Nufarm Limited
ACN 091 323 312

103-105 Pipe Road
Laverton North VIC 3026
Australia

P: +61 3 9282 1000
F: +61 3 9282 1001

nufarm.com

28 October 2014

ASX
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

We are giving to the ASX the following documents:

- Nufarm 2014 Annual Report
- Notice of Annual General Meeting
- Proxy Form
- Chairman's Letter to Shareholders

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

RODNEY HEATH
Company Secretary

Nufarm

ANNUAL REPORT 2014

Grow a better tomorrow.

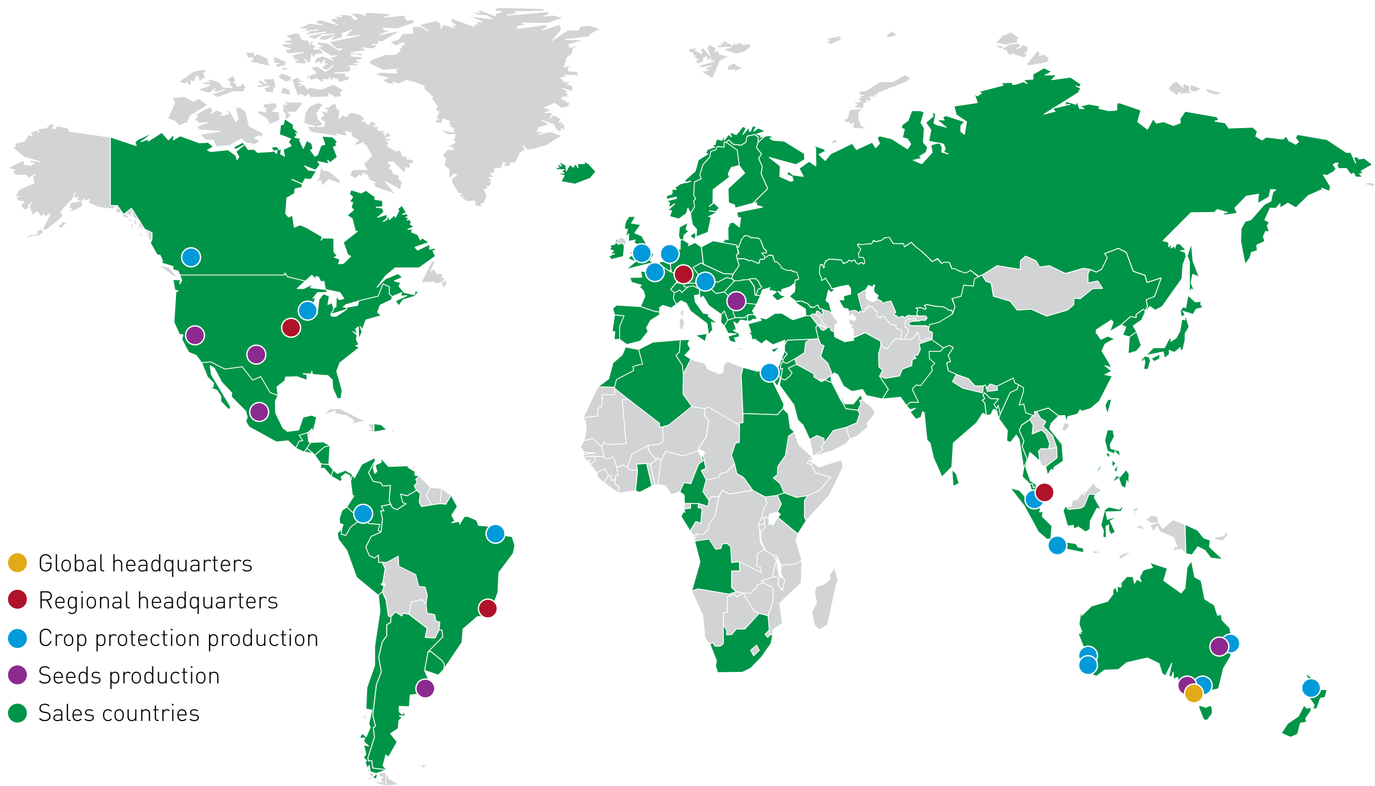
At Nufarm we grow a better tomorrow by providing products and services that support the success of our distributors and growers.

CONTENTS

ABOUT NUFARM

Nufarm is an established global agricultural inputs company, competing worldwide in crop protection and seed technologies. We are seen around the world as a supplier of quality products, supported by high standards of service and strong customer relationships.

Our mission is to grow a better tomorrow through the products and services we provide that support the success of our distributors and growers. This mission also reflects our commitment to the communities in which we operate, the ambition we have for our people and our collective approach to success.



KEY EVENTS

- Brazil posts another year of strong growth
- Australia and US impacted by tough market conditions
- Important progress on seeds development projects
- Reduction in year-end working capital and net debt

FACTS IN BRIEF

	12 months ended 31 July 2014 $000	12 months ended 31 July 2013 $000
Trading results		
Profit attributable to shareholders	**37,707**	80,999
Material (gain)/loss	**48,704**	2,224
Underlying net profit after tax	**86,411**	83,223
Sales revenue	**2,622,704**	2,277,292
Total equity	**1,608,700**	1,664,745
Total assets	**3,171,446**	3,371,669
Ratios		
Earnings per ordinary share (cents)	**9.6**	25.5
Gearing ratio (%)	**24.2**	27.6
Net tangible assets per ordinary share ($)	**2.84**	3.04
Distribution to shareholders		
Annual dividend per ordinary share (cents)	**8.0**	8.0
People		
Staff employed	**3,445**	3,458

The financial information contained within our financial statements has been prepared in accordance with IFRS. Refer to page 7 for definitions of the non-IFRS measures used in the annual report. All references to the prior period are to the year end 31 July 2013 unless otherwise stated. Non-IFRS measures have not been subject to audit or review.

SEED TECHNOLOGIES THAT HAVE IMPACT BEYOND YIELD DELIVER SHARED VALUE FOR A BETTER TOMORROW.

MANAGING DIRECTOR'S REVIEW

Doug Rathbone AM
Managing director and
chief executive

The 2014 financial year delivered strong revenue growth and an increase in underlying profit. While conditions in some of our major markets were challenging, these results again underline the importance of having a diversified business across both geographic markets and product portfolio.

The results also reflect a strong focus on strengthening our balance sheet and this will remain a key priority over the coming 12 months.

The company announced a statutory profit after tax of $37.7 million for the 12 months to 31 July 2014. This compares to a statutory profit after tax of $81.0 million in the previous financial year and included $48.7 million in one-off costs associated with the previously announced restructure and asset rationalisation of the Australian and New Zealand operations.

Group revenues increased by 15 per cent to $2.62 billion (2013: $2.28 billion).

Underlying earnings before interest and tax (EBIT)[1] was $200.6 million, up by just over seven per cent on the $186.8 million generated in the 2013 financial year.

Underlying net profit after tax[3] was $86.4 million, up four per cent on the previous year. This included foreign exchange losses of $12.6 million reported as part of net financing expenses.

Earnings per share were 9.6 cents (2013: 25.5 cents per share). Excluding material items, earnings per share were 28.1 cents (2013: 26.4 cents).

The group generated an underlying gross profit margin of 26.7 per cent, which was down on the previous year (27.4 per cent). Manufacturing volumes were down on the prior period due to both weather-related impacts on demand and changes to plant operations to support working capital efficiency targets. Excluding the impact of the lower volume through-put, the underlying gross profit margin was largely in line with the previous year.

Final dividend

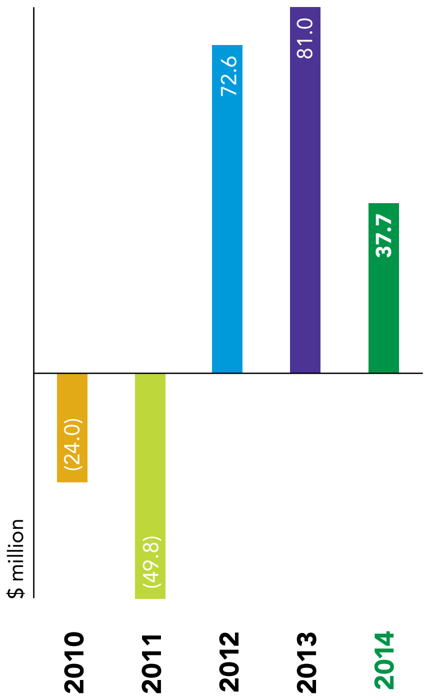
Directors declared an unfranked final dividend of five cents per share, resulting in a full year dividend of eight cents. A full year dividend of eight cents per share (fully franked) was paid in the previous year.

The final dividend will be paid on 14 November 2014 to the holders of all fully paid shares in the company as at the close of business on 17 October 2014. The final dividend will be 100 per cent conduit foreign income. Given the impact of carry forward tax losses, it is unlikely the company will be in a position to frank dividend payments in the foreseeable future.

The dividend reinvestment plan (DRP) will be made available to shareholders for the final dividend.

Directors have determined that the issue price will be calculated on the volume weighted average of the company's ordinary shares on the ASX over a period of 10 consecutive trading days commencing after the record date and concluding before the date of allotment of ordinary shares under the plan. The last election date for shareholders who are not yet participants in the DRP is 20 October 2014. The board has determined that, for this dividend payment, a one per cent discount will apply to shares issued under the DRP.

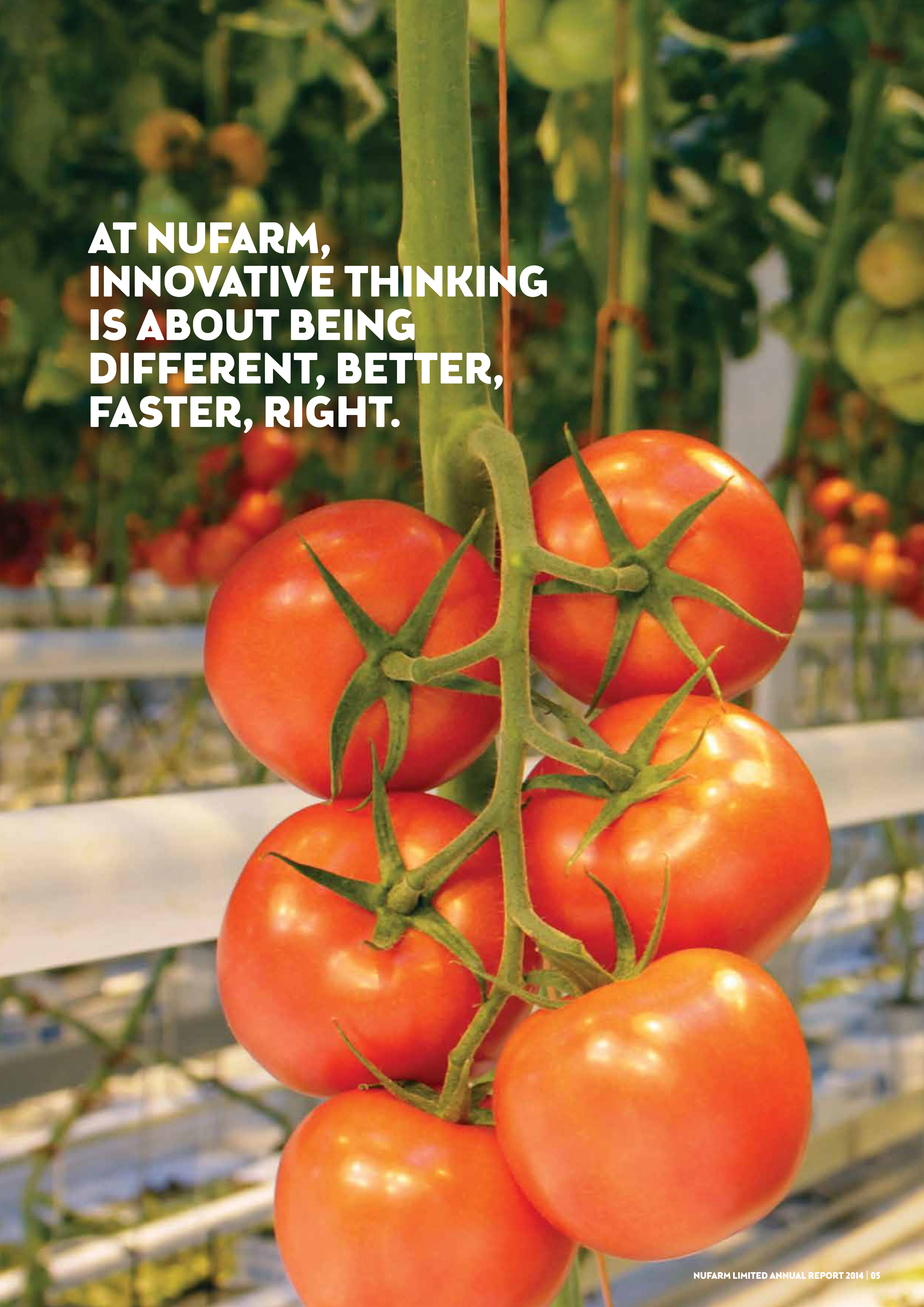
Profit/loss attributable to shareholders



Material items

In March and April of this year, the company announced a re-organisation of its Australian business and the rationalisation of the manufacturing footprint in Australia and New Zealand. These changes, which will be implemented over the next two years, resulted in a one-off after-tax cost of $48.7 million. Upon full implementation of the changes, total cost savings are estimated to be approximately $16 million.

AT NUFARM, INNOVATIVE THINKING IS ABOUT BEING DIFFERENT, BETTER, FASTER, RIGHT.



Important progress has been achieved since the re-organisation was announced, involving annualised savings of $6 million and relating to the rationalisation of back office positions. The balance of total cost savings will be achieved as several manufacturing plants are closed over the next two years. For financial year 2015, estimated annualised savings will be $5 million, with further savings of $5 million expected to be achieved in financial year 2016.

Interest/tax/cash flow

Net external interest costs[3] were $64.3 million (2013: $50.5 million). Higher levels of average net debt and higher bank base rates in Brazil were partially offset by reduced credit margins negotiated as part of the renewal of the syndicated bank facility.

Total net financing costs increased from $70.7 million in the prior year to $88.0 million. This included the impact of foreign exchange losses that totalled $12.6 million (prior year $10.7 million), with almost half of those losses relating to the devaluation of currencies in Argentina and Ukraine.

The underlying effective tax rate was 23.2 per cent. The lower than normal tax rate was driven by a number of individually immaterial one-off credits, mostly relating to tax credits in Brazil. It is expected that the future underlying effective tax rate will be approximately 30 per cent.

The business generated strong net operating cash inflows of $268.1 million, well up on the $62.8 million generated in the prior period.

Balance sheet management

Net debt[3] at year end was $513 million, a material improvement on the $633 million recorded at the end of the previous financial year. The reduction in net debt at balance date was driven by a focus on working capital targets delivering strong second half cash flow. Average net debt[3] was $913 million, compared to $753 million in 2013.

Net working capital[3] at 31 July was down by $169 million to $842 million. This was achieved via a more disciplined approach to the management of working capital, supported by a range of initiatives implemented across the business. The major driver of the reduction in working capital was more efficient inventory management, with year-end inventories finishing at $633 million, compared to $803 million at 31 July 2013.

Average net working capital[3] was $1.25 billion, compared to $1.07 billion in the prior period. As a proportion of sales, average net working capital was slightly up on the previous year (47.7 per cent versus 46.8 per cent), reflecting the high starting point and large levels of working capital in the first half. Management has targeted an average net working capital to sales ratio of 40 per cent within the next two years.

Gearing (net debt to net debt plus equity) was 24.2 per cent (2013: 27.6 per cent).

People and organisation

Our talented and committed employees around the world have again contributed strongly to the profitable growth of the company during the 2014 financial year. We operate in highly competitive markets, where the strength of our people and their relationships with key stakeholders can provide an important competitive advantage.

We continued to encourage innovative thinking by providing training and development programs, and fostering the leadership qualities that will support the growth of the business.

Our commitment to providing a safe working environment is also supported by appropriate training and awareness programs and we expect to achieve continuous improvement across a range of safety and environmental performance parameters.

Outlook

With a return to more normal seasonal conditions in Australia and the US, the company is strongly positioned to generate growth at an underlying EBIT level in 2015.

Spring and summer rains in northern NSW and Queensland are needed to generate demand for crop protection products in Australia and to establish an important first half platform for the business. The restructuring program will be further progressed in 2015, with associated cost savings helping to drive earnings recovery.

If the US experiences more normal weather patterns – particularly in the spring period from March to May – Nufarm's business will be able to capitalise on a stronger product portfolio and generate a significant recovery in earnings.

MANAGING DIRECTOR'S REVIEW CONTINUED

The branded business in Europe is expected to generate further growth, however, lower overhead recoveries will result in a reduced contribution from manufacturing operations and an overall flat earnings outcome for the European segment.

The South American business will benefit from new product introductions and – given normal seasonal conditions and no significant further deterioration in crop prices – should post high single digit growth in 2015.

Earnings growth is also anticipated in the seed technologies segment, with a number of new varieties to be launched across our core crops. Some $7 million is forecast to be spent on progressing the DHA omega-3 canola project and this will be capitalised.

The balance sheet will remain a key focus for management, with net working capital to sales expected to decline over the year.

Longer term growth will be driven by a strong pipeline of new product launches, a transition to higher margin products and additional operational efficiencies.

Doug Rathbone AM
Managing director and
chief executive

23 September 2014

IFRS and non-IFRS financial information

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

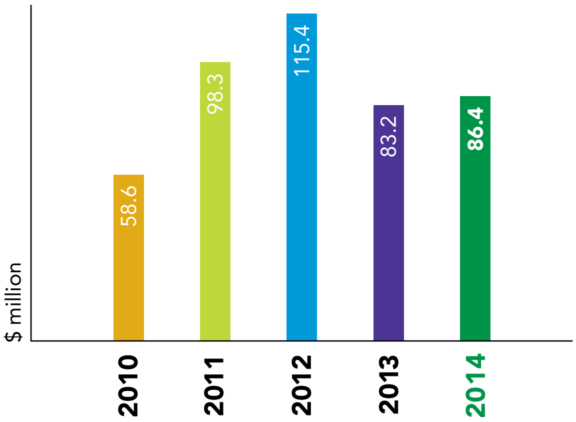
The following notes explain the terms used throughout this profit release:

1. Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is underlying EBIT before depreciation and amortisation of $80.816 million for the year ended 31 July 2014 and $73.986 million for the year ended 31 July 2013. We believe that underlying EBIT and underlying EBITDA provide useful information, but should not be considered as an indication of, or an alternative to, profit/(loss) for the period as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity.
2. Underlying EBIT is used to reflect the underlying performance of Nufarm's operations. Underlying EBIT is reconciled to operating profit below.

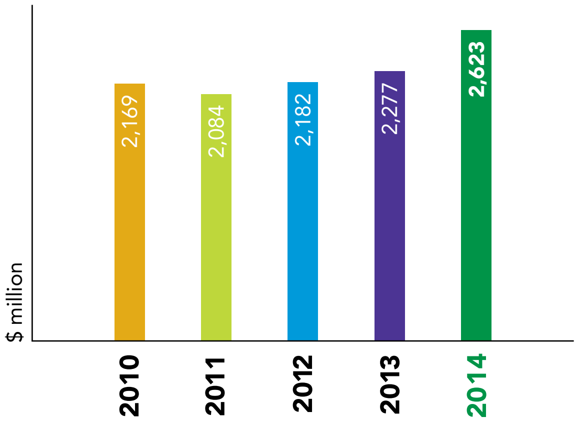
Year ended 31 July	2014 $000	2013 $000
Underlying EBIT	**200,607**	186,803
Material items impacting operating profit	**(50,761)**	(3,177)
Operating profit	**149,846**	183,626

3. Non-IFRS measures are defined as follows:
   - underlying net profit after tax – comprises profit/(loss) for the period attributable to the equity holders of Nufarm Limited less material items;
   - average gross margin – defined as average gross profit as a percentage of revenue;
   - average gross profit – defined as revenue less a standardised estimate of production costs excluding material items and non-product specific rebates and other pricing adjustments;
   - net external interest expense – comprises interest income – external, interest expense – external and lease expense – finance charges as described in note 10 to the 31 July 2014 Nufarm Limited financial report;
   - net debt – total net debt less cash and cash equivalents;
   - average net debt – net debt measured at each month end as an average;
   - net working capital – current trade and other receivables and inventories less current trade and other payables; and
   - average net working capital – net working capital measured at each month end as an average.

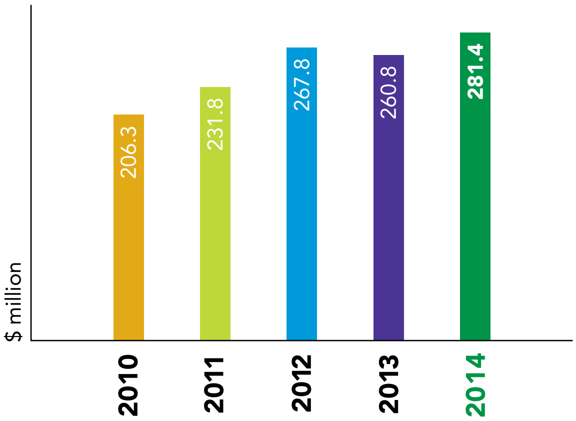
Underlying net profit after tax



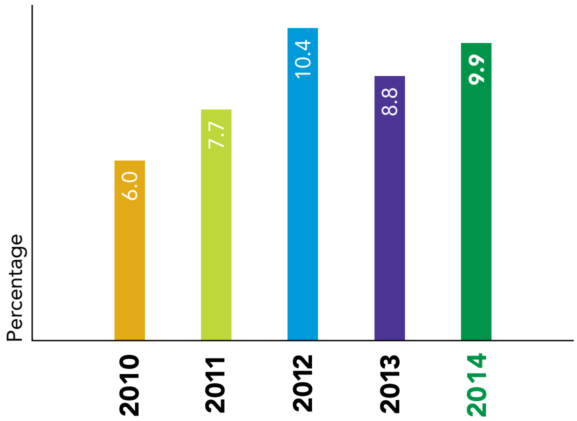
Group sales



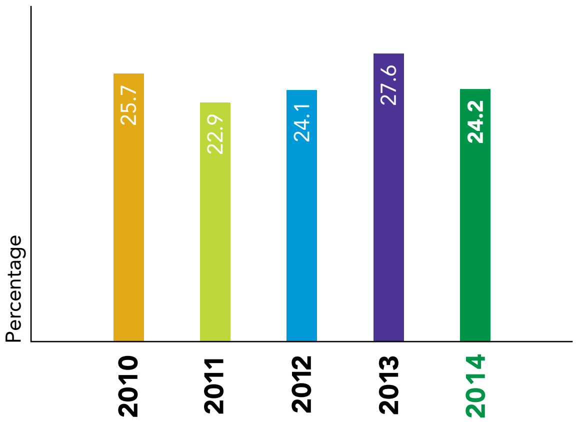
Underlying EBITDA



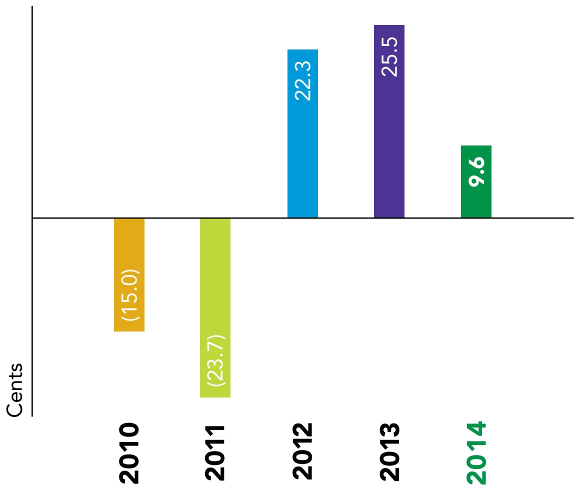
Return on funds employed



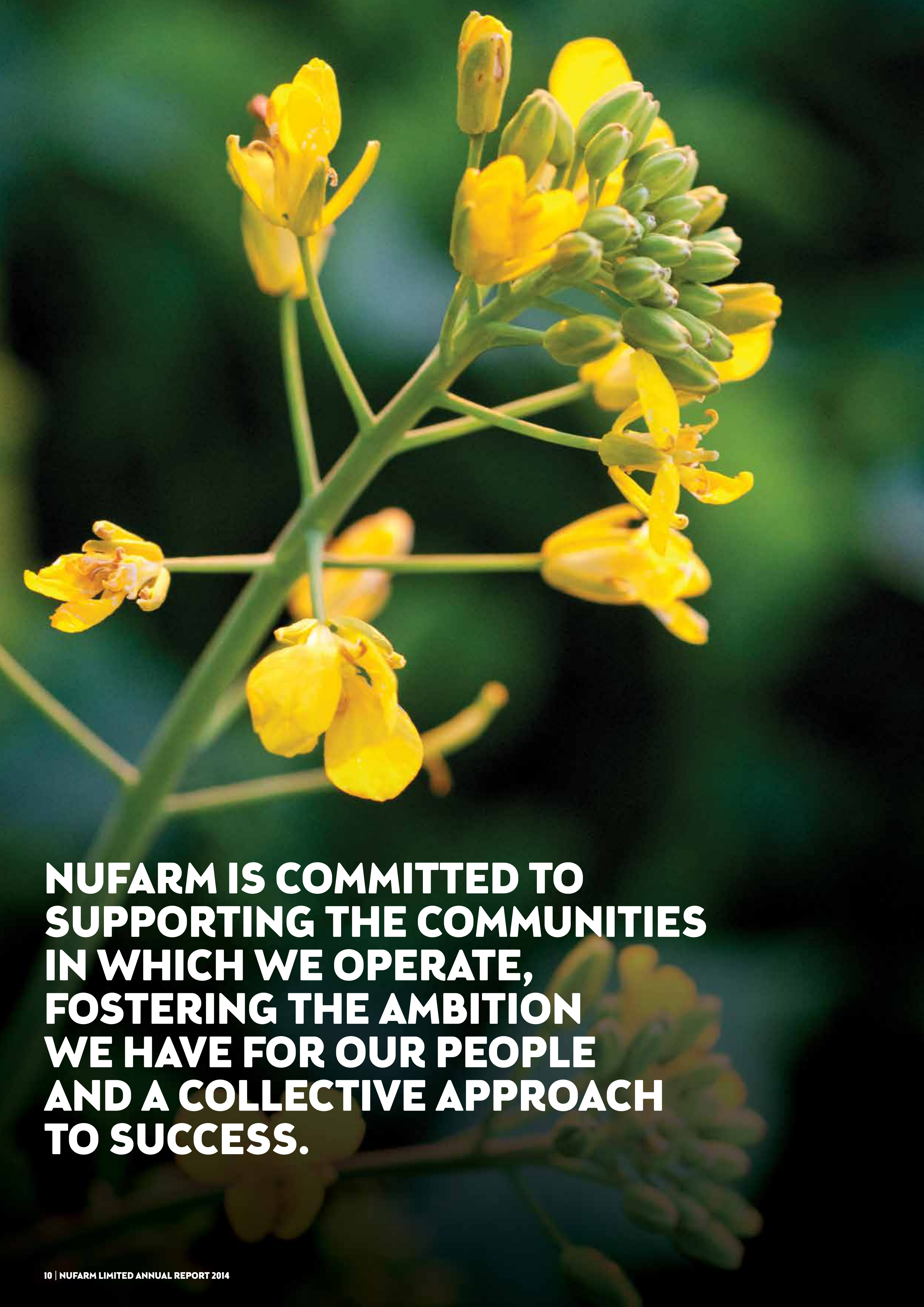
Gearing ratio



Earnings per share



NUFARM HAS MANUFACTURING AND MARKETING OPERATIONS THROUGHOUT AUSTRALIA, NEW ZEALAND, ASIA, THE AMERICAS AND EUROPE AND SELLS PRODUCTS IN MORE THAN 100 COUNTRIES AROUND THE WORLD.



