

Nufarm Finance (NZ) Limited
Annual Report
For the year ended 31 July 2019



Nufarm Finance (NZ) Limited

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List of abbreviations

ASX	ASX Limited
FMC	Financial Markets Conduct Act 2013
IFRS	International Financial Reporting Standards
NSS	Nufarm Step-up Securities
Nufarm	Nufarm Limited
Nufarm Finance	Nufarm Finance (NZ) Limited
Nufarm Group	Nufarm Limited and subsidiaries
Nufarm Holdings	Nufarm Holdings (NZ) Limited
NZ GAAP	New Zealand Generally Accepted Accounting Practice
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZDX	NZX Debt Market
NZX	NZX Limited
The Company	Nufarm Finance (NZ) Limited
\$	AUD

Nufarm Finance (NZ) Limited

Directors' Report

The directors of the Company have pleasure in submitting their report in respect of the financial year ended 31 July 2019.

Principal Activities

Nufarm Finance (NZ) Limited acts as a financing company for the Nufarm Group.

NZX Foreign Exempt Issuer

Following the adoption by NZX of new NZX Listing Rules dated 1 January 2019, NZX confirmed the Company's eligibility to be listed as an NZX Foreign Exempt Issuer and to have the Step-up Securities quoted as an NZX Foreign Exempt Issuer. NZX was satisfied that the Company has ASX as its Home Exchange and is subject to the listing rules of ASX in respect to the Step-up Securities.

On 18 April 2019, the Company became an NZX Foreign Exempt Issuer. The listing of the Company as an NZX Foreign Exempt Issuer does not affect the trading of the Step-up Securities. The Step-up Securities continue to be quoted on both the NZDX and ASX.

The Company must comply with the NZX Listing Rules applicable to NZX Foreign Exempt Issuers. The NZX Listing Rules provide that, as an NZX Foreign Exempt Issuer, the Company will be deemed (subject to certain exceptions) to satisfy and comply with all the NZX Listing Rules so long as it remains listed on ASX and the Step-up Securities remain quoted on ASX.

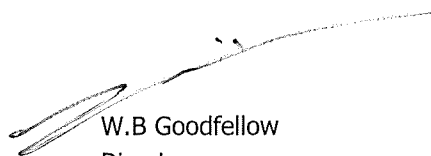
Results

The net profit attributable to members of the Company for the 12 months to 31 July 2019 is \$10,321,609. The comparable figure for the 12 months to 31 July 2018 was a net profit of \$10,606,102.

For and on behalf of the Board



P.J Hull
Director



W.B Goodfellow
Director

Date: 30.09.2019

Nufarm Finance (NZ) Limited

Company directory

Nature of Business To act as a financing company for the Nufarm Group.
The Company has 2,510,000 Nufarm Step-up Securities issued, and is an NZX Foreign Exempt Issuer on the NZDX.

Credit rating Nufarm Limited has a credit rating of BB issued by S&P.

Registered Office 6 Manu Street
Otahuhu, AUCKLAND
Telephone: 09 270 4150
Facsimile: 09 270 4159

Incorporation Number 107147

Directors Dr W B Goodfellow (non-executive)
Mr P A Binfield
Mr P J Hull

Directors' fees of NZD \$16,667 are payable by the Company to Dr W B Goodfellow for the financial year ended 31 July 2019. No Directors' fees were paid to the directors for the financial year ended 31 July 2018 or are payable to Mr P A Binfield or Mr P J Hull for the financial year ended 31 July 2019.

At the date of this report there are 3 male directors (2018: 3 male directors)

Directors Interest Mr P A Binfield - Nil
Dr W B Goodfellow held a non-beneficial interest in 47,723 and a beneficial interest in 700 Nufarm Step-up Securities at balance date.
Mr P J Hull - Nil

Parent Company Nufarm Limited

Auditor KPMG

Bank ANZ Bank

Solicitor Dawson Harford Limited

Distribution of Nufarm Step-up Securities Holders and Nufarm Step-up Securities as at 31 July 2019

Size of Holding

	Number of Security Holders		Number of Securities	
1-99	319	12.3%	22,282	0.9%
100-999	1,984	76.5%	634,013	25.3%
1,000-4,999	249	9.6%	414,562	16.5%
5,000-9,999	18	0.7%	106,373	4.2%
10,000+	22	0.9%	1,332,770	53.1%
	<u>2,592</u>	<u>100.0%</u>	<u>2,510,000</u>	<u>100.0%</u>

Geographic distribution:

New Zealand	1,016	39.2%	518,907	20.7%
Australia	1,563	60.3%	1,981,529	78.9%
Rest of World	13	0.5%	9,564	0.4%
	<u>2,592</u>	<u>100.0%</u>	<u>2,510,000</u>	<u>100.0%</u>

Nufarm Finance (NZ) Limited

Corporate Governance

The Company recognises its responsibilities to comply with appropriate corporate governance standards and guidelines, including those set out by ASX and, to the extent applicable, NZX.

