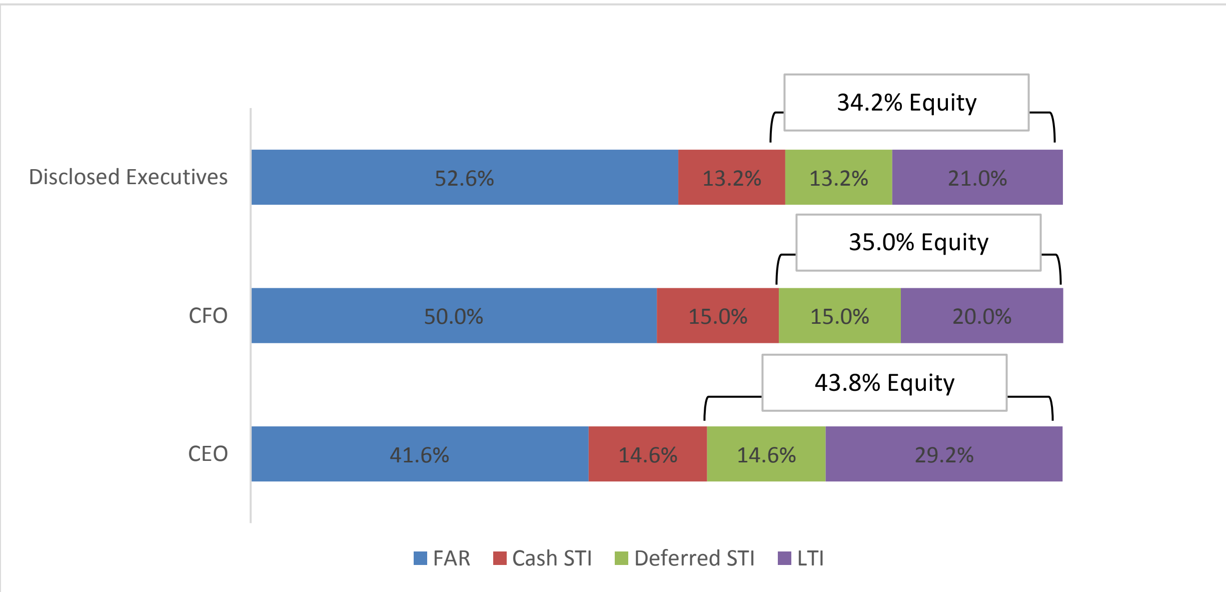
A focus on managing working capital and improving returns on funds employed is fundamental to the way in which Nufarm operates and is therefore a key element of the way performance is measured and assessed at a group and individual level.

The STI and LTI 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 business strategy and the interest of shareholders.

2.3 Remuneration components

The executive remuneration structure is based on Fixed Annual Remuneration (FAR) with additional short term and long term incentives (described as a percentage of FAR) available to be earned subject to performance. All Senior Executives are employed on this basis.

The graph below outlines the target remuneration mix for Executive KMPs. The variable components of STI (including potential restricted shares) and LTI are expressed at target.



a) Remuneration structure

FAR	STI		LTI
Attract, motivate and retain highly skilled employees	Reward achievement of financial and personal strategic objectives		Align to long term shareholder value creation
Cash		Equity	
Base Salary plus superannuation Set based on market and internal relativities, performance and experience	50% of STI outcome paid in October after the financial year end STI outcome based on financial and individual performance	50% of the STI outcome is deferred as Restricted Shares for a period of 2 years Subject to clawback and forfeiture in circumstances outlined	Indeterminate Rights subject to three year performance period with 50% subject to RTSR and 50% subject to ROFE Subject to clawback and forfeiture in circumstances outlined

b) FY17 STI plan

Changes to the STI Plan

For FY17, the board reinforced the principle of rewarding year on year growth. This was done by increasing the gateway for the STI plan from 85% of the budgeted UNPAT to the previous year's actual UNPAT for both the UNPAT measure and the individual component of the STI. Similarly, the gateway for ANWC/Sales was also increased from 85% of budgeted ANWC/Sales to the previous year's actual ANWC/Sales. However, the scale of STI pay out associated with achievement against budget did not change in order to ensure acceleration of STI payment did not occur.

For FY17, all Executive KMPs participated in the same STI plan with the exception of Group executive Nuseed who participated in a separate plan tailored to ensure the role was measured against and rewarded for Nuseed financial deliverables.

Both plan details are below, with the major differences between the plans outlined where applicable.

<table>
<tr><td>Who participates in the STI?</td><td colspan="2">Plan participants include disclosed executives and senior managers globally.</td></tr>
<tr><td>When are awards made?</td><td colspan="2">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="2">The board sets measures at the start of each year focused on profitability and balance sheet management. Noted below are the measures used in 2017.</td></tr>
<tr><td>All Executive KMP roles (except GE Nuseed)
80% of the potential was based on Nufarm group underlying Net Profit after Tax (UNPAT) and Average Net Working Capital (ANWC)/Sales

20% of the potential was based on individual strategic and business improvement objectives aligned to the role and contribution of the executive</td><td>Group executive Nuseed
30% of the potential was based on Nufarm group UNPAT and ANWC/Sales

50% of the potential was based on Nuseed UNPAT and
ANWC/Sales

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="2">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="2">When and how are the STI payments determined?</td><td colspan="2">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 colspan="2">All Executive KMP roles (except GE Nuseed)
<table>
<tr><th rowspan="2">Performance</th><th colspan="2">Group UNPAT</th><th colspan="2">Group ANWC</th></tr>
<tr><th>% Budget achieved</th><th>% of Target STI opportunity realised against measure</th><th>% Budget achieved</th><th>% of Target STI opportunity realised against measure</th></tr>
<tr><td>Below Threshold</td><td>< FY16 group UNPAT</td><td>Nil</td><td>< FY16 group ANWC</td><td>Nil</td></tr>
<tr><td>Threshold</td><td>FY16 group UNPAT</td><td>85%</td><td>FY16 group ANWC</td><td>100%</td></tr>
<tr><td>Target</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr>
<tr><td>Stretch</td><td>120%</td><td>150%</td><td>110%</td><td>150%</td></tr>
</table>
</td></tr>
</table>