NUFARM IS COMMITTED TO SUPPORTING THE COMMUNITIES IN WHICH WE OPERATE, FOSTERING THE AMBITION WE HAVE FOR OUR PEOPLE AND A COLLECTIVE APPROACH TO SUCCESS.

BUSINESS REVIEW

A continuation of dry conditions in Australia and an unusually short spring season in the United States resulted in lower demand and considerable margin pressure in both markets. These negative impacts were more than offset, however, by another strong performance from the South American business, an increased profit contribution from the seeds business and lower corporate costs.

The range of seasonal impacts experienced in the 2014 financial year again underlined the importance of a geographically diverse business and Nufarm's expansion into the seeds segment.

Nufarm's crop protection business grew sales by 16 per cent to $2.48 billion and underlying EBIT by four per cent to $202.1 million. Crop protection sales accounted for just over 94 per cent of group revenues and generated an average gross margin of 26 per cent, which was in line with the previous year.

The seed technologies segment generated revenues of $144 million, an increase of 10 per cent on the previous year ($132 million) and grew underlying EBIT by 15 per cent to $37.2 million. The segment generated an average gross margin of 51 per cent.

Corporate (head office) costs were $38.6 million, down five per cent on 2013. Total expenses were up on the previous year, but represented a slightly lower ratio to sales than in the prior period.

A key focus during financial year 2014 was the implementation of a number of programs to improve working capital efficiencies. A significant reduction in year-end working capital and net debt reflected good progress on this front.

Operating segments summary

The table adjacent provides a summary of the performance of the operating segments for the 2014 financial year and the prior period.

Australia/New Zealand

The Australian and New Zealand business generated sales of $605.8 million, which was in line with the previous year ($604.4 million). Underlying EBIT was $33.9 million, slightly down on the $35.4 million generated in the prior period.

Australian sales were down year on year, reflecting lower demand due to a continuation of dry conditions throughout much of the country. Summer cropping conditions featured unusually low insect and weed pressure, and fungal disease for a second consecutive year, and fallow herbicide applications were well below normal. The challenging conditions led to pressure on both pricing and margins.

With good rainfalls in many cropping regions, market conditions improved considerably in the final quarter of the reporting period, providing an opportunity for channel stocks to normalise, lifting sentiment, and giving the Australian business a much more positive platform to start the new financial year.

A re-organisation of the Australian business was announced during the year. Changes to the manufacturing base – to be implemented over a two-year period – will reduce fixed costs and improve utilisation of production facilities. A stronger focus on product development and customer service is also expected to contribute to improved business performance over the medium term.

Domestic sales in New Zealand were in line with the previous year but generated a slight improvement in margin contribution. A record year for the dairy industry, and strengthening returns in the sheep and beef sectors, as well as key horticultural crops, underpinned local demand.

Asia

Asian crop protection sales were $140.9 million, an increase of approximately 13 per cent on the previous year ($125.2 million). Underlying EBIT was largely unchanged at $19.5 million (2013: $19.6 million), with additional investments being made in new product development and an expansion into new markets segments, as well as regional markets such as Vietnam and Korea.

The Indonesian business recorded just over 25 per cent sales growth in local currency, driven by new product launches and increased sales in the important rice and vegetable segments.

Year ended 31 July	Revenue			Underlying EBIT		
($000s)	2014	2013	Change (%)	2014	2013	Change (%)
Crop protection						
Australia and New Zealand	**605,761**	604,432	0.2	**33,903**	35,352	-4.1
Asia	**140,885**	125,201	12.5	**19,481**	19,580	-0.5
Europe	**555,521**	468,253	18.6	**56,420**	57,245	-1.4
North America	**513,596**	516,278	-0.5	**20,638**	42,153	-51.0
South America	**662,512**	431,440	53.6	**71,622**	40,595	76.4
Total crop protection	**2,478,275**	2,145,604	15.5	**202,064**	194,925	3.7
Seed technologies – global	**144,429**	131,688	9.7	**37,160**	32,449	14.5
Corporate	**–**	–	n/a	**(38,617)**	(40,571)	-4.8
Nufarm group	**2,622,704**	**2,277,292**	**15.2**	**200,607**	**186,803**	**7.4**

North America

North American crop protection sales were down on the previous year at $513.6 million (2013: $516.3 million). In local currency, Nufarm's US sales were down by 10 per cent. Segment EBIT fell sharply to $20.6 million, compared to $42.2 million in the prior period.

An unusually cold and long winter in the US negatively impacted both the cropping and non-crop markets, with fewer applications and higher inventories generating strong price competition. Sales into the burn-down (pre-plant) segment were well below average due to the shorter planting window for growers.

Lower volume demand and more efficient inventory management resulted in reduced production and lower overhead recoveries at Nufarm's major herbicide manufacturing facility in Chicago.

Seasonal conditions prevented Nufarm from capitalising on a stronger and broader product position in the turf and specialty segment, having completed a distribution arrangement for Valent's portfolio of products in January of this year.

Nufarm performed strongly in the US industrial and vegetative management segment, with both sales and EBIT contribution ahead of the previous year.

Seasonal conditions in Canada were generally average. Nufarm made good progress in implementing its differentiated strategy and launched a number of new products that received strong support from the market. Both sales and margin were up on the prior period.

South America

The South American business performed strongly, with regional sales up by 54 per cent to $662.5 million (2013: $431.4 million) and underlying EBIT up by 76 per cent to $71.6 million (2013: $40.6 million).

In general, weather and cropping conditions in the region were average. Some parts of central Brazil experienced drier than normal weather which limited fungicide applications, but favoured the use of insecticides. Extremely cold conditions in Chile negatively impacted the important local fruit and vegetable segments.

Nufarm's sales in Brazil were up on the previous year by more than 60 per cent in local currency and helped the business gain market share. Sales growth was driven by Nufarm's differentiated 'Crucial' glyphosate formulation as well as the successful introduction of a number of new products. A different product mix, that included significantly higher sales of older insecticide products, resulted in a slight fall in the average Brazilian gross margin. However, good cost control and the benefits of scale resulted in EBITDA margin expansion.

In Argentina, the business performed strongly with growth in the quickly developing herbicide segment for control of glyphosate resistant weeds. Local currency sales grew by more than 70 per cent.

Further investments were made in strengthening the regional organisation, with an additional 15 sales representatives added in Brazil and a number of senior commercial appointments in Argentina. A new commercial manager was also appointed to support Nufarm's expansion into Peru and a new distribution arrangement was finalised for the Uruguay market.

Europe

European sales were up by 19 per cent to $555.5 million (2013: $468.3 million). Underlying EBIT was in line with the previous year ($56.4 million versus $57.2 million). In local currency, Nufarm's branded sales were ahead of the prior year, while revenues generated from operations (third party and industrial sales) were down. Total gross margin was up on the previous year when measured in euros, reflecting a higher proportion of branded sales.

Most western European markets experienced favourable weather conditions which helped drive an increase in cereal plantings and positive demand for crop protection inputs. Eastern Europe was affected by colder weather patterns and dry conditions.

Nufarm experienced solid growth in markets such as Spain, Germany and Romania, with new product introductions contributing to a slight improvement in average margins across the region.

A focus on working capital efficiencies resulted in changes at the European manufacturing units, with better forecasting and supply chain management allowing lower levels of safety stock and a resulting reduction in volume through-put. Consequently, overhead recoveries in these facilities were well down on the previous year. The contribution from the European manufacturing sites was approximately €2 million lower this year compared to the prior year.

Major product segments

Crop protection

Nufarm's crop protection business accounted for 94 per cent of group revenues and grew sales by 16 per cent to $2.48 billion. These sales generated an average gross margin of 26 per cent.

Herbicide sales were $1.67 billion, an increase of 13 per cent on the previous year, and represented 67 per cent of total crop protection revenues (2013: 69 per cent). Increased sales in both South America and Europe more than offset weather-related demand weakness in Australia and North America. Glyphosate margins were slightly up compared to the 2013 year, mainly driven by a strong performance from Nufarm's 'Crucial' glyphosate formulation in Brazil.

Nufarm's insecticide portfolio generated strong sales growth ($290.5 million, up 37 per cent on FY13). Strong pest infestations in Brazil's major crops generated very high demand for insecticide applications. Nufarm's chlorpyrifos and imidacloprid-based products were well positioned to take advantage of these conditions.

While total fungicide sales were up year on year ($247 million versus $219 million), both Australia and Brazil experienced low fungal disease pressure and increased competition for sales. The European business had a strong year in the fungicides segment, with increased sales of azoxystrobin-based products.

Sales of plant growth regulators (PGRs) were up by 11 per cent on the prior period and generated stronger margins. Record sales of PGRs into both cereal crops and the trees, nuts, vegetables and vines segment in Europe drove the strong performance in this product group.

The business also benefited from a stronger portfolio of biorational products.

Seed technologies

The company's seed technologies business grew revenues by 10 per cent to $144.4 million and underlying EBIT by 15 per cent to $37.2 million. This was despite a relatively challenging year in terms of seasonal conditions for several core crops and the seed treatment business.

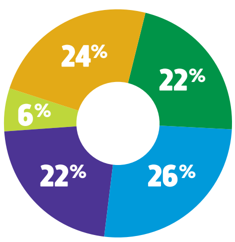
The segment generated an average gross margin of 51 per cent (2013: 55 per cent). A change in supply and selling arrangements relating to Nuseed's servicing of the China confectionery sunflower segment resulted in a reduced percentage margin as the company moved away from a royalty-based model. The new arrangements lower risk as Nuseed consolidates its position as a leader in this important segment.

Significant market share gains were achieved in the Australian canola segment, with Nuseed's Roundup Ready® hybrid varieties performing very strongly. While the North American sunflower business was also positive, adverse weather and poor market conditions negatively impacted US seed treatment sales. Expansion into Uruguay helped drive sales growth in South America despite a poor production environment in Argentina and a reduction in local canola plantings. European sales were lower than expected, with instability in the Ukraine region a contributing factor.

The seeds business made important progress in advancing its pipeline of new products including moving DHA omega-3 canola into field trials, the prelaunch of a new China sunflower disease trait, prelaunch of a new confection sunflower category and a step change in molecular research capability, with the opening of two innovation centres in Victoria and California.

Seed treatment sales increased by four per cent but this was below expectations, given weather-related impacts and a delay in a key European product registration. A large number of development projects were progressed and access to several new products was negotiated with third parties, which will lead to a broader portfolio offering in this high-value segment.

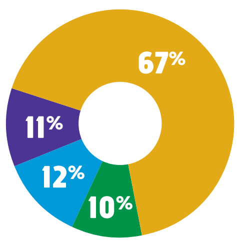
Sales revenue by region 2014
Total business



- Australia/New Zealand
- North America
- South America
- Europe
- Asia

$2,622.7 million

Sales by product segment 2014
Crop protection

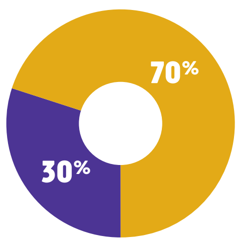


- Herbicides
- Fungicides
- Insecticides
- Other*

$2,478.3 million

* Other includes machinery, adjuvants, PGRs and industrial.

Sales by product segment 2014
Seed technologies



- Seed
- Seed treatment

$144.4 million

SUSTAINABILITY

Agriculture relies on sustainable production systems and – as a key supplier of necessary inputs into agricultural production – Nufarm strives to ensure our operations and products meet appropriate sustainability objectives and standards.

Nufarm's growth strategy is built on the two pillars of innovation and discipline. Both of these principles have a strong enabling role in helping us to meet our sustainability objectives.

We are actively encouraging innovative thinking across all areas of our business, including the successful application of innovative thinking to achieve safer working environments; reductions in emissions and waste; and more sustainable operations generally.

Increased discipline is also vital to ensure we have the right processes and structures in place and that we are measuring and managing our business in a way that allows us to be accountable for our performance.

Nufarm's full sustainability report for the 2013 calendar year can be found on our corporate website.

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

It is pleasing to report improved outcomes in 2013 on important safety and environmental measurements, but we believe we can do better. The company is making a significant investment, both in terms of capital and resources, to achieve further improvements and we have restated our commitment to work towards a zero target for safety-related incidents in our workplaces.

Total greenhouse emissions decreased in 2013 compared with the previous year, due to changes in production volumes and product mix at various sites. Emissions per tonne of production remained consistent. Air emissions result from the production process and we work to minimise emissions and their impact. Emissions vary depending on production volumes and the product mix. While CO_2 emissions for most sites remained generally consistent, there were some reductions at Laverton, Wyke and Botlek sites following concerted efforts by these teams.

Water is used in most of our production processes with the amount used directly impacted by production volumes and the product mix. We aim to reduce the amount of water we use and waste water created with many of our sites undergoing or investigating ways to recycle, harvest and better utilise water in our systems and processes.

Total waste decreased slightly in 2013 compared with 2012 and we continue to work towards further reducing waste generation from manufacturing processes. A waste management system at many of our sites captures the nature and quantity of waste produced onsite and tracks it through to recycling or disposal. Waste generated per tonne of production has remained consistent due to efforts made in recent years to improve practices.

Our 2013 health and safety performance improved on our 2012 results, although we failed to meet the board targets of LTIFR <1, MTIFR <2 and Severity <0.012.

Early in the year we issued new global corporate guiding principles to promote alignment of best practice and implement common operating principles. The principles operate within a continuous improvement framework as part of a structured and systematic approach to process safety management across our manufacturing base.

The health and safety results for 2013 were: LTIFR 1.16, MTIFR 2.18 and Severity 0.018.

The eight lost time injuries were spread over eight separate sites. Two of the injuries were extremely severe; one resulting in the death of an Indonesian colleague in a traffic accident and another the lengthy continuing recovery of a Linz team member who accidentally opened a valve containing corrosive material which sprayed onto his face and into his lungs.

There were 15 medical treatment injuries, seven of which did not involve loss of working days, and our global severity performance improved in comparison to the previous year.

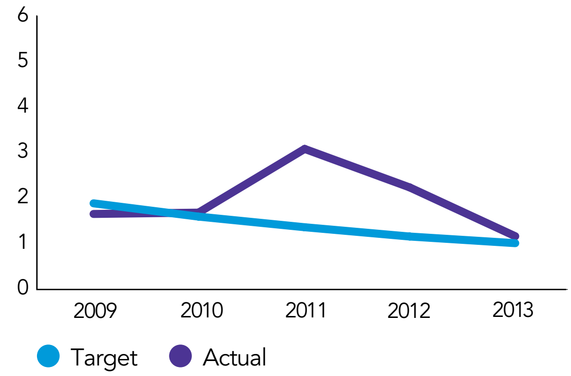
LTIFR or lost time injury frequency rate is the number of lost time injuries per million hours worked that result in one or more days absence from work.

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

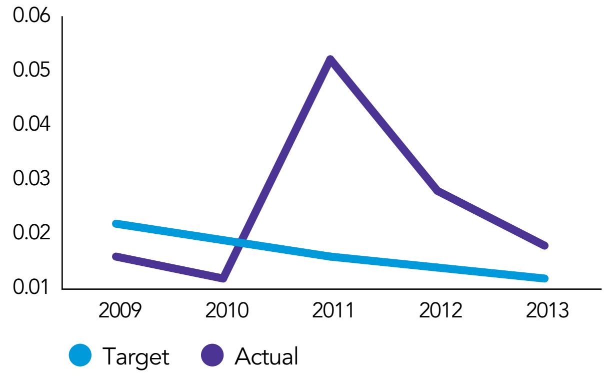
Severity is the number of days lost due to injuries per thousand hours worked.

SUSTAINABILITY CONTINUED

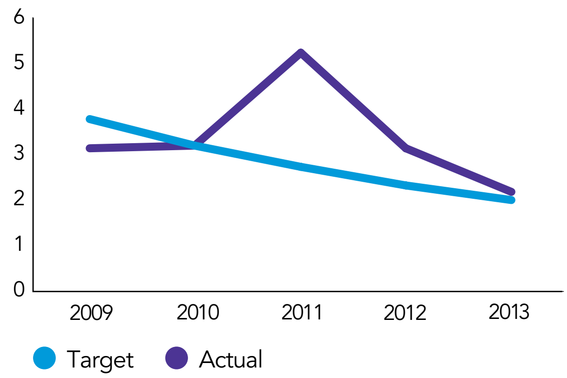
LTIFR 2009–2013



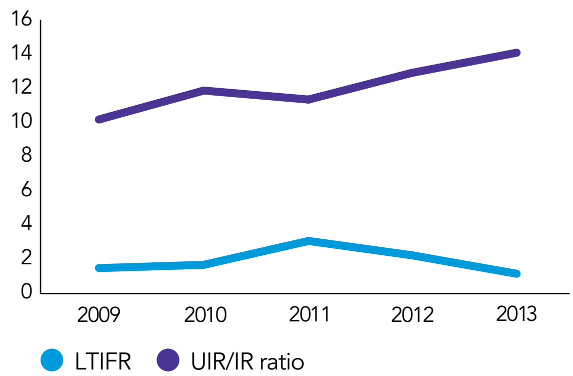
Severity 2009–2013



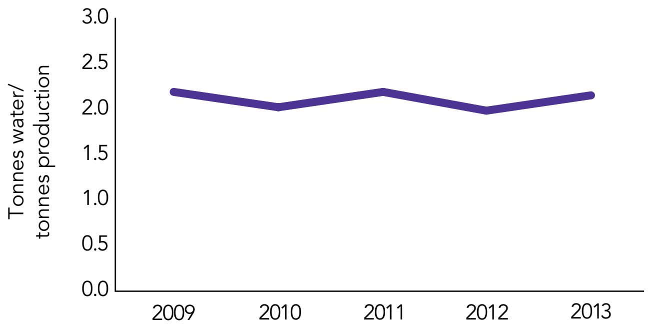
MTIFR 2009–2013



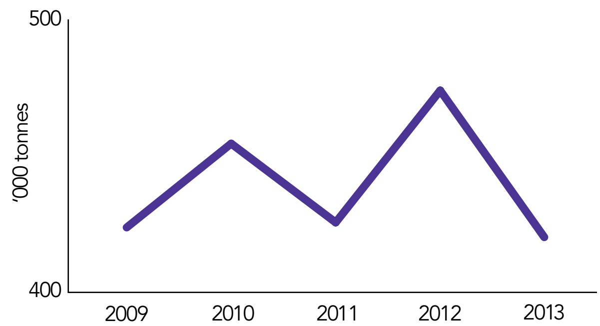
Unusual incident report/injury report versus LTIFR 2009–2013



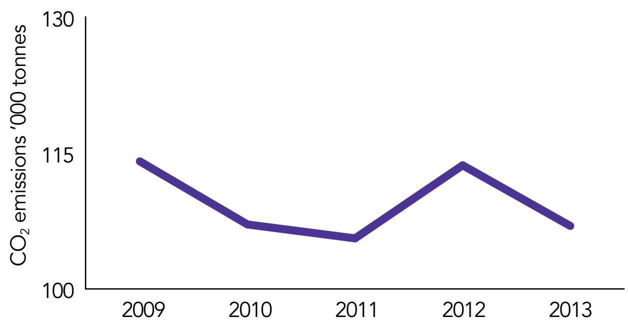
Water efficiency 2009–2013



Production volume 2009–2013



CO_2 released from energy use and processes 2009–2013



BOARD OF DIRECTORS

Donald McGauchie AO

Chairman

Donald McGauchie AO, 64, joined the board in 2003 and was appointed chairman on 13 July 2010.

He has wide commercial experience within the agricultural, food processing, commodity trading, finance and telecommunication sectors. He also has extensive public policy experience, having previously held several high-level advisory positions to the government including the Prime Minister's Supermarket to Asia Council, the Foreign Affairs Council and the Trade Policy Advisory Council. He is a former member of the board of the Reserve Bank of Australia.

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

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

Doug Rathbone AM

Managing director and chief executive

Doug Rathbone AM, 68, joined the board in 1987.

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

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

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

Anne Brennan

Anne Brennan, 54, joined the board on 10 February 2011.

She has a bachelor of commerce (hons) from University College Galway and is a fellow of the Institute of Chartered Accountants in Australia and a fellow of the Australian Institute of Company Directors.

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

Anne will be standing down as a director and deputy chairperson of Echo Entertainment Group Limited after that company's 2014 annual general meeting. Anne is a director of Myer Holdings Limited, Charter Hall Group and Argo Investments Limited. She is also a director of Rabobank Australia Limited and Rabobank New Zealand Limited. In the past three years, Anne was a director of Cuscal Limited.

Anne is a member of the audit and risk committee.

Gordon Davis

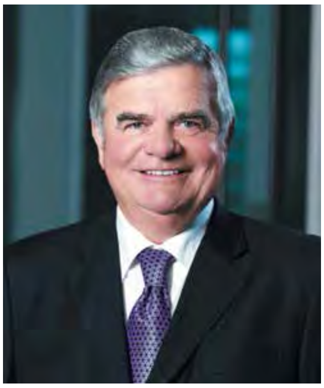
Gordon Davis, 58, joined the board on 31 May 2011.