As a wholly owned subsidiary of Nufarm Limited a company registered in Australia and listed on the ASX, the Company fully complies with the corporate governance practices of Nufarm. Nufarm discloses its compliance with the ASX corporate governance principles and recommendations annually to the ASX. A copy of Nufarm's corporate governance statement and its policies are available to Nufarm Step-up Securities Holders on Nufarm's website at

<http://www.nufarm.com/CorporateGovernance>.



Independent Auditor's Report

To the shareholders of Nufarm Finance (NZ) Limited

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Nufarm Finance (NZ) Limited (the company) on pages 8 to 29:

- i. present fairly in all material respects the company's financial position as at 31 July 2019 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 July 2019;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We have determined that there are no key audit matters to communicate in our report.

Other information

The Directors, on behalf of the company, are responsible for the other information included in the Annual Report. Other information includes the Director's report, Corporate Governance and Company Directory.

Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the 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 or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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 ISAs NZ 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 these financial statements. A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Aaron Woolsey.

For and on behalf of

A handwritten signature in blue ink that reads 'KPMG.' with a period at the end.

KPMG
Auckland

30 September 2019

Nufarm Finance (NZ) Limited

Statement of comprehensive income

For the period ended 31 July 2019

	Note	2019 \$AUD	2018 \$AUD
Operating expenses		(294,639)	(338,958)
Finance income	6	16,991,898	16,790,333
Finance expense	7	(1,852,294)	(1,859,008)
Net finance income		15,139,604	14,931,325
Profit before income tax		14,844,965	14,592,367
Income tax expense	8	(4,523,356)	(3,986,265)
Profit for the period		10,321,609	10,606,102
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period attributable to the parent		10,321,609	10,606,102
Earnings per share			
Basic & Diluted earnings per share (cents)	13	103.2	106.1

The statement of financial position is to be read in conjunction with the attached notes.

Statement of financial position

As at 31 July 2019

	Note	2019 \$AUD	2018 \$AUD
Assets			
Related parties - receivables	10	258,124,843	258,811,069
Deferred tax asset	9	46,120	152,658
Total non-current assets		<u>258,170,963</u>	<u>258,963,727</u>
Cash and cash equivalents	11	418,919	447,967
Prepayments		29,362	-
Related parties - receivables	10	1,380,165	1,473,468
Income tax receivable		-	1,352
Total current assets		<u>1,828,446</u>	<u>1,922,787</u>
Total assets		<u>259,999,409</u>	<u>260,886,514</u>
Equity			
Share capital	12	9,984,530	9,984,530
Retained earnings		(25,315,341)	(24,679,966)
Total equity attributable to ordinary shareholders		<u>(15,330,811)</u>	<u>(14,695,436)</u>
Nufarm Step-up Securities	12	246,932,148	246,932,148
Total equity		<u>231,601,337</u>	<u>232,236,712</u>
Liabilities			
Related parties - payables	10	28,000,000	28,000,000
Total non-current liabilities		<u>28,000,000</u>	<u>28,000,000</u>
Payables - other		164,007	292,658
Related parties - payables	10	171,247	357,144
Income tax payable		62,818	-
Total current liabilities		<u>398,072</u>	<u>649,802</u>
Total liabilities		<u>28,398,072</u>	<u>28,649,802</u>
Total equity and liabilities		<u>259,999,409</u>	<u>260,886,514</u>

The statement of financial position is to be read in conjunction with the attached notes.

Nufarm Finance (NZ) Limited

Statement of cash flows

For the period ended 31 July 2019

	Note	2019 \$AUD	2018 \$AUD
Cash flows from operating activities			
Payments to suppliers		(535,905)	(877)
Interest received		17,078,234	16,738,477
Interest paid		(1,861,987)	(1,850,415)
Taxation paid		(233,564)	(223,118)
Net cash from operating activities	16	<u>14,446,778</u>	<u>14,664,067</u>
Cash flows from financing activities			
Nufarm Step Securities distribution		(15,162,052)	(14,639,800)
Related Party Loans - repaid/(advanced)		686,226	(1,318,263)
Net cash used in financing activities		<u>(14,475,826)</u>	<u>(15,958,063)</u>
Net increase/(decrease) in cash and cash equivalents		(29,048)	(1,293,996)
Opening cash and cash equivalents		447,967	1,741,963
Cash and cash equivalents at 31 July	11	<u>418,919</u>	<u>447,967</u>

