



26 October 2017

**Nufarm Finance
(NZ) Limited**

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New Zealand

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nufarm.com

Nufarm Finance ASX Announcement

We attach

- 1) A copy of the NFN 2017 Annual Report, and
- 2) A copy of a s209C Notice to be sent to holders of Nufarm Step-Up Securities.

A handwritten signature in black ink, appearing to read 'R Heath', with a large, stylized initial 'R'.

R Heath
Nufarm Finance (NZ) Limited

Nufarm Finance (NZ) Limited
Annual Report
For the year ended 31 July 2017



Nufarm Finance (NZ) Limited

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List of abbreviations

ASX	Australian Stock Exchange
FMC	Financial Markets Conduct
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	New Zealand Stock Exchange Debt Market
NZX	New Zealand Stock Exchange
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 2017.

Principal Activities

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

NZX waivers

The Company was granted a waiver by NZX Regulation from the requirement under NZX Listing Rule 10.5.2 to provide half-yearly reports on the condition that:

(a) the Company announced to the market that a half-yearly report for the Company will not be supplied and the reasons for that; the Company made this announcement to the market on 22 March 2007;

(b) the Company continues to exist with no other substantive business except as a financing company for the Nufarm group; and

(c) that NZX receives Nufarm Limited's half-yearly and full year reports and the Company's full year report and those reports are made available to all Nufarm Step Up Securities holders in accordance with NZX Listing Rule 10.5.2B.

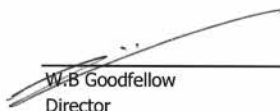
Results

The net profit attributable to members of the Company for the 12 months to 31 July 2017 is \$10,838,391. The comparable figure for the 12 months to 31 July 2016 was a net profit of \$10,922,143

For and on behalf of the Board



P.J Hull
Director



W.B Goodfellow
Director

Date: 26.09.2017

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 a listed debt 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	Mr P A Binfield Dr W B Goodfellow Mr P J Hull Directors' Fees were not paid by Nufarm Finance (NZ) Limited.
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 & Partners

Distribution of Nufarm Step-up Securities Holders and Nufarm Step-up Securities as at 31 July 2017

Size of Holding	Number of Security Holders		Number of Securities	
1-99	342	13.3%	24,441	1.0%
100-999	1,974	76.6%	604,988	24.1%
1,000-4,999	223	8.6%	374,469	14.9%
5,000-9,999	12	0.5%	79,986	3.2%
10,000+	27	1.0%	1,426,116	56.8%
	<u>2,578</u>	<u>100.0%</u>	<u>2,510,000</u>	<u>100.0%</u>
<u>Geographic distribution:</u>				
New Zealand	1,152	44.7%	590,609	23.5%
Australia	1,409	54.6%	1,905,102	75.9%
Rest of World	17	0.7%	14,289	0.6%
	<u>2,578</u>	<u>100.0%</u>	<u>2,510,000</u>	<u>100.0%</u>

Corporate Governance

The Company recognises its responsibilities to comply with appropriate corporate governance standards and guidelines, including those set out by the New Zealand Securities Commission, ASX, NZX and NZDX.

As a wholly owned subsidiary of Nufarm a company registered in Australia and listed on the ASX, the Company fully complies with the corporate governance practices of Nufarm. A copy of Nufarm's corporate governance practices are disclosed in full in its annual report and are also available to Nufarm Step-up Securities Holders on Nufarm's website at

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

The Board of the Company includes the CFO and a Director of the Nufarm Group. The directors of the Company believe that the overarching governance procedures of Nufarm provides an appropriate basis for ensuring the company meets its fiduciary obligations to the Nufarm Step-Up Securities holders.



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 28:

- i. present fairly in all material respects the company's financial position as at 31 July 2017 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 2017;
- 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.



Use of this independent auditor's report

This 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 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:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page2.aspx.