He has a bachelor of forest science (hons), master of agricultural science and holds a master of business administration.

Gordon was managing director of AWB Limited between 2006 and 2010. Prior to this, he held various senior executive positions with Orica Limited, including general manager of Orica Mining Services (Australia, Asia) and general manager of Incitec Fertilizers. He has also served in a senior capacity on various industry associations.

Gordon is chairman of the health, safety and environment committee and a member of the audit and risk committee and the human resources committee.

BOARD OF DIRECTORS CONTINUED



Frank Ford

Frank Ford, 68, joined the board on 10 October 2012.

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

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

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

Bruce Goodfellow

Bruce Goodfellow, 62, joined the board representing the holders of the 'C' shares in 1991. Following the conversion of the 'C' shares into ordinary shares, he was elected a director in 1999.

He has a doctorate in chemical engineering and experience in the chemical trading business and financial and commercial business management experience.

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

Bruce is a member of the nomination and governance committee.

Peter Margin

Peter Margin, 54, joined the board on 3 October 2011.

He has a bachelor of science (hons) from the University of NSW and holds a master of business administration from Monash University.

Peter has many years of leadership experience in major Australian and international food companies. His most recent role was a chief executive of Goodman Fielder Ltd and, before that Peter was chief executive and chief operating officer of National Foods Ltd. He has also held senior management roles in Simplot Australia Pty Ltd, Pacific Brands Limited (formerly known as Pacific Dunlop Limited), East Asiatic Company and HJ Heinz Company Australia Limited.

Peter is currently a director of Bega Cheese Ltd, PMP Limited, PACT Group Holdings Limited and Ricegrowers Limited.

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

Toshikazu Takasaki

Toshikazu Takasaki, 67, joined the board in 2012.

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

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

He brings broad industry and international experience to the board.

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

EXECUTIVE MANAGEMENT

Doug Rathbone AM

Managing director and chief executive

Doug Rathbone's background is chemical engineering and commerce and he has worked for Nufarm Australia Ltd for over 40 years. Doug was appointed managing director of Nufarm Australia in 1982 and managing director of Nufarm Ltd in October 1999. He joined the board of directors in 1987. He also served as a non-executive director on the board of CSIRO (2007–2010).

Brian Benson

Group executive marketing and portfolio development

Brian Benson joined Nufarm in 2000 after a long career with Monsanto where he held various senior positions in both Australia and overseas. Brian has extensive experience in the crop protection industry in the areas of international marketing and strategy. He has degrees in agricultural science and business administration.

Paul Binfield

Chief financial officer

Paul Binfield joined Nufarm in November 2011. He has held senior strategic financial roles at Coles Liquor and Hotels, a major division of Wesfarmers Ltd, and at Mayne Group. Paul has extensive experience in publicly listed and private company finance functions, both in Australia and the UK.

Bonita Croft

Group executive people and performance

Bonita joined Nufarm in December 2010 in a newly created role responsible for people and organisation structure. She is a very experienced professional who has had previous human resources executive roles in large companies with international operations, including Brambles.

Rodney Heath

Group executive corporate services and company secretary

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

Greg Hunt

Group executive commercial operations

Greg joined Nufarm in February 2012. He has had considerable executive and agribusiness experience with a successful career at Elders Australia Limited where he was chief executive officer between 2001 and 2007. After leaving Elders, Greg worked with a number of organisations in business development and agribusiness related advisory roles. He is a director of Costa Group.

EXECUTIVE MANAGEMENT CONTINUED

Dale Mellody

Group executive procurement and commercial services

Dale Mellody joined Nufarm in 1995, having completed his bachelor of agricultural science. Promoted to the senior management group in 2005, he has had various global roles including group executive global marketing and general manager of Nufarm's North American business. Dale is now responsible for global procurement and commercial services.

Mike Pointon

Group executive innovation and development

Mike Pointon joined Nufarm in 2001 and was responsible for Nufarm's southern European business based in France. He has a degree in agricultural science and over 25 years' experience in the crop protection industry. Mike was appointed to the executive team in 2008. He is responsible for the group's product development and regulatory affairs activities.

Elbert Prado

Group executive manufacturing and supply chain

Elbert Prado, a chemical engineer, joined Nufarm in July 2013 after extensive international experience in senior operations roles within the chemical industry. He has a strong focus on safety, supply chain and manufacturing excellence. Elbert was global manufacturing and supply chain director for Rohm and Haas.

Robert Reis

Group executive corporate strategy and external affairs

A former journalist, political adviser and lobbyist, Robert joined Nufarm in 1991. Robert has executive management responsibility for corporate strategy and is responsible for global issues management, investor relations, media, government and stakeholder relations.

INFORMATION ON THE COMPANY

Our business

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

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

Our competitive strengths

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

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

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

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

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

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

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

Our strategies

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

- **leverage our product development and regulatory skills to generate accelerated growth in higher-value products and market segments:** we believe we have substantial potential to expand our business and grow market share in many of our markets. We intend to continue growing our sales and optimising our product mix through new product development and commercial partnering, which will be focused on developing value-added off-patent products that generate higher margins. As part of this strategy, we intend to continue to grow our Nuseed business, which is one of our fastest growing and highest margin businesses.
- **optimise route to market strategies:** we constantly evaluate our route to market strategies, which are designed to ensure the delivery of the right product to the right market anywhere in our global operations. Our global manufacturing, formulation and logistics capabilities, complemented by our network of distribution relationships, are key to implementing this strategy.

- **use strategic alliances and other commercial arrangements with industry leaders to maximise the value of our platform:** we have an important strategic alliance with Sumitomo Chemical as well as a range of business relationships with other major companies in the sector, ranging from supply agreements, licensing arrangements, toll manufacturing and distribution arrangements. We believe these arrangements provide opportunities to maximise the value of our product development, manufacturing and distribution platforms as well as increasing our customer base by providing access to additional products or new markets or creating supply chain efficiencies.
- **continue to maximise free cash flow and strengthen our balance sheet:** we are focused on maximising our free cash flow through our continued disciplined approach to financial management. In particular, we are focused on further improving our working capital management as it relates to procurement as well as management of inventory and receivables.

Our risks

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

External risks

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

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

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

Business, operational and financial risks

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

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

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

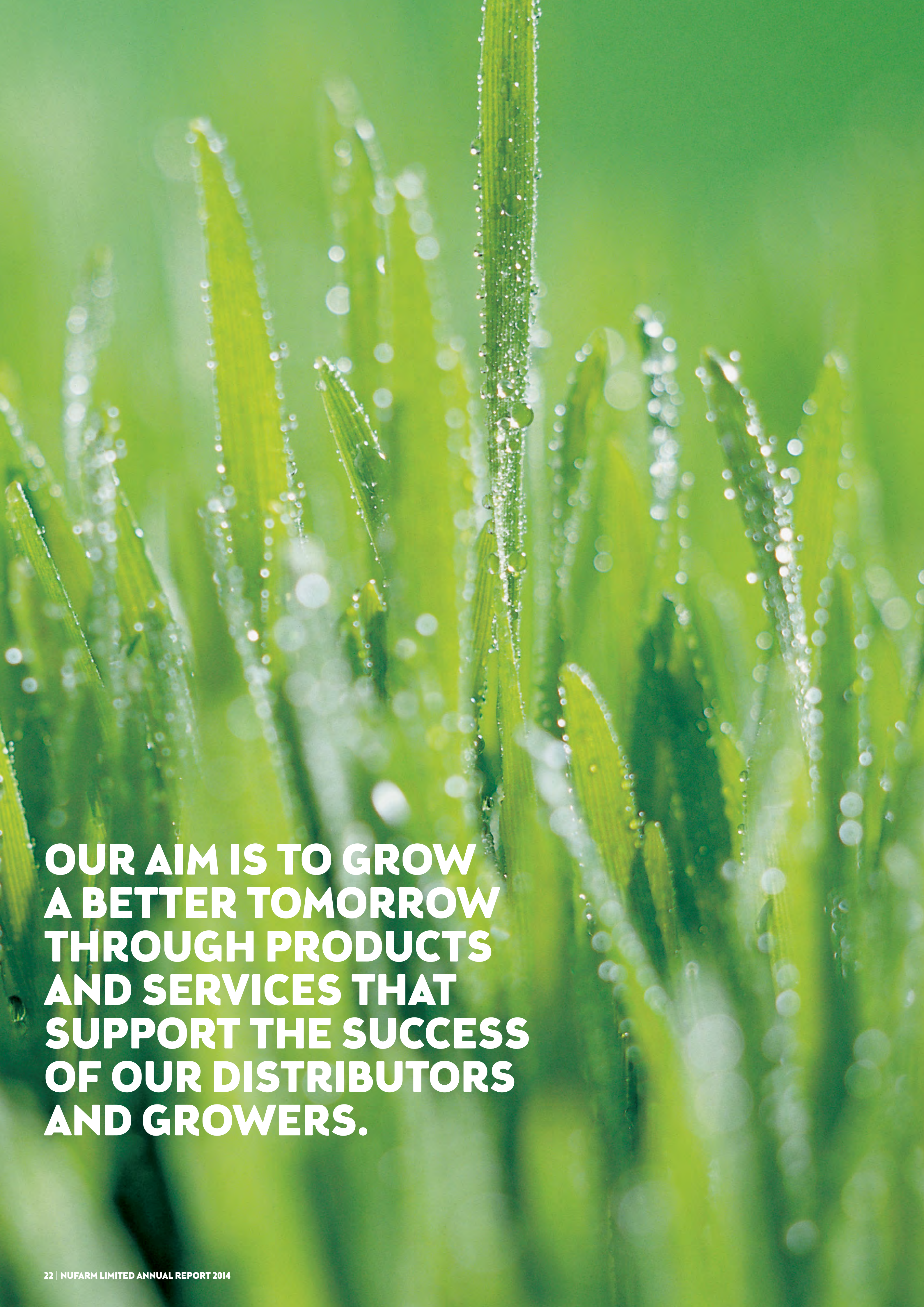
We are dependent on effective procurement strategies and on the continuing efficient operation of our manufacturing plants to be able to deliver cost-competitive products to market.

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

Management of principal risks

Our approach to managing key risks is outlined below.

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



OUR AIM IS TO GROW A BETTER TOMORROW THROUGH PRODUCTS AND SERVICES THAT SUPPORT THE SUCCESS OF OUR DISTRIBUTORS AND GROWERS.

CORPORATE GOVERNANCE

Nufarm's board processes have been reviewed to ensure they represent and protect the interests of all stakeholders. This includes detailed consideration of the second and third editions of the Corporate Governance Principles and Recommendations, ('the ASX principles') published by the Australian Securities Exchange Limited's (ASX) Corporate Governance Council.

Nufarm's corporate governance practices can be viewed in the corporate governance section of our website: www.nufarm.com

Compliance with ASX principles

The ASX Listing Rules require Nufarm to disclose in our annual report the extent to which we have adopted the ASX principles. During this reporting period, Nufarm complied with all of the ASX principles contained in the second edition of the ASX principles, and Nufarm is currently transitioning to compliance with the third edition of the ASX principles.

Management and oversight of Nufarm

The board

The governing body of the company is the board of directors. The board's responsibility is to oversee the company's operations and ensure that Nufarm carries out its business in the best interests of all shareholders and with proper regard to the interests of all other stakeholders.

The board charter defines the board's individual and collective responsibilities and describes those responsibilities delegated to the managing director and senior executives. A copy of the board charter is available on the corporate governance section of the company's website.

The board has set specific limits to management's ability to incur expenditure, enter contracts or acquire or dispose of assets or businesses without full board approval.

The board's specific responsibility is to:

- ratify, monitor and review strategic plans for the company and its business units;
- approve financial and dividend policy;
- review the company's accounts;
- review and approve operating budgets;
- approve major capital expenditure, acquisitions, divestments and corporate funding;
- oversee risk management and internal compliance; and
- review codes of conduct and legal compliance.

The board is also responsible for:

- the appointment and remuneration of the managing director;
- ratifying the appointment of the chief financial officer and the company secretary. The company secretary has a direct reporting line to the chairman, and all directors have direct access to the company secretary, who is appointed by, and accountable to, the board on all governance matters; and
- reviewing remuneration policy for senior executives and Nufarm's general remuneration policy framework.

The board annually reviews its composition and terms of reference for the board, chairman, board committees and managing director.

A copy of the board charter is available on the corporate governance section of the company's website.

There are six scheduled board meetings each year. When necessary, additional meetings are convened to deal with specific issues that require attention before the next scheduled meeting. Each year the board also reviews the strategic plan and direction of the company.

At 31 July 2014, there are four board committees: audit and risk; human resources; nomination and governance; health safety and environment. All directors are entitled to attend any committee meeting.

Details of the attendances at meetings of board and committees during the reporting period appear on page 34 of this report.

Nufarm undertakes appropriate checks before appointing or putting forward any director for election by shareholders and provides shareholders with all information relevant to their decision whether or not to re-elect the director.

All directors and senior executives have a written agreement with the company setting out the terms of their appointment.

Diversity and inclusion

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

To this end, we provide our people with opportunities to work in different countries and regions as part of their development. Leadership teams are representative of the countries and regions within which they work resulting in a truly diverse team across the business.

CORPORATE GOVERNANCE CONTINUED

In 2012 Nufarm identified cultural and gender diversity as areas for specific focus within the overall commitment to inclusion of all employees, and this focus remains key for the business. Nufarm's diversity policy is reviewed annually and can be viewed at the corporate governance section of our website. Human resources policies and practices and board selection processes were reviewed to ensure they were both free of bias and supportive of diverse candidates and employees.

In 2014 our focus was in the three key areas:

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

Analysis of available data does not highlight any gender or other diversity bias in the involvement of our people in training and development opportunities. Reasons for leaving as identified through exit interview data vary but do not show any trends related to gender or culture. Opportunities to participate in management and leadership training are open to all qualifying members of staff. Following feedback received in the 2012 employee opinion survey (EOS) there have been a number of programs put in place in our regions for our people managers. Women have been very well represented in these programs.

As a global business Nufarm fosters the use of cross-functional and cross-regional project teams and work groups. These groups provide an excellent opportunity for our people to collaborate. Women are well represented within these groups.

A comparison of salaries for men and women was completed during the year and the outcomes form a 'base line' for annual review. The indication from initial analysis is that any difference in salary for similar roles is based on the nature of the role, length of service, depth of experience and qualifications, as well as varying regional market rates. This analysis will be reviewed again in light of relevant outcomes of the 2014 EOS. Nufarm is committed to remuneration based only on work-related factors.

Cultural diversity

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

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

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

Board and executive diversity

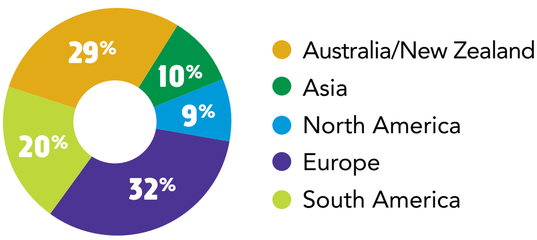
Every board, executive and senior management position which becomes available is an opportunity to bring further diversity to the business. As an example, in 2014 Pedro Tagliari, previously head of operations for Latin America, has moved to Australia to lead the Australia/New Zealand operations as part of the major reorganisation of the Australia/New Zealand business.

Women in Nufarm

Twenty-three per cent of Nufarm's permanent full-time or part-time employees are women up from 22 per cent in 2013.

The table shows the percentages by region with a breakdown of full-time and part-time employment.

Nufarm employee representation



Regions	Percentage of women	Percentage distribution women in full and part-time employment: Full-time	Part-time
All Nufarm	**23**	**91**	**9**
Australia/New Zealand	25	84	16
Asia	28	100	0
North America	28	97	3
Europe	21	87	13
South America	21	96	4

Role	Percentage distribution of employees by role	
	Female	Male
Board	14	86
Executive/senior management	16	84
People manager/team leaders	20	80
Professionals	24	76
Manufacturing	10	90
Administrative	34	66

Notable shifts from 2013 include:

- an increase in the percentage of women in Asia from 16 per cent in 2013 to 28 per cent in 2014. This is mainly attributable to a change in the mix of permanent and temporary jobs which saw women who were previously in temporary work moving into the permanent workforce; and
- part-time positions have increased in North America (two per cent), which in turn provides greater flexibility for our employees.

Women work in every area of our business. The highest percentage is in administrative roles. Women make up 24 per cent of professional roles including scientific, sales, engineering, marketing, finance, human resources and information technology. Ten per cent of manufacturing roles are held by women working in our plants and mainly on day shift. Sixteen per cent of management and executive roles are held by women. One member of the board is female.

The percentages for professional, administrative and manufacturing are in line with the 2013 statistics. There has been a very pleasing shift of four per cent of our women moving into people management roles. A drop of two per cent in executive and senior management is due to restructuring and turnover. For these purposes, 'executive/senior management' is defined as key management personnel and their direct reports and, regional general managers and their direct reports.

One aspect of retaining women in Nufarm is the ability to encourage them back into the workforce after maternity leave. In the last year 81 per cent of maternity leavers returned to work – 77 per cent full-time and 23 per cent in a part-time capacity. This high percentage is encouraged through 'keep in touch' conversations during the period of leave and flexibility in working arrangements on their return.

Employee opinion survey feedback

Nufarm conducts the EOS every two years and uses the feedback from that survey to assist in refining our practices for both retaining and attracting talented people to the business. This survey will run again in September 2014. The EOS provides valuable feedback which allows us to track if there are differences in the working experience between men and women.

Diversity and inclusion 2015

In the 2015 year, Nufarm will ensure that various policies, processes and education seminars are in place to actively encourage women into the organisation and into management. To this end, Nufarm has set the following three key measurable gender diversity objectives for the upcoming reporting period:

1. Nufarm aims to make one of the next two board appointments a suitably qualified woman;
2. Nufarm will actively seek to have at least two appropriately qualified female candidates for all board, executive, management and key professional roles; and
3. Nufarm aims to annually improve the percentage of female representation in management roles.

These objectives are in addition to the policies and practices which ensure we encourage diversity and inclusion across the business.

Evaluating board and board committee performance

The board is committed to reviewing its performance and ensuring the board has the skills and knowledge to provide appropriate leadership and governance for the company.

For some years the board undertook an annual internal survey of its performance, the results of which were used to monitor and improve performance and identify ongoing development opportunities to ensure directors have a suitable knowledge of the business.

In the current period, an independent consultant completed a formal review of the performance of the board and board committees and a report outlining the findings and recommendations of the review, was presented to the board.

Evaluating the performance of senior executives

As part of Nufarm's annual remuneration review, the performance of the senior executive team is reviewed first by the managing director, then the human resources committee and then by the board. In the case of the managing director, the human resources committee and the board conduct his review.

A performance evaluation of senior executives was undertaken in accordance with this process in the reporting period. The executive compensation principles and remuneration mix are set out in detail in the remuneration report on pages 36 to 48 of this report.

Board of directors

Composition

There are eight members of the board with a majority of independent non-executive directors who have an appropriate range of proficiencies, experience and skills to ensure that it properly discharges its responsibilities.

Profiles of each board member, including terms in office, are on pages 16 and 17 of this report.

The company's constitution specifies that the number of directors may be neither less than three, nor more than 11. At present there are seven non-executive directors and one executive director, namely the managing director, and the board has decided at this time that no other company executive will be invited to join the board.

Independence

Directors are expected to bring independent views and judgment to the board. The board has regard to, and applies, the recommendations and commentary in the ASX principles concerning the independence of directors.

At the date of this report, the majority of directors are independent with the exception of Dr WB Goodfellow and T Takasaki (non-executive directors) and DJ Rathbone (managing director and chief executive officer).

Donald McGauchie has been a member of the board for 10 years and chairman of the board for four years. The board unanimously continues to support Donald as chairman, believing this to be in the clear interest of all stakeholders. Donald applies judgment independent of management in all decision making. He discharges his role with strong commitment to considerations of governance and disclosure.

Tenure

The board believes that the way directors discharge their responsibilities and their contribution to the success of the company determines their independence and justifies their positions.

The nomination and governance committee reviews the performance of directors who seek to offer themselves for re-election at the company's annual general meeting. The company's constitution requires directors to submit themselves for re-election at least every three years. The nomination and governance committee then recommends to the board whether or not it should continue to support the nomination of the retiring directors.

Chairman of the board

The chairman is elected annually at the directors' meeting immediately following the company's annual general meeting. Nufarm's chairman, Donald McGauchie, is an independent director.

The Nufarm board has stipulated that the role of the chairman and chief executive officer may not be filled by the same person.

The nomination and governance committee

Donald McGauchie is chairman of the nomination and governance committee and Bruce Goodfellow and Frank Ford are members with a majority of independent directors. The committee is chaired by an independent director.

The formal charter setting out the committee's membership requirements includes the following responsibilities:

- considering the appropriate size and composition of the board;
- developing criteria for board membership selection, composition and assessing the skills required on the board;
- reviewing the skills represented on the board to ensure the board is composed of directors who comprise an appropriate mix of skills to provide the necessary breadth and depth of knowledge and experience to meet the board's responsibilities and objectives as well as reviewing the board to ensure it will be made up of directors with a diversity of skills, expertise, experience, backgrounds and gender;
- developing a process for the evaluation of the performance of the board, its committees and directors;
- recommending changes to the membership of the board;
- making recommendations to the board on candidates it considers appropriate for appointment;
- reviewing board succession plans;
- in conjunction with the human resources committee, ensuring the application of the diversity policy to the selection of board members;
- reviewing the time required from non-executive directors and whether those requirements are met;
- reviewing any retiring non-executive director's performance and making recommendations to the board as to whether the board should continue to support the nomination of a retiring non-executive director;
- managing the process of managing director recruitment and transition on behalf of the board;
- reviewing and approving the company's corporate governance policies for continuous disclosure and securities trading; and
- reviewing the company's code of conduct and other ethical standards.

A copy of the nomination and governance committee charter and a summary of the policy and procedure for director appointments are available on the corporate governance section of the company's website.

In the current period, the nomination and governance committee met on three occasions.

CORPORATE GOVERNANCE CONTINUED

Nufarm recognises the valuable contribution made by each board member to the effective running of the company. When board positions become available, the company takes the opportunity to review the mix of skills and experience on the board in considering the skills and experience that a new director should possess.

This analysis forms the basis of selection criteria, which includes diversity, both as to gender and experience.

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

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

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

The board ensures that new directors are inducted to the company appropriately, including relevant industry knowledge, visits to specific company operations and briefings by key executives.

To assist in providing appropriate development opportunities for continuing directors to develop and maintain their skills and knowledge of the company, each year, one of the scheduled board meetings will be held at one of the company's international locations allowing directors to inspect the relevant operation, meet local management, customers and other stakeholders. Furthermore, directors are also provided with access to regional general managers and key industry speakers are scheduled to present to the board.

Access to independent advice

To help directors discharge their responsibilities, any director can appoint legal, financial or other professional consultants at the expense of the company with the chairman's prior approval (which may not be unreasonably withheld).

The board charter provides that non-executive directors may meet without management present.

Conflicts of interest

Board members must identify any conflict of interest they may have in dealing with the company's affairs and then refrain from participating in any discussion or voting on these matters. Directors and senior executives must disclose any related party transactions in writing to the chairman.

Acting ethically and responsibly

Ethical standards

Nufarm operates in many countries and does so in accordance with the social and cultural beliefs of each country.

It is politically impartial except where the board believes that it is necessary to comment due to any perceived major impact on the company, its business or any of its stakeholders.

We require all directors, senior executives and employees to adopt standards of business conduct that are ethical and which comply with the law. Where there are no legislative requirements, the company develops policy statements to ensure appropriate standards are maintained.

The company's code of conduct is available on the corporate governance section of the company's website.

Safeguard integrity in corporate reporting

Financial reports

The company has put in place a structure of review and authorisation to independently verify and safeguard the integrity of its financial reporting.

The audit and risk committee reviews the company's financial statements and the independence of the external auditors.

Audit and risk committee

Frank Ford is chairman of the board audit and risk committee and Anne Brennan and Gordon Davis are members of the committee. The committee comprises independent non-executive directors and is chaired by an independent director.

Details of attendances at meetings of the audit and risk committee are set out on page 34 of this report.

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

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

Anne Brennan has a bachelor of commerce (hons) from University College Galway and she is a fellow of both the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

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

Anne will be standing down as a director and deputy chairperson of Echo Entertainment Group Limited after that company's 2014 annual general meeting. Anne is a director of Myer Limited, Charter Hall Group, Argo Investments Ltd, Rabobank Australia Limited and Rabobank New Zealand Limited.