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

Statement of changes in equity

For the year ended 31 July 2019

	Share capital	Retained earnings	Total equity attributable to ordinary shareholders	Nufarm Step-up securities	Total equity
	\$AUD	\$AUD	\$AUD	\$AUD	\$AUD
2018					
Balance at 1 August 2017	9,984,530	(24,522,946)	(14,538,416)	246,932,148	232,393,732
Comprehensive income for the year					
Profit or loss	-	10,606,102	10,606,102	-	10,606,102
Other comprehensive income					
	-	-	-	-	-
Total comprehensive income for the year	-	10,606,102	10,606,102	-	10,606,102
Nufarm Step-up Securities distribution	-	(14,639,800)	(14,639,800)	-	(14,639,800)
Tax effect of Nufarm Step-up Securities distribution	-	3,876,678	3,876,678	-	3,876,678
Balance at 31 July 2018	<u>9,984,530</u>	<u>(24,679,966)</u>	<u>(14,695,436)</u>	<u>246,932,148</u>	<u>232,236,712</u>
2019					
Balance at 1 August 2018	9,984,530	(24,679,966)	(14,695,436)	246,932,148	232,236,712
Comprehensive income for the year					
Profit or loss	-	10,321,609	10,321,609	-	10,321,609
Other comprehensive income					
	-	-	-	-	-
Total comprehensive income for the year	-	10,321,609	10,321,609	-	10,321,609
Nufarm Step-up Securities distribution	-	(15,162,052)	(15,162,052)	-	(15,162,052)
Tax effect of Nufarm Step-up Securities distribution	-	4,205,068	4,205,068	-	4,205,068
Balance at 31 July 2019	<u>9,984,530</u>	<u>(25,315,341)</u>	<u>(15,330,811)</u>	<u>246,932,148</u>	<u>231,601,337</u>

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

Nufarm Finance (NZ) Limited

Notes to the financial statements

For the period ended 31 July 2019

1 Reporting entity

The Company is a company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993. Its Nufarm Step-up Securities are quoted on ASX Limited (ASX) and on the NZX Debt Market (NZDX). The Company is an FMC Reporting Entity as defined in the Financial Markets Conduct Act 2013, and the financial statements have been prepared in accordance with the requirements of that Act and the Financial Reporting Act 2013.

The financial statements of the Company are for the year ended 31 July 2019.

The Company acts as a financing company for the Nufarm Group.

The parent and ultimate parent is Nufarm Limited, an Australian registered and listed company.

2 Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit entities. The financial statements also comply with IFRS.

This is the first set of the Company's financial statements in which NZ IFRS 15 Revenue from contracts with customers and NZ IFRS 9 Financial Instruments have been applied. Changes to Significant accounting polices are described in note 3.

The financial statements were authorised for issue by the directors on 30th September 2019.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis. The methods used to measure fair values are discussed further in note 4.

This financial report of the Company and the Nufarm Group have been prepared on a going concern basis, which assumes the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The going concern basis is considered appropriate by the Directors having regard to the Nufarm Group's access to appropriate lines of credit to support the Nufarm Group's working capital and general corporate financing requirements. Refer to note 15 for further discussion regarding liquidity risk.

(c) Functional currency and presentation currency

The financial statements are presented in Australian dollars (AUD), which is the Company's functional currency.

Notes to the financial statement

For the period ended 31 July 2019

2 Basis of preparation (continued)

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The 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) Income taxes

Uncertain tax matters:

The company is subject to income taxes in New Zealand. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company 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 company to determine the likely timing and the level of future taxable income. The company assesses the recoverability of recognised and unrecognised deferred taxes including losses in New Zealand 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.

3 Significant accounting policies

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

Changes in significant accounting policies

NZ IFRS 15 Revenue from Contracts with Customers - NZ IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces NZ IAS 18 Revenue and related interpretations. NZ IFRS 15 was effective for the company beginning on 1 August 2018.

The company does not generate any sales revenue with customers.

NZ IFRS 15 did not have a significant impact on the company's accounting policies with respect to other income streams (refer note 3 (e)).

The company has adopted NZ IFRS 15 using the cumulative transition approach where transitional adjustments are recognised in retained earnings at 1 August 2018, without adjustment of the 2018 comparatives. In addition, the disclosure requirements in NZ IFRS 15 have not generally been applied to comparative information.

NZ IFRS 9 Financial Instruments - NZ IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It replaced NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IFRS 9 was effective for the company beginning on 1 August 2018.

i) Impairment of financial assets - NZ IFRS 9 replaces the 'incurred loss' model in NZ IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The company measures loss allowances at an amount equal to lifetime ECLs. The company applied judgement as to how changes in economic factors affect ECLs, and was determined on a probability-weighted basis. Reasonable and supportable information was considered, that was relevant and available without undue cost or effort and included both quantitative and qualitative information based on historical experiences, and also forward looking information.

Adoption of NZ IFRS 9 was not material to the company. The company has used the exemption to not restate comparative information for prior periods with respect to classification and measurement (including impairment) changes and accordingly there is no restatement required for 2018.

ii) Classification and measurement of financial assets and liabilities - NZ IFRS 9 contains three principal 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 classification of financial assets under NZ IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. NZ IFRS 9 eliminates the previous categories of held to maturity, loans and receivables and available for sale. NZ IFRS 9 largely retains the existing requirements in NZ IAS 39 for the classification and measurement of financial liabilities.

The adoption of NZ IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments). For an explanation of how the company classifies and measures financial instruments and accounts for related gains and losses under NZ IFRS 9 see note 3 (b).

