



31 March 2020

The Manager  
Market Announcements Office  
Australian Securities Exchange  
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SYDNEY NSW 2000

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## **ELECTRONIC LODGEMENT**

Dear Sir or Madam

### **Nufarm Finance (NZ) Limited - Financial results for the half-year ended 31 January 2020**

In accordance with the Listing Rules, I enclose the following for immediate release to the market:

1. Appendix 4D – Half-Year Report; and
2. Half-Year Financial Report including Directors' Report,

for the half-year ended 31 January 2020.

This announcement has been released simultaneously to the New Zealand Stock Exchange.

Authorised for lodgement by:

A handwritten signature in black ink, appearing to read 'Fiona Smith', is written over a light blue horizontal line.

Fiona Smith  
Company Secretary

### **Investor and media contact:**

Nerida Mossop  
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**PRELIMINARY HALF YEAR REPORT FOR SIX MONTHS ENDED 31 JANUARY 2020**

This report includes the financial results for Nufarm Finance (NZ) Limited for the six months ended 31 January 2020 compared with the six months ended 31 January 2019.

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

TRADING RESULTS	2020	2019	increase /	increase /
	AUD\$	AUD\$	(decrease)	(decrease)
Revenue from ordinary activities	-	-	-	0.0%
Profit/(loss) from ordinary activities after tax attributable to members				
- Before material items	4,846,550	5,439,885	(593,335)	(10.9%)
- After material items	4,846,550	5,439,885	(593,335)	(10.9%)
Net profit/(loss) attributable to members				
- Before material items	4,846,550	5,439,885	(593,335)	(10.9%)
- After material items	4,846,550	5,439,885	(593,335)	(10.9%)
DIVIDENDS AND DISTRIBUTIONS	2020	2019		
	AUD\$	AUD\$		
Final Distribution				
Amount per NSS security		2.43		2.99
Total value of distribution		6,101,916		7,510,746
Franked amount per NSS security at 30%		nil		nil
Amount per NSS security of foreign source		2.43		2.99
Distribution				
Rate		4.85%		6.00%
Date payable		15/04/20		15/04/19
Record date for entitlement		07/04/20		05/04/19
Interim Distribution				
Amount per NSS security		2.84		3.05
Total value of distribution		7,138,366		7,651,306
Franked amount per NSS security at 30%		nil		nil
Amount per NSS security of foreign source		2.84		3.05
Distribution				
Rate		5.67%		6.08%
Date paid		15/10/19		15/10/18
Record date for entitlement		07/10/19		05/10/18
Total Distributions				
Amount per NSS security		5.28		6.04
Dividend reinvestment plans				
Net tangible assets per security (including ordinary shares)		18.48		18.63
Control gained over entities		nil		nil
Control lost over entities		nil		nil
Associates and Joint Ventures		nil		nil

**AUDIT STATUS**

This report is based on half year accounts which were subject to an independent auditor review.

**COMMENTARY**

The financial results 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 results also comply with IFRS.

Nufarm Finance (NZ) Limited acts as a financing company for the Nufarm Limited group, and as such does not earn any revenue from contracts with customers but rather primarily earns finance income from loans to group entities totalling \$7,789,355 (2019: \$8,662,580).

During the half year, there were no significant changes to the operations of the Company. The half year net profit after tax result when compared to the prior half year net profit after tax \$4,846,550 (2019: \$5,439,885) reflects the general movement down in interest rates.

W B Goodfellow  
Director

31 March 2020

**Nufarm Finance (NZ) Limited**

**Half Year Report**

**For the six months ended 31 January 2020**



## **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 board of directors of Nufarm Finance (NZ) Limited has pleasure in submitting its report together with the condensed financial statements as at and for the six months ended 31 January 2020.

### 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 of 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 six months to 31 January 2020 is \$4,846,550. The comparable figure for the six months to 31 January 2019 was a net profit of \$5,439,885

For and on behalf of the Board



P.J Hull  
Director



W.B Goodfellow  
Director

Date: 31.03.2020

Nufarm Finance (NZ) Limited

## **Company directory**

<b>Nature of Business</b>	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.
<b>Credit rating</b>	Nufarm Limited has a credit rating of BB issued by S&P.
<b>Registered Office</b>	6 Manu Street Otahuhu, AUCKLAND Telephone: 09 270 4150 Facsimile: 09 270 4159
<b>Incorporation Number</b>	107147
<b>Directors</b>	Dr W B Goodfellow (non-executive) Mr P A Binfield Mr P J Hull Mr G J Kerr (appointed 19 February 2020)
<b>Parent Company</b>	Nufarm Limited
<b>Auditor</b>	KPMG
<b>Bank</b>	ANZ Bank New Zealand Limited
<b>Solicitor</b>	Dawson Harford Limited