	Group Executive Nuseed Additional to group Nufarm measures shown in table immediately above, the following two Nuseed measures also form part of the STI plan

Performance	Nuseed UNPAT		Nuseed ANWC	
	% Budget achieved	**% of Target STI opportunity realised against measure**	**% Budget achieved**	**% of Target STI opportunity realised against measure**
Below Threshold	< 85%	Nil	< 85%	Nil
Threshold	85%	25%	85%	25%
Target	100%	100%	100%	100%
Stretch	120%	150%	110%	150%

	Straight line vesting between threshold and budget and between budget (target) and stretch. Strategic and business improvement objectives are assessed on a merit basis against stated objectives.
Are payments in cash or shares?	50% of Executive KMPs' STI is paid in cash at the time of performance testing and 50% deferred into shares in the company for nil consideration.
When do the shares vest?	Vesting will occur on the second anniversary of the grant date of the deferred equity, subject to continued employment or otherwise if the participant has left employment for a qualifying reason.
Is there a clawback provision in the plan?	The rules of the plan provide for clawback of deferred STI prior to vesting with board discretion 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.
What happens if the Executive KMP leaves Nufarm?	If an Executive KMP leaves before the vesting anniversary under 'qualifying leaver' provisions the equity will remain in the plan until the vesting date. If the executive leaves under other than 'qualifying leaver' circumstances the equity will be forfeited. '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 plan provides the flexibility, in special circumstances (e.g. health or severe personal hardship), to accelerate the vesting. This would result in the shares being released from the trust to the executive.

c) FY17 LTI plan

Why have an LTI plan?	This plan aligns executive interests and earnings with the longer term Nufarm strategy and the interests of shareholders.
Who participates in the LTI plan	The current participants in the plan are disclosed executives and other selected senior managers (together, the LTI plan participants).
Are the awards cash or shares?	The plan rules provide the flexibility to use a number of different instruments provided they comply with local regulations and sound practice. At the time of vesting the board will determine if the rights convert to ordinary shares or cash or other instruments which may be in use at the time.
When are the awards made?	Under the plan, LTI plan participants receive an annual award of rights as soon as practical after the announcement of results for the preceding year.
How are the number of rights calculated?	The number of rights to be granted is calculated by dividing the individual's LTI grant opportunity for the performance year by the volume weighted average price of the company's shares over the five trading days immediately following the prior year's annual results announcement.
When do the awards vest?	The performance / vesting period for awards is 3 years. Awards will vest in two equal tranches as follows: - 50% of the LTI plan grant will vest subject to the achievement of RTSR performance hurdle measured against a selected comparator group of companies; and - The remaining 50% of the LTI plan grant will vest subject to the 3 year average of an absolute ROFE target.
Why have ROFE and RTSR been chosen as the hurdles?	ROFE is used to track progress towards the goal to return long-term results back to acceptable levels for Nufarm. Strong RTSR performance ensures Nufarm is an attractive investment for shareholders.
What is the comparator group for the assessment of relative TSR?	Based on the results of research and modelling carried out by Ernst and Young, at the inception of the plan the board approved the adoption of the 'S&P ASX 200 excluding those companies in the Financial, Materials and Energy groups' as the RTSR 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. Commencing from FY15 the board approved the inclusion of Dulux (DLX), Incitec Pivot (IPL) and Orica (ORI) on the basis of their similarity as chemical companies even though they appear in the materials index. The RTSR comparator group is also seen as an appropriate representation of Nufarm's competitors for investment.
How is RTSR measured?	RTSR will be measured over the performance period. For the purposes of this measurement, each company's share price will be measured using the average price over 60 days up to (but

<table>
<tr><td></td><td colspan="2">excluding) the first day of the performance period, and the average closing price over 60 days up to and including the last day of the performance period</td></tr>
<tr><td rowspan="5">What is the RTSR performance required for vesting?</td><th>TSR of Nufarm relative to the TSR of comparator group companies</th><th>Proportion of RTSR grant vesting</th></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>
<tr><td>How is the ROFE target set?</td><td colspan="2">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 LTI plan is truly reliant on outstanding performance.</td></tr>
<tr><td>How is ROFE measured?</td><td colspan="2">Return is calculated on the group’s earnings before interest and taxation and adjusted for any material items. Funds employed are represented by shareholder’s funds plus total interest bearing debt. For the purposes of measuring ROFE performance in the LTI plan, ROFE will be averaged over the life of the plan.</td></tr>
<tr><td rowspan="5">What ROFE result is required for vesting?</td><th>Percentage of ROFE target achieved</th><th>Proportion of ROFE grant vesting</th></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>
<tr><td>What was the result for the FY17 year?</td><td colspan="2">The FY15 award, which matured in 2017, exceeded the ROFE stretch over the three year performance period and performance against the RTSR target was above the 75th percentile over the same period. The three year average ROFE outcome was 12.5% compared with a three year target of 11.5%. Overall, 100% of the FY15 award vested at 31 July 2017.</td></tr>
<tr><td>What happens if the awards do not vest?</td><td colspan="2">To the extent that the RTSR and ROFE performance hurdles are not met at the end of the 3-year performance period and full vesting is not achieved, performance will not be re-tested and the award will lapse. There is no partial vesting of the LTI plan before the 3rd anniversary.</td></tr>
<tr><td>Is there a clawback provision in the plan?</td><td colspan="2">The rules of the plan provide for clawback of unvested LTI plan 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>
<tr><td>What happens if an Executive KMP leaves?</td><td colspan="2">To be eligible under the LTI plan, the executive must be employed by Nufarm on the 1st anniversary of the allocation. If the executive leaves before this date, the allocation is forfeited. If the executive leaves under ‘qualifying leaver’ provisions, (refer STI section above for definition of ‘qualifying leaver’) after the 1st anniversary and before the 3rd anniversary of the plan the allocation will be pro-rated and the pro-rated allocation will remain ‘on foot’ in the plan subject to certain overriding discretions set out in the plan.