Notes to the financial statement

For the period ended 31 July 2019

3 Significant accounting policies (continued)

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 2019. The company has not early adopted any amendments, standards or interpretations that have been issued but are not yet mandatory in preparing these financial statements.

NZ IFRS 16 Leases - The standard is effective for the company beginning on 1 August 2019. NZ IFRS 16 introduces a single, on-balance sheet accounting model for lessees. As lessee, the company will recognise a right-of-use asset representing its right of 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.

In addition, the nature of expenses related to those leases will change as NZ IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The company has no finance or operating leases at 31 July 2019.

The company plans to apply NZ IFRS 16 initially on 1 August 2019 using the modified retrospective approach. Therefore the cumulative effect of adopting NZ IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 August 2019, with no restatement of comparative information.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency 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 exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the profit or loss.

(b) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Non-derivative financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The company initially measures a financial asset at its fair value plus transaction costs on trade date at which the company becomes a party to the contractual provisions of the instrument.

The company 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 company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the company 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.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Amortised cost
- Fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Fair value through profit or loss

Notes to the financial statement

For the period ended 31 July 2019

3 Significant accounting policies (continued)

(b) Financial Instruments (continued)

Financial assets at amortised cost

This category is the most relevant to the company. Financial assets are measured at amortised cost if both of the following conditions are met and is not designated as FVTPL:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes related party receivables.

Financial assets at fair value through OCI (FVOCI) - debt instruments

The company measures debt instruments at fair value through OCI if both of the following conditions are met and is not designated as FVTPL:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The company does not currently have any financial assets classified as FVOCI.

Financial assets at fair value through OCI (FVOCI) - equity instruments

Upon initial recognition, the company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under NZ IFRS 9 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, gains are recorded in OCI.

The company has elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss (FVTPL)

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 company manages such investments and makes purchase and sale decisions based on their value in accordance with the company's documented risk management or investment strategy. Financial assets with cash flows that are not 'solely payments of principal and interest' (SPPI) are classified and measured at fair value through profit or loss, irrespective of the business model.

In assessing whether the contractual cash flows are SPPI, the company considers the contractual terms of the instrument by considering events, terms and prepayment / extension features that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Upon initial recognition attributable transaction costs are recognised in profit or 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.

Notes to the financial statement

For the period ended 31 July 2019

3 Significant accounting policies (continued)

(b) Financial Instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

(ii) Non-derivative financial liabilities

At initial recognition, financial liabilities are classified at FVTPL, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company 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 company becomes a party to the contractual provisions of the instrument.

The Company 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 company 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.

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 company prior to the end of the year which are unpaid.

The Company has the following non-derivative financial liabilities: trade and other payables.

(iii) Share capital

Ordinary shares

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

Hybrid securities

The NSS are classified as equity instruments. After-tax distributions thereon are recognised as distributions within equity.

The NSS are perpetual step up securities. Distributions on the NSS are at the discretion of the directors and are at a floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are restricted if distributions to NSS holders are not made, until such time that Nufarm Finance (NZ) Limited makes up the arrears. Further details can be found in note 12(b) Nufarm Step-up Securities.

(c) Impairment

(i) Non-derivative financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets at amortised cost and debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The debt securities at FVOCI, the loss allowance is charged to profit or loss and is recorded in OCI.

Notes to the financial statement

For the period ended 31 July 2019

3 Significant accounting policies (continued)

(d) Provisions

A provision is recognised if, as a result of a past event, the company 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.

(e) Finance income and finance costs

The company 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 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.

(f) 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.

Notes to the financial statement

For the period ended 31 July 2019

3 Significant accounting policies (continued)

(g) Earnings per share

The company 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.

4 Determination of fair values

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

(i) 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.

(ii) 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.

5 Segment reporting

The Company acts as a financing company for the Nufarm Limited Group. It operates solely within the financing industry in New Zealand. It is listed in both Australia and New Zealand as the Nufarm Step-up Securities were issued to holders in both countries.

Notes to the financial statements (continued)

For the period ended 31 July 2019

		2019	2018
		\$AUD	\$AUD
6 Finance income			
Interest income from loans to group entities	10	16,979,304	16,784,950
Other interest income		5,627	5,383
Realised foreign exchange gain		6,967	-
		<u>16,991,898</u>	<u>16,790,333</u>
7 Finance expense			
Realised foreign exchange loss		-	(32,346)
Interest expense from loans from group entities	10	<u>(1,852,294)</u>	<u>(1,826,662)</u>
		<u>(1,852,294)</u>	<u>(1,859,008)</u>
8 Income tax			
Current tax expense			
Current tax expense		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
Deferred tax expense			
Origination and reversal of temporary differences		<u>4,523,356</u>	<u>3,986,265</u>
		<u>4,523,356</u>	<u>3,986,265</u>
Income tax expense recognised in statement of comprehensive income		<u>4,523,356</u>	<u>3,986,265</u>
Tax expense/(benefit) recognised directly in equity			
Tax benefit of NSS distribution		<u>(4,205,068)</u>	<u>(3,876,678)</u>
		<u>(4,205,068)</u>	<u>(3,876,678)</u>
Reconciliation of effective tax rate			
Profit before tax		<u>14,844,965</u>	<u>14,592,367</u>
Income tax at company rate 28%		4,156,590	4,085,863
Adjustments for prior years		48,989	14,164
Other adjustments		317,777	(113,762)
Income tax expense recognised in statement of comprehensive income		<u>4,523,356</u>	<u>3,986,265</u>

The Company has imputation credits available for use in subsequent reporting periods of \$1,416,615 at 31 July 2019 (31 July 2018: \$1,357,385).