Gordon Davis has a bachelor of forest science (hons), master of agricultural science and he also holds a master of business administration.

Gordon was managing director of AWB Limited between 2006 and 2010. Prior to this, he held various senior executive positions with Orica Limited, including general manager of Orica Mining Services (Australia, Asia) and general manager of Incitec Fertilizers. He has also served in a senior capacity on various industry associations.

The committee has a formal charter which is reviewed annually. A copy of the audit and risk committee charter and the committee's duties is available on the corporate governance section of the company's website.

The charter sets out membership requirements for the committee, its responsibilities and provides that the committee shall annually assess the external auditor's actual or perceived independence by reviewing the services provided by the auditor.

The charter also identifies those services that:

- the external auditor may and may not provide; and
- require specific audit and risk committee approval.

The committee has recommended that:

- any former lead engagement partner of the firm involved in the company's external audit should not be invited to fill a vacancy on the board;
- the lead engagement audit partner will be required to rotate off the audit after a maximum five years, involvement; and
- it will be at least two years before that lead partner can again be involved in the company's audit.

In the current period the audit and risk committee met on four occasions.

Prior to the approval of the financial statements for any financial period, the board receives a declaration from the CEO and CFO that:

- the financial records of the company have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the company's financial position and performance; and
- that opinion has been formed on the basis of a sound system of risk management and internal control which operates effectively.

The company's external auditor attends the company's AGM and is available to answer questions for shareholders relevant to the audit.

Disclosure

The company has a detailed written policy and procedure to ensure compliance with both the ASX Listing Rules and the Corporations Act. This policy is reviewed regularly with the company's legal advisers and was most recently amended in February 2014.

The company secretary prepares a schedule of compliance and disclosure matters for directors to consider at each board meeting.

A summary of the disclosure policy is available on the corporate governance section of the company's website.

Rights of shareholders

Information about Nufarm, including copies of:

- relevant market announcements and related information; and
- presentations made to analysts and investor briefings,

are immediately made available on the company's website: www.nufarm.com. The corporate governance section of the website contains all relevant governance information.

Communication

Nufarm is committed to timely, open and effective communication with its shareholders and the general investment community.

Nufarm values a direct, two-way dialogue with shareholders and the company believes it is important not only to provide relevant information as quickly and efficiently as possible, but also to listen and understand shareholder's perspectives and respond to their feedback. Nufarm's communication policy aims to:

- ensure that shareholders and the financial markets are provided with full and timely information about our activities;
- comply with its continuous disclosure obligations contained in applicable listing rules and the Corporations Act in Australia as well as industry guidelines such as the Australasian Investor Relations Association's Best Practice Guidelines for Communication between Listed Entities and the Investment Community;
- ensure equality of access to briefings, presentations and meetings for shareholders, analysts and media; and
- encourage attendance and voting at shareholder meetings.

Information is communicated to shareholders:

- through the distribution of half year and annual reports;
- whenever there are other significant developments to report, by electronic means as well as by post; and
- when shareholders are provided with notice of the company's AGM and other general meetings.

Nufarm has a dedicated investor centre on the company's website which contains:

- all market announcements and related information which is posted immediately after release to the ASX;
- a calendar of events relating to shareholders;
- archived presentations made at the AGM and analyst and media briefings;
- notice of annual general meeting and explanatory notes;
- archived half year and annual reports;
- ASX announcements and financial results for at least the last three years; and
- the company's share price.

Management remains accessible to shareholders, analysts, fund managers and others with a potential interest in the company. Communications with external stakeholders are coordinated via a central contact point within the company.

Shareholders are encouraged to attend and participate at general meetings. To facilitate this, meetings will be held during normal business hours and at a place convenient for the greatest possible number of shareholders to attend.

The full text of notices and accompanying materials will appear on the company's website. Information, including in relation to:

- the nature of the business of the meeting;
- conflicts of interest;
- voting restrictions; and
- directors' recommendations,

will be presented in a clear and concise manner designed to provide shareholders and the market with full and accurate information. Proxy forms will be provided in order to enable shareholders unable to attend the meeting to vote on the resolutions.

Nufarm encourages its shareholders to receive communications from, and to send communications to it and its share registry, electronically.

Nufarm's formal communications policy is available on the corporate governance section of the company's website.

Identifying and managing risk

The board is committed to identifying, assessing, monitoring and managing its material business risks. To that end, the board has implemented a sound risk management framework which it reviews at least annually to ensure its effectiveness.

The board is responsible for the oversight of the company's risk management system. The board ensures that appropriate policies are in place to ensure compliance with risk management controls and requires management to monitor, manage and report on business risks.

The board delegates certain responsibilities to board committees and primarily to its audit and risk committee which is chaired by an independent director. The audit and risk committee's responsibilities include providing an oversight of the effectiveness of Nufarm's enterprise-wide risk management and internal control framework.

Full details of the members of the audit and risk committee are set out on pages 27 and 28 of this report.

In the current period the audit and risk committee met on four occasions.

A copy of the audit and risk committee charter and its duties is available on the corporate governance section of the company's website.

The company's risk management framework, policies and procedures set out the roles, responsibilities and guidelines for managing financial and operational risks associated with the business. The framework, policies and procedures have been designed to provide effective management of material risks at a level appropriate to Nufarm's global business and are based on concepts and principles identified in the Australian/New Zealand Standard on Risk Management (AS/NZ ISO 31000:2009). The risk framework, policies and procedures will continue to be enhanced as the group's operations develop and its range of activities expands.

Nufarm's group risk management department, led by the general manager global risk and assurance, manages the implementation of this framework across the group. Detailed risk profiles for key operational business units have been developed. These risk profiles identify the:

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

The audit and risk committee charter requires the committee and the general manager global risk and assurance to review, at least annually, the group's risk management framework. In the current reporting period, the audit and risk committee reviewed the effectiveness of the company's risk management framework to ensure that the framework remains sound.

Nufarm's internal audit function is headed by the general manager global risk and assurance who reports at each audit and risk committee meeting on the implementation and management of the enterprise risk management policy.

As explained in the audit and risk committee charter, the internal audit is designed to:

- assess the effectiveness of, or weaknesses in, the group's internal control framework including computerised information system controls and security, the overall control environment, and accounting, treasury and financial controls;
- consider significant findings and recommendations of the external auditors and internal auditors, together with management's responses thereto, and the timetable for implementation of recommendations to correct identified weaknesses in internal controls; and
- review, with the general manager global risk and assurance and the external auditors, the coordination of the audit effort to assure completeness of coverage of key business controls and risk areas, reduction of redundant effort, and the effective use of risk management and audit resources.

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

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

All board committees report to the board on risk management issues within their area of responsibility.

A summary of the company's policies on risk oversight and management of material business risks is available in the corporate governance section of the company's website.

Nufarm publishes an annual sustainability report which reviews economic, environmental and sustainability risks. A copy of the 2014 sustainability report is available on the company's website.

Remuneration

The board has procedures to ensure that the level and structure of remuneration for executives and directors is appropriate. Full details of the executive remuneration structure are set out in the remuneration report on pages 36 to 48 of this report.

Human resources committee

Peter Margin is chairman of the human resources committee and Gordon Davis and Donald McGauchie are members. The committee comprises independent non-executive directors and is chaired by an independent director.

The committee's formal charter, a copy of which is available on the corporate governance section of the company's website, includes a responsibility to review and make recommendations to the board in relation to Nufarm's board and executive remuneration strategy, structure and practice with regard to:

- Nufarm's strategic objectives;
- corporate governance principles; and
- competitive practices.

The specific matters the committee may consider include the review of:

- executive management and directors' remuneration, including the link between company and individual performance;
- current industry best practice;
- the outcome of the annual vote on the adoption of the remuneration report;
- different methods for remunerating senior management and directors, including superannuation arrangements;
- existing or proposed incentive schemes;
- retirement and termination benefits and payments for senior management; and
- professional indemnity and liability insurance policies.

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

The committee reports to the board on all matters and the board makes all decisions, except when power to act is delegated expressly to the committee.

In the current period the human resources committee met on five occasions.

The company distinguishes the structure of non-executive directors' remuneration from that of senior executives. Details of senior executive and non-executive directors' remuneration are set out in the remuneration report on pages 36 to 48 of this report.

The rules of the short term incentive plan ('STI plan') provide that participants are not permitted to hedge any shares issued to them under the STI plan whilst those shares are held in trust.

Clause 9 of the company's security trading policy sets out the process by which key management personnel may seek approval to enter into a margin loan or other security arrangement in respect of Nufarm's securities. A copy of the security trading policy is available on the corporate governance section of the company's website.

A copy of the human resources committee charter is available on the corporate governance section of the company's website.

FINANCIAL REPORT

DIRECTORS' REPORT

The directors present their report together with the financial report of Nufarm Limited ('the company') and of the group, being the company and its subsidiaries and the group's interests in associates and jointly controlled entities, for the financial year ended 31 July 2014 and the auditor's report thereon.

Directors

The directors of the company at any time during or since the end of the financial year are:

DG McGauchie AO (Chairman)
DJ Rathbone AM (Managing director)
AB Brennan
GR Davis
FA Ford
Dr WB Goodfellow
PM Margin
T Takasaki

Unless otherwise indicated, all directors held their position as a director throughout the entire period and up to the date of this report. Details of the qualifications, experience and responsibilities and other directorships of the directors are set out on pages 16 and 17.

Company secretary

The company secretary is R Heath.

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

Directors' interests in shares and step-up securities

Relevant interests of the directors in the shares and step-up securities issued by the company and related bodies corporate are, at the date of this report, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, as follows:

	Nufarm Ltd ordinary shares	Nufarm Finance (NZ) Ltd step-up securities
AB Brennan	10,000	–
GR Davis	40,000	–
FA Ford	10,000	–
Dr WB Goodfellow[1, 2]	1,146,138	48,423
DG McGauchie[1]	46,239	–
PM Margin	2,458	–
DJ Rathbone	3,368,241	1,500
T Takasaki	–	–

1. The shareholdings of Dr WB Goodfellow and DG McGauchie include shares issued under the company's non-executive director share plan and held by Pacific Custodians Pty Ltd as trustee of the plan.
2. The holding of Dr WB Goodfellow includes his relevant interest in:
   (i) St Kentigern Trust Board (430,434 shares and 19,727 step-up securities) – Dr Goodfellow is chairman of the Trust Board. Dr Goodfellow does not have a beneficial interest in these shares or step-up securities.
   (ii) Sulkem Company Limited (123,171 shares).
   (iii) 531 Trust (400,861 shares). Dr Goodfellow and EW Preston are trustees of 531 Trust.
   (iv) Auckland Medical Research Foundation (26,558 step-up securities). Dr Goodfellow does not have a beneficial interest in these step-up securities.
   (v) Trustees of the Goodfellow Foundation (33,854 shares and 1,338 step-up securities). Dr Goodfellow is Chairman of the Foundation and does not have a beneficial interest in these shares or step-up securities.
   (vi) Archem Trading (NZ) Ltd (700 step-up securities).

DIRECTORS' REPORT continued

Directors' meetings

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

			Committees							
Director	Board		Audit and risk		Human resources		Nomination and governance		Health safety and environment	
	Meetings held[1]	Meetings attended	Meetings held[1]	Meetings attended	Meetings held[1]	Meetings attended	Meetings held[1]	Meetings attended	Meetings held[1]	Meetings attended
AB Brennan	10	9	4	4	–	–	–	–	2	2
GR Davis	10	10	4	4	5	5	–	–	3	3
FA Ford	10	10	4	4	–	–	3	3	–	–
Dr WB Goodfellow	10	10	–	–	–	–	3	3	–	–
DG McGauchie	10	10	–	–	5	5	3	3	–	–
PM Margin	10	10	–	–	5	5	–	–	3	3
DJ Rathbone	10	10	–	–	–	–	–	–	–	–
T Takasaki	10	10	–	–	–	–	–	–	1	1

1. Number of meetings held during the period the director held office.

Principal activities and changes

Details of Nufarm's principal activities and changes are set out in the information on the company section on pages 20 and 21 of the financial report

Nufarm employs approximately 3,445 people at its various locations in Australasia, Africa, the Americas and Europe. The company is listed on the Australian Securities Exchange (symbol NUF). Its head office is located at Laverton in Melbourne.

Results

The net profit attributable to members of the group for the 12 months to 31 July 2014 is $37.7 million. The comparable figure for the 12 months to 31 July 2013 was $81.0 million.

Dividends

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

	$000
The final dividend for 2012–2013 of five cents paid 15 November 2013.	13,166
The interim dividend for 2013–2014 of three cents paid 9 May 2014.	7,912

The final dividend for 2013–2014 of five cents as declared and recommended by the directors is payable 14 November 2014.

Nufarm step-up securities distributions

The following Nufarm step-up securities distributions have been paid since the end of the preceding financial year:

	$000
Distribution for the period 16 April 2013 – 15 October 2013 at the rate of 6.9525% per annum paid 15 October 2013	8,749
Distribution for the period 15 October 2013 – 15 April 2014 at the rate of 6.5167% paid 15 April 2014	8,156

Review of operations

The review of the operations during the financial year and the results of those operations are set out in the managing director's review on pages 4 to 8 and the business review on pages 11 to 13.

DIRECTORS' REPORT continued

State of affairs

The state of the group's affairs are set out in the managing director's review on pages 4 to 8 and the business review on pages 11 to 13.

Operations, financial position, business strategies and prospects

Information on the group, which enables an informed assessment of its operations, financial position, strategies and prospects, is contained in the financial accounts, managing director's review, the business review, and the information on the company section on pages 20 and 21 of the financial report.

Events subsequent to reporting date

On 23 September 2014, the directors declared a final unfranked dividend of five cents per share payable 14 November 2014.

Likely developments

Likely developments in the group's operations and the expected results of those operations are contained in the managing director's review and the business review.

Environmental performance

Details of Nufarm's performance in relation to environmental regulations are set out on pages 14 to 15. The group did not incur any prosecutions or fines in the financial period relating to environmental performance. The group publishes annually a sustainability report (formerly called health, safety and environment report). This report can be viewed on the group's website or a copy will be made available upon request to the company secretary.

Non-audit services

During the year KPMG, the company's auditor, has performed certain other services in addition to their statutory duties. Details of the audit fee and non-audit services are set out in note 40 of the financial report.

The board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the audit and risk committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the reason that all non-audit services were subject to the corporate governance procedures adopted by the company and have been reviewed by the audit and risk committee to ensure they do not impact the integrity and objectivity of the auditor.

Indemnities and insurance for directors and officers

The company has entered into insurance contracts, which indemnify directors and officers of the company, and its controlled entities against liabilities. In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential.

An indemnity agreement has been entered into between the company and each of the directors named earlier in this report. Under the agreement, the company has agreed to indemnify the directors against any claim or for any expenses or costs, which may arise as a result of the performance of their duties as directors. There are no monetary limits to the extent of this indemnity.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 49 and forms part of the directors' report for the financial year ended 31 July 2014.

Rounding of amounts

The company is of a kind referred to in Australian Securities and Investment Commission Class Order 98/100 dated 10 July 1998 and, in accordance with that class order, amounts in the financial statements and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Remuneration report (audited)

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

Nufarm's remuneration structure is designed to support our strategic objectives and help drive sustainable value creation. The capabilities and commitment of our management and employees make a critical contribution to the success of the company and our remuneration policies are based on principles that encourage and reward performance and outcomes. The short and long term incentive plans combine shared accountability for financial results with individual reward for strategic changes and improvements within the individual's function or business unit. Each year the board reviews the financial metrics and individual objectives to ensure they remain appropriate as a basis of reward given the objectives of the business strategy and the interests of shareholders.

Nufarm's remuneration report is for the year ended 31 July 2014. The report details remuneration information as it applies to Nufarm non-executive directors (NED) and Nufarm's executives (referred to as key management personnel (KMP)).

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

Peter Margin

Key management personnel disclosed in this report

The following were key management personnel of the consolidated entity at any time during the reporting period and were key management personnel for the entire period (except where denoted otherwise).

Non-executive directors

DG McGauchie AO (Chairman)
DJ Rathbone AM (Managing director and chief executive officer)
GR Davis
Dr WB Goodfellow
PM Margin
AB Brennan
FA Ford (appointed 10 October 2012)
GA Hounsell (retired 8 October 2012)
T Takasaki (appointed 6 December 2012)

Other key management personnel

Executives	Title
BF Benson	Group executive, marketing and portfolio development
P Binfield	Chief financial officer
BJ Croft	Group executive, people and performance
R Heath	Group executive, corporate services
G Hunt	Group executive, commercial operations
DA Mellody	Group executive, procurement and commercial services
MJ Pointon	Group executive, innovation and development
E Prado[2]	Group executive, manufacturing and supply chain
DA Pullan[1]	Group executive, operations
RG Reis	Group executive, corporate strategy and external affairs

1. DA Pullan resigned as group executive, operations with effect from 31 July 2013.
2. E Prado was appointed as group executive, manufacturing with effect from 1 July 2013.

Remuneration governance

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

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

Within the remuneration framework the board has discretion to 'clawback' LTIP and deferred STI prior to vesting where: payment is contrary to the financial soundness of the company; in circumstances where the financial performance of Nufarm over the relevant period (including the initial STI performance period) has been misstated; and/or for individual gross misconduct.

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

Key outcomes for the 2014 year detailed in this report include:

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

Remuneration advice

The human resources committee did not seek external executive remuneration benchmarking data for the 2014 year but relied on general information on executive salary movements to inform the committee's recommendations to the board in regard to KMP salaries.

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

Principles of remuneration for the period ended 31 July 2014

The company's remuneration policy for the period ended 31 July 2014 was based on total target reward (TTR) structured to align overall remuneration spend with business performance.

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

Remuneration mix

The TTR for the majority of the KMP (excluding the managing director) will have a mix at target of 55 per cent fixed, 25 per cent STI (50 per cent paid cash and 50 per cent retained in equity) and 20 per cent LTIP (retained in performance rights). New KMP are employed on this basis. For longer serving KMP a case by case transition plan is being implemented to arrive at the target remuneration mix. Individual plans are necessary given different salary levels and contractual arrangements.

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

Fixed remuneration

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

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

Short term incentive

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

The board reviews the measures each year to ensure they remain relevant for the company and shareholders. For the 2014 year the financial measures remained unchanged with the board determining that underlying net profit after tax (NPAT) and average net working capital (ANWC)/sales are aligned with shareholder interests and rewards and also reflect the focus within the business on both profit and balance sheet performance.

In 2014 the STI, which rewards annual performance, was delivered through a combination of cash incentive and shares which were retained and will vest in 2016 on the second anniversary.

<table>
<tr><td>Who participates in the STI?</td><td colspan="5">Plan participants include KMP and senior managers globally.</td></tr>
<tr><td>When are awards made?</td><td colspan="5">Awards under the plan are made at the end of the financial year.</td></tr>
<tr><td>What measures are used in the plan?</td><td colspan="5">The board sets measures at the start of each year focused on profitability, balance sheet management and overall return. Noted below are the measures used in 2014.</td></tr>
<tr><td></td><td>80% of the potential was based on underlying net profit after tax (NPAT) and average net working capital (ANWC)/sales.</td><td colspan="4">20% of the potential was based on individual strategic and business improvement objectives aligned to the role and contribution of the executive.</td></tr>
<tr><td></td><td colspan="5">This structure reflects Nufarm's strong focus on the use of capital and ensures alignment of reward to business outcomes and shareholder returns.

The board has resolved to change the percentage allocation for the managing director in the 2015 year from 80/20 financial to strategic to 70/30 to highlight the importance of effective competitive strategy to the sustainable performance of the business.</td></tr>
<tr><td>When and how are the STI payments determined?</td><td colspan="5">Awards are assessed annually at the end of the financial year. Awards are based on the percentage achievement against the budget and strategic measures.</td></tr>
<tr><td></td><td>Percentage budget achievement</td><td><85</td><td>85</td><td>100</td><td>120 Underlying NPAT
110 ANWC/Sales</td></tr>
<tr><td></td><td>Percentage of STI target award realised</td><td>nil</td><td>25</td><td>100</td><td>150</td></tr>
<tr><td></td><td colspan="5">Straight-line vesting between 85% and budget and between budget (target) and 120% budget achievement (stretch).

Strategic and business improvement objectives are assessed on a merit basis against stated objectives.</td></tr>
<tr><td>Are payments in cash or shares?</td><td colspan="5">50% of STI is paid in cash at the time of performance testing and 50% deferred into shares in the company for nil consideration.</td></tr>
<tr><td>When do the shares vest?</td><td colspan="5">Vesting will occur on the second anniversary subject to continued employment.</td></tr>
<tr><td>Is there a clawback provision in the plan?</td><td colspan="5">The rules of the plan provide for clawback of deferred STI prior to vesting where: payment is contrary to the financial soundness of the company; in circumstances where the financial performance of Nufarm over the relevant period (including the initial STI performance period) has been misstated; and/or for individual gross misconduct.</td></tr>
</table>

Long term incentive plan

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

Why have an LTIP?	This plan aligns executive interests and earnings with the longer term Nufarm strategy and the interests of shareholders.
Who participates in the LTIP	The current participants in the plan are KMP and other selected senior managers (together, the LTIP participants).
Are the awards cash or shares?	The plan rules provide the flexibility to use a number of different instruments provided they comply with local regulations and sound practice. Previous awards were granted to Australian executives in the form of performance rights, which comprise rights to acquire ordinary shares in the company for nil consideration, subject to the achievement of global performance hurdles. The 2014 allocations will be in indeterminate rights. At the time of vesting the board will determine if the rights convert to ordinary shares or cash or other instruments which may be in use at the time. These rights will be valued using the same methodology as employed in previous years. The change has no impact on the measurement or on the likelihood of vesting.
When are the awards made?	Under the plan, Australian LTIP participants receive an annual award of rights as soon as practical after the announcement of results for the preceding year.
How are the number of rights calculated?	The number of rights for previous years of the plan were calculated at 'face value' using the five-day volume weighted average price (VWAP) post the announcement of annual results; • the board reviews efficacy of a fair value methodology annually and the board resolved to retain 'face value' for the 2014 awards; and • to be eligible the LTIP participant needs to be employed by Nufarm on the vesting date.
When do the awards vest?	The performance/vesting period for awards is three years. Awards will vest in two equal tranches as follows: • 50% of the LTIP grant will vest subject to the achievement of a relative TSR performance hurdle measured against a selected comparator group of companies; and • the remaining 50% of the LTIP grant will vest subject to the three year average of an absolute ROFE target.
Why have ROFE and relative TSR been chosen as the hurdles?	ROFE is used to track progress towards the goal to return long term results back to acceptable levels for Nufarm (ROFE). Strong relative TSR performance ensures Nufarm is an attractive investment for shareholders.
What is the comparator group for the assessment of relative TSR?	Based on the results of research and modelling carried out by Ernst & Young, the board approved the adoption of the 'S&P ASX 200 excluding those companies in the Financial, Materials and Energy groups' as the TSR comparator group. This provides a group which is large enough for sound measurement with exclusions that reduce the volatility by removing companies which are in significantly different industries to Nufarm. This comparator group is also seen as an appropriate representation of Nufarm's competitors for investment.
How is relative TSR measured?	TSR will be measured over the performance period. For the purposes of this measurement, each company's share price will be measured using the average closing price over 60 days up to (but excluding) the first day of the performance period, and the average closing price over 60 days up to and including the last day of the performance period.

What is the relative TSR performance required for vesting?	**TSR of Nufarm relative to the TSR of comparator group companies**	**Proportion of TSR grant vesting**
	Less than 50th percentile	0%
	50th percentile	50%
	Between 51st percentile and 75th percentile	Straight-line vesting between 50% and 100%
	75th percentile	100% vesting
How is the ROFE target set?	ROFE objectives are set by the board at the beginning of each year. There is both a 'target' and a 'stretch' hurdle. These numbers are based on the budget and growth strategy. 'Target' represents a sustainable return to acceptable ROFE levels. Stretch recognises achievement well above budget. This ensures that full vesting of the LTIP is truly reliant on outstanding performance.	
How is ROFE measured?	Return is calculated on the group's earnings before interest and taxation and adjusted for any non-operating items. Funds employed are represented by shareholders' funds plus total interest-bearing debt. For the purposes of measuring ROFE performance in the LTIP, ROFE will be averaged over the life of the plan.	
What ROFE result is required for vesting?	**Percentage of ROFE target achieved**	**Proportion of ROFE grant vesting**
	Less than target	0%
	Target	50%
	Between target and stretch	Straight-line vesting between 50% and 100%
	Stretch	100%
What was the result for the 2014 year?	There is no partial vesting of the LTIP before the third anniversary which was 31 July 2014 for the first awards under the plan. The table below shows the performance against target for the first two years of the plan.	