# Independent Review Report

To the shareholders of Nufarm Finance (NZ) Limited

## Report on the interim financial statements

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 6 to 17 do not:

- i. present fairly in all material respects the company's financial position as at 31 January 2020 and its financial performance and cash flows for the 6-month period ended on that date; and
- ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim financial statements which comprise:

- the condensed statement of financial position as at 31 January 2020;
- the condensed statements of comprehensive income, changes in equity and cash flows for the 6-month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for conclusion

A review of interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Nufarm Finance (NZ) Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

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



### Other matter

The financial statements of Nufarm Finance (NZ) Limited, for the 6-month period ended 31 January 2019, was not reviewed.



### Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review 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 review work, this report, or any of the opinions we have formed.



## Responsibilities of the Directors for the interim financial statements

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

- the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of an interim 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 review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these interim financial statements.

This description forms part of our Independent Review Report.



KPMG  
Auckland

31 March 2020



## Condensed statement of comprehensive income

For the six months ended 31 January 2020

	Notes	31 JAN 2020 \$AUD UNAUDITED	31 JAN 2019 \$AUD UNAUDITED
Operating expenses		(182,178)	(169,289)
Finance income		7,789,398	8,670,875
Finance expense		(875,901)	(946,191)
Net finance income		6,913,497	7,724,684
<b>Profit before income tax</b>		<b>6,731,319</b>	<b>7,555,395</b>
Income tax expense		(1,884,769)	(2,115,510)
<b>Profit for the period</b>		<b>4,846,550</b>	<b>5,439,885</b>
<b>Other comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period attributable to the parent</b>		<b>4,846,550</b>	<b>5,439,885</b>
<b>Earnings per share</b>			
Basic & Diluted earnings per share (cents)	<b>7</b>	48.5	54.4

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

**Condensed statement of financial position**

As at 31 January 2020

	Notes	31 JAN 2020 \$AUD UNAUDITED	31 JUL 2019 \$AUD AUDITED	31 JAN 2019 \$AUD UNAUDITED
<b>Assets</b>				
Related parties - receivables	5	71,122,142	258,124,843	256,192,544
Deferred tax asset		46,549	46,120	158,018
<b>Total non-current assets</b>		<u>71,168,691</u>	<u>258,170,963</u>	<u>256,350,562</u>
Cash and cash equivalents		1,505,540	418,919	2,778,797
Prepayments		12,708	29,362	-
Related parties - receivables	5	186,945,152	1,380,165	1,447,261
Income tax receivable		51,165	-	29,175
<b>Total current assets</b>		<u>188,514,565</u>	<u>1,828,446</u>	<u>4,255,233</u>
<b>Total assets</b>		<u>259,683,256</u>	<u>259,999,409</u>	<u>260,605,795</u>
<b>Equity</b>				
Share capital	6	9,984,530	9,984,530	9,984,530
Retained earnings		(25,720,512)	(25,315,341)	(24,865,209)
<b>Total equity attributable to ordinary shareholders</b>		<u>(15,735,982)</u>	<u>(15,330,811)</u>	<u>(14,880,679)</u>
Nufarm Step-up Securities	6	246,932,148	246,932,148	246,932,148
<b>Total equity</b>		<u>231,196,166</u>	<u>231,601,337</u>	<u>232,051,469</u>
<b>Liabilities</b>				
Related parties - payables	5	28,000,000	28,000,000	28,000,000
<b>Total non-current liabilities</b>		<u>28,000,000</u>	<u>28,000,000</u>	<u>28,000,000</u>
Payables - other		173,558	164,007	315,460
Related parties - payables	5	313,532	171,247	238,866
Income tax payable		-	62,818	-
<b>Total current liabilities</b>		<u>487,090</u>	<u>398,072</u>	<u>554,326</u>
<b>Total liabilities</b>		<u>28,487,090</u>	<u>28,398,072</u>	<u>28,554,326</u>
<b>Total equity and liabilities</b>		<u>259,683,256</u>	<u>259,999,409</u>	<u>260,605,795</u>