Notes to the financial statements (continued)

For the period ended 31 July 2019

9 Deferred tax assets

Recognised deferred tax assets and liabilities

Deferred tax assets are attributable to the following items:

	Assets	
	2019 \$AUD	2018 \$AUD
Tax loss carry-forwards	46,120	152,658
Deferred tax assets	46,120	152,658

The Company has no deferred tax liabilities.

Movement in temporary differences during the year

	Balance 01-Aug-18 \$AUD	Recognised in profit or loss \$AUD	Transfers to group companies \$AUD	Adjustments to NZD Tax Benefit \$AUD	Recognised in equity \$AUD	Balance 31-Jul-19 \$AUD
NSS Interest	-	(4,205,068)	-	-	4,205,068	-
Tax loss carry-forwards	152,658	(318,288)	(90,996)	302,746	-	46,120
Deferred tax assets	152,658	(4,523,356)	(90,996)	302,746	4,205,068	46,120

	Balance 01-Aug-17 \$AUD	Recognised in profit or loss \$AUD	Transfers to group companies \$AUD	Adjustments to NZD Tax Benefit \$AUD	Recognised in equity \$AUD	Balance 31-Jul-18 \$AUD
NSS Interest	-	(3,876,678)	-	-	3,876,678	-
Tax loss carry-forwards	112,738	(109,587)	(70,076)	219,583	-	152,658
Deferred tax assets	112,738	(3,986,265)	(70,076)	219,583	3,876,678	152,658

Notes to the financial statements (continued)

For the period ended 31 July 2019

10 Related parties

Nufarm Limited, an Australian registered and listed company, is the Company's ultimate parent. The company had the following related party transactions during, and as at, the year ended 31 July 2019:

Name of related party	Type of transaction	Amount of transaction \$AUD	
		2019	2018
Nufarm Limited (NZ Branch)#	Management Fee / expenses	121,308	141,764
Nufarm Holdings (NZ) Ltd^	Interest Income	4,694,438	4,676,846
Nufarm Holdings (SAS) Ltd^	Interest Income	12,284,866	12,108,104
Nufarm NZ Ltd^	Interest Expense	1,852,294	1,826,662
		2019	2018
	Relationship of party	\$AUD	\$AUD
Related party receivables			
<i>Non current</i>			
Nufarm Holdings (NZ) Ltd^	Subsidiary of Nufarm	72,379,473	73,065,699
Nufarm Holdings (SAS) Ltd^	Subsidiary of Nufarm	185,745,370	185,745,370
		<u>258,124,843</u>	<u>258,811,069</u>
<i>Current</i>			
Nufarm Holdings (NZ) Ltd^	Subsidiary of Nufarm	382,766	411,768
Nufarm Holdings (SAS) Ltd^	Subsidiary of Nufarm	997,399	1,061,700
		<u>1,380,165</u>	<u>1,473,468</u>

The loan to Nufarm Holdings (NZ) Ltd is repayable by the following: \$28,000,000 on 29 July 2022, \$22,991,669 on 23 November 2023 and \$21,387,804 on 30 July 2053. The loan to Nufarm Holdings (SAS) Ltd is repayable on 24 November 2020. Both loans attract an interest rate of 6.3224% (2018: 6.73%).

Related party payable*Non current*

Nufarm (NZ) Ltd^	Subsidiary of Nufarm Holdings	<u>(28,000,000)</u>	<u>(28,000,000)</u>
		(28,000,000)	(28,000,000)

Current

Nufarm (NZ) Ltd^	Subsidiary of Nufarm Holdings	(150,352)	(160,045)
Nufarm Limited (NZ Branch)#	Branch office of Nufarm	<u>(20,895)</u>	<u>(197,099)</u>
		(171,247)	(357,144)

The loan from Nufarm (NZ) Ltd is repayable on 29 July 2022. It attracts an interest rate of 6.3224% (2018: 6.73%).

The nature of the relationship with the related parties is they are other group companies.

The above related party transactions and balances at year end are denominated in the following currencies:

^=AUD, #=NZD

The Company has completed the following transactions with Nufarm Limited (NZ Branch):

- Audit fees of \$48,000 were paid on behalf of the Company (2018: \$48,000).
- Management fees of \$95,879 (NZD \$102,000) (2018: \$93,764 (NZD \$102,000))

Notes to the financial statements (continued)

For the period ended 31 July 2019

10 Related parties (continued)

The Company did not incur any expenses in relation to key management personnel. Those expenses are incurred by Nufarm Limited and disclosed in full in the Nufarm Limited financial statements which are publicly available. There were no other transactions with related parties other than disclosed.