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



KPMG

Aaron Woolsey

For and on behalf of

KPMG

Auckland

26 September 2017

Nufarm Finance (NZ) Limited

Statement of comprehensive income

For the period ended 31 July 2017

	Note	2017 \$AUD	2016 \$AUD
Operating expenses		(309,527)	(330,698)
Finance income	6	17,223,157	17,637,499
Finance expense	7	(1,889,345)	(1,916,175)
Net finance income		15,333,812	15,721,324
Profit before income tax		15,024,285	15,390,626
Income tax expense	8	(4,185,894)	(4,468,483)
Profit for the period		10,838,391	10,922,143
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period attributable to the parent		10,838,391	10,922,143
Earnings per share			
Basic & Diluted earnings per share (cents)	13	108.4	109.2

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

Statement of financial position

As at 31 July 2017

	Note	2017 \$AUD	2016 \$AUD
Assets			
Related parties - receivables	10	257,492,806	259,289,608
Deferred tax asset	9	112,738	-
Total non-current assets		<u>257,605,544</u>	<u>259,289,608</u>
Cash and cash equivalents	11	1,741,963	476,941
Related parties - receivables	10	1,421,612	1,528,884
Income tax receivable		700	-
Total current assets		<u>3,164,275</u>	<u>2,005,825</u>
Total assets		<u>260,769,819</u>	<u>261,295,433</u>
Equity			
Share capital	12	9,984,530	9,984,530
Retained earnings		(24,522,946)	(24,066,079)
Total equity attributable to ordinary shareholders		<u>(14,538,416)</u>	<u>(14,081,549)</u>
Nufarm Step-up Securities	12	246,932,148	246,932,148
Total equity		<u>232,393,732</u>	<u>232,850,599</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		221,155	144,795
Related parties - payables	10	154,932	166,585
Income tax payable		-	133,454
Total current liabilities		<u>376,087</u>	<u>444,834</u>
Total liabilities		<u>28,376,087</u>	<u>28,444,834</u>
Total equity and liabilities		<u>260,769,819</u>	<u>261,295,433</u>

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

Statement of cash flows

For the period ended 31 July 2017

	Note	2017 \$AUD	2016 \$AUD
Cash flows from operating activities			
Payments to suppliers		(233,167)	(259,851)
Interest received		17,330,429	17,595,499
Interest paid		(1,900,998)	(1,922,834)
Taxation paid		(230,226)	(232,413)
Net cash from operating activities	16	<u>14,966,038</u>	<u>15,180,401</u>
Cash flows from financing activities			
Nufarm Step Securities distribution		(15,369,073)	(15,455,766)
Related Party Loans - repaid/(advanced)		1,668,057	704,048
Net cash used in financing activities		<u>(13,701,016)</u>	<u>(14,751,718)</u>
Net increase/(decrease) in cash and cash equivalents		1,265,022	428,683
Opening cash and cash equivalents		476,941	48,258
Cash and cash equivalents at 31 July	11	<u>1,741,963</u>	<u>476,941</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 2017

	Share capital	Retained earnings	Total equity attributable to ordinary shareholders	Nufarm Step-up securities	Total equity
	\$AUD	\$AUD	\$AUD	\$AUD	\$AUD
2016					
Balance at 1 August 2015	9,984,530	(23,630,345)	(13,645,815)	246,932,148	233,286,333
Comprehensive income for the year					
Profit or loss	-	10,922,143	10,922,143	-	10,922,143
Other comprehensive income					
	-	-	-	-	-
Total comprehensive income for the year	-	10,922,143	10,922,143	-	10,922,143
Nufarm Step-up Securities distribution	-	(15,455,766)	(15,455,766)	-	(15,455,766)
Tax effect of Nufarm Step-up Securities distribution	-	4,097,889	4,097,889	-	4,097,889
Balance at 31 July 2016	<u>9,984,530</u>	<u>(24,066,079)</u>	<u>(14,081,549)</u>	<u>246,932,148</u>	<u>232,850,599</u>
2017					
Balance at 1 August 2016	9,984,530	(24,066,079)	(14,081,549)	246,932,148	232,850,599
Comprehensive income for the year					
Profit or loss	-	10,838,391	10,838,391	-	10,838,391
Other comprehensive income					
	-	-	-	-	-
Total comprehensive income for the year	-	10,838,391	10,838,391	-	10,838,391
Nufarm Step-up Securities distribution	-	(15,369,073)	(15,369,073)	-	(15,369,073)
Tax effect of Nufarm Step-up Securities distribution	-	4,073,815	4,073,815	-	4,073,815
Balance at 31 July 2017	<u>9,984,530</u>	<u>(24,522,946)</u>	<u>(14,538,416)</u>	<u>246,932,148</u>	<u>232,393,732</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 2017

1 Reporting entity

The Company is a company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993 and has debt instruments listed on the Australian Stock Exchange (ASX) and the debt exchange of the New Zealand Stock Exchange (NZDX). The Company is an FMC Reporting Entity in terms of 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 2017.