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

## Condensed statement of cash flows

For the six months ended 31 January 2020

	<b>31 JAN 2020</b>	<b>31 JAN 2019</b>
	<b>\$AUD</b>	<b>\$AUD</b>
	<b>UNAUDITED</b>	<b>UNAUDITED</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers	(21,606)	(263,418)
Interest received	7,969,773	8,692,255
Interest paid	(868,403)	(948,068)
Taxation paid	<u>(112,107)</u>	<u>(117,158)</u>
<b>Net cash from operating activities</b>	<b><u>6,967,657</u></b>	<b><u>7,363,611</u></b>
<b>Cash flows from financing activities</b>		
Nufarm Step Securities distribution	(7,138,366)	(7,651,306)
Related Party Loans - repaid/(advanced)	<u>1,257,330</u>	<u>2,618,525</u>
<b>Net cash used in financing activities</b>	<b><u>(5,881,036)</u></b>	<b><u>(5,032,781)</u></b>
Net increase/(decrease) in cash and cash equivalents	1,086,621	2,330,830
Opening cash and cash equivalents	<u>418,919</u>	<u>447,967</u>
<b>Cash and cash equivalents at 31 January</b>	<b><u>1,505,540</u></b>	<b><u>2,778,797</u></b>

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

**Condensed statement of changes in equity**

For the six months ended 31 January 2020

	Share capital	Retained earnings	Total equity attributable to ordinary shareholders	Nufarm Step-up Securities	Total equity
	\$AUD	\$AUD	\$AUD	\$AUD	\$AUD
<b>2019</b>					
Balance at 1 August 2018	9,984,530	(24,679,966)	(14,695,436)	246,932,148	232,236,712
<b>Comprehensive income for the period</b>					
Profit or loss	-	5,439,885	5,439,885	-	5,439,885
<b>Other comprehensive income</b>	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	5,439,885	5,439,885	-	5,439,885
Nufarm Step-up Securities distribution	-	(7,651,306)	(7,651,306)	-	(7,651,306)
Tax effect of Nufarm Step-up Securities distribution	-	2,026,178	2,026,178	-	2,026,178
Balance at 31 January 2019	<u>9,984,530</u>	<u>(24,865,209)</u>	<u>(14,880,679)</u>	<u>246,932,148</u>	<u>232,051,469</u>
<b>2020</b>					
Balance at 1 August 2019	9,984,530	(25,315,341)	(15,330,811)	246,932,148	231,601,337
<b>Comprehensive income for the period</b>					
Profit or loss	-	4,846,550	4,846,550	-	4,846,550
<b>Other comprehensive income</b>	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	4,846,550	4,846,550	-	4,846,550
Nufarm Step-up Securities distribution	-	(7,138,366)	(7,138,366)	-	(7,138,366)
Tax effect of Nufarm Step-up Securities distribution	-	1,886,645	1,886,645	-	1,886,645
Balance at 31 January 2020	<u>9,984,530</u>	<u>(25,720,512)</u>	<u>(15,735,982)</u>	<u>246,932,148</u>	<u>231,196,166</u>

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

## Condensed notes to the financial statements

For the six months ended 31 January 2020

### 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 condensed financial statements of the Company are for the six months ended 31 January 2020.

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 condensed 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 and NZ IAS 34 *Interim Financial Reporting*.

Significant accounting policies are described in note 3.

The condensed financial statements were authorised for issue by the directors on 31st March 2020.

The condensed financial statements of the Company for the six months ended 31 January 2020 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Company's Annual Report for the year ended 31 July 2019. The only exception is the adoption of new or amended accounting standards as set out below.

#### (b) Basis of measurement

The condensed financial statements are prepared on the historical cost basis.

This condensed 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 9 for further discussion regarding liquidity risk.

#### (c) Functional currency and presentation currency

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

## Condensed notes to the financial statements

For the six months ended 31 January 2020

### 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

The Company's accounting policies have been applied consistently to all periods presented in these financial statements.

#### **Impact of adopting NZ IFRS 16 Leases**

The Company adopted NZ IFRS 16 on 1 August 2019. As the Company had no finance or operating leases during the six months ended 31 January 2020 there has been no impact on the financial statements.

#### **Accounting standards issued but not yet effective**

There are no new or amended standards that are issued but not yet effective that are expected to have a material impact on the Company.