11 Cash and cash equivalents

	2019	2018
	\$AUD	\$AUD
Bank balances	418,919	447,967
	<u>418,919</u>	<u>447,967</u>

\$66,548 of the above balance is denominated in NZD (2018: (\$143,197)).

The Company NZD bank account is grouped under the ANZ Bank Set-Off Arrangement. Under this arrangement the NZD bank accounts of, Nufarm Ltd (NZ Branch), Croplands Equipment Ltd, Nufarm Holdings (NZ) Ltd and Nufarm Finance are offset, with the net funds being placed on call. The Company AUD bank account interest rate is dependent on the daily account balance. At 31 July 2019 the rate was 0% on \$269,683 (2018: 0.55% on \$252,342). The ANZ distribution account was 0% on \$82,688 (2018: 0% on \$52,428)

12 Equity

(a) Share capital	Ordinary shares	
	2019	2018
On issue and fully paid at 31 July	10,000,000	10,000,000

All shares are fully paid and have no par value.

Nufarm Limited, an Australian registered company, is the parent and ultimate parent entity. Nufarm Limited holds 100% of the shares of the company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time. All shares on winding up, share equally in both dividends and surplus or deficit.

No dividends to the ordinary shareholders were declared in the current year (2018: Nil).

(b) Nufarm Step-up Securities

In the year ended 31 July 2007, the company issued a 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.

Notes to the financial statements (continued)

For the period ended 31 July 2019

12 Equity (continued)

(b) Nufarm Step-up Securities (continued)

Distributions on the NSS are at the discretion of the directors and are at a 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 Australian denominated bills with a term of six months plus a margin of 3.9% (2018: 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.

The NSS are considered an equity instrument as the Company has no present contractual obligation to deliver cash or another financial asset to the holder of the security. The step up feature does not of itself establish a contractual obligation to pay the distributions or to call the security.

Distributions

Distributions recognised in the current year on the NSS are:

	Distribution rate	Total amount	Payment date
2019			
Distribution	6.00%	7,510,746	15-Apr-19
Distribution	6.08%	<u>7,651,306</u>	15-Oct-18
Total		15,162,052	
2018			
Distribution	5.80%	7,259,059	16-Apr-18
Distribution	5.87%	<u>7,380,741</u>	16-Oct-17
Total		14,639,800	

All distributions payable on the Nufarm Step-up securities have been paid.

The distribution on the Nufarm Step-up Securities reported on the statement of changes in equity has been reduced by the tax benefit on the gross distribution, giving an after tax amount of \$10,956,984 (2018: \$10,763,122)

13 Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 31 July 2019 was based on the profit attributable to ordinary shareholders of \$10,321,609 (2018: \$10,606,102) and a weighted number of ordinary shares outstanding of 10,000,000 (2018: 10,000,000), calculated as follows:

Profit attributable to ordinary shareholders

	2019 \$AUD	2018 \$AUD
Net profit/(loss) for the period	10,321,609	10,606,102
Net profit/(loss) attributable to ordinary shareholders	<u>10,321,609</u>	<u>10,606,102</u>

Nufarm Finance (NZ) Limited

Notes to the financial statements (continued)

For the period ended 31 July 2019

13 Earnings per share (continued)

Weighted number of ordinary shares

	Ordinary shares	
	2019	2018
On issue and fully paid at 31 July	10,000,000	10,000,000

The company may elect to redeem the NSS for a number of ordinary shares in Nufarm Limited, the parent company, an Australian registered and listed company. This election would therefore not result in a dilutive impact on the number of ordinary shares issued in the Company.

Earnings per share	2019	2018
Basic & Diluted earnings per share (cents)	103.2	106.1

The company has assessed the nature of the NSS distribution and concluded they are antilutive.

14 Contingent liabilities

The Company is one of the guarantors of Nufarm Limited's US\$665 million senior secured syndicated bank facility (SFA) and would be obliged, along with other guarantors, to make payment on the SFA in the unlikely event of a default by one of the borrowers.

In May 2018 the Nufarm Group successfully executed the offer of US\$475 million senior unsecured notes due in April 2026. The company is one of the guarantors of the senior unsecured notes.

Further details about the SFA and the Notes can be found in note 15(c) Financial instruments - liquidity risk.

15 Financial instruments

The Company's activities expose it to a variety of financial risks:

- (a) Market risk (including interest rate risk and currency risk),
- (b) Credit risk
- (c) Liquidity risk.

(a) Market Risks

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

(i) Interest Rate Risk

The distribution rate on the NSS is based on a floating rate of the average mid-rate for bills with a term of six months plus a margin of 3.90%.