The rules of the plans provide the flexibility, in special circumstances (eg. health or severe personal hardship), to accelerate the vesting. The qualifying allocation will be tested against the hurdles to determine the value (if any) of the allocation.</td></tr>
</table>

3. Executive remuneration outcomes

3.1 Financial Performance

Details of Nufarm's performance, share price and dividends over the past five years are summarised in the table below:

Performance measures		**FY17**	**FY16**	**FY15**	**FY14**	**FY13**
Earnings						
Underlying EBIT*	**$m**	**302.3**	**286.7**	**236.9**	**200.6**	**186.8**
ANWC/Sales***	**%**	**36.8**	**39.9**	**41.9**	**47.7**	**46.8**
Underlying NPAT**	**$m**	**135.8**	**108.9**	**117.1**	**86.4**	**83.2**
ROFE achieved	**%**	**13.6**	**13.2**	**11.0**	**9.1**	**8.8**
Shareholder value						
Closing share price 31 July	**$**	**8.46**	**8.28**	**7.72**	**4.35**	**4.50**
TSR	**%**	**3.5**	**8.7**	**80.2**	**(1.7)**	**(16.5)**
Dividends declared	**cents**	**13.0**	**11.0**	**10.0**	**8.0**	**8.0**

* 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 the 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.

3.2 Short Term Incentive outcomes

Based on an underlying NPAT result of $135.8m, an ANWC/Sales result at 36.8% and performance against individual strategic and business improvement objectives, disclosed executives employed for the performance period FY17 were awarded an 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 of risk, efficiency improvements, partnership development, portfolio enhancement, business process and systems improvements and the implementation of initiatives to support growth in higher value segments.

a) FY17 STI plan payment results

Outcomes against targets for disclosed executives are shown below:

	Financial: Weighting and outcome**					
Disclosed executive	Group uNPAT	Group ANWC	Business unit profitability	Business unit ANWC	Personal: Weighting and outcome	Overall award as a % of target potential
Greg Hunt	40% 🔵	40% 🔵	-	-	20% 🟢	133%
Paul Binfield	40% 🔵	40% 🔵	-	-	20% 🟢	133%
Elbert Prado	40% 🔵	40% 🔵	-	-	20% 🟢	133%
Brent Zacharias	15% 🔵	15% 🔵	25% 🔵	25% 🔵	20% 🟢	132%
Niels Poerksen*	35% 🔵	35% 🔵	5% 🔵	5% 🔵	20% 🟢	135%

Key: 🔴 : Below threshold 🟢: Between threshold and target 🔵: Greater than target

*: Weighting reflects N Poerksen's transition from his European regional management role to his KMP role effective 1 October 2016.

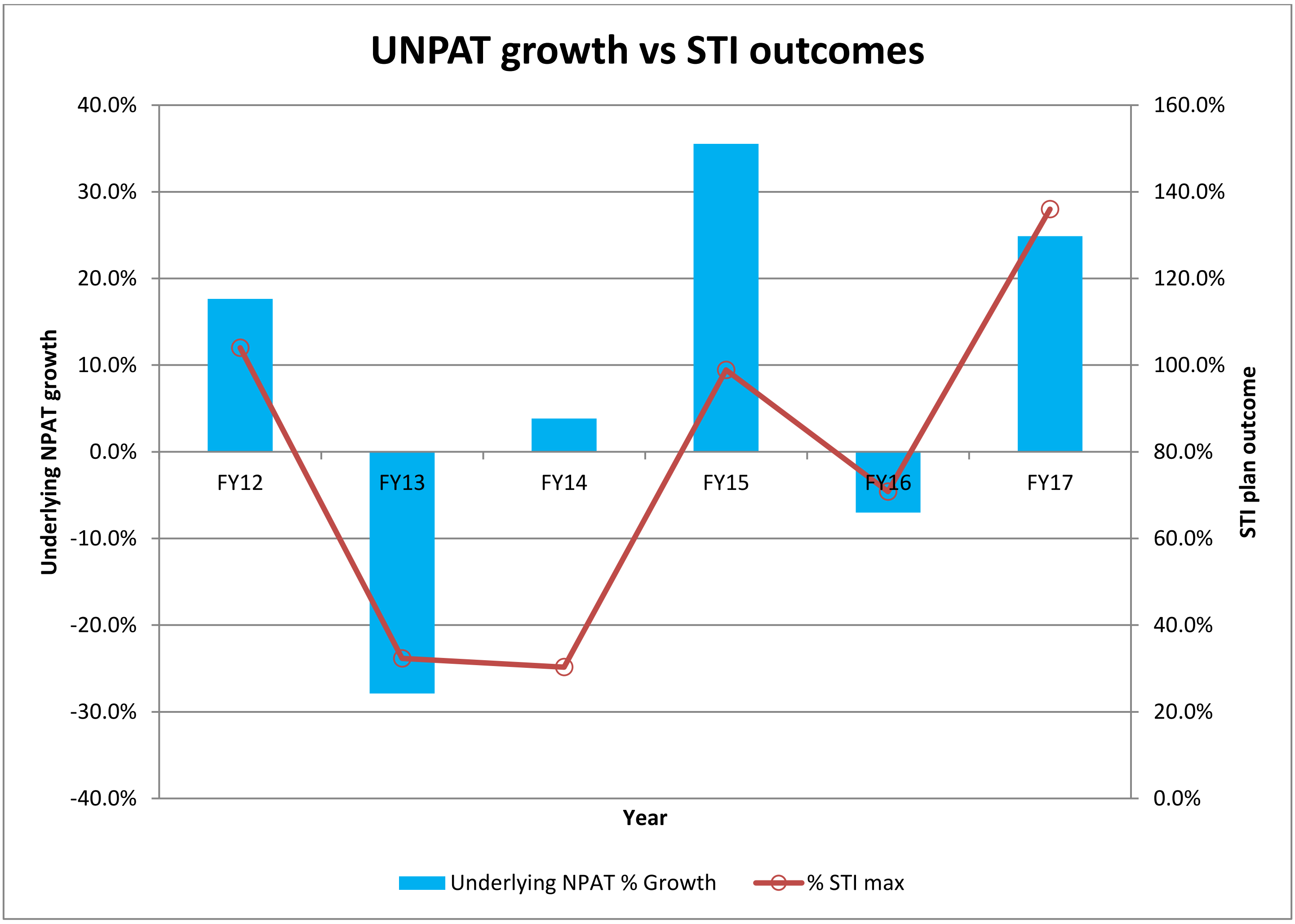
**: Nufarm's objective is to be as transparent as possible, without disclosing commercially sensitive information. Consequently, while STI measures, descriptions, weighting and performance in FY17 for Disclosed executives have been provided above, the specific targets for measures such as NPAT have not.