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.

The financial statements were authorised for issue by the directors on 26th September 2017.

(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 AUD, which is the Company's functional currency.

Notes to the financial statement

For the period ended 31 July 2017

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.

(1) Income taxes

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. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. The assessment of probability involves estimation of a number of factors including future taxable income.

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.

A number of new standards and interpretations are not yet effective for the period ended 31 July 2017 and have not been applied in preparing these consolidated financial statements:

- NZ IFRS 9 Financial Instruments. NZ IFRS 9 (2014), published in July 2014 replaces the existing guidance in NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. This standard is effective for the Company from 1 August 2018.
- NZ IFRS 15 Revenue from Contracts with Customers. NZ IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognised. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRS's. This standard is effective for the Company from 1 August 2018.
- NZ IFRS 16 Leases. NZ IFRS 16 eliminates the distinction between operating and finance leases for lessees and will result in lessees bringing most leases on to their balance sheets. The standard uses a control model for the identification of leases as opposed to service contracts. This standard is effective for the Company from 1 August 2019.

The Directors expect to adopt the above standards and interpretations in the period in which they become effective. The Directors anticipate that the above standards will have no material impact on the financial statements of the Company in the period of initial application, however the detailed analysis of these standards and interpretations are in progress. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

Notes to the financial statement

For the period ended 31 July 2017

3 Significant accounting policies (continued)

(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

(i) Non-derivative financial assets

The company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the 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.

The company has classified non-derivative financial assets as loans and receivables and included the following accounts.

Loans and receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Notes to the financial statement

For the period ended 31 July 2017

3 Significant accounting policies (continued)

(b) Financial Instruments (continued)

(ii) Non-derivative financial liabilities

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.

The company has classified non-derivative financial liabilities as loans and other payables. Such non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Share capital

Ordinary shares

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

Hybrid securities

The NSS are classified as equity instruments. 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 Share capital and reserves.

(c) Impairment

(i) Non-derivative financial assets

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

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

(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.

Notes to the financial statement

For the period ended 31 July 2017

3 Significant accounting policies (continued)

(e) Finance income and finance expenses

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

(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.

(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.

Notes to the financial statement

For the period ended 31 July 2017

4 Determination of fair values

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

(i) 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 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 2017

		2017	2016
		\$AUD	\$AUD
6 Finance income			
Interest income from loans to group entities	10	17,219,840	17,498,962
Other interest income		3,317	8,720
Realised gain on foreign currency denominated assets		-	129,817
		<u>17,223,157</u>	<u>17,637,499</u>
7 Finance expense			
Realised foreign exchange loss		(16,390)	-
Interest expense from loans from group entities	10	<u>(1,872,955)</u>	<u>(1,916,175)</u>
		<u>(1,889,345)</u>	<u>(1,916,175)</u>
8 Income tax			
Current tax expense			
Current tax expense		-	135,823
		<u>-</u>	<u>135,823</u>
Deferred tax expense			
Origination and reversal of temporary differences		4,185,894	4,332,660
		<u>4,185,894</u>	<u>4,332,660</u>
Income tax expense recognised in statement of comprehensive income		<u>4,185,894</u>	<u>4,468,483</u>
Tax expense/(benefit) recognised directly in equity			
Tax benefit of NSS distribution		(4,073,815)	(4,097,889)
		<u>(4,073,815)</u>	<u>(4,097,889)</u>
Reconciliation of effective tax rate			
Profit before tax		15,024,285	15,390,626
Income tax at company rate 28%		4,206,800	4,309,375
Adjustments for prior years		(4,710)	-
Other adjustments		(16,196)	159,108
Income tax expense recognised in statement of comprehensive income		<u>4,185,894</u>	<u>4,468,483</u>

The Company has imputation credits available for use in subsequent reporting periods of \$1,387,202 at 31 July 2017 (2016: \$1,398,555).