	Target %	Outcome %
2012	10.0	10.4
2013	10.9	8.8
2014	10.0	9.1
Cumulative three-year average	10.3	9.4

	This means that the first award which matures in 2014 has not vested on either the ROFE or the relative TSR and the rights have been forfeited. At this time the 2013 award is tracking below the ROFE hurdle rate necessary to trigger vesting on this metric.
What happens if the awards do not vest?	To the extent that the TSR and ROFE performance hurdles are not met at the end of the three year performance period and full vesting is not achieved, performance will not be re-tested and the award will lapse. The awards tested on the 31 July 2014 did not vest and therefore the rights have lapsed.
Is there a clawback provision in the plan?	The rules of the plan provide for clawback of unvested LTIP rights where: payment is contrary to the financial soundness of the company; in circumstances where the financial performance of Nufarm over the relevant period has been misstated; and/or for individual gross misconduct.

Link between performance and KMP remuneration outcomes

- Fixed and variable remuneration review: given the financial performance of the group and the contribution to the continued recovery of the business, KMP were granted increases in fixed remuneration and short term incentive potential of between three per cent and 6.5 per cent. Percentage increases reflected company performance, changes in the scope and responsibility of the role and individual performance.
- STI: based on an underlying NPAT result of $86.4 million, an ANWC/Sales result at 47.7 per cent and performance against individual strategic and business improvement objectives, KMP were awarded a limited incentive in accordance with the rules of the plan.
  - Individual objectives were driven by Nufarm's strategy and the goals to deliver on sustainable innovation and business discipline across the business. These objectives were specific to the role of each executive and included organisation restructuring, management and board renewal, business process and systems improvements and the implementation of initiatives to support growth in higher-value segments.

- The managing director's incentive outcome for 2014 was a calculated on part achievement of financial results and part achievement of strategic objectives.
- LTIP: the LTIP vests on the third anniversary. Neither the average ROFE result over the three years nor the TSR result for triggered vesting and the rights for this first award have been forfeited. Results for 2013 and 2014 are currently tracking below the hurdle rate necessary to trigger any payment against this metric.

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

	Underlying EBIT*	ANWC/ Sales**	Underlying NPAT*	ROFE achieved	Closing share price 31 July	Total shareholder return***
	$M	%	$M	%	$	%
2010	148.4	N/A	N/A	6.0	3.82	(62.7)
2011	171.8	N/A	N/A	7.6	4.34	13.6
2012	206.0	45.3	115.4	10.4	5.47	26.8
2013	186.8	46.8	83.2	8.8	4.50	(16.5)
2014	200.6	47.7	86.4	9.1	4.35	(1.7)

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

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

*** Source: Credit-Suisse.

2014 STI outcomes

KMP	2014 STI potential At target $	At maximum $	Total award as a % of target potential	Total award $	To be paid in cash in October 2014 $	Retained in shares vesting on 2nd anniversary 31 July 2016 $
Doug Rathbone*	1,687,140	2,530,710	24.6	414,216	165,686	248,530
Paul Binfield	322,740	484,110	33.6	108,284	54,142	54,142
Elbert Prado	206,400	309,600	33.6	69,250	34,625	34,625
Brian Benson	520,905	781,358	33.6	174,771	87,385	87,385
Robert Reis	455,211	682,817	33.6	152,730	76,365	76,365
Greg Hunt	289,405	434,107	33.6	97,100	48,550	48,550
Dale Mellody	390,902	586,353	33.6	131,153	65,576	65,576
Mike Pointon	286,272	429,408	33.6	96,048	48,024	48,024
Bonita Croft	245,072	367,068	33.6	82,224	41,112	41,112
Rodney Heath	239,009	358,513	33.6	80,190	40,095	40,095

* Deferred STI is retained in cash.

2014 LTIP allocations

KMP	Value of award $	Number of performance rights*	Grant date	Vesting date	Fair value at grant date TSR tranche (50% of award)	ROFE tranche (50% of award)
Doug Rathbone	811,125	170,881	5.12.2013	31.7.2016	$2.40	$4.10
Paul Binfield	257,940	54,341	9.10.2013	31.7.2016	$2.48	$4.21
Elbert Prado	165,121	34,786	9.10.2013	31.7.2016	$2.48	$4.21
Brian Benson	154,857	32,624	9.10.2013	31.7.2016	$2.48	$4.21
Robert Reis	137,943	29,061	9.10.2013	31.7.2016	$2.48	$4.21
Greg Hunt	231,950	48,865	9.10.2013	31.7.2016	$2.48	$4.21
Dale Mellody	118,444	24,953	9.10.2013	31.7.2016	$2.48	$4.21
Mike Pointon	98,569	20,766	9.10.2013	31.7.2016	$2.48	$4.21
Bonita Croft	74,257	15,644	9.10.2013	31.7.2016	$2.48	$4.21
Rodney Heath	72,420	15,257	9.10.2013	31.7.2016	$2.48	$4.21

* Rights were valued at $4.7467 being the five-day VWAP post the announcement of 2013 annual results.

Service contracts

The company has employment contracts with the KMP. These contracts formalise the terms and conditions of employment. The contracts are for an indefinite term. The contracts of the managing director and most other KMP named in this report were entered into prior to the announcement of legislation to change termination payment limits for executives.

The company may terminate the contract of the managing director, either immediately or by giving 12 months' notice, in which case the managing director will be paid a termination payment equivalent to 24 months' TFR (base salary plus value of benefits such as motor vehicle and superannuation and any fringe benefits tax in relation to those benefits). The contract also provides for the company to be able to make a payment in lieu of notice should it wish, for payment of any entitlements due under existing STI and LTI plans and for payment of applicable statutory entitlements.

The managing director may terminate the contract by giving the company 12 months' notice. In this event, the contract provides an entitlement for the managing director to a termination payment equal to any part of the notice period, paid in lieu, by the company. In addition, the managing director will be paid any entitlements due under existing STI and LTI plans and all applicable statutory entitlements.

In certain limited circumstances, the managing director may also terminate his contract on immediate notice. This includes where there is a change of duties or responsibilities without the managing director's agreement which has the effect of material change in status and in certain other limited circumstances. If the contract is terminated in these circumstances, the managing director will, in general, be entitled to the payments outlined above where the company terminates on immediate notice. In extremely limited circumstances, the managing director may also be entitled to an additional amount equal to 24 months' entitlement under the STI and LTI plans.

The company may terminate the contract of other KMP by six months' notice in which case a termination payment equivalent to 12 months' total employment cost will be paid. In addition, the contracts provide for payment of any part of the applicable notice period paid in lieu, plus any entitlements due under existing STI and LTI plans (including any entitlements which would have been payable under the STI and LTI plans in the period ending on the later of (i) the last day of the financial year following notice of termination or (ii) six months following notice of termination) and applicable statutory entitlements.

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

Termination benefits

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

To be eligible under the LTI plan the KMP must be employed by Nufarm on the first anniversary of the allocation. If the executive leaves before this date the allocation is forfeited. If the executive leaves under 'qualifying leaver' provisions after the first anniversary and before the third anniversary of the plan the allocation will be pro-rated and the pro-rated allocation will remain 'on foot' in the plan subject always to certain overriding discretions set out in the plan, and to supervening provisions in certain executive contracts, which extend or alter the manner in which the pro-rating is undertaken.

'Qualifying leaver' provisions include participants who cease employment due to retirement, death, ill health/disability, redundancy, or contract severance without cause by Nufarm.

The rules of the plans provide the flexibility, in special circumstances (e.g. health or severe personal hardship), to accelerate the vesting. In the case of the STI this would result in the shares being released from the trust to the KMP. In the case of the LTI plan the qualifying allocation will be tested against the hurdles to determine the value (if any) of the allocation.

Non-executive directors (NED)

The board's policy with regard to NED remuneration is to position board remuneration at the market median with comparable sized listed entities.

The board determines the fees payable to non-executive directors within the aggregate amount approved from time to time by shareholders. At the company's 2009 AGM, shareholders approved an aggregate of $1,600,000 per year (including superannuation costs).

Set out below are details of the annual fees payable for the year ended 31 July 2014 (including superannuation costs). These fees were effective from 1 February 2012. There was no change to fees during the 2014 year.

The total fees for the 2014 year remained within the approved cap. However, the board has determined that five years after the last revision of the board fee cap it is appropriate to seek a 10 per cent increase to accommodate the possible addition of another board member and cover a review of fees in February 2015.

	Fees applicable from 1 August 2013 to 31 July 2014 $
Chairman[1]	346,500
General board	141,750
Audit and risk committee chair	28,875
Audit and risk committee member	11,550
Health, safety and environment committee chair	17,325
Health, safety and environment committee member	5,775
Human resources committee chair	23,100
Human resources committee member	8,663
Nominations committee chair	11,550
Nominations committee member	1,444 per meeting

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

Board fees are reviewed every 18 months. These fees will be reviewed again in February 2015.

DIRECTORS' REPORT continued

Remuneration of directors and executives

Details follow of the nature and amount of each major element of remuneration in respect of the non-executive directors and key management personnel, which includes the managing director and group executives.

		Short term			
In AUD		Salary and fees $	Cash bonus (vested) $	Non-monetary benefits $	Total $
Directors' non-executive					
AB Brennan	2014	143,301	–	–	143,301
	2013	137,728	–	–	137,728
GR Davis	2014	162,988	–	–	162,988
	2013	155,228	–	–	155,228
Dr WB Goodfellow	2014	132,801	–	–	132,801
	2013	126,478	–	–	126,478
GA Hounsell[3]	2014	–	–	–	–
	2013	27,841	–	–	27,841
DG McGauchie	2014	315,000	–	–	315,000
	2013	300,000	–	–	300,000
P Margin	2014	155,114	–	–	155,114
	2013	147,728	–	–	147,728
F Ford[2]	2014	159,051	–	–	159,051
	2013	122,387	–	–	122,387
T Takasaki[4]	2014	130,718	–	–	130,718
	2013	80,717	–	–	80,717
Sub total non-executive directors' remuneration	2014	1,198,973	–	–	1,198,973
	2013	1,098,107	–	–	1,098,107
Executive director DJ Rathbone	2014	1,581,554	440,339	55,027	2,076,920
	2013	1,522,303	840,247	47,172	2,409,722
Total directors' remuneration	2014	2,780,527	440,339	55,027	3,275,893
	2013	2,620,410	840,247	47,172	3,507,829
Group executives					
PA Binfield	2014	677,492	54,141	–	731,633
	2013	639,588	51,709	–	691,297
BF Benson[7]	2014	753,818	87,385	16,557	857,760
	2013	682,937	83,458	37,638	804,033
GA Hunt	2014	606,730	48,550	8,636	663,916
	2013	587,303	46,372	14,160	647,835
RG Reis	2014	657,587	76,365	22,199	756,151
	2013	610,707	72,940	43,511	727,158
DA Mellody	2014	561,743	65,576	16,479	643,798
	2013	498,339	62,629	35,219	596,187
MJ Pointon	2014	410,026	48,024	18,381	476,431
	2013	346,351	45,866	35,416	427,633
BJ Croft	2014	333,042	41,112	43,207	417,361
	2013	324,974	39,265	33,519	397,758
R Heath	2014	290,654	40,095	34,097	364,846
	2013	281,498	38,293	32,746	352,537
E Prado[6]	2014	443,055	34,625	57,378	535,058
	2013	55,078	–	–	55,078
DA Pullan[5]	2014	–	–	–	–
	2013	778,558	87,252	–	865,810
Sub total – total executives' remuneration	2014	4,734,147	495,873	216,934	5,446,954
	2013	4,805,333	527,784	232,209	5,565,326
Total directors' and executives' remuneration	2014	7,514,674	936,212	271,961	8,722,847
	2013	7,425,743	1,368,031	279,381	9,073,155

1. Represents total remuneration in the financial year.
2. F Ford appointed as a director 10 October 2012.
3. GA Hounsell retired as a director on 8 October 2012.
4. T Takasaki appointed as a director 6 December 2012.
5. D Pullan retired from Nufarm 31 July 2013. Payments to Mr Pullan comprised his entitlements and termination payment under the conditions of his employment contract.
6. E Prado was appointed to the role of group executive manufacturing and supply chain on 1 July 2013.
7. BF Benson – other long term includes partial payout of annual leave accrued.

Note: KMP were granted increases in fixed remuneration and short term incentive potential of between three per cent and 6.5 per cent. Percentage increases reflected changes in the scope and responsibility of the role, individual performance and alignment to market comparators.

DIRECTORS' REPORT continued

Post-employment		Share-based payments	Other long term	Total[1]		
Superannuation $	Termination benefits $	Equity settled $	$	Total remuneration $	Percentage of remuneration performance-based %	Value of options as a proportion of total remuneration %
14,330	–	–	–	157,631		
13,772	–	–	–	151,500		
16,299	–	–	–	179,287		
15,522	–	–	–	170,750		
13,280	–	–	–	146,081		
12,647	–	–	–	139,125		
–	–	–	–	–		
2,784	–	–	–	30,625		
31,500	–	–	–	346,500		
30,000	–	–	–	330,000		
15,511	–	–	–	170,625		
14,772	–	–	–	162,500		
15,905	–	–	–	174,956		
12,238	–	–	–	134,625		
13,071	–	–	–	143,789		
8,071	–	–	–	88,788		
119,896	–	–	–	1,318,869		
109,806	–	–	–	1,207,913		
33,416	–	192,602	75,383	2,378,321	27	8
22,341	–	439,683	94,909	2,966,655	43	15
153,312	–	192,602	75,383	3,697,190		
132,147	–	439,683	94,909	4,174,568		
24,650	–	126,562	–	882,845	20	8
23,606	–	175,934	–	890,837	26	13
24,850	–	141,108	229,130	1,252,848	18	3
23,725	–	201,346	25,364	1,054,468	27	7
25,832	–	112,038	–	801,786	20	8
22,917	–	162,636	–	833,388	25	13
24,850	–	124,230	23,266	928,497	22	4
24,000	–	175,405	29,644	956,207	26	6
24,175	–	106,058	5,588	779,619	22	4
24,150	–	150,335	17,265	787,937	27	7
24,850	–	82,320	10,992	594,593	22	5
24,000	–	109,715	15,080	576,428	27	7
35,000	–	66,792	–	519,153	21	4
25,833	–	93,820	–	517,411	26	6
34,017	–	65,223	17,101	481,187	22	4
24,833	–	92,085	18,009	487,464	27	7
23,180	–	43,441	–	601,679	13	8
2,040	–	–	–	57,118	0	0
–	–	–	–	–	0	0
30,828	799,000	210,500	–	1,906,138	16	4
241,404	–	867,772	286,077	6,842,207		
225,932	799,000	1,371,776	105,362	8,067,396		
394,716	–	1,060,374	361,460	10,539,397		
358,079	799,000	1,811,459	200,271	12,241,964		

Equity instruments held by key management personnel

The following tables show the number of:

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

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

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

Options/rights over ordinary shares in Nufarm Ltd

	Scheme	Balance at 1 August 2013	Granted as remuneration	Exercised	Net change other[(d)]	Balance at 31 July 2014[(e)]	Vested during 2014	Vested at 31 July 2014[(a)]	Value at date of forfeiture[(d)]
Executive director									
DJ Rathbone[(b)]	LTI performance	315,031	170,881	–	(180,749)	**305,163**	–	–	670,579
Executives									
BF Benson	LTI performance	60,302	32,624	–	(34,740)	**58,186**	–	–	128,885
	STI deferred[(c)]	21,202	17,582	(21,202)	–	**17,582**	**21,202**	–	–
P Binfield	LTI performance	97,288	54,341	–	(54,710)	**96,919**	–	–	202,974
	STI deferred[(c)]	9,312	10,894	(9,312)	–	**10,894**	**9,312**	–	–
BJ Croft	LTI performance	28,298	15,644	–	(16,040)	**27,902**	–	–	59,508
	STI deferred[(c)]	9,790	8,272	(9,790)	–	**8,272**	**9,790**	–	–
R Heath	LTI performance	27,744	15,257	–	(15,790)	**27,211**	–	–	58,581
	STI deferred[(c)]	19,274	8,067	–	–	**27,341**	**9,637**	**19,274**	–
G Hunt	LTI performance	90,876	48,865	–	(52,588)	**87,153**	–	–	195,101
	STI deferred[(c)]	11,776	9,769	–	–	**21,545**	**5,888**	**11,776**	–
DA Mellody	LTI performance	45,872	24,953	–	(26,320)	**44,505**	–	–	97,647
	STI deferred[(c)]	15,602	13,194	(15,602)	–	**13,194**	**15,602**	–	–
MJ Pointon	LTI performance	34,611	20,766	–	(18,340)	**37,037**	–	–	68,041
	STI deferred[(c)]	11,014	9,663	(11,014)	–	**9,663**	**11,014**	–	–
E Prado	LTI performance	–	34,786	–	–	**34,786**	–	–	–
	STI deferred[(c)]	–	–	–	–	–	–	–	–
RG Reis	LTI performance	52,850	29,061	–	(30,080)	**51,831**	–	–	111,597
	STI deferred[(c)]	18,357	15,366	(18,357)	–	**15,366**	**18,357**	–	
Total	LTI performance	752,872	447,178	–	(429,357)	**770,693**	–	–	1,592,914
	STI deferred[(c)]	116,327	92,807	(85,277)	–	**123,857**	**100,802**	**31,050**	–
Total		869,199	539,985	(85,277)	(429,357)	**894,550**	**100,802**	**31,050**	1,592,914

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

(b) DJ Rathbone's deferred STI is deferred in cash.

(c) The grant date fair value of deferred shares granted as remuneration in 2014 was $4.75. One hundred per cent of STI deferred shares available to vest in 2014 vested as the necessary service condition was satisfied. One hundred per cent of non-vested STI deferred shares are due to vest in 2015.

(d) LTI performance rights forfeited during 2014 are disclosed in column 'net change other'. One hundred per cent of rights due to vest in 2014 were forfeited. The value of LTI performance rights forfeited is expressed in the table above using the grant date fair value of the rights determined in accordance with AASB 2 *Share-based payments*. The value of the rights forfeited calculated by applying the share price of the company upon forfeiture of $4.35 was $1,867,703.

(e) With the exception of E Prado, 44 per cent of total LTI performance rights held by KMPs are due to vest in 2015, with the balance due to vest in 2016. One hundred per cent of LTI performance rights held by E Prado are due to vest in 2016.

Shares held in Nufarm Ltd

	Note	Balance at 1 August 2013	Granted as remuneration	On exercise of rights	Net change other	Balance at 31 July 2014
Directors						
DG McGauchie	1	46,239	–	–	–	**46,239**
DJ Rathbone	4	11,726,031	–	–	(8,357,790)	**3,368,241**
AB Brennan		10,000	–	–	–	**10,000**
GR Davis		40,000	–	–	–	**40,000**
FA Ford (appointed 10 October 2012)		–	–	–	10,000	**10,000**
Dr WB Goodfellow	1, 2	1,143,416	–	–	2,722	**1,146,138**
GA Hounsell (retired 8 October 2012)	1, 3	–	–	–	–	**–**
PM Margin		2,458	–	–	–	**2,458**
T Takasaki (appointed 6 December 2012)		–	–	–	–	**–**
Executives						
BF Benson		91,985	–	21,202	–	**113,187**
P Binfield		39,312	–	9,312	26,000	**74,624**
BJ Croft		45,882	–	9,790	(9,790)	**45,882**
R Heath		218,300	–	–	–	**218,300**
G Hunt		10,000	–	–	–	**10,000**
DA Mellody		32,375	–	15,602	(9,671)	**38,306**
MJ Pointon		48,306	–	11,014	–	**59,320**
E Prado (appointed 1 July 2013)		–	–	–	–	**–**
DA Pullan (retired 31 July 2013)	3	–	–	–	–	**–**
RG Reis		150,168	–	18,357	–	**168,525**
Total		13,604,472	–	85,277	(8,338,529)	**5,351,220**

1. The shareholdings of Dr WB Goodfellow and DG McGauchie include shares issued under the company's non-executive director share plan and are held by Pacific Custodians Pty Ltd as trustee of the plan.
2. The shareholding of Dr WB Goodfellow includes his relevant interest in:
   (i) St Kentigern Trust Board (430,434 shares and 19,727 Nufarm step-up securities) – Dr Goodfellow is chairman of the Trust Board. Dr Goodfellow does not have a beneficial interest in these shares or step-up securities.
   (ii) Sulkem Company Limited (123,171 shares).
   (iii) 531 Trust (400,861 shares). Dr Goodfellow and EW Preston are trustees of 531 Trust.
   (iv) Auckland Medical Research Foundation (26,558 step-up securities). Dr Goodfellow does not have a beneficial interest in these step-up securities.
   (v) Trustees of the Goodfellow Foundation (33,854 shares and 1,338 step-up securities). Dr Goodfellow is chairman of the Foundation Board and does not have a beneficial interest in these shares or step-up securities.
   (vi) Archem Trading (NZ) Ltd (700 step-up securities).
3. The shareholding of GA Hounsell has been removed under the 'net change other' column due to his retirement as a director. The shareholding of DA Pullan has been removed under the 'net change other' column due to his resignation from the company on 31 July 2013.
4. DJ Rathbone holds 1,500 step-up securities at 31 July 2014 (2013: 1,500).

DIRECTORS' REPORT continued

Shares issued as a result of the exercise of options

There were no shares issued as a result of the exercise of options during the year.

Unissued shares under option

There are no unissued shares under option.

Loans to key management personnel

There were no loans to key management personnel at 31 July 2014 (2013: nil).

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

Apart from the details disclosed in this note, no director has entered into a material contract with the company or entities in the group since the end of the previous financial year and there were no material contracts involving director's interest existing at year end.

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

From time to time, key management personnel of the company or its controlled entities, or their related entities, may purchase goods from the group. These purchases are on the same terms and conditions as those entered into by other group employees or customers and are trivial or domestic in nature.