The table below displays FY17 STI payments as a percentage of FAR and also as a percentage of target opportunity

Disclosed executive	2017 STI Potential At target $	2017 STI Potential At maximum $	Total Award $	FY17 STI Award as a % of target potential	FY17 STI as % of FAR	To be paid in cash in October 2017 $	Retained in shares vesting 2nd anniversary 31.7.19** $
Greg Hunt	875,000	1,312,500	1,166,247	133%	93%	583,123	583,124
Paul Binfield	481,490	722,236	641,756	133%	80%	320,878	320,878
Elbert Prado	357,000	535,500	475,829	133%	67%	237,914	237,915
Brent Zacharias	221,928	332,893	293,015	132%	66%	146,507	146,508
Niels Poerksen*	368,933	553,399	498,693	135%	70%	249,346	249,347
Senior executive average	**460,870**	**691,305**	**615,108**	**133%**	**94%**		

* Amounts shown represent the full year outcome. Note that amounts shown in the remuneration table represent the remuneration earned whilst acting as a key management personnel.
** The portion of FY17 STI payment retained in shares will vest on 31 July 2019, on the second anniversary from effective allocation date.

b) Historical STI plan performance relative to Nufarm's UNPAT results
The following chart compares Nufarm's historical STI plan performance results against underlying NPAT for the same period. Nufarm's incentive plans measure performance against a range of financial and non financial metrics with varied weightings. Accordingly, the pay for performance relationship is based on the performance against these metrics as a whole and may not always align with underlying NPAT growth as was the case in FY16.



3.3 Long Term Incentive outcomes

The performance period for the FY15 LTI plan concluded on 31 July 2017.

The results of Nufarm's RTSR was calculated by an external provider. The RTSR vesting result was based on Nufarm ranking in the top decile of the comparator group. The board determined the ROFE outcome to ensure no windfall gains or losses and accordingly adjusted for the net impact of material items. The outcome was reviewed by Nufarm's external auditor KPMG. The board approved the vesting outcomes in accordance with the LTI plan rules.

a) FY15 LTI plan testing as at 31 July 2017

The vesting table for the FY15 LTI plan is detailed below, reflecting performance up to 31 July 2017 against the two performance measures of RTSR and ROFE.

Performance Measure	% of total plan vested
RTSR (100% vesting)	50%
ROFE (100% vesting)	50%
Total	100%