Notes to the financial statements (continued)

For the period ended 31 July 2017

9 Deferred tax assets**Recognised deferred tax assets and liabilities**

Deferred tax assets are attributable to the following items:

	Assets	
	2017	2016
	\$AUD	\$AUD
Tax loss carry-forwards	112,738	-
Deferred tax assets	112,738	-

The Company has no deferred tax liabilities.

Movement in temporary differences during the year

	Balance 01-Aug-16	Recognised in profit or loss	Transfers to group companies	Adjustments to NZD Tax Benefit	Recognised in equity	Balance 31-Jul-17
	\$AUD	\$AUD	\$AUD	\$AUD	\$AUD	\$AUD
NSS Interest	-	(4,073,815)	-	-	4,073,815	-
Tax loss carry-forwards	-	(112,079)	128,744	96,073	-	112,738
Deferred tax assets	-	(4,185,894)	128,744	96,073	4,073,815	112,738
	-	(4,097,889)	-	-	4,097,889	-
NSS Interest	-	(4,097,889)	-	-	4,097,889	-
Tax loss carry-forwards	2,292,705	(234,771)	(2,285,597)	227,663	-	-
Deferred tax assets	2,292,705	(4,332,660)	(2,285,597)	227,663	4,097,889	-

Notes to the financial statements (continued)

For the period ended 31 July 2017

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

	2017	2016
	\$AUD	\$AUD
Bank balances	<u>1,741,963</u>	<u>476,941</u>
	<u>1,741,963</u>	<u>476,941</u>

\$185,039 of the above balance is denominated in NZD (2016: (\$19,909)).

During the 2016 year The Company changed from BNZ Bank to ANZ Bank for the NZD and AUD accounts. 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 dependant on the daily account balance. At 31 July 2017 the rate was 0.4% on \$1,504,612 (2016: 0.34% on \$401,981). The ANZ distribution account was 0% on \$52,312 (2016: 0% on \$55,051)

12 Equity

	Ordinary shares	
(a) Share capital	2017	2016
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 (2016: 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 2017

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% (2016: 3.9%). On 24 November 2011, Nufarm "stepped-up" the NSS which 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. 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
2017			
Distribution	5.89%	7,371,699	18-Apr-17
Distribution	6.36%	<u>7,997,374</u>	15-Oct-16
Total		15,369,073	
2016			
Distribution	6.12%	7,701,645	15-Apr-16
Distribution	6.16%	<u>7,754,121</u>	15-Oct-15
Total		15,455,766	

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

13 Earnings per share**Basic and diluted earnings per share**

The calculation of basic and diluted earnings per share at 31 July 2017 was based on the profit attributable to ordinary shareholders of \$10,838,391 (2016: \$10,922,143) and a weighted number of ordinary shares outstanding of 10,000,000 (2016: 10,000,000), calculated as follows:

Profit attributable to ordinary shareholders

	2017 \$AUD	2016 \$AUD
Net profit/(loss) for the period	10,838,391	10,922,143
Net profit/(loss) attributable to ordinary shareholders	<u>10,838,391</u>	<u>10,922,143</u>

Notes to the financial statements (continued)

For the period ended 31 July 2017

13 Earnings per share (continued)

Weighted number of ordinary shares

	Ordinary shares	
	2017	2016
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.

	2017	2016
Earnings per share		
Basic & Diluted earnings per share (cents)	108.4	109.2

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

14 Contingent liabilities

The Company is one of the guarantors of Nufarm Limited's \$485 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.

On 8 October 2012 the Nufarm Group successfully executed the offer of US \$325 million senior unsecured notes offering due in October 2019 (the "Notes"). 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 15c 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	2017	2016
Financial assets	259,234,769	259,766,549
Financial liabilities including NSS	<u>(279,000,000)</u>	<u>(279,000,000)</u>
	<u>(19,765,231)</u>	<u>(19,233,451)</u>

Notes to the financial statements (continued)

For the period ended 31 July 2017

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 2017. This analysis is performed on the same basis for 2016.