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

DG McGauchie AO
Director

DJ Rathbone AM
Director

Melbourne
23 September 2014

LEAD AUDITOR'S INDEPENDENCE DECLARATION

Under section 307C of the *Corporations Act 2001*

KPMG

To: the directors of Nufarm Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 July 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
23 September 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

INCOME STATEMENT

For the year ended 31 July 2014

	Note	Consolidated 2014 $000	Consolidated 2013 $000
Continuing operations			
Revenue		**2,622,704**	2,277,292
Cost of sales		**(1,955,363)**	(1,653,991)
Gross profit		**667,341**	623,301
Other income	7	**10,882**	20,677
Sales, marketing and distribution expenses		**(321,912)**	(269,582)
General and administrative expenses		**(168,489)**	(148,012)
Research and development expenses		**(40,184)**	(42,698)
Share of net profits/(losses) of equity accounted investees	19	**2,208**	(60)
Operating profit		**149,846**	183,626
Financial income excluding foreign exchange gains/(losses)	10	**5,050**	5,491
Net foreign exchange gains/(losses)	10	**(12,609)**	(10,734)
Net financing income		**(7,559)**	(5,243)
Financial expenses	10	**(80,436)**	(65,460)
Net financing costs		**(87,995)**	(70,703)
Profit/(loss) before income tax		**61,851**	112,923
Income tax benefit/(expense)	11	**(24,104)**	(31,173)
Profit/(loss) for the period from continuing operations		**37,747**	81,750
Attributable to:			
Equity holders of the company		**37,707**	80,999
Non-controlling interests		**40**	751
Profit/(loss) for the period		**37,747**	81,750
Earnings per share			
Basic earnings/(loss) per share	30	**9.6**	25.5
Diluted earnings/(loss) per share	30	**9.6**	25.4

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2014

		Consolidated	
	Note	2014 $000	2013 $000
Profit/(loss) for the period		**37,747**	81,750
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences for foreign operations		**(62,136)**	166,767
Effective portion of changes in fair value of cash flow hedges		**(860)**	(3,625)
Effective portion of changes in fair value of net investment hedges		**10,314**	(23,071)
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans		**(15,321)**	(683)
Income tax on share-based payment transactions		**(71)**	252
Other comprehensive profit/(loss) for the period, net of income tax		**(68,074)**	139,640
Total comprehensive profit/(loss) for the period		**(30,327)**	221,390
Attributable to:			
Equity holders of the company		**(30,367)**	220,639
Non-controlling interest		**40**	751
Total comprehensive profit/(loss) for the period		**(30,327)**	221,390

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

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

BALANCE SHEET
As at 31 July 2014

	Note	Consolidated 2014 $000	Consolidated 2013 $000
Assets			
Cash and cash equivalents	15	**241,638**	264,972
Trade and other receivables	16	**724,555**	758,534
Inventories	17	**632,901**	802,789
Current tax assets	18	**30,362**	33,866
Total current assets		**1,629,456**	1,860,161
Non-current assets			
Trade and other receivables	16	**67,481**	36,191
Investments in equity accounted investees	19	**7,786**	6,197
Other investments	20	**477**	448
Deferred tax assets	18	**235,741**	200,219
Property, plant and equipment	22	**371,055**	402,698
Intangible assets	23	**859,450**	865,755
Total non-current assets		**1,541,990**	1,511,508
TOTAL ASSETS		**3,171,446**	3,371,669
Current liabilities			
Trade and other payables	24	**515,933**	550,319
Loans and borrowings	25	**318,948**	316,365
Employee benefits	26	**19,423**	19,783
Current tax payable	18	**20,605**	16,677
Provisions	28	**15,701**	3,279
Total current liabilities		**890,610**	906,423
Non-current liabilities			
Payables	24	**42,326**	48,871
Loans and borrowings	25	**436,057**	581,720
Deferred tax liabilities	18	**124,562**	119,691
Employee benefits	26	**69,191**	50,219
Total non-current liabilities		**672,136**	800,501
TOTAL LIABILITIES		**1,562,746**	1,706,924
NET ASSETS		**1,608,700**	1,664,745
Equity			
Share capital		**1,068,871**	1,063,992
Reserves		**(248,573)**	(198,670)
Retained earnings		**536,241**	547,302
Equity attributable to equity holders of the company		**1,356,539**	1,412,624
Nufarm step-up securities		**246,932**	246,932
Non-controlling interest		**5,229**	5,189
TOTAL EQUITY		**1,608,700**	1,664,745

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

STATEMENT OF CASH FLOWS
For the year ended 31 July 2014

	Note	Consolidated 2014 $000	2013 $000
Cash flows from operating activities			
Cash receipts from customers		**2,698,423**	2,464,521
Cash paid to suppliers and employees		**(2,316,894)**	(2,296,316)
Cash generated from operations		**381,529**	168,205
Interest received		**5,050**	5,491
Dividends received		**254**	73
Interest paid		**(68,937)**	(49,958)
Income tax paid		**(45,028)**	(14,347)
Material items	6	**(4,771)**	(46,677)
Net cash from operating activities	38	**268,097**	62,787
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**689**	1,036
Proceeds from sales of businesses and investments		**2,088**	12,630
Payments for plant and equipment		**(44,460)**	(44,229)
Purchase of businesses, net of cash acquired		**–**	(30,706)
Payments for acquired intangibles and major product development expenditure		**(59,668)**	(51,874)
Net investing cash flows		**(101,351)**	(113,143)
Cash flows from financing activities			
Debt establishment transaction costs		**(6,558)**	(16,569)
Proceeds from borrowings		**910,991**	1,244,168
Repayment of borrowings		**(1,047,435)**	(1,094,345)
Distribution to Nufarm step-up security holders		**(16,905)**	(19,275)
Dividends paid		**(18,371)**	(14,727)
Net financing cash flows		**(178,278)**	99,252
Net increase/(decrease) in cash and cash equivalents		**(11,532)**	48,896
Cash at the beginning of the year		**264,972**	191,317
Exchange rate fluctuations on foreign cash balances		**(11,802)**	24,759
Cash and cash equivalents at 31 July	15	**241,638**	264,972

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 2014

Consolidated	Share capital $000	Translation reserve $000	Capital profit reserve $000
Balance at 1 August 2012	1,059,522	(363,410)	33,627
Profit/(loss) for the period	–	–	–
Other comprehensive income			
Actuarial gains/(losses) on defined benefit plans	–	–	–
Foreign exchange translation differences	–	166,767	–
Gains/(losses) on cash flow hedges taken to equity	–	–	–
Gains/(losses) on net investment hedges taken to equity	–	–	–
Income tax on share-based payment transactions	–	–	–
Total comprehensive income/(loss) for the period	–	166,767	–
Transactions with owners, recorded directly in equity			
Accrued employee share award entitlement	–	–	–
Issuance of shares under employee share plans	3,494	–	–
Dividends paid to shareholders	–	–	–
Dividend reinvestment plan	976	–	–
Distributions to Nufarm step-up security holders	–	–	–
Acquisition of non-controlling interest	–	–	–
Balance at 31 July 2013	1,063,992	(196,643)	33,627
Balance at 1 August 2013	**1,063,992**	**(196,643)**	**33,627**
Profit/(loss) for the period	**–**	**–**	**–**
Other comprehensive income			
Actuarial gains/(losses) on defined benefit plans	**–**	**–**	**–**
Foreign exchange translation differences	**–**	**(62,136)**	**–**
Gains/(losses) on cash flow hedges taken to equity	**–**	**–**	**–**
Gains/(losses) on net investment hedges taken to equity	**–**	**–**	**–**
Income tax on share-based payment transactions	**–**	**–**	**–**
Total comprehensive income/(loss) for the period	**–**	**(62,136)**	**–**
Transactions with owners, recorded directly in equity			
Accrued employee share award entitlement	**–**	**–**	**–**
Issuance of shares under employee share plans	**2,172**	**–**	**–**
Dividends paid to shareholders	**–**	**–**	**–**
Dividend reinvestment plan	**2,707**	**–**	**–**
Distributions to Nufarm step-up security holders	**–**	**–**	**–**
Remeasurement of non-controlling interest option	**–**	**–**	**–**
Balance at 31 July 2014	**1,068,871**	**(258,779)**	**33,627**

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

STATEMENT OF CHANGES IN EQUITY continued

For the year ended 31 July 2014

Other reserve $000	Retained earnings $000	Total $000	Nufarm step-up securities $000	Non-controlling interest $000	Total equity $000
2,868	496,663	1,229,270	246,932	600	1,476,802
–	80,999	80,999	–	751	81,750
–	(683)	(683)	–	–	(683)
–	–	166,767	–	–	166,767
(3,625)	–	(3,625)	–	–	(3,625)
(23,071)	–	(23,071)	–	–	(23,071)
252	–	252	–	–	252
(26,444)	80,316	220,639	–	751	221,390
4,528	–	4,528	–	–	4,528
(3,494)	–	–	–	–	–
–	(15,703)	(15,703)	–	–	(15,703)
–	–	976	–	–	976
–	(13,974)	(13,974)	–	–	(13,974)
(13,112)	–	(13,112)	–	3,838	(9,274)
(35,654)	547,302	1,412,624	246,932	5,189	1,664,745
(35,654)	**547,302**	**1,412,624**	**246,932**	**5,189**	**1,664,745**
–	**37,707**	**37,707**	**–**	**40**	**37,747**
–	**(15,321)**	**(15,321)**	**–**	**–**	**(15,321)**
–	**–**	**(62,136)**	**–**	**–**	**(62,136)**
(860)	**–**	**(860)**	**–**	**–**	**(860)**
10,314	**–**	**10,314**	**–**	**–**	**10,314**
(71)	**–**	**(71)**	**–**	**–**	**(71)**
9,383	**22,386**	**(30,367)**	**–**	**40**	**(30,327)**
1,782	**–**	**1,782**	**–**	**–**	**1,782**
(2,172)	**–**	**–**	**–**	**–**	**–**
–	**(21,078)**	**(21,078)**	**–**	**–**	**(21,078)**
–	**–**	**2,707**	**–**	**–**	**2,707**
–	**(12,369)**	**(12,369)**	**–**	**–**	**(12,369)**
3,240	**–**	**3,240**	**–**	**–**	**3,240**
(23,421)	**536,241**	**1,356,539**	**246,932**	**5,229**	**1,608,700**

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Nufarm Limited (the 'company') is a company limited by shares and domiciled in Australia that is listed on the Australian Securities Exchange. The address of the company's registered office is 103–105 Pipe Road, Laverton North, Victoria, 3026. The consolidated financial statements of the company as at and for the year ended 31 July 2014 comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities') and the group's interest in associates and jointly controlled entities. The group is a for-profit entity and is primarily involved in the manufacture and sale of crop protection products used by farmers to protect crops from damage caused by weeds, pests and disease, and seed treatment products.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the board of directors on 23 September 2014.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value. The methods used to measure fair values are discussed further in note 4.

The group's financial report has been prepared on the going concern basis, which assumes the realisation of assets and extinguishment of liabilities in the ordinary course of business. The going concern basis is considered appropriate by the directors having regard to the group's access to appropriate lines of credit to support the group's working capital and general corporate financing requirements through its three-year $530 million syndicated bank facility, entered into in December 2013, a debtors' securitisation facility, entered into in August 2011, and the completion of a US$325 million senior unsecured notes offering in October 2012.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the company's functional currency. The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant impact on the amount recognised in the financial statements are described below.

(i) Business combinations

Fair valuing assets and liabilities acquired in a business combination involves making assumptions about the timing of cash inflows and outflows, growth assumptions, discount rates and cost of debt. Refer to note 14 for details of acquisitions made during the period.

(ii) Impairment testing

The group determines whether goodwill and intangibles with indefinite useful lives are impaired on an annual basis or at each reporting date if required. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology. The estimation of future cash flows requires management to make significant assumptions concerning the identification of impairment indicators, earnings before interest and tax, growth rates, applicable discount rates and useful lives. Further details can be found in note 23 on intangibles. Other non-current assets are also assessed for impairment indicators.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(iii) Income taxes

The group is subject to income taxes in Australia and overseas jurisdictions. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. The assessment of probability involves estimation of a number of factors including future taxable income.

(iv) Defined benefit plans

A liability in respect of defined benefit pension plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the pension plan's assets. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Refer note 26 for details of the key assumptions used in determining the accounting for these plans.

(v) Valuation of inventories

Inventories of finished goods, raw materials and work in progress are valued at lower of cost and net realisable value. The net realisable value of inventories is the estimated market price less costs to sell at the time the product is expected to be sold.

(vi) Capitalised development costs

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

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

(b) intention to complete;

(c) ability to use the asset; and

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

(e) Reclassification

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

3. Significant accounting policies

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

The company has changed some of its accounting policies as the result of new or revised accounting standards that became effective for the annual reporting period commencing on 1 July 2013. The affected policies and standards are:

- principles of consolidation: new standards AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*; and
- accounting for employee benefits: revised AASB 119 *Employee Benefits*.

Other new standards that have been applied for the first time for the July 2014 annual report are AASB 12 *Disclosure of Interests in Other Entities*, AASB 13 *Fair Value Measurement*, AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*, AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle and Recoverable Amount for Non-financial Assets – Amendments to IAS 36(2013)*. These standards have introduced new disclosures for the annual report but did not materially affect the entity's accounting policies or any of the amounts recognised in the financial statements.

(i) Principles of consolidation – subsidiaries and joint arrangements

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements and in Interpretation 112 Consolidation – Special Purpose Entities*. Under the new principles, the group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

3. Significant accounting policies (continued)

(i) Principles of consolidation – subsidiaries and joint arrangements (continued)

The group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The group has assessed the nature of its joint arrangements and determined to have joint ventures only.

The accounting for the group's joint ventures has not changed as a result of the adoption of AASB 11. The group continues to use the equity method to account for its interest in joint ventures. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

(ii) Employee benefits

The adoption of the revised AASB 119 *Employee Benefits* resulted in two changes to the group's accounting policy.

- All past service costs are now recognised immediately in profit or loss. Previously, past service costs were recognised on a straight-line basis over the vesting period if the changes were conditional on the employees remaining in service for a specified period of time (the vesting period). The impact of this change was immaterial.
- The group now determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Previously, the group determined interest income on plan assets based on their long term rate of expected return. The impact on the income statement is immaterial, the net impact on total comprehensive income is nil and there is also no adjustment to the amounts recognised in the balance sheet from this change.

There are no other material impacts upon adoption of AASB 119.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that currently are exercisable.

For acquisitions on or after 1 July 2009, the group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

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

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Non-controlling interests (NCI)

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

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

(iii) Subsidiaries

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

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iv) Investments in equity accounted investees

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

Investments in associates and joint ventures are accounted for using the equity method and are initially recognised at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the group's share of the income and expenses and equity movements investees, after adjustments to align the accounting policies with those of the group, from the date that significant influence of equity accounted or joint control commences until the date that significant influence or joint control ceases. When the group's share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest, including any long term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency gains and losses are included in net financing costs as they are mostly derived from financing arrangements.

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

NOTES TO THE FINANCIAL STATEMENTS continued

3. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 August 2004, the group's date of transition to IFRS, such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(c) Financial instruments

(i) Non-derivative financial assets

The group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

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

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

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit and loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Loans and receivables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets

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

(ii) Non-derivative financial liabilities

The group initially recognises debt securities and subordinated liabilities on the date they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument. The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the group has the legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. This includes trade payables that represent liabilities for goods and services provided to the group prior to the end of the year which are unpaid.

(iii) Share capital

Ordinary shares

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

Hybrid securities

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

(iv) Derivative financial instruments, including hedge accounting

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

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

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

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

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Fair value hedge

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

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

Cash flow hedge

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

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

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

Net investment hedges

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

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

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

Derivatives that do not qualify for hedge accounting

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net in general and administrative expenses.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

• buildings	15 – 50 years
• leasehold improvements	5 years
• plant and equipment	10 – 15 years
• motor vehicles	5 years
• computer equipment	3 years

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

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of business combinations is included in intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use and capitalised borrowing costs. Development expenditure that does not meet the above criteria is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(iii) Intellectual property

Intellectual property consists of product registrations, product access rights, trademarks, task force seats, product distribution rights and product licences acquired from third parties. Generally, product registrations, product access rights, trademarks and task force seats, if purchased outright, are considered to have an indefinite life. Other items of acquired intellectual property are considered to have a finite life in accordance with the terms of the acquisition agreement. Intellectual property intangibles acquired by the group are measured at cost less accumulated amortisation and impairment losses. Expenditure on internally generated goodwill and brands is expensed when incurred.

(iv) Other intangible assets

Other intangible assets that are acquired by the group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

(vi) Amortisation

Amortisation is calculated over the cost of the asset, less its residual value. With the exception of goodwill, intangibles with a finite life are amortised on a straight-line basis in profit and loss over the estimated useful lives of the intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for intangible assets with a finite life, in the current and comparative periods, are as follows:

• capitalised development costs	5 – 10 years
• intellectual property – finite life	over the useful life in accordance with the acquisition agreement terms
• computer software	3 – 7 years

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

(f) Leased assets

Leases where the group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the group's balance sheet.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment

(i) Non-derivative financial assets

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

3. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Non-derivative financial assets (continued)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate.

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

(ii) Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(i) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group, are remeasured in accordance with the group's accounting policies. Thereafter, generally the assets or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the group's accounting policies.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale or distribution.

3. Significant accounting policies (continued)

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any assets.

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

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

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

(iii) Other long term employee benefits

The group's net obligation in respect of long term employee benefits, other than defined benefit plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(v) Short term benefits

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

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

3. Significant accounting policies (continued)

(j) Employee benefits

(vi) Share-based payment transactions

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

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

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

(k) Provisions

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(l) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence of an arrangement exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Dividend income

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

(m) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3. Significant accounting policies (continued)

(m) Lease payments (continued)

Determining whether an arrangement contains a lease

At the inception of an arrangement, the group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the group's incremental borrowing rate.

(n) Finance income and finance costs

Finance income comprises interest income on funds invested, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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

(o) Income tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of cash dividends are recognised at the same time as the liability to pay the related dividend is recognised. The group does not distribute non-cash assets as dividends to its shareholders.

(i) Tax consolidation

The company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Nufarm Limited.

3. Significant accounting policies (continued)

(o) Income tax (continued)

(i) Tax consolidation (continued)

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the company as amounts payable/(receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement (refer blow). Any difference between these amounts is recognised by the company as an equity contribution amounts or distribution.

The company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(ii) Nature of tax funding arrangements and tax sharing agreements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement that sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of the income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST or equivalent), except where the GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authorities are classified as operating cash flows.

(q) Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares, which comprise convertible notes and share options granted to employees.

3. Significant accounting policies (continued)

(r) Segment reporting

Determination and presentation of operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' results are reviewed regularly by the group's chief executive officer to make decisions about resources to be allocated to the segment and to assess its performance.

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

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

(s) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the group, except for AASB 9 *Financial Instruments*, which becomes mandatory for the group's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The group does not currently plan to adopt this standard early and the extent of the impact has not been determined.

4. Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The market value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches quoted market prices for similar items when available and replacement cost when appropriate.

(ii) Intangibles assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale and a reasonable profit margin based on effort required to complete and sell the inventories.

(iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

4. Determination of fair values (continued)

(v) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(vii) Share-based payment transactions

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

5. Operating segments

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

Operating segments

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

The crop protection business deals in the manufacture and sale of crop protection products used by farmers to protect crops from damage caused by weeds, pests and disease. It is managed by major geographic segments, being Australia and New Zealand, Asia, Europe, North America and South America. The North America region includes Canada, US, Mexico and the Central American countries. The South America region includes Brazil, Argentina, Chile, Uruguay, Paraguay, Bolivia, Columbia and the Andean countries.

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

Information regarding the results of each operating segment is included below. Performance is measured based on underlying EBIT as included in the internal management reports that are reviewed by the group's chief executive officer. Underlying EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment. Segment revenue is based on the geographic location of customers. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The corporate segment comprises mainly corporate expenses, interest-bearing loans, borrowings and corporate assets.

5. Operating segments (continued)

2014 Operating segments	Crop protection Australia and New Zealand $000	Asia $000	Europe $000	North America $000	South America $000	Total $000	Seed technologies Global $000	Corporate $000	Group Total $000
Revenue									
Total segment revenue	605,761	140,885	555,521	513,596	662,512	2,478,275	144,429	–	2,622,704
Results									
Underlying EBITDA[(a)]	53,869	22,418	89,629	35,879	75,286	277,081	41,963	(37,621)	281,423
Depreciation and amortisation excluding material items	(19,966)	(2,937)	(33,209)	(15,241)	(3,664)	(75,017)	(4,803)	(996)	(80,816)
Underlying EBIT[(a)]	33,903	19,481	56,420	20,638	71,622	202,064	37,160	(38,617)	200,607
Material items included in operating profit (refer note 6)									(50,761)
Material items included in net financing costs (refer note 6)									–
Net financing costs (excluding material items)									(87,995)
Profit/(loss) before tax									61,851
Assets									
Segment assets	417,599	85,878	753,554	442,360	645,914	2,345,305	316,316	502,039	3,163,660
Investment in associates	–	5,409	1,993	–	–	7,402	384	–	7,786
Total assets	417,599	91,287	755,547	442,360	645,914	2,352,707	316,700	502,039	3,171,446
Liabilities									
Segment liabilities	134,764	98,342	186,768	56,022	133,211	609,107	31,307	922,332	1,562,746
Total liabilities	134,764	98,342	186,768	56,022	133,211	609,107	31,307	922,332	1,562,746
Other segment information									
Capital expenditure	12,834	5,102	37,675	13,979	7,175	76,765	16,900	–	93,665

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

5. Operating segments (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

5. Operating segments (continued)

Geographical information	Revenue by location of customer 2014 $000	2013 $000	Non-current assets by location 2014 $000	2013 $000
Australia	**570,396**	567,235	**228,520**	257,186
New Zealand	**67,866**	59,480	**7,051**	15,999
Asia	**151,065**	138,603	**39,915**	39,831
Europe	**579,131**	488,711	**393,527**	369,692
US	**459,625**	460,295	**321,470**	333,481
Rest of North America	**105,100**	106,751	**24,050**	30,736
Brazil	**552,391**	341,802	**272,202**	245,419
Rest of South America	**137,130**	114,415	**19,513**	18,945
Unallocated[(b)]	**–**	–	**235,742**	200,219
Total	**2,622,704**	2,277,292	**1,541,990**	1,511,508

(b) Unallocated assets predominately include deferred tax assets.

6. Items of material income and expense

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

	Consolidated 2014 $000 Pre-tax	Consolidated 2014 $000 After-tax	Consolidated 2013 $000 Pre-tax	Consolidated 2013 $000 After-tax
Material items by category:				
Class action settlement	**–**	**–**	(3,177)	(2,224)
Australia/New Zealand asset rationalisation and restructure	**(50,761)**	**(48,704)**	–	–
	(50,761)	**(48,704)**	(3,177)	(2,224)

Class action settlement

No class action settlement costs were incurred during the year ended 31 July 2014. During 2013, the Federal Court gave final approval to the settlement of the class action brought against the company in early 2011. The settlement agreement was amended to cover an expanded number of claims, with Nufarm agreeing to pay a total of $46.6 million (previously $43.5 million). Consistent with previous treatment, the additional settlement amount and related costs were reported as a material item.

Australia/New Zealand asset rationalisation and restructure

Asset rationalisation and restructure costs of $48.704 million (after tax) mainly relate to the rationalisation of Australian and New Zealand manufacturing assets, whereby three manufacturing facilities will be closed and manufacturing consolidated. The program has resulted in the rationalisation of under-utilised assets and an organisational restructure. Asset rationalisation costs have only been tax benefited to the extent that it is foreseeable that the benefit will be utilised.

No material asset rationalisation and restructure costs were incurred during the year ended 31 July 2013.

6. Items of material income and expense (continued)

Material items are classified by function as follows:

Year ended 31 July 2014 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expense	Net financing costs	Total Pre-tax
Australia/New Zealand asset rationalisation and restructure	**(33,612)**	**(7,322)**	**(8,674)**	**(1,153)**	**–**	**(50,761)**
	(33,612)	**(7,322)**	**(8,674)**	**(1,153)**	**–**	**(50,761)**
Total material items included operating profit	**(33,612)**	**(7,322)**	**(8,674)**	**(1,153)**	**–**	**(50,761)**

Year ended 31 July 2013 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expense	Net financing costs	Total Pre-tax
Class action settlement	–	–	(3,177)	–	–	(3,177)
	–	–	(3,177)	–	–	(3,177)
Total material items included operating profit	–	–	(3,177)	–	–	(3,177)

7. Other income

	Consolidated 2014 $000	Consolidated 2013 $000
Dividend income	**134**	1
Rental income	**199**	199
Sundry income	**10,549**	20,477
Total other income	**10,882**	20,677

8. Other expenses

The following expenses were included in the period result:

	Consolidated 2014 $000	Consolidated 2013 $000
Depreciation and amortisation	**(80,816)**	(73,986)
Inventory write down	**(5,693)**	(5,773)

9. Personnel expenses

	Consolidated 2014 $000	Consolidated 2013 $000
Wages and salaries	**(242,767)**	(219,754)
Other associated personnel expenses	**(42,580)**	(37,370)
Contributions to defined contribution superannuation funds	**(13,742)**	(13,809)
Expenses related to defined benefit superannuation funds	**(4,002)**	(3,311)
Short term employee benefits	**(9,681)**	(8,081)
Other long term employee benefits	**(2,091)**	(3,319)
Restructuring	**(14,732)**	–
Personnel expenses	**(329,595)**	(285,644)

The restructure expense relates to the rationalisation and restructure of the group's Australian and New Zealand operations. (No material restructure costs were incurred in the year ended 31 July 2013). These costs are included in material items in note 6.