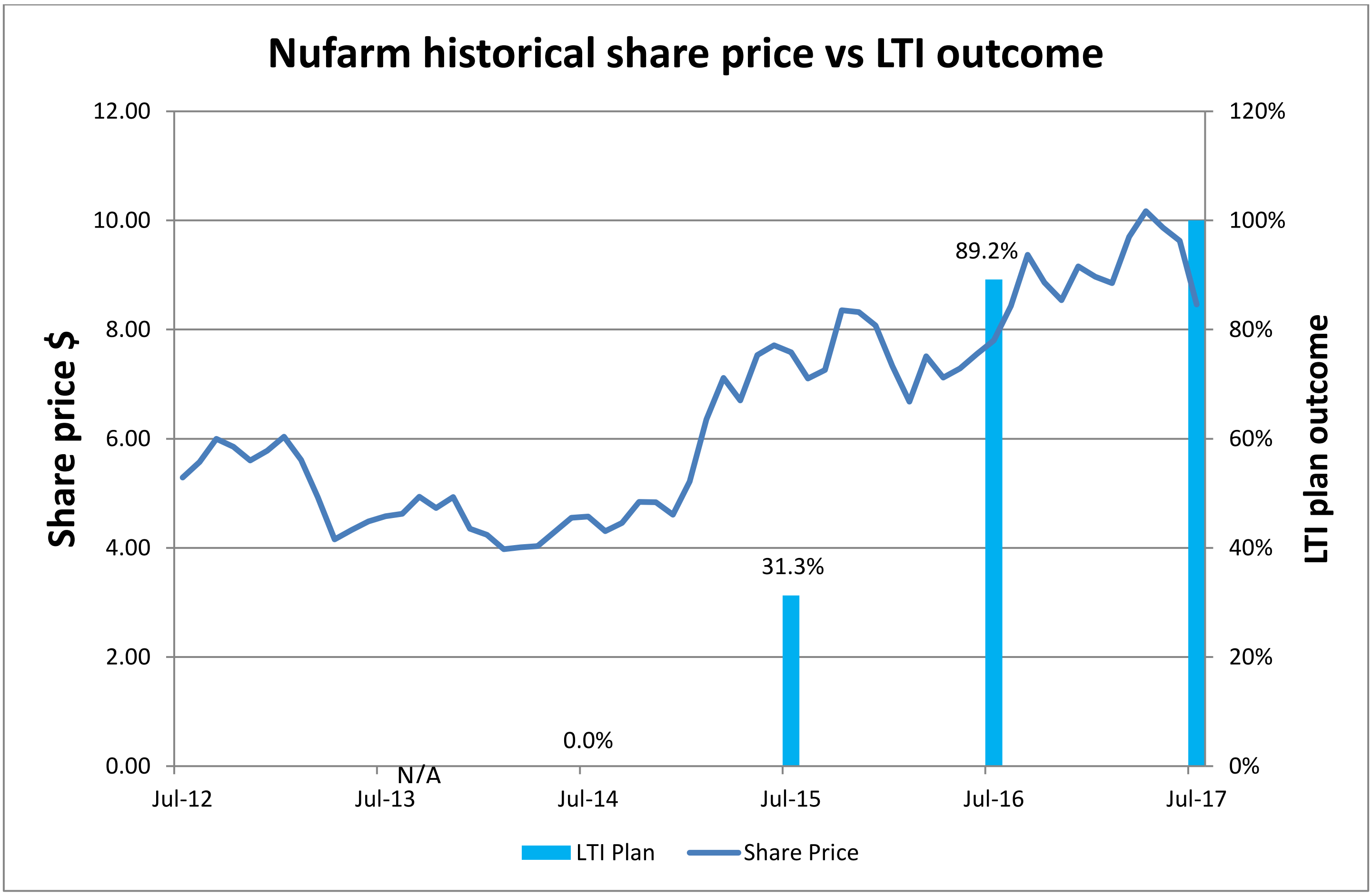
b) FY15 LTI award outcome

The table below details the individual outcome for the FY15 LTI plan.

Disclosed executive	Total number of rights available	Total number of rights awarded	Total Award as a % of potential	Average grant date fair value of awarded rights	Total grant date fair value of award $
Greg Hunt	49,778	49,778	100.0%	$3.87	192,641
Paul Binfield	55,355	55,355	100.0%	$3.87	214,224
Elbert Prado	37,485	37,485	100.0%	$3.87	145,067
Brent Zacharias	16,508	16,508	100.0%	$3.87	63,886
Niels Poerksen	-	-	n/a	n/a	-

c) Historical LTI plan performance relative to Nufarm's share price

The following chart compares Nufarm's LTI plan vesting results for the past three LTI plans (as a percentage of plan maximum) to the share price history during the same period:



3.4 Senior Executive contract details

The company has employment contracts with the disclosed Executive KMPs. These contracts formalise the terms and conditions of employment. The contracts are for an indefinite term. The contracts of the CEO and other disclosed executives have been structured to be compliant with the termination benefits cap under the Corporations Act.

The company may terminate the contract of the CEO and Managing Director by giving 6 months' notice, in which case the CEO would be entitled to a termination payment of 12 months FAR inclusive of any notice paid in lieu. The contract also provides for payment of applicable statutory entitlements.

The CEO may terminate the contract by giving the company 6 months' notice.

The company may terminate the contract of other executives by 6 months' notice in which case a termination payment equivalent to 12 months FAR will be paid including notice period paid in lieu.

The company may terminate the employment contracts immediately for serious misconduct.

4. Non-Executive directors (NED) remuneration

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 2014 AGM, shareholders approved an aggregate of $1,760,000 per year (including superannuation costs). The total fees for the 2017 year remained within the approved cap.

The board has determined that it is appropriate to seek AGM approval for a revised aggregate fee pool of $2,000,000 per year (representing a 13.6% increase to the current aggregate) to accommodate the addition of a new board member and cover a review of fees in January 2018 .

Board fees are reviewed every 18 months with the last fees increase effective 1 August 2016. These fees will be reviewed again in January 2018. Nufarm's NEDs are remunerated with set fees and do not receive any performance based pay. This enables them to maintain independence and impartiality when making decisions affecting the future direction of the company.

	Fees applicable from 1 August 2016 to 31 July 2017 ($) per annum
Chairman*	378,378
General board	154,792
Audit committee Chair	31,200
Audit committee Member	15,600
HSE Risk committee Chair	18,200
HSE Risk committee Member	9,100
HR committee Chair	26,000
HR committee Member	13,000
Nominations committee Chair	12,012
Nominations committee Member	1,560 per meeting

*The chairman receives no fees as a member of any committee

5. Remuneration tables

5.1 Remuneration of directors and disclosed executives

Details follow of the nature and amount of each major element of remuneration in respect of the NED and disclosed Executive KMPs.