	Profit or loss	
	<u>100 bp increase</u>	<u>100 bp decrease</u>
2017 Variable rate instruments	<u>(142,134)</u>	<u>142,134</u>
2016 Variable rate instruments	<u>(143,416)</u>	<u>143,416</u>

(ii) Foreign exchange risk

At 31 July 2017 the Company has exposure to NZD, the financial effect of changes in foreign exchange rates on this exposure is outlined below.

	Profit or loss		
	Spot Rate	AUD rise 1%	AUD drop 1%
NZD <u>196,880</u>	1.064	(1,832)	1,869

(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	
	2017	2016
	\$AUD	\$AUD
Loans receivable-related parties (non-current)	<u>257,492,806</u>	<u>259,289,608</u>
Receivables-related parties (current)	<u>1,421,612</u>	<u>1,528,884</u>
Cash and cash equivalents	<u>1,741,963</u>	<u>476,941</u>
	<u>260,656,381</u>	<u>261,295,433</u>

Notes to the financial statements (continued)

For the period ended 31 July 2017

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 2017 financial statements dated 26 of September 2017 and lodged with ASX for further detail.

As at 31 July 2017, the key group facilities include a group trade receivables securitisation facility, a US\$325 million senior unsecured notes offering due in October 2019, and a senior secured bank facility of AUD\$505 million (31 July 2016: AUD\$485 million).

On 20 July 2017 an additional lender was added to the senior secured bank facility (SFA), which was previously refinanced on 29 January 2016, and the total facility amount increased to \$505 million (31 July 2016: \$485 million). Of this \$30 million is due in January 2018, \$435 million is due in January 2019, and \$40 million is due in January 2021 (31 July 2016: \$30 million due in January 2018, \$415 million due in January 2019, and \$40 million due in January 2021). The SFA includes covenants of a type normally associated with facilities of this kind, and the group was in compliance with these covenants throughout the financial year. The facility is undrawn at 31 July 2017 (2016: \$4 million).

On 23 August 2011, Nufarm executed a group trade receivables securitisation facility. The facility provides funding that aligns with the working capital cycle of the company. Subsequent to execution, on 15 April 2015, a monthly facility limit was introduced to reflect the cyclical nature of the trade receivables being used to secure funding under the program. The monthly facility limit is set at \$300 million for four months of the financial year, \$375 million for three months of the financial year, and at \$225 million for five months of the financial year (31 July 2016: facility limit was set at \$300 million for four months of the financial year, \$375 million for three months of the financial year, and at \$225 million for five months of the financial year). The US\$325 million senior unsecured notes (the 'notes') due in October 2019 were completed on 8 October 2012.

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

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

A parent guarantee is provided to support working capital 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 \$256 million at 31 July 2017 (2016: \$175 million) are to be settled via such arrangements in future periods. In the event suppliers or financial institutions cease such arrangements the liquidity of the group's suppliers may be affected. If suppliers subsequently seek to reduce terms on group's purchases of goods and services in the future, the group's liquidity will be affected.

Notes to the financial statements (continued)

For the period ended 31 July 2017

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

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

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.

2017	Within 6 months	More than 12 months	Total Contractual Cash Flows
	\$AUD	\$AUD	\$AUD
Non-derivative financial assets			
Cash and cash equivalents	1,741,963	-	1,741,963
Receivables - related parties	1,421,612	-	1,421,612
Loan receivable - related parties	-	257,492,806	257,492,806
Non-derivative financial liabilities			
Payables - other	(221,155)	-	(221,155)
Payables - related parties	(154,932)	-	(154,932)
Loan payable - related parties	-	(28,000,000)	(28,000,000)
	<u>2,787,488</u>	<u>229,492,806</u>	<u>232,280,294</u>