### 4 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.

**Condensed notes to the financial statements**

For the six months ended 31 January 2020

**5 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 six months ended 31 January 2020:

Name of related party	Type of transaction	six months ended 31 January \$AUD	
		2020	2019
Nufarm Limited (NZ Branch)#	Management Fee	48,130	47,290
Nufarm Holdings (NZ) Ltd^	Interest Income	2,158,506	2,388,580
Nufarm Holdings (SAS) Ltd^	Interest Income	5,630,849	6,274,000
Nufarm NZ Ltd^	Interest Expense	848,817	946,191
		<b>31 JAN 2020</b>	<b>31 JAN 2019</b>
	<b>Relationship of party</b>	<b>\$AUD</b>	<b>\$AUD</b>
<b>Related party receivables</b>			
<i>Non current</i>			
Nufarm Holdings (NZ) Ltd^	Subsidiary of Nufarm	71,122,142	70,447,174
Nufarm Holdings (SAS) Ltd^	Subsidiary of Nufarm	-	185,745,370
		<u>71,122,142</u>	<u>256,192,544</u>
<i>Current</i>			
Nufarm Holdings (NZ) Ltd^	Subsidiary of Nufarm	332,311	398,008
Nufarm Holdings (SAS) Ltd^	Subsidiary of Nufarm	186,612,841	1,049,253
		<u>186,945,152</u>	<u>1,447,261</u>

The loan to Nufarm Holdings (NZ) Ltd is repayable by the following dates: \$28,000,000 on 29 July 2022, \$21,734,338 on 23 November 2023 and \$21,387,804 on 30 July 2053. The loan to Nufarm Holdings (SAS) Ltd of \$185,745,370 is repayable on 24 November 2020. Both loans attract an interest rate of 5.4988% (2019: 6.6511%).

**Related party payables***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	(130,766)	(158,169)
Nufarm Limited (NZ Branch)#	Branch office of Nufarm	<u>(182,766)</u>	<u>(80,697)</u>
		(313,532)	(238,866)

The loan from Nufarm (NZ) Ltd of \$28,000,000 is repayable on 29 July 2022. It attracts an interest rate of 5.4988% (2019: 6.6511%).

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

## Condensed notes to the financial statements

For the six months ended 31 January 2020

### 5 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.

### 6 Equity

(a) Share capital	Ordinary shares	
	2020	2019
On issue and fully paid at 31 January	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 period (2019: 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.

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% (2019: 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.



## Condensed notes to the financial statements

For the six months ended 31 January 2020

### 6 Equity (continued) (b) Nufarm Step-up Securities (continued)

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 six months ended 31 January 2020 on the NSS are:

	Distribution rate	Total amount	Payment date
<b>2020</b>			
Distribution	5.67%	7,138,366	15-Oct-19
<b>2019</b>			
Distribution	6.08%	7,651,306	15-Oct-18

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

The distribution on the Nufarm Step-up Securities reported on the condensed statement of changes in equity has been reduced by the tax benefit on the gross distribution, giving an after tax amount of \$5,251,721 (2019: \$5,625,128)

### 7 Earnings per share Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 31 January 2020 was based on the profit attributable to ordinary shareholders of \$4,846,550 (31 January 2019: \$5,439,885) and a weighted number of ordinary shares outstanding of 10,000,000 (31 January 2019: 10,000,000), calculated as follows:

#### Profit attributable to ordinary shareholders

	<b>2020</b> <b>\$AUD</b>	<b>2019</b> <b>\$AUD</b>
Net profit/(loss) for the period	4,846,550	5,439,885
Net profit/(loss) attributable to ordinary shareholders	<u>4,846,550</u>	<u>5,439,885</u>

## Condensed notes to the financial statements

For the six months ended 31 January 2020

### 7 Earnings per share (continued)

#### Weighted number of ordinary shares

	Ordinary shares	
	2020	2019
On issue and fully paid at 31 January	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	2020	2019
Basic & Diluted earnings per share (cents)	48.5	54.4

The Company has assessed the nature of the NSS distribution and concluded they are antidilutive.

### 8 Contingent liabilities

The Company is one of the guarantors of Nufarm Limited's 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.

On 30 August 2019 the group reduced its senior secured bank facility (SFA) to \$615 million. The facility was reduced again on 18 October to \$595 million. On 27 November 2019 the group increased the limit to \$645 million. On 19 December 2019 the group increased the limit to \$695 million. At 31 January 2020 \$100 million is due in April 2020, \$125 million is due in January 2021 and \$470 million is due in January 2022 (31 January 2019: \$175 million is due in January 2021 and \$470 million is due in 2022). On the 4 February 2020, the group increased the limit to \$795 million. This increased facility amount of \$100 million is due in April 2020.

Further details about the SFA and the Notes can be found in note 9 Financial instruments - liquidity risk.