		Short Term				Post-employmen		Share based	Other long term	**Total [1]**		
In AUD		Salary and Fees	Cash Bonus (Vested)	Non - monetary benefits	Total	Super-annuation	Termination benefits	Equity settled		**Total Re-muneration**	Percentage of remuneration performance based	Value of options as a proportion of total remuneration
		$	$	$	$	$	$	$	$	**$**	%	%
Directors' Non-executive												
AB Brennan	2017	166,719	-	-	166,719	16,672	-	-	-	**183,391**		
	2016	160,307	-	-	160,307	16,031	-	-	-	**176,338**		
GR Davis	2017	183,265	-	-	183,265	18,327	-	-	-	**201,592**		
	2016	176,216	-	-	176,216	17,622	-	-	-	**193,838**		
Dr WB Goodfellow	2017	144,974	-	-	144,974	14,498	-	-	-	**159,472**		
	2016	140,762	-	-	140,762	14,076	-	-	-	**154,838**		
DG McGauchie	2017	343,980	-	-	343,980	34,398	-	-	-	**378,378**		
	2016	330,750	-	-	330,750	33,075	-	-	-	**363,825**		
P. Margin	2017	186,810	-	-	186,810	18,682	-	-	-	**205,492**		
	2016	179,625	-	-	179,625	17,963	-	-	-	**197,588**		
F. Ford	2017	173,338	-	-	173,338	17,334	-	-	-	**190,672**		
	2016	168,035	-	-	168,035	16,803	-	-	-	**184,838**		
T. Takasaki	2017	148,992	-	-	148,992	14,899	-	-	-	**163,891**		
	2016	143,262	-	-	143,262	14,326	-	-	-	**157,588**		
M. McDonald [2]	2017	51,236	-	-	51,236	5,124	-	-	-	**56,360**		
	2016	-	-	-	-	-	-	-	-	**-**		
Sub total non- executive directors remuneration	2017	1,399,314	-	-	1,399,314	139,934	-	-	-	1,539,248		
	2016	1,298,957	-	-	1,298,957	129,896	-	-	-	1,428,853		
Executive Director GA Hunt	2017	1,215,833	583,123	2,714	1,801,670	37,083	-	761,804	-	**2,600,557**	52%	16%
	2016	1,165,000	218,842	9,095	1,392,937	35,000	-	412,113	-	**1,840,050**	34%	14%
Total Directors' remuneration	2017	2,615,147	583,123	2,714	3,200,984	177,017	-	761,804	-	4,139,805		
	2016	2,463,957	218,842	9,095	2,691,894	164,896	-	412,113	-	3,268,903		
Group Executives												
PA Binfield	2017	768,317	320,878	-	1,089,195	37,083	-	442,560	-	**1,568,838**	49%	15%
	2016	747,696	142,778	9,509	899,983	35,000	-	308,798	-	**1,243,781**	36%	15%
E. Prado	2017	714,000	237,914	32,158	984,072	-	-	354,099	-	**1,338,171**	44%	14%
	2016	709,012	127,658	98,604	935,274	2,917	-	238,449	-	**1,176,640**	31%	12%
V Fischer [3]	2017	-	-	-	-	-	-	-	-	**-**	0%	0%
	2016	338,736	83,539	64,670	486,945	200,414	-	124,410	-	**811,769**	26%	6%
N Poerksen [4]	2017	713,723	207,675	54,501	975,899	23,398	-	136,028	-	**1,135,325**	30%	6%
	2016	-	-	-	-	-	-	-	-	**-**	0%	0%
B Zacharias	2017	440,866	146,507	50,070	637,443	48,207	-	186,126	-	**871,776**	38%	13%
	2016	487,047	57,435	6,598	551,080	49,016	-	149,998	-	**750,094**	28%	9%
Sub total - total executive remuneration	2017	2,636,906	912,974	136,729	3,686,609	108,688	-	1,118,813	-	4,914,110		
	2016	2,282,491	411,410	179,381	2,873,282	287,347	-	821,655	-	3,982,284		
Total directors and executive remuneration	2017	5,252,053	1,496,097	139,443	6,887,593	285,705	-	1,880,617	-	9,053,915		
	2016	4,746,448	630,252	188,476	5,565,176	452,243	-	1,233,768	-	7,251,187		

[1] Represents total remuneration paid in the financial year.

2 M McDonald appointed 22 March 2017

3 V Fischer resigned 5 February 2016

4 N Poerksen appointed 1 October 2016

5.2 Equity instruments held by disclosed executives

The following tables show the number of:

- options/performance rights over ordinary shares in the company;
- right to deferred shares granted under the STI scheme; and
- shares in the company

that were held during the financial year by disclosed executives of the group, including their close family members and entities related to them.

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.

Options/rights over ordinary shares in Nufarm Ltd

	Scheme	Balance at 1 August 2016	Granted as remuneration (g)	Exercised	Forfeited or lapsed(d)	Net change other (f)	Balance at 31 July 2017 (e)	Vested during 2017	Vested at 31 July 2017 (a)	Value at date of forfeiture (d)
Directors										
G Hunt	LTI performance	167,743	95,670	(43,587)	-	-	219,826	49,778	49,778	-
	STI deferred (c)	27,221	23,927	(27,221)	-	-	23,927	27,221	-	-
Executives *Current KMP*										
P Binfield	LTI performance	138,765	35,096	(48,472)	-	-	125,389	55,355	55,355	-
	STI deferred (c)	20,813	15,611	(20,813)	-	-	15,611	20,813	-	-
E Prado	LTI performance	99,752	31,226	(31,029)	-	-	99,949	37,485	37,485	-
	STI deferred (c)	16,911	13,957	(16,911)	-	-	13,957	16,911	-	-
B Zacharias	LTI performance	49,744	19,276	(13,154)	-	-	55,866	16,508	16,508	-
	STI deferred (c)	2,569	6,186	(2,569)	-	-	6,186	2,569	-	-
N Poerksen (b)	LTI performance	-	26,008	-	-	-	26,008	-	-	-
	STI deferred (c)	-	9,328	-	-	-	9,328	-	-	-
Total	**LTI performance**	**456,004**	**207,276**	**(136,242)**	**-**	**-**	**527,038**	**159,126**	**159,126**	**-**
	STI deferred	**67,514**	**69,009**	**(67,514)**	**-**	**-**	**69,009**	**67,514**	**-**	**-**
Total		**523,518**	**276,285**	**(203,756)**	**-**	**-**	**596,047**	**226,640**	**159,126**	**-**