10. Finance income and expense

	Consolidated 2014 $000	Consolidated 2013 $000
Financial income excluding foreign exchange gains/(losses)	**5,050**	5,491
Net foreign exchange gains/(losses)	**(12,609)**	(10,734)
Financial income	**(7,559)**	(5,243)
Interest expense – external	**(67,527)**	(54,537)
Interest expense – debt establishment transaction costs	**(11,129)**	(9,447)
Lease expense – finance charges	**(1,780)**	(1,476)
Financial expenses	**(80,436)**	(65,460)
Net financing costs	**(87,995)**	(70,703)

11. Income tax expense

	Note	Consolidated 2014 $000	2013 $000
Recognised in the income statement			
Current tax expense			
Current period		**24,275**	29,383
Expense upon derecognition of tax assets on material items		**12,961**	–
Adjustments for prior periods		**(4,013)**	(2,189)
Current tax expense		**33,223**	27,194
Deferred tax expense			
Origination and reversal of temporary differences and tax losses		**(9,974)**	3,446
Reduction in tax rates		**(221)**	(30)
Initial (recognition)/derecognition of tax assets		**1,076**	563
Deferred tax expense/(benefit)		**(9,119)**	3,979
Total income tax expense/(benefit) in income statement		**24,104**	31,173
Attributable to:			
Continuing operations		**24,104**	31,173
Total income tax expense/(benefit) in income statement		**24,104**	31,173
Numerical reconciliation between tax expense and pre-tax net profit			
Profit/(loss) before tax		**61,851**	112,923
Income tax using the local corporate tax rate of 30%		**18,555**	33,877
Increase/(decrease) in income tax expense due to:			
Non-deductible expenses		**2,642**	2,676
Other taxable income		**1,939**	1,388
Effect of changes in the tax rate		**(221)**	(30)
Initial (recognition)/derecognition of tax assets		**1,076**	563
Non-recognition of tax assets on material items		**12,961**	–
Settlement of Brazilian tax proceedings	18	**21,053**	–
Utilisation of tax losses on settlement of Brazilian tax proceedings	18	**(21,053)**	–
Effect on tax rate in foreign jurisdictions		**(4,349)**	(2,838)
Tax exempt income		**(1,747)**	(382)
Tax incentives not recognised in the income statement		**(2,739)**	(1,892)
		28,117	33,362
Under/(over) provided in prior years		**(4,013)**	(2,189)
Income tax expense/(benefit)		**24,104**	31,173
Income tax recognised directly in equity			
Nufarm step-up securities distribution		**(4,536)**	(4,970)
Income tax recognised directly in equity		**(4,536)**	(4,970)
Income tax recognised in other comprehensive income			
Relating to actuarial gains/(losses) on defined benefit plans		**(4,052)**	269
Relating to equity-based compensation		**71**	(252)
Income tax recognised in other comprehensive income		**(3,981)**	17

12. Discontinued operations

There were no discontinued operations in current or prior period.

13. Non-current assets held for sale

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

	Consolidated	
Assets classified as held for sale	**2014 $000**	**2013 $000**
Property, plant and equipment including costs incurred in preparing site for sale	–	–
Total assets held for sale	–	–

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

Business acquisitions – 2014

There were no businesses acquired in the current period.

Business acquisitions – 2013

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

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

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

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

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

Acquiree's net assets at acquisition date	Fair value on acquisiton 2014 $000	Fair value on acquisiton[a] 2013 $000
Cash and cash equivalents	–	643
Receivables	–	9,137
Inventory	–	6,205
Property, plant and equipment	–	1,102
Pre-acquistion intangibles assets	–	52
Other assets	–	72
Trade and other payables	–	(4,224)
Deferred tax liability	–	(3,173)
Other liabilities	–	(275)
Net identifiable assets and liabilities	–	9,539
Intangibles acquired on acquisition	–	10,034
Non-controlling interest	–	(3,837)
Goodwill on acquisition	–	15,613
Consideration paid	–	31,349
Cash acquired	–	(643)
Net cash outflow	–	30,706

(a) There have been no adjustments to the provisional fair values reported at 31 July 2013.

Total goodwill of $nil (2013: $15,613,000) from business acquisitions is attributable mainly to the synergies expected to be achieved from integrating the respective businesses into the group's existing business.

Acquisition of non-controlling interest

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

15. Cash and cash equivalents

	Consolidated 2014 $000	2013 $000
Bank balances	**194,121**	230,750
Call deposits	**47,517**	34,222
Cash and cash equivalents	**241,638**	264,972

NOTES TO THE FINANCIAL STATEMENTS continued

16. Trade and other receivables

	Consolidated 2014 $000	Consolidated 2013 $000
Current		
Trade receivables	**696,434**	701,560
Provision for impairment losses	**(26,591)**	(24,172)
	669,843	677,388
Derivative financial instruments	**184**	2,161
Proceeds receivable from sale of businesses	**–**	2,153
Prepayments	**19,443**	19,199
Other receivables	**35,085**	57,633
Current receivables	**724,555**	758,534
Non-current		
Other receivables	**67,481**	36,191
Non-current receivables	**67,481**	36,191
Total trade and other receivables	**792,036**	794,725

17. Inventories

	Consolidated 2014 $000	Consolidated 2013 $000
Raw materials	**193,323**	213,880
Work in progress	**29,983**	16,702
Finished goods	**415,231**	578,609
	638,537	809,191
Provision for obsolescence of finished goods	**(5,636)**	(6,402)
Total inventories	**632,901**	802,789

18. Tax assets and liabilities

Current tax assets and liabilities

The current tax asset for the group of $30,361,730 (2013: $33,865,619) represents the amount of income taxes recoverable in respect of prior periods and that arose from the payment of tax in excess of the amounts due to the relevant tax authority. The current tax liability for the group of $20,604,868 (2013: $16,677,067) represents the amount of income taxes payable in respect of current and prior financial periods.

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Consolidated	**2014 $000**	**2013 $000**	**2014 $000**	**2013 $000**	**2014 $000**	**2013 $000**
Property, plant and equipment	**6,222**	5,274	**(10,516)**	(11,808)	**(4,294)**	(6,534)
Intangible assets	**8,470**	9,123	**(102,089)**	(98,113)	**(93,619)**	(88,990)
Employee benefits	**17,703**	14,613	**–**	–	**17,703**	14,613
Provisions	**17,137**	10,654	**–**	–	**17,137**	10,654
Other items	**17,109**	27,500	**(15,560)**	(15,603)	**1,549**	11,897
Tax value of losses carried forward	**172,703**	138,888	**–**	–	**172,703**	138,888
Tax assets/(liabilities)	**239,344**	206,052	**(128,165)**	(125,524)	**111,179**	80,528
Set-off of tax	**(3,603)**	(5,833)	**3,603**	5,833	**–**	–
Net tax assets/(liabilities)	**235,741**	200,219	**(124,562)**	(119,691)	**111,179**	80,528

Movement in temporary differences during the year

Consolidated 2014	**Balance 31.07.13 $000**	**Recognised in income $000**	**Recognised in equity $000**	**Currency adjustment $000**	**Other movement $000**	**Balance 31.07.14 $000**
Property, plant and equipment	**(6,534)**	**2,201**	**–**	**39**	**–**	**(4,294)**
Intangibles assets	**(88,990)**	**(8,014)**	**–**	**3,385**	**–**	**(93,619)**
Employee benefits	**14,613**	**(1,195)**	**4,052**	**233**	**–**	**17,703**
Provisions	**10,654**	**6,903**	**–**	**(420)**	**–**	**17,137**
Other items	**11,897**	**(9,159)**	**(71)**	**(1,118)**	**–**	**1,549**
Tax value of losses carried forward	**138,888**	**18,383**	**–**	**(3,698)**	**19,130**	**172,703**
	80,528	**9,119**	**3,981**	**(1,579)**	**19,130**	**111,179**

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

The carrying value of deferred tax assets relating to tax losses and tax credits is largely dependent on the generation of sufficient future taxable income. The Brazilian business carries total deferred tax assets of $76.6 million (2013: $56.3 million).

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

18. Tax assets and liabilities (continued)

Deferred tax assets and liabilities (continued)

Unrecognised deferred tax liability

At 31 July 2014, a deferred tax liability of $25,743,684 (2013: $25,200,672) relating to investments in subsidiaries has not been recognised because the company controls the repatriation of retained earnings and it is satisfied that it will not be incurred in the foreseeable future. This amount represents the theoretical withholding tax payable if all overseas retained earnings were paid as dividends.

Unrecognised deferred tax assets

At 31 July 2014, there are unrecognised tax losses and timing differences of $13,884,125 (2013: $29,590,667). These losses do not have an expiry date.

During December 2013, the company elected to participate in a federal tax program instigated by the Brazilian government that allows taxpayers to reduce their tax liabilities by offering discounts on claims (including penalties and interest). The company elected to enter into the program and was able to offset the resulting tax liability by recognising previously unrecognised tax assets. The amount of previously unrecognised deferred tax assets offset in this way was $21,053,467. Refer note 34.

19. Investments accounted for using the equity method

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

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

				Ownership and voting interest		Carrying amount		Share of profit	
	Nature of relationship	Country	Balance date of associate	2014	2013	2014 $000	2013 $000	2014 $000	2013 $000
Excel Crop Care Ltd	Associate[1]	India	31 March	**14.69%**	14.69%	**5,409**	3,882	**2,081**	796
F&N joint ventures	Joint Ventures[2]	Europe	31 December	**50.00%**	50.00%	**1,142**	506	**651**	(897)
Lotus Agrar GmbH	Joint Venture[3]	Germany	31 December	**50.00%**	50.00%	**851**	1,486	**(614)**	–
Others	Associates[4]					**384**	323	**90**	41
						7,786	6,197	**2,208**	(60)

1. Excel Crop Care Ltd is an agricultural chemicals manufacturer. Nufarm's investment in Excel Crop Care Ltd is equity accounted due to Nufarm holding 14.69 per cent of voting rights in Excel Crop Care Ltd, the transactions undertaken between the parties and Nufarm's ability to appoint two directors to the board. The relationship extends to manufacturing and marketing collaborations and the sale/purchase of crop protection products.
2. F&N joint ventures are agricultural chemicals distributors. The F&N joint ventures represents the group's interest in three joint ventures with FMC Corporation, which operate in Poland, Czech Republic and Slovakia. The joint ventures sell Nufarm and FMC products within their country.
3. Lotus Agrar GmbH is a joint venture established in Germany to sell generic agrochemicals.
4. Aggregate of other individually immaterial associates.

The share of net profits has been derived from the latest management reports as at 31 July 2014 for the F&N joint ventures. The Excel Crop Care share of net profits is from the 30 June 2014 management accounts.

20. Other investments

	Consolidated 2014 $000	Consolidated 2013 $000
Investments – available-for-sale		
Balance at the beginning of the year	–	5,568
Disposals during the year	–	(5,616)
Exchange adjustment	–	48
Balance at the end of the year	–	–
Other investments		
Other investments	477	448
Total other investments	477	448

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

21. Other non-current assets

	Consolidated 2014 $000	Consolidated 2013 $000
Derivative financial instruments	–	–
	–	–

22. Property, plant and equipment

Consolidated 2014	Land and buildings $000	Plant and machinery $000	Leased plant and machinery $000	Capital work in progress $000	Total $000
Cost					
Balance at 1 August 2013	214,121	647,143	18,637	23,858	903,759
Additions	**1,220**	**17,895**	**723**	**24,622**	**44,460**
Additions through business combinations	**–**	**–**	**–**	**–**	**–**
Disposals and write-offs	**(463)**	**(7,303)**	**–**	**(2,122)**	**(9,888)**
Other transfers	**2,690**	**14,608**	**–**	**(20,511)**	**(3,213)**
Exchange adjustment	**(4,420)**	**(5,731)**	**385**	**(110)**	**(9,876)**
Balance at 31 July 2014	**213,148**	**666,612**	**19,745**	**25,737**	**925,242**
Depreciation and impairment losses					
Balance at 1 August 2013	(77,338)	(422,386)	(1,337)	–	(501,061)
Depreciation charge for the year	**(6,583)**	**(38,010)**	**(1,147)**	**–**	**(45,740)**
Additions through business combinations	**–**	**–**	**–**	**–**	**–**
Impairment loss	**(6,593)**	**(17,808)**	**–**	**–**	**(24,401)**
Disposals and write-offs	**391**	**6,720**	**–**	**–**	**7,111**
Other transfers	**188**	**2,204**	**–**	**–**	**2,392**
Exchange adjustment	**2,076**	**5,462**	**(26)**	**–**	**7,512**
Balance at 31 July 2014	**(87,859)**	**(463,818)**	**(2,510)**	**–**	**(554,187)**
Net property, plant and equipment at 31 July 2014	**125,289**	**202,794**	**17,235**	**25,737**	**371,055**

Consolidated 2013	Land and buildings $000	Plant and machinery $000	Leased plant and machinery $000	Capital work in progress $000	Total $000
Cost					
Balance at 1 August 2012	188,982	568,129	15,641	19,424	792,176
Additions	802	17,303	1,910	24,217	44,232
Additions through business combinations	617	3,074	–	11	3,702
Disposals and write-offs	(1,131)	(4,033)	(244)	(4)	(5,412)
Other transfers	4,572	4,555	–	(22,912)	(13,785)
Exchange adjustment	20,279	58,115	1,330	3,122	82,846
Balance at 31 July 2013	214,121	647,143	18,637	23,858	903,759
Depreciation and impairment losses					
Balance at 1 August 2012	(61,919)	(358,657)	(820)	–	(421,396)
Depreciation charge for the year	(6,075)	(34,830)	(659)	–	(41,564)
Additions through business combinations	(189)	(2,411)	–	–	(2,600)
Disposals and write-offs	385	3,501	244	–	4,130
Other transfers	–	5,732	–	–	5,732
Exchange adjustment	(9,540)	(35,721)	(102)	–	(45,363)
Balance at 31 July 2013	(77,338)	(422,386)	(1,337)	–	(501,061)
Net property, plant and equipment at 31 July 2013	136,783	224,757	17,300	23,858	402,698

Assets pledged as security for finance leases amount to $10.714 million (2013: $10.063 million).

NOTES TO THE FINANCIAL STATEMENTS continued

23. Intangible assets

Consolidated 2014	Goodwill $000	Intellectual property Indefinite life $000	Intellectual property Finite life $000	Capitalised development costs $000	Computer software $000	Total $000
Cost						
Balance at 1 August 2013	**357,906**	**419,751**	**146,741**	**195,342**	**36,778**	**1,156,518**
Additions	**–**	**2,842**	**4,612**	**42,264**	**1,599**	**51,317**
Additions through business combinations	**–**	**–**	**–**	**–**	**–**	**–**
Disposals and write-offs	**–**	**(213)**	**–**	**(12,527)**	**(31)**	**(12,771)**
Other transfers	**(5,840)**	**(1,534)**	**1,534**	**1,285**	**(494)**	**(5,049)**
Exchange adjustment	**(7,506)**	**(12,109)**	**(5,611)**	**3,758**	**(1,103)**	**(22,571)**
Balance at 31 July 2014	**344,560**	**408,737**	**147,276**	**230,122**	**36,749**	**1,167,444**
Amortisation and impairment losses						
Balance at 1 August 2013	**(120,779)**	**(16,673)**	**(77,102)**	**(51,510)**	**(24,699)**	**(290,763)**
Amortisation charge for the year	**–**	**(25)**	**(12,542)**	**(19,114)**	**(3,395)**	**(35,076)**
Impairment loss	**(5,649)**	**(166)**	**(20)**	**(987)**	**–**	**(6,822)**
Disposals and write-offs	**–**	**166**	**(135)**	**12,381**	**24**	**12,436**
Other transfers	**5,840**	**1**	**–**	**28**	**1**	**5,870**
Exchange adjustment	**2,839**	**493**	**2,385**	**122**	**522**	**6,361**
Balance at 31 July 2014	**(117,749)**	**(16,204)**	**(87,414)**	**(59,080)**	**(27,547)**	**(307,994)**
Intangibles carrying amount at 31 July 2014	**226,811**	**392,533**	**59,862**	**171,042**	**9,202**	**859,450**

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

23. Intangible assets (continued)

The major intangibles with an indefinite economic life are the product registrations that Nufarm owns. These registrations are considered to have an indefinite life because, based on past experience, they will be renewed by the relevant regulatory authorities, the underlying products will continue to be commercialised and available for sale in the foreseeable future, the company will satisfy all of the conditions necessary for renewal and the cost of renewal is minimal. In determining that the registrations have indefinite useful life, the principal factor that influenced this determination is the expectation that the existing registration will not be subject to significant amendment in the foreseeable future.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit (CGU)).

The group has determined that operating unit by country or region (i.e. Europe) is the appropriate method for determining the CGU of the business. This level of CGU aligns with the cash flows of the business and the management structure of the group. The goodwill and intellectual property with an indefinite life are CGU specific, as the acquisitions generating goodwill and the product registrations that are the major indefinite intangibles are country or region specific in nature. There is no allocation of goodwill between CGUs.

The major CGUs and their intangible value is as follows: US$191 million (2013: $188 million), Brazil $186 million (2013: $170 million), Seeds business $211 million (2013: $200 million), Europe $188 million (2013: $181 million) and Australia/New Zealand $26 million (2013: $29 million). The balance of intangibles is spread across multiple CGUs, with no individual amount being material relative to the total intangibles balance at balance date.

Impairment testing for cash-generating units containing goodwill

For the impairment testing of these assets, the carrying amount of the asset is compared to its recoverable amount at a CGU level. The group uses the value-in-use method to estimate the recoverable amount. In assessing value-in-use, the estimated future cash flows are derived from the five year plan for each cash-generating unit with a growth factor applied to extrapolate a cash flow beyond year five. A perpetuity factor is then applied to the normalised cash flow beyond year five in order to include a terminal value in the value-in-use calculation. The terminal growth rate assumed for each CGU is generally a long term inflation estimate. The cash flow is then discounted to a present value using a discount rate which is the company's weighted average cost of capital, but then adjusted for country risk and asset-specific risk associated with each CGU.

The range of terminal growth rates and nominal post-tax discount rates applied for impairment testing purposes is as follows:

	Terminal growth rate		Discount rate		Total goodwill and indefinite life assets	
	2014 %	2013 %	**2014 %**	2013 %	**2014 $000**	2013 $000
Material crop protection CGUs (US, Brazil, Europe and Australia/New Zealand)	**1.6 to 3.5**	2.0 to 3.5	**7.3 to 13.3**	9.2 to 11.4	**423,240**	436,621
Seeds CGU	**2.0**	2.0	**8.8**	8.9	**162,796**	168,200

24. Trade and other payables

	Consolidated 2014 $000	Consolidated 2013 $000
Current payables – unsecured		
Trade creditors and accruals – unsecured	**510,961**	525,846
Derivative financial instruments	**2,628**	19,984
Payables – acquisitions	**2,344**	4,489
Current payables	**515,933**	550,319
Non-current payables – unsecured		
Creditors and accruals	**10,537**	9,633
Derivative financial instruments	**21,092**	22,313
Payables – acquisitions	**10,697**	16,925
Non-current payables	**42,326**	48,871

25. Interest-bearing loans and borrowings

	Consolidated 2014 $000	Consolidated 2013 $000
Current liabilities		
Bank loans – secured	**294,898**	231,002
Bank loans – unsecured	**29,136**	93,793
Deferred debt establishment costs	**(6,079)**	(9,218)
Other loans – unsecured	**489**	386
Finance lease liabilities – secured	**504**	402
Loans and borrowings – current	**318,948**	316,365
Non-current liabilities		
Bank loans – secured	**78,524**	225,674
Bank loans – unsecured	**14,739**	4,834
Senior unsecured notes	**339,271**	350,146
Deferred debt establishment costs	**(10,458)**	(11,892)
Other loans – unsecured	**1,589**	1,104
Finance lease liabilities – secured	**12,392**	11,854
Loans and borrowings – non-current	**436,057**	581,720
Net cash and cash equivalents	**(241,638)**	(264,972)
Net debt	**513,367**	633,113

25. Interest-bearing loans and borrowings (continued)

Financing facilities

Key group facilities include a $300 million group trade receivables securitisation facility, a US$325 million senior unsecured notes offering due in October 2019, and a senior secured syndicated bank facility of $530 million, of which $520 million is due in December 2016 and $10 million is due in December 2014. On 19 December 2013, the refinancing of the syndicated bank facility was completed with the facility increasing from $406 million to $530 million.

The majority of debt facilities that reside outside the senior unsecured notes, syndicated bank facility and the group trade receivables securitisation facility are regional working capital facilities, primarily located in Brazil and Europe totalling $572 million (2013: $343 million).

Refer to note 31 for further detail regarding the group's financing facilities.

	Accessible $000	Utilised $000
2014		
Bank loan facilities and senior unsecured notes	**1,741,340**	**756,568**
Other facilities	**2,078**	**2,078**
Total financing facilities	**1,743,418**	**758,646**
2013		
Bank loan facilities and senior unsecured notes	1,320,116	905,449
Other facilities	1,490	1,490
Total financing facilities	1,321,606	906,939

Financing arrangements

	Consolidated	
Repayment of borrowings (excluding finance leases)	**2014 $000**	**2013 $000**
Period ending 31 July 2014	**–**	325,181
Period ending 31 July 2015	**324,522**	194,684
Period ending 31 July 2016	**7,138**	32,095
Period ending 31 July 2017 or later	**426,986**	354,979

Finance lease liabilities

Finance leases are entered into to fund the acquisition of plant and equipment.
Lease commitments for capitalised finance leases are payable as follows:

Not later than one year	**1,781**	1,732
Later than one year but not later than two years	**1,706**	1,657
Later than two years but not later than five years	**4,804**	4,462
Later than five years	**94,974**	90,333
	103,265	98,184
Less future finance charges	**(90,369)**	(85,928)
Finance lease liabilities	**12,896**	12,256

Finance lease liabilities are secured over the relevant leased plant.

25. Interest-bearing loans and borrowings (continued)

Financing arrangements (continued)

	Consolidated	
Average interest rates	**2014 %**	**2013 %**
Nufarm step-up securities (refer note 29)	**6.63**	6.95
Syndicated bank facility	**4.34**	5.06
Group securitisation program facility	**3.33**	3.32
Other bank loans	**7.70**	5.66
Finance lease liabilities – secured	**12.49**	12.48
Senior unsecured notes	**6.38**	6.38

26. Employee benefits

	Consolidated	
	2014 $000	**2013 $000**
Current		
Liability for short term employee benefits	**16,051**	16,400
Liability for current portion of other long term employee benefits	**3,372**	3,383
Current employee benefits	**19,423**	19,783
Non-current		
Defined benefit fund obligations		
Present value of unfunded obligations	**5,866**	6,079
Present value of funded obligations	**170,495**	140,505
Fair value of fund assets – funded	**(121,773)**	(111,361)
Recognised liability for defined benefit fund obligations	**54,588**	35,223
Liability for other long term employee benefits	**14,603**	14,996
Non-current employee benefits	**69,191**	50,219
Total employee benefits	**88,614**	70,002

The group makes contributions to defined benefit pension funds in the UK, the Netherlands, France and Indonesia that provide defined benefit amounts for employees upon retirement.

26. Employee benefits (continued)

	Consolidated 2014 $000	Consolidated 2013 $000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**146,584**	116,773
Service cost	**3,326**	2,580
Interest cost	**7,730**	5,090
Actuarial losses/(gains)	**18,096**	5,647
Past service cost	**(923)**	4
Losses/(gains) on curtailment	**–**	–
Contributions	**54**	50
Benefits paid	**(5,428)**	(4,965)
Exchange differences on foreign funds	**6,922**	21,405
Closing defined benefit obligation	**176,361**	146,584
Changes in the fair value of fund assets are as follows:		
Opening fair value of fund assets	**111,361**	84,971
Interest income	**6,131**	4,363
Actuarial gains/(losses) – return on plan assets excluding interest income	**(1,277)**	2,679
Surplus taken to retained earnings	**–**	2,554
Contributions by employer	**5,147**	4,531
Distributions	**(4,736)**	(4,752)
Exchange differences on foreign funds	**5,147**	17,015
Closing fair value of fund assets	**121,773**	111,361

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

	Consolidated 2014 $000	Consolidated 2013 $000
Expense recognised in profit or loss		
Current service costs	**3,326**	2,580
Interest on obligation	**7,730**	5,090
Interest income	**(6,131)**	(4,363)
Past service cost	**(923)**	4
Expense recognised in profit or loss	**4,002**	3,311
The expense is recognised in the following line items in the income statement:		
Cost of sales	**2,315**	2,013
Sales, marketing and distribution expenses	**763**	720
General and administrative expenses	**618**	427
Research and development expenses	**306**	151
Expense recognised in profit or loss	**4,002**	3,311
Actuarial gains/(losses) recognised in other comprehensive income (net of tax)		
Cumulative amount at 1 August	**(17,681)**	(16,998)
Recognised during the period	**(15,321)**	(683)
Cumulative amount at 31 July	**(33,002)**	(17,681)

26. Employee benefits (continued)

The major categories of fund assets as a percentage of total fund assets are as follows:

	Consolidated	
	2014 %	2013 %
Equities	**62.4**	60.9
Bonds	**35.4**	37.0
Property	**1.4**	1.3
Cash	**0.8**	0.8
Principal actuarial assumptions at the reporting date (expressed as weighted averages):		
Discount rate at 31 July	**4.2**	4.5
Future salary increases	**3.1**	3.0
Future pension increases	**2.5**	2.6

The group expects to pay $4,729,000 in contributions to defined benefit plans in 2015 (2014: $4,571,000).