### 9 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 Risk

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. Other than the items found in note 10 Subsequent events the Company has identify no significant changes that would impact the Company's assessment of this risk or the way it is managed.

#### (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. Other than the items found in note 10 Subsequent events the Company has identify no significant changes that would impact the Company's assessment of this risk or the way it is managed.

## Condensed notes to the financial statements

For the six months ended 31 January 2020

### 9 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 Company's reputation.

The Company's liquidity is considered in the context of the Nufarm Group, refer to the Nufarm Limited - Financial results for the half-year ended 31 January 2020 and lodged with ASX on 25 March 2020 for further detail.

Principally, the group sources liquidity from cash generated from operations, and where required, external bank facilities. 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.

#### Debt Facilities

As at 31 January 2020, the key group facilities included a group trade receivables securitisation facility, a US\$475 million senior unsecured notes offering due in April 2026 (31 January 2019: US\$475 million), and a senior secured bank facility of \$695 million (31 January 2019: \$645 million).

The majority of debt facilities that reside outside the group trade receivables securitisation facility, the senior unsecured notes, and the senior secured bank facility are regional working capital facilities, primarily located in Brazil and Europe totalling \$638 million (2019: \$725 million).

At 31 January 2020, the group had access to debt facilities of \$2,307 million (31 January 2019: \$2,276 million). A parent guarantee is provided to support working capital facilities in Europe, South America and the unsecured notes. Other than as described below, no material changes to the group facilities have occurred since 31 July 2019.

On 30 August 2019 the group reduced its senior secured bank facility (SFA) to \$615 million. The facility was reduced again on 18 October to \$595 million. On 27 November 2019 the group increased the limit to \$645 million. On 19 December 2019 the group increased the limit to \$695 million. At 31 January 2020 \$100 million is due in April 2020, \$125 million is due in January 2021 and \$470 million is due in January 2022 (31 January 2019: \$175 million is due in January 2021 and \$470 million is due in 2022). On the 4 February 2020, the group increased the limit to \$795 million. This increased facility amount of \$100 million is due in April 2020.

## Condensed notes to the financial statements

For the six months ended 31 January 2020

### 9 Financial instruments liquidity risk (continued)

#### Trade Finance

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 \$232.535 million at 31 January 2020 (31 January 2019: \$365.307 million) are to be settled via such arrangements in future periods, this includes \$81.650 million (31 January 2019: \$288.667 million) in relation to the continuing operations of the group that are not held for sale.

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.

To support the liquidity of the group and reduce the credit risk relating to specific customers, trade receivables held by the group are sold to third parties. The sales (or factoring) of receivables to third parties is primarily done on a non-recourse basis, and the group incurs a financing expense at the time of the sale. The group derecognises trade receivables where the terms of the sale allows for derecognition. At 31 January 2020 the group estimates \$86.549 million (31 January 2019: \$86.255 million) of derecognised trade receivables were being held by third parties, this includes \$5.589 million (31 January 2019: \$6.078 million) in relation to the continuing operations of the group. For clarity, the group trade receivables securitisation facility, noted above under Debt facilities, has terms which does not allow the group to derecognise these trade receivables.

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 6 for details.

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

### 10 Subsequent Events

On the 4 February 2020, the Nufarm Group increased the limit of its senior secured bank facility to \$795 million (note 9). This represented an increase in the facility of \$100 million, and is due in April 2020.

The Company is monitoring the impacts arising from measures taken by various Governments from February onwards as a result of the COVID-19 outbreak. The Company also notes unusually large volatility in global markets which has impacted exchange rates and other markets. The Company recognises that the related party receivables and related party payables could be impacted should the Nufarm Limited Group be impacted. This is a non-adjusting subsequent event and the potential impact of these items cannot reasonably be estimated at this time. The Company will continue to monitor and manage developments and will reflect any relevant impacts in the appropriate future reporting periods.

Other than the matters outlined above, or elsewhere in the financial statements, no matters or circumstances have arisen since the end of the period ending 31 January 2020, that have, or may significantly affect the operations, results or state of affairs of the Company in subsequent reporting periods.

Nufarm Finance (NZ) Limited

### **Directors' declaration**

In the opinion of the directors of Nufarm Finance (NZ) Limited (the Company):

1. the financial statements and notes, on pages 6 to 17:

(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 January 2020 and the results of its operations and cash flows for the six months 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.

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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 six months ended 31 January 2020.

Signed in accordance with a resolution of the directors:

Dated at Auckland this 31st day of March 2020



P.J Hull  
Director



W.B Goodfellow  
Director