Profile

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

Variable rate instruments	2019	2018
Financial assets	258,543,762	259,259,036
Financial liabilities including NSS	<u>(279,000,000)</u>	<u>(279,000,000)</u>
	<u>(20,456,238)</u>	<u>(19,740,964)</u>

Notes to the financial statements (continued)

For the period ended 31 July 2019

15 Financial instruments (continued)

(a) Market Risks (continued)

Sensitivity analysis for variable rate instruments

The company does not hedge the exposures to interest rate risk on the cash and loan receivable balances. 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 2019. This analysis is performed on the same basis for 2018.

	Profit or loss	
	<u>100 bp increase</u>	<u>100 bp decrease</u>
2019 Variable rate instruments	<u>(147,218)</u>	<u>147,218</u>
2018 Variable rate instruments	<u>(141,907)</u>	<u>141,907</u>

(ii) Foreign exchange risk

At 31 July 2019 the Company has exposure to NZD, the financial effect of changes in foreign exchange rates on this exposure is outlined below.

	Profit or loss		
	<u>Spot Rate</u>	<u>AUD rise 1%</u>	<u>AUD drop 1%</u>
NZD <u>69,476</u>	1.044	(659)	672

(b) Credit Risk

Credit risk arises from cash, as well as loans and outstanding receivables to related parties. The related parties and the Company have Nufarm Limited, an Australian registered company, as their parent entity. The Company has credit policies in place and the exposure to credit risk is monitored on an ongoing basis.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet. The carrying amounts of the Company's assets are reviewed at each balance date to determine whether there is any indication of impairment. The maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2019	2018
	\$AUD	\$AUD
Loans receivable-related parties (non-current)	<u>258,124,843</u>	<u>258,811,069</u>
Receivables-related parties (current)	<u>1,380,165</u>	<u>1,473,468</u>
Cash and cash equivalents	<u>418,919</u>	<u>447,967</u>
	<u>259,923,927</u>	<u>260,732,504</u>

Notes to the financial statements (continued)

For the period ended 31 July 2019

15 Financial instruments (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company'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.

The company's liquidity is considered in the context of the Nufarm Group refer to the Nufarm 2019 financial statements dated 30 September 2019 and lodged with ASX for further detail.

As at 31 July 2019, the key group facilities include a group trade receivables securitisation facility, a US\$475 million senior unsecured notes offering due in April 2026 (31 July 2018: US\$475 million), and a senior secured bank facility of \$665 million (31 July 2018: \$645 million).

On 26 April 2018 the group completed the refinancing of the US\$325 million senior unsecured notes due in October 2019. The 2019 notes were redeemed from investors in May 2018 through the issuance of US\$475 million senior unsecured notes due in April 2026 with a fixed coupon component of 5.75% ("2026 notes"). The 2026 notes were issued under a dual tranche structure by Nufarm Australia Ltd (US\$266 million) and Nufarm Americas Inc (US\$209 million).

On 27 July 2018 the group closed an unsecured and non-convertible BRL 200 million debenture. Issued by Nufarm Industria Quimica e Farma (Nufarm Brazil), the floating rate debenture matures in July 2021 and is governed by two group covenants that are measured and reported at 31 July each year. The proceeds have been used to repay existing bank debt and extend Brazil's weighted average debt maturity profile.

On 8 February 2019 the group upsized its senior secured bank facility (SFA) to \$665 million (31 July 2018: \$645 million) and renegotiated the tenor with lenders. As a result of these negotiations, \$50 million is due in August 2019, \$125 million is due in January 2021 and \$490 million is due in January 2022 (31 July 2018: \$645 million is 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. The facility is drawn to \$460 million at 31 July 2019 (31 July 2018: \$405 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. The facility limit varies on a monthly basis to reflect the cyclical nature of the trade receivables being used to secure funding under the program. The monthly facility limit is set at \$500 million for three months of the financial year, \$400 million for one month of the financial year, \$350 million for four months of the financial year, \$300 million for two months of the financial year and \$250 million for two months of the financial year (31 July 2018: facility limit is set at \$375 million for five months of the financial year, \$300 million for three months of the financial year, \$275 million for one month of the financial year and at \$175 million for three months of the financial year).

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 2019 totalled \$815 million (31 July 2018: \$602 million).

At 31 July 2019, the group had access to debt of \$2,519 million (31 July 2018: \$2,185 million) under the notes, SFA, group trade receivables securitisation facility and with other lenders.

A parent guarantee is provided to support working capital facilities 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 \$294 million at 31 July 2019 (31 July 2018: \$327 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.

Notes to the financial statements (continued)

For the period ended 31 July 2019

15 Financial instruments (continued)
(c) Liquidity risk (continued)

The Company's largest liquidity exposure relates to the NSS security which is classified as equity. The liquidity risk is immaterial because it is largely offset by the related party receivables with a matching maturity date and distributions on the NSS security are at the discretion of the issuer. Refer to Note 12 for details.

All amounts relating to Other payables are due within the next six months.

The tables below present the Company's cash flows by remaining contractual maturities as at balance date.