(a) All options/rights that are vested are exercisable.
(b) N Poersken commenced acting as KMP from 1 October 2016.
(c) The grant date fair value of deferred shares granted as remuneration in 2017 was $9.15. 100% of STI deferred shares available to vest in 2017 vested as the necessary service condition was satisfied. 100% of non-vested STI deferred shares are due to vest in 2018. Note those deferred shares granted as remuneration during FY17 relate to the FY16 STI outcomes. Deferred shares granted as remuneration on the back of the FY17 STI outcomes will be determined and allocated in October 2017.
(d) LTIP performance rights forfeited due to a failure to satisfy service or performance conditions during 2017 are disclosed in column "Forfeited or lapsed". 0% of rights due to vest in 2017 were forfeited. The value of LTIP performance rights forfeited is expressed in the table above using the share price of the company at 31 July 2017 of $8.46.
(e) 160,637 of total LTIP performance rights held by KMPs are due to vest in 2018, with the remaining unvested balance due to vest in 2019.
(f) "Net change other" reflects changes to KMP during the period.
(g) The number of LTIP performance rights granted as remuneration during FY17 were determined by dividing the KMP's total LTI grant opportunity by $9.15, being the five-day VWAP post the announcement of the group's 2016 annual results.

5.3 Shares held in Nufarm Ltd

Shares held in Nufarm Ltd

		Balance at 1 August 2016	Granted as remun-eration	On exercise of rights	Net change other	Balance at 31 July 2017
Directors						
DG McGauchie		54,239	-	-	-	54,239
G Hunt		116,624	-	70,808	251	187,683
AB Brennan		10,000	-	-	-	10,000
GR Davis		40,000	-	-	-	40,000
FA Ford		15,000	-	-	5,000	20,000
Dr WB Goodfellow	1	1,170,735	-	-	2,089	1,172,824
PM Margin		2,458	-	-	-	2,458
T Takasaki		-	-	-	-	-
Executives						
Current KMP						
P Binfield		115,017	-	69,285	-	184,302
E Prado		7,145	-	47,940	(11,000)	44,085
B Zacharias		33,595	-	15,723	(13,627)	35,691
N Poersken		-	-	-	-	-
Total		**1,564,813**	**-**	**203,756**	**(17,287)**	**1,751,282**

1 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 (129,787 shares);
(iii) Auckland Medical Research Foundation (26,558 step-up securities). Dr Goodfellow does not have a beneficial interest in these step-up securities.
(iv) 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.
(v) Henry Berry Corporation Limited (420,861 shares and 700 step up securities)
(vi) 31,585 shares issued under the company's non-executive director share plan and held by Pacific Custodians Pty Ltd as trustee of the plan.

Shares issued as a result of the exercise of options

There were 374,220 (2016: 110,483) shares issued as a result of the exercise of options during the year.

Unissued shares under option

There are 349,484 (2016: 374,220) unissued shares under option. The unissued shares under option have been provided to Nufarm employees as performance rights and the exercise price of such options is nil.

Loans to key management personnel

There were no loans to key management personnel at 31 July 2017 (2016: Nil).

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

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 director's interest existing at year-end.

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

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.

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

DG McGauchie AO
Director

GA Hunt
Director

Melbourne
26 September 2017

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 of Nufarm Limited for the financial year ended 31 July 2017 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

Gordon Sangster
Partner
Melbourne
26 September 2017

Independent Auditor's Report

To the shareholders of Nufarm Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of the Nufarm Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 July 2017 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises the:

- Consolidated balance sheet as at 31 July 2017
- Consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end and from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Recoverability of non-current assets, including property, plant and equipment and intangible assets
- Recognition of deferred tax assets in relation to prior period losses
- Recoverability of trade receivables

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of non-current assets, including property, plant and equipment ($350.5m), intangible assets ($891.4m)

Refer to the following notes to the financial report: Note 2 (d) (ii) Basis of preparation – Use of estimates and judgments – impairment testing, Note 3 (h) Significant accounting policies – Impairment, and Note 23 Intangible assets.

The key audit matter	How the matter was addressed in our audit

Recoverability of non-current assets including property, plant and equipment, and intangible assets is a key audit matter due to the:
 	
• determination of the Group's cash generating units ('CGU's);
 	
• diverse nature of regional agricultural markets in which the Group operates. This includes different economic, regulatory and climatic conditions of a large number of geographies. The Group prepare individual discounted cash flow models incorporating these variations for each CGU. This volume and variety of data necessitates additional audit effort, and we involve KPMG audit teams located in significant jurisdictions who have knowledge of the local conditions.
 	
• each geographic and product market segment experiences the following, which are subject to inherent uncertainty leading to a range of possible forecast outcomes:
 	
  • fluctuating demand depending on economic and climatic conditions;
 	
  • significant regulatory activity and oversight, which can lead to approval and cessation of new and existing products; and
 	
  • technology advancements by the Group and competitors, which can lead to
	Our procedures included:
	
	• testing the key controls over the cash flow models, including Board review and approval of key assumptions and business unit budgets which form the basis of the cash flow forecasts
	
	• using our understanding of the nature of the Group's business, we analysed the internal reporting of the Group to assess how results are monitored and reported, and the implications to CGU identification in accordance with accounting standards
	
	• assessing the Group's discounted cash flow models and key assumptions by:
	
	  - comparing cash flows to historical trends and performance, by CGU, to inform our evaluation of current forecasts incorporated into the models;
	