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

2016	Within 6 months	More than 12 months	Total Contractual Cash Flows
	\$AUD	\$AUD	\$AUD
Non-derivative financial assets			
Cash and cash equivalents	476,941	-	476,941
Receivables - related parties	1,528,884	-	1,528,884
Loan receivable - related parties	-	259,289,608	259,289,608
Non-derivative financial liabilities			
Payables - other	(144,795)	-	(144,795)
Payables - related parties	(166,585)	-	(166,585)
Loan payable - related parties	-	(28,000,000)	(28,000,000)
	<u>1,694,445</u>	<u>231,289,608</u>	<u>232,984,053</u>

Notes to the financial statements (continued)

For the period ended 31 July 2017

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
2017			
Assets as per statement of financial position			
Cash and Cash Equivalents	-	1,741,963	1,741,963
Receivables - related parties	-	258,914,418	258,914,418
Total	-	<u>260,656,381</u>	<u>260,656,381</u>
Liabilities as per statement of financial position			
Account payables	-	221,155	221,155
Payables - related parties	-	28,154,932	28,154,932
Total	-	<u>28,376,087</u>	<u>28,376,087</u>
2016			
Assets as per statement of financial position			
Cash and Cash Equivalents	-	476,941	476,941
Receivables - related parties	-	260,818,492	260,818,492
Total	-	<u>261,295,433</u>	<u>261,295,433</u>
Liabilities as per statement of financial position			
Account payables	-	144,795	144,795
Payables - related parties	-	28,166,585	28,166,585
Total	-	<u>28,311,380</u>	<u>28,311,380</u>

Fair Value Hierarchy

The Company does not have derivative financial instruments carried at fair value (2016: 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 2017

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

	2017	2016
	\$AUD	\$AUD
Profit for the period	10,838,391	10,922,143
Adjustments for:		
Unrealised foreign exchange loss / (gain)	-	-
Income tax expense	4,185,894	4,468,483
	<u>15,024,285</u>	<u>15,390,626</u>
Change in other payables	76,360	70,847
Change in related party current receivable	107,272	(42,000)
Change in related party current payable	(11,653)	(6,659)
Changes in tax balances	(230,226)	(232,413)
Net cash from operating activities	<u><u>14,966,038</u></u>	<u><u>15,180,401</u></u>

17 Commitments

There were no commitments as at 31 July 2017 (2016: Nil).

18 Subsequent Events

The Company has evaluated the period after the balance date to 26 September 2017, 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 28:

(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 2017 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 2017.

For and on behalf of the Board of Directors:

Dated at Auckland this 26th day of September 2017



P.J Hull
Director



W.B Goodfellow
Director



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333333333

JOHN DAVID SMITH

Shareholder communications – Notice under s209C of the Companies Act 1993

We are pleased to advise you that Nufarm Finance (New Zealand) Limited's ("NFF") Annual Report for the year ended 31 July 2017 is publicly available on our website <http://www.nufarm.com/FinancialReports>.

New regulations have recently come into force, which change the way we communicate with you about our Annual Reports and Nufarm Limited's Half Year Reports. **As a result of these new regulations, any previous instructions you have given us in respect of sending printed copies of our Annual Reports and Nufarm Limited's Half Year Reports no longer apply.**

Our future Annual Reports and Nufarm Limited's Half Year Reports will be publicly available from the same website.

Electronic investor communication

If you have not already done so, we encourage you to elect to receive all your NFF shareholder communications (including NFF Annual and Nufarm Limited Half Year Reports, transaction statements, payment advices and any other company related information) by email by visiting www.investorcentre.com/nz. Existing users should login, select 'My Profile' and click on the 'Update' button on the 'Communication Preferences' tile. For new users, click on 'Create Login' and follow the steps to create your User ID and password.

Alternatively, please supply your email address below and return this form by email or post to Computershare at ecomms@computershare.co.nz or Private Bag 92119, Auckland 1142.

Email address:

Though these reports are available electronically, you have the right to receive a printed copy free of charge of the Annual Report and the next Nufarm Limited Half Year Report (when available) each year prepared under the NZX Listing Rules.

Please tick this box if you would like to receive a printed copy of the Annual and Half Year Reports when available each year.

If you provide your email address and tick the box above, you will be deemed to have elected the electronic option. You can update your communication preferences at any time by visiting the Computershare Investor Services Investor Centre.

If you have any questions about changing how you receive shareholder communications, please contact Computershare at the details shown above.