2019	Within 6 months	More than 12 months	Total Contractual Cash Flows
	\$AUD	\$AUD	\$AUD
Non-derivative financial assets			
Cash and cash equivalents	418,919	-	418,919
Receivables - related parties	1,380,165	-	1,380,165
Loan receivable - related parties	-	258,124,843	258,124,843
Non-derivative financial liabilities			
Payables - other	(164,007)	-	(164,007)
Payables - related parties	(171,247)	-	(171,247)
Loan payable - related parties	-	(28,000,000)	(28,000,000)
	<u>1,463,830</u>	<u>230,124,843</u>	<u>231,588,673</u>

The Company has Nufarm Step up Securities of \$251 million (refer to note 12).

2018	Within 6 months	More than 12 months	Total Contractual Cash Flows
	\$AUD	\$AUD	\$AUD
Non-derivative financial assets			
Cash and cash equivalents	447,967	-	447,967
Receivables - related parties	1,473,468	-	1,473,468
Loan receivable - related parties	-	258,811,069	258,811,069
Non-derivative financial liabilities			
Payables - other	(292,658)	-	(292,658)
Payables - related parties	(357,144)	-	(357,144)
Loan payable - related parties	-	(28,000,000)	(28,000,000)
	<u>1,271,633</u>	<u>230,811,069</u>	<u>232,082,702</u>

Notes to the financial statements (continued)

For the period ended 31 July 2019

15 Financial instruments (continued)

Fair Valuation

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 below.

The carrying values of the financial assets and liabilities reflected in the tables below approximate their fair values.

	At fair value through profit and loss \$AUD	At amortised cost \$AUD	Carrying Value \$AUD
2019			
Assets as per statement of financial position			
Cash and Cash Equivalents	-	418,919	418,919
Receivables - related parties	-	259,505,008	259,505,008
Total	-	259,923,927	259,923,927
Liabilities as per statement of financial position			
Account payables	-	164,007	164,007
Payables - related parties	-	28,171,247	28,171,247
Total	-	28,335,254	28,335,254
2018			
Assets as per statement of financial position			
Cash and Cash Equivalents	-	447,967	447,967
Receivables - related parties	-	260,284,537	260,284,537
Total	-	260,732,504	260,732,504
Liabilities as per statement of financial position			
Account payables	-	292,658	292,658
Payables - related parties	-	28,357,144	28,357,144
Total	-	28,649,802	28,649,802

Fair Value Hierarchy

The Company does not have derivative financial instruments carried at fair value (2018: nil). As such, the fair value hierarchy table is not presented.

Loans and Receivables

Cash and cash equivalents and related party receivables are short term in nature and the related carrying value is equivalent to the fair value. Receivables - related parties and Payables - related parties are floating rate loans, therefore the carrying value is considered as a reasonable estimate of their fair value.

Notes to the financial statements (continued)

For the period ended 31 July 2019

15 Financial instruments (continued)

Capital Management

The Company's capital includes share capital, reserves, retained earnings and the Nufarm Step-up Securities. The Company is part of the Nufarm group, which is an Australian listed company. Nufarm's group 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 Company's capital management policies are reviewed regularly by the Directors. There have been no material changes in the Company's management of capital during the period.

16 Reconciliation of the profit for the period with the net cash flow from operating activities

	2019	2018
	\$AUD	\$AUD
Profit for the period	10,321,609	10,606,102
Adjustments for:		
Unrealised foreign exchange loss	374	3,480
Income tax expense	4,523,356	3,986,265
	<u>14,845,339</u>	<u>14,595,847</u>
Change in other receivables	(29,362)	-
Change in other payables	(134,037)	70,906
Change in related party current receivable	93,303	(51,856)
Change in related party current payable	(94,901)	272,288
Changes in tax balances	(233,564)	(223,118)
Net cash from operating activities	<u>14,446,778</u>	<u>14,664,067</u>

17 Commitments

There were no commitments as at 31 July 2019 (31 July 2018: Nil).

18 Subsequent Events

The Company has evaluated the period after the balance date to 30 September 2019, which is the date that the financial statements were issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.

Nufarm Finance (NZ) Limited

Directors' declaration

In the opinion of the directors of Nufarm Finance (NZ) Limited, the financial statements and notes, on pages 8 to 29:

(a) comply with New Zealand generally accepted accounting principles and NZ IFRS and give a true and fair view of the Company as at 31 July 2019 and the results of its operations and cash flows for the year ended on that date; and

(b) have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

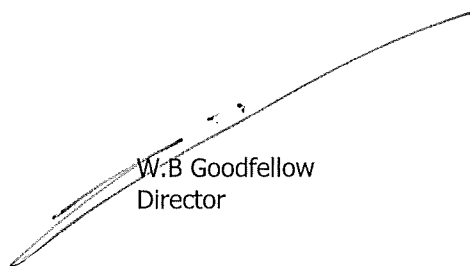
The directors are pleased to present the financial statements of Nufarm Finance (NZ) Limited for the year ended 31 July 2019.

For and on behalf of the Board of Directors:

Dated at Auckland this 30th day of September 2019



P.J Hull
Director



W.B Goodfellow
Director