	  - agreeing the relevant cash flow forecasts to the board approved budgets and FY18-FY19 business plans;
	
	  - involving our valuation specialists to assess the reasonableness of the discount rates by considering comparable market information and evaluating the economic assumptions relating to cost of debt and cost of equity; and
	
	  - using our industry knowledge, information

shifts in market demand for products. Given the unique, not homogenous, nature of these factors, specific auditor attention is applied to each piece, increasing the audit effort. We focus on the authority and knowledge of the sources of judgements to the models, evidence of bias, and consistency of application of judgements. The above factors increase the complexity in auditing the appropriateness of intangible asset useful lives and the forward-looking assumptions contained in the Group's discounted cash flow models for each CGU. Additional key assumptions we focused on included short term and terminal value growth rates and discount rates. These same conditions impact our audit effort applied for the value associated with new products in development phases. This stage of development, versus those closer to product launch, are prone to wider ranging forecasting outcomes and highly judgemental assumptions. The Group engaged an external valuation expert to assist. We focused on the authority and knowledge of the sources of judgements to the valuation, common market practices, and consistency of judgements.	published by regulatory and other bodies, and through discussions with management, to assess the reasonableness of assumptions. These included intangible asset useful lives and the impact of technology, market and regulatory changes on those assumptions. We looked for evidence of sensitivity and bias within and across models, and consistency of application, investigating significant differences. • evaluating the Group's sensitivity analysis in respect of the key assumptions in the models, including the identification of areas of estimation uncertainty and reasonably possible changes in key assumptions; • comparing carrying values of CGUs to available market data, such as implied earnings multiples of comparable entities; • assessing the Group's valuation of products in development phase by additionally - assessing the competency, scope of work and objectivity of experts engaged by management; and - involving our valuation specialists to assess the reasonableness of the valuation methodology to industry practice and the requirements of the accounting standards. • We assessed the Group's disclosures by comparing to our business understanding and accounting standards requirements

Recoverability of deferred tax assets in relation to prior period tax losses ($156.1m)

Refer to the following notes to the financial report: Note 2 (d) (iii) Basis of preparation - Use of estimates and judgements - income tax, Note 3(o) Significant accounting policies – Income tax, Note 11 Income tax expense and Note 18 Tax assets and liabilities.

The key audit matter	How the matter was addressed in our audit
Recoverability of deferred tax assets in relation to prior period tax losses is a key audit matter due to the: - complexity in auditing the forward-looking assumptions applied to the Group's tax loss utilisation models for each tax jurisdiction given the significant Group assumptions involved. Further details on the significant	Our procedures included: • testing the key controls over the taxable profit forecasts that underpin the tax loss utilisation models, including Board review and approval of key assumptions and business unit budgets which form the basis of the taxable profit

forward-looking assumptions and implications for the audit are contained in the recoverability of non-current assets, including property, plant and equipment and intangible assets key audit matter. Additional auditor attention is focused on the reconciliation of forecast cash flows to taxable profits. - age of the tax losses, and the relevance of recent taxable profits to forecasts. - the large number of jurisdictions and our need to consider their varying and complex rules on tax loss utilisation.	forecasts • comparing the key assumptions and business unit budgets for consistency with those tested by us, as set out in the recoverability of non-current assets, including property, plant and equipment and intangible assets key audit matter, and taxable profits concepts • assessing the Group's tax loss utilisation models, by significant jurisdiction, key assumptions by: - comparing taxable profit to historical trends and performance to inform our evaluation of the current taxable profit forecasts; - agreeing the taxable profit forecasts to the board approved budgets; - evaluating the Group's aged utilisation sensitivity analysis in respect of the key assumptions, including the identification of areas of estimation uncertainty to focus our further procedures; - understanding the timing of future taxable profits and considering the consistency of the timeframes of expected recovery to our knowledge of the business and its plans; and - involving our tax specialists and teams from the relevant jurisdictions to assess the tax loss utilisation expiry dates and annual utilisation allowances for consistency with local practice, regulatory parameters and legislation.

Recoverability of trade receivables ($1,048.1m)

Refer to the following notes to the financial report: Refer to the following notes to the financial report: Note 2 (d) (v) Significant accounting policies – Use of estimates and judgements – working capital, Note 3 (c) (i) Significant accounting policies – financial instruments – Non-derivative financial assets, Note 3 (h) (i) Significant accounting policies – Impairment – Non–derivative financial assets, Note 16 Trade and other receivables and Note 31 Financial risk management and financial instruments.

The key audit matter	**How the matter was addressed in our audit**
Recoverability of trade receivables is a key audit matter due to the scale of audit effort applied to gathering evidence. The Group operates in a large number of different geographical locations with wide ranging characteristics of agriculture	Our procedures included: • Testing key controls within the credit control and approval process;

markets and individual customers within these locations. Specifically, certain geographies have extended credit terms coupled with detailed security arrangements attached to these terms which result in differing credit risk characteristics. The Group make judgements in relation to credit risk exposures, based on historical patterns in conjunction with collateral, guarantees or insurance to determine the recoverability of trade receivables. We involve KPMG audit teams located in significant jurisdictions who have knowledge of the local conditions.	• Assessing, on a sample basis, the recoverability of trade receivables by comparing the Group's views of recoverability of the amounts outstanding to historical patterns of receipts in conjunction with reviewing collateral, guarantees or insurance and cash received subsequent to year end in relation to these receivables. • We use our local knowledge of the jurisdiction to evaluate the impact of local conditions such as the industry practice of extending credit terms and the use of guarantees to assess the trade receivables' recoverability. • Assessing the Group's disclosures in respect to credit risk against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Nufarm Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Nufarm Limited for the year ended 31 July 2017, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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 responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 31 July 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Gordon Sangster
Partner
Melbourne
26 September 2017