27. Share-based payments

Nufarm executive share plan (2000)

The Nufarm executive share plan (2000) offers shares to executives. The executives may select an alternative mix of shares (at no cost) and options at a cost determined under the 'Black Scholes' methodology. These benefits are only granted when a predetermined return on capital employed is achieved over the relevant period. The shares and options are subject to forfeiture and dealing restrictions. The executive cannot deal in the shares or options for a period of between three and 10 years without board approval. An independent trustee holds the shares and options on behalf of the executives. At 31 July 2014 there were 40 participants (2013: 48 participants) in the scheme and 387,076 shares (2013: 764,616) were allocated and held by the trustee on behalf of the participants. The cost of issuing shares is expensed in the year of issue. From 1 August 2011, it was decided that there will be no further awards under this share plan and that it would be replaced by the Nufarm short term incentive plan (refer below). Any unvested equities held in the executive share plan will remain and be subject to the vesting conditions under the rules of the plan.

Nufarm short term incentive plan (STI)

The STI is available to key executives, senior managers and other managers globally. The first awards under the plan were issued in October 2012. The STI is measured on the following metrics, relevant to an individual:

- budget measures of EBIT or net profit after tax and net working capital; and
- strategic and business improvement objectives.

A predetermined percentage of the STI is paid in cash at the time of performance testing and the balance is deferred into shares in the company for nil consideration. The number of shares granted is based on the volume weighted average price of Nufarm Limited shares in the five days subsequent to the results announcement. Vesting will occur after a two-year period.

Nufarm executive long term incentive plan (LTIP)

On 1 August 2011, the LTIP commenced and is available to key executives and certain selected senior managers. Awards are granted to individuals in the form of performance rights, which comprise rights to acquire ordinary shares in the company for nil consideration, subject to the achievement of global performance hurdles. Under the plan, individuals will receive an annual award of performance rights as soon as practical after the announcement of results in the preceding year. The performance and vesting period for the awards will be three years. Awards vest in two equal tranches as follows:

- fifty per cent of the LTIP grant will vest subject to the achievement of a relative total shareholder return (TSR) performance hurdle measured against a selected comparator group of companies; and
- the remaining 50 per cent will vest subject to meeting an absolute return on funds employed (ROFE) target.

27. Share-based payments (continued)

Global share plan (2001)

The global share plan commenced in 2001, and is available to all permanent employees. Participants contribute a proportion of their salary to purchase shares. The company will contribute an amount equal to 10 per cent of the number of ordinary shares acquired with a participant's contribution in the form of additional ordinary shares. Amounts over 10 per cent of the participant's salary can be contributed but will not be matched. For each year the shares are held, up to a maximum of five years, the company contributes a further 10 per cent of the value of the shares acquired with the participant's contribution. An independent trustee holds the shares on behalf of the participants. At 31 July 2014 there were 872 participants (2013: 948 participants) in the scheme and 2,013,567 shares (2013: 1,925,656) were allocated and held by the trustee on behalf of the participants.

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

	Consolidated	
Employee expenses	**2014 $000**	**2013 $000**
Total expense arising from share-based payment transactions	**1,782**	4,528

Measurement of fair values

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

Plan	Nufarm STI 2014 deferred shares	Nufarm LTI 2014 performance rights Dec 2013	Nufarm LTI 2014 performance rights Oct 2013	Nufarm STI 2013 deferred shares	Nufarm LTI 2013 performance rights Dec 2012	Nufarm LTI 2013 performance rights Oct 2012
Weighted average fair value at grant date	**$4.75**	**$3.25**	**$3.35**	$5.86	$4.40	$4.73
Share price at grant date	**$4.54**	**$4.40**	**$4.54**	$5.96	$5.62	$5.96
Grant date	**9 Oct 2013**	**5 Dec 2013**	**9 Oct 2013**	9 Oct 2012	6 Dec 2012	9 Oct 2012
Earliest vesting date	**31 Jul 2015**	**31 Jul 2016**	**31 Jul 2016**	31 Jul 2013	31 Jul 2015	31 Jul 2015
Exercise price	**–**	**–**	**–**	–	–	–
Expected life	**1 year**	**2.7 years**	**2.8 years**	1 year	2.7 years	2.8 years
Volatility	**n/a**	**35%**	**35%**	n/a	30%	30%
Risk free interest rate	**n/a**	**2.9%**	**3.0%**	n/a	2.6%	2.4%
Dividend yield	**n/a**	**2.7%**	**2.7%**	n/a	2.3%	2.3%

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

27. Share-based payments (continued)

Reconciliation of outstanding share awards	Nufarm LTI number of performance rights 2014	Nufarm STI number of deferred shares 2014	Nufarm LTI number of performance rights 2013	Nufarm STI number of deferred shares 2013
Outstanding at 1 August	1,021,128	296,490	465,677	–
Forfeited during the year	**(26,724)**	**–**	–	(4,452)
Exercised during the year	**–**	**(239,810)**	–	(217,472)
Expired during the year	**(566,463)**	**–**	–	–
Granted during the year	**568,993**	**381,237**	555,451	518,414
Outstanding at 31 July	**996,934**	**437,917**	1,021,128	296,490
Exercisable at 31 July	**–**	**79,047**	–	39,509

The performance rights outstanding at 31 July 2014 have a $nil exercise price and a weighted average contractual life of three years (2013: three years). All performance rights granted to date have a $nil exercise price.

28. Provisions

	Consolidated 2014 $000	Consolidated 2013 $000
Current		
Restructuring	**12,642**	118
Other	**3,059**	3,161
Current provisions	**15,701**	3,279

Consolidated	Restructuring $000	Other provisions $000	Total $000
Movement in provisions			
Balance at 1 August 2013	118	3,161	3,279
Provisions made during the year	**16,966**	**–**	**16,966**
Provisions used during the year	**(4,926)**	**–**	**(4,926)**
Exchange adjustment	**484**	**(102)**	**382**
Balance at 31 July 2014	**12,642**	**3,059**	**15,701**

The provision for restructuring is mainly relating to the rationalisation of the Australian and New Zealand operations and primarily consists of unpaid redundancy and associated transition costs. The other provision consists of liabilities recognised with the Agripec acquisition.

29. Capital and reserves

Share capital	Parent company Number of ordinary shares 2014	Parent company Number of ordinary shares 2013
Balance at 1 August	**262,954,040**	262,142,247
Issue of shares	**1,067,587**	811,793
Balance at 31 July	**264,021,627**	262,954,040

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

On 15 October 2013, 381,237 shares at $4.75 were issued under the executive share plan.

On 15 November 2013, 308,171 shares at $4.83 were issued under the dividend reinvestment program.

On 6 January 2014, 82,447 shares at $4.39 were issued under the global share plan. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

On 9 May 2014, 295,732 shares at $4.12 were issued under the dividend reinvestment program.

Nufarm step-up securities

In the year ended 31 July 2007 Nufarm Finance (NZ) Limited, a wholly-owned subsidiary of Nufarm Limited, issued a new hybrid security called Nufarm step-up securities (NSS). The NSS are perpetual step-up securities and on 24 November 2006, 2,510,000 NSS were allotted at an issue price of $100 per security raising $251 million. The NSS are listed on the ASX under the code 'NFNG' and on the NZDX under the code 'NFFHA'. The after-tax costs associated with the issue of the NSS, totalling $4.1 million, were deducted from the proceeds.

Distributions on the NSS are at the discretion of the directors and are floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are curtailed if distributions to NSS holders are not made until such time that Nufarm Finance (NZ) Limited makes up the arrears. The first distribution date for the NSS was 16 April 2007 and on a six-monthly basis after this date. The floating rate is the average mid-rate for bills with a term of six months plus a margin of 3.9 per cent (2013: 3.9 per cent). On 23 September 2011, Nufarm announced that it would 'step-up' the NSS. This resulted in the interest margin attached to the NSS being stepped-up by 2.0 per cent, with the new interest margin being set at 3.9 per cent as at 24 November 2011. No other terms were adjusted and there are no further step-up dates. Nufarm retains the right to redeem or exchange the NSS on future distribution dates.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different from the presentation currency of the reporting entity.

Capital profit reserve

This reserve is used to accumulate realised capital profits.

Other reserve

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

29. Capital and reserves (continued)

Dividends

An interim dividend of three cents per share, totalling $7,912,359 was declared on 26 March 2014, and was paid (net of dividend re-investment program) on 9 May 2014 (2013: three cents per share, totalling $7,883,907).

A final dividend of five cents per share, totalling $13,201,081 was declared on 23 September 2014, and will be paid on 14 November 2014 (2013: five cents per share, totalling $13,166,764).

Distributions

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

	Consolidated		
	Distribution rate %	Total amount $000	Payment date
2014			
Distribution	**6.52**	**8,156**	15 April 2014
Distribution	**6.95**	**8,749**	15 October 2013
		16,905	
2013			
Distribution	7.03	8,798	15 April 2013
Distribution	8.11	10,146	16 October 2012
		18,944	

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

The distribution on the Nufarm step-up securities reported on the equity movement schedule has been reduced by the tax benefit on the gross distribution, giving an after-tax amount of $12.369 million (2013: $13.974 million).

	2014 $000	2013 $000
Franking credit/(debit) balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the year at 30% (2013: 30%)	**4,973**	18,771
Franking credits/(debits) that will arise from the payment of income tax payable/(refund) as at the end of the year	**(3,262)**	–
Balance at 31 July	**1,711**	18,771

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the company as the head entity in the tax-consolidated group has also assumed the benefit of $1,710,802 (2013: $18,771,001) franking credits.

30. Earnings per share

	Consolidated 2014 $000	Consolidated 2013 $000
Net profit for the year	**37,747**	81,750
Net profit attributable to non-controlling interest	**(40)**	(751)
Net profit attributable to equity holders of the parent	**37,707**	80,999
Nufarm step-up securities distribution	**(12,369)**	(13,974)
Earnings used in the calculations of basic and diluted earnings per share	**25,338**	67,025
Earnings from continuing operations	**25,338**	67,025
	25,338	67,025
Subtract items of material income/(expense) (refer note 6)	**(48,704)**	(2,224)
Earnings excluding items of material income/(expense) used in the calculation of earnings per share excluding material items	**74,042**	69,249

For the purposes of determining basic and diluted earnings per share, the after-tax distributions on NSS are deducted from net profit.

	Number of shares 2014	Number of shares 2013
Weighted average number of ordinary shares used in calculation of basic earnings per share	**263,587,507**	262,675,412
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**265,033,403**	263,587,730

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of ordinary shares since the reporting date and before the completion of this financial report.

	Cents per share 2014	Cents per share 2013
Earnings per share for continuing and discontinued operations		
Basic earnings per share		
From continuing operations	**9.6**	25.5
	9.6	25.5
Diluted earnings per share		
From continuing operations	**9.6**	25.4
	9.6	25.4
Earnings per share (excluding items of material income/expense – see note 6)		
Basic earnings per share	**28.1**	26.4
Diluted earnings per share	**27.9**	26.3

31. Financial risk management and financial instruments

The group has exposure to the following financial risks:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the group's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

31. Financial risk management and financial instruments (continued)

The board of directors has responsibility to identify, assess, monitor and manage the material risks facing the group and to ensure that adequate identification, reporting and risk minimisation mechanisms are established and working effectively. To support and maintain this objective, the audit and risk committee has established detailed policies on risk oversight and management by approving a global risk management charter that specifies the responsibilities of the general manager global risk management (which includes responsibility for the internal audit function). This charter also provides comprehensive global authority to conduct internal audits, risk reviews and system-based analyses of the internal controls in major business systems operating within all significant company entities worldwide.

The general manager global risk management reports to the chairman of the audit and risk committee and functionally to the chief financial officer. He provides a written report of his activities at each meeting of the audit and risk committee. In doing so he has direct and ongoing access to the chairman and members of the audit and risk committee.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and other financial assets.

Exposure to credit risk

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

The group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers before the group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring further management approval.

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

	Consolidated	
	2014 $000	2013 $000
Carrying amount		
Trade and other receivables	**791,852**	792,564
Cash and cash equivalents	**241,638**	264,972
Forward exchange contracts:		
Assets	**184**	2,161
	1,033,674	1,059,697

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

	Consolidated	
	2014 $000	2013 $000
Carrying amount		
Australia/New Zealand	**106,699**	166,006
Asia	**32,223**	31,022
Europe	**251,058**	223,360
North America	**95,781**	103,750
South America	**306,091**	268,426
Trade and other receivables	**791,852**	792,564

The group's top five customers account for $107.4 million of the trade receivables carrying amount at 31 July 2014 (2013: $120.8 million). These top five customers represent 15 per cent (2013: 17 per cent) of the total receivables.

31. Financial risk management and financial instruments (continued)

Impairment losses

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

	Consolidated	
Receivables ageing	**2014 $000**	**2013 $000**
Current	**572,214**	598,898
Past due – 0 to 90 days	**71,151**	60,727
Past due – 90 to 180 days	**18,482**	9,325
Past due – 180 to 360 days	**9,225**	9,972
Past due – more than one year	**25,362**	22,638
	696,434	701,560
Provision for impairment	**(26,591)**	(24,172)
Trade receivables	**669,843**	677,388

Some of the past due receivables are secured by collateral from customers such as directors' guarantees, bank guarantees and charges on fixed assets. The past due receivables not impaired relate to customers that have a good credit history with the group. Historically, the bad debt write-off from trade receivables has been very low. Over the past nine years, the bad debt write-off amount has averaged 0.04 per cent of sales, with no greater than 0.11 per cent of sales written-off in any one year.

In the crop protection industry, it is normal practice to vary the terms of sales depending on the climatic conditions experienced in each country.

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

	Consolidated	
	2014 $000	**2013 $000**
Balance at 1 August	24,172	22,278
Provisions made during the year	**5,437**	294
Provisions used during the year	**(2,080)**	(1,032)
Provisions acquired through business combinations	**–**	39
Exchange adjustment	**(938)**	2,593
Balance at 31 July	**26,591**	24,172

The allowance account for trade receivables is used to record the impairment losses unless the group is satisfied that no recovery of the amount owing is possible. At that point the amount is considered irrecoverable and is written-off against the receivable directly.

31. Financial risk management and financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

On 23 August 2011, Nufarm executed a A$300 million group trade receivables securitisation facility. Subsequent to execution, the facility size was reduced to A$250 million to reflect the value of trade receivables being used to secure funding under the program at the time. On 13 June 2013 the facility size was increased to A$300 million to reflect the increase in the current value of trade receivables being used to secure funding under this program. The facility provides funding that aligns with the working capital cycle of the company.

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

The group holds a three-year A$530 million senior secured syndicated bank facility (SFA) (2013: A$406 million), of which A$520 million is due in December 2016 and A$10 million is due in December 2014 (2013: A$406 million due in November 2014). The SFA is secured by assets in the primary geographies in which Nufarm operates including Australia, New Zealand and the United States (2013: Australia, United States, Canada, United Kingdom, and France). 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 amount drawn down under the facility at 31 July 2014 is $51 million (2013: $164 million).

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 Brazil and Europe, which at 31 July totalled $572 million (2013: $343 million).

At 31 July 2014, the group had access to debt of $1,743 million (2013: $1,322 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, Brazil and the notes.

31. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

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

Consolidated 2014	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1–2 years $000	More than 2 years $000
Non-derivative financial liabilities					
Bank overdrafts	–	–	–	–	–
Trade and other payables	534,539	534,539	513,305	1,063	20,171
Bank loans – secured	373,422	397,202	301,714	5,783	89,705
Bank loans – unsecured	43,875	47,368	30,833	8,493	8,042
Senior unsecured notes	339,271	461,801	22,278	22,278	417,245
Other loans – unsecured	2,078	2,078	489	1,589	–
Finance lease liabilities – secured	12,896	103,265	1,781	1,706	99,778
Derivative financial liabilities					
Derivatives used for hedging:					
Outflow	21,817	230,879	22,177	21,452	187,250
Inflow	–	(232,876)	(22,815)	(22,815)	(187,246)
Other derivative contracts:					
Outflow	1,903	252,666	252,666	–	–
Inflow	–	(250,933)	(250,933)	–	–
Derivative financial assets					
Derivatives used for hedging:					
Outflow	–	–	–	–	–
Inflow	–	–	–	–	–
Other derivative contracts:					
Outflow	–	52,885	52,885	–	–
Inflow	(184)	(53,064)	(53,064)	–	–
	1,329,617	1,545,810	871,316	39,549	634,945

31. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

Consolidated 2013	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1–2 years $000	More than 2 years $000
Non-derivative financial liabilities					
Bank overdrafts	–	–	–	–	–
Trade and other payables	556,893	556,893	530,335	4,876	21,682
Bank loans – secured	456,676	470,867	241,563	197,102	32,202
Bank loans – unsecured	98,627	101,256	94,863	363	6,030
Unsecured note issues	350,146	502,868	23,471	23,471	455,926
Other loans – unsecured	1,490	1,490	386	1,104	–
Finance lease liabilities – secured	12,256	98,184	1,732	1,657	94,795
Derivative financial liabilities					
Derivatives used for hedging:					
Outflow	22,313	279,592	19,321	19,751	240,520
Inflow	–	(263,639)	(20,948)	(20,948)	(221,743)
Other derivative contracts:					
Outflow	19,984	222,794	222,794	–	–
Inflow	–	(201,393)	(201,393)	–	–
Derivative financial assets					
Derivatives used for hedging:					
Outflow	–	–	–	–	–
Inflow	–	–	–	–	–
Other derivative contracts:					
Outflow	–	105,905	105,905	–	–
Inflow	(2,161)	(108,483)	(108,483)	–	–
	1,516,224	1,766,334	909,546	227,376	629,412

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the group. This provides an economic hedge and no derivatives are used to manage the exposure.

Market risk

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

31. Financial risk management and financial instruments (continued)

Currency risk

The group uses derivative financial instruments to manage specifically identified foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the individual group entity. The currencies giving rise to this risk include the US dollar (USD), the euro, the British pound (GBP), the Australian dollar (AUD), the New Zealand dollar and the Brazilian real (BRL). The group uses foreign exchange contracts and options to manage currency risk.

The group uses foreign exchange contracts and options to manage the foreign currency exposures between the Nufarm step-up securities issued in Australia and New Zealand, and related group funding to several jurisdictions to which the funds were advanced. During 2012, the funding, which was previously advanced to these jurisdictions in US dollars, the Euro and the British pound, was converted to Australian dollars. The foreign currency contracts therefore primarily cover the exposure of the borrowers to movements in the Australian dollar against their local currencies.

In October 2012, the group completed a US$325 million senior unsecured notes offering due in October 2019 (the 'notes'). Currency risk related to the principal amount of the notes has been hedged using cross currency interest rate swap contracts that mature on the same date as the notes are due for repayment. These contracts have been designated for hedge accounting.

The group uses derivative financial instruments to manage foreign currency translation risk arising from the groups net investments in foreign currency subsidiary entities. These contracts have been designated as net investment hedges for hedge accounting purposes. No ineffectiveness was recognised from the net investment hedge.

For accounting purposes, other than the contracts referred to previously, the group has not designated any other derivatives in hedge relationships and all movements in fair value are recognised in profit or loss during the period. The net fair value of forward exchange contracts in the group, not designated as being in a hedge relationship, used as economic hedges of forecast transactions at 31 July 2014 was a $1.719 million liability (2013: $17.823 million liability) comprising assets of $0.184 million (2013: $2.161 million) and liabilities of $1.903 million (2013: $19.984 million).

Exposure to currency risk

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

	Net financial assets/(liabilities) – by currency of denomination			
Consolidated 2014	**AUD $000**	**USD $000**	**Euro $000**	**GBP $000**
Functional currency of group operation				
Australian dollars	**–**	**(44,765)**	**21,379**	**(17,464)**
US dollars	**(83,268)**	**–**	**(730)**	**–**
Euro	**15,524**	**11,489**	**–**	**10,596**
UK pounds sterling	**(14,768)**	**9,351**	**5,298**	**–**
	(82,512)	**(23,925)**	**25,947**	**(6,868)**

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

Sensitivity analysis

Based on the aforementioned group's net financial assets/(liabilities) at 31 July, a one per cent strengthening or weakening of the following currencies at 31 July would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes all other variables, including interest rates, remain constant. The analysis is performed on the same basis for 2013.

NOTES TO THE FINANCIAL STATEMENTS continued

31. Financial risk management and financial instruments (continued)

Currency risk (continued)

Sensitivity analysis (continued)

	Strengthening Profit/(loss) after tax 2014 $000	Weakening Profit/(loss) after tax 2014 $000	Strengthening Profit/(loss) after tax 2013 $000	Weakening Profit/(loss) after tax 2013 $000
Currency movement				
1% change in the Australian dollar exchange rate	**(289)**	**292**	306	(313)
1% change in the US dollar exchange rate	**421**	**(416)**	127	(127)
1% change in the Euro exchange rate	**(82)**	**81**	(301)	303
1% change in the GBP exchange rate	**(47)**	**47**	(135)	135

The group's financial asset and liability profile may not remain constant, and therefore these sensitivities should be used with care. The following significant exchange rates applied during the year:

	Average rate		Reporting date	
AUD	**2014**	**2013**	**2014**	**2013**
US dollar	**0.917**	1.009	**0.930**	0.895
Euro	**0.673**	0.774	**0.694**	0.673
GBP	**0.556**	0.645	**0.551**	0.589
BRL	**2.092**	2.086	**2.105**	2.037

Interest rate risk

The group has the ability to use derivative financial instruments to manage specifically identified interest rate risks. Interest rate swaps, denominated in AUD, are entered into to achieve an appropriate mix of fixed and floating rate exposures.

The majority of the group's debt is raised under central borrowing programs. The A$530 million syndicated bank facility and the A$300 million group trade receivables securitisation facility are considered floating rate facilities. On 8 October 2012, the group completed a US$325 million notes issue with a fixed coupon component. Concurrent with the completion of the US$325 million notes issue, the group entered into interest rate swaps to manage specifically identified interest rate risks associated with the fixed coupon component of the notes. These swaps effectively converted a majority of the fixed interest payable on the notes to floating interest, and have been designated for hedge accounting. During the period the group entered into interest rate swaps to manage the level of floating rate debt held by the group. These swaps effectively converted a portion of floating rate debt to fixed rate debt, and have been designated for hedge accounting. The group's earnings are sensitive to changes in interest rates on the floating interest rate component of the group's net borrowings.

Interest rate risk on Nufarm step-up securities

The distribution rate is the average mid-rate for bank bills with a term of six months plus a margin of 3.90 per cent (2013: 3.90 per cent).

Profile

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

	Consolidated Carrying amount 2014 $000	Consolidated Carrying amount 2013 $000
Variable rate instruments		
Financial assets	**47,517**	34,222
Financial liabilities	**(554,003)**	(807,416)
	(506,486)	(773,194)
Fixed rate instruments		
Financial assets	**–**	–
Financial liabilities	**(217,539)**	(111,779)
	(217,539)	(111,779)

31. Financial risk management and financial instruments (continued)

Currency risk (continued)

Interest rate risk (continued)

Sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The sensitivity is calculated on the debt at 31 July. Due to the seasonality of the crop protection business, debt levels can vary during the year. This analysis is performed on the same basis for 2013.

	Profit/(loss) 100bp increase $000	Profit/(loss) 100bp decrease $000
2014		
Variable rate instruments	**(5,065)**	**5,065**
Total sensitivity	**(5,065)**	**5,065**
2013		
Variable rate instruments	(7,732)	7,732
Total sensitivity	(7,732)	7,732

Fair values

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

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate to the fair values. In the case of the centrally managed fixed rate debt not swapped to floating rate totalling $107.6 million (2013: $111.8 million), the fair value at 31 July 2014 is $116.977 million (2013: $109.686 million).

Consolidated 2014	Note	Available for sale $000	Carried at fair value through profit or loss $000	Derivatives used for hedging $000	Financial assets/ liabilities at amortised cost $000	Total $000
Cash and cash equivalents	15	–	–	–	241,638	241,638
Trade and other receivables	16	–	–	–	791,852	791,852
Forward exchange contracts:						–
Assets	16	–	184	–	–	184
Liabilities	24	–	(1,903)	(725)	–	(2,628)
Interest rate swaps	24	–	–	(21,092)	–	(21,092)
Trade and other payables excluding derivatives	24	–	–	–	(534,539)	(534,539)
Bank overdraft	15	–	–	–	–	–
Secured bank loans	25	–	–	–	(373,422)	(373,422)
Unsecured bank loans	25	–	–	–	(43,875)	(43,875)
Senior unsecured notes[a]	25	–	–	–	(339,271)	(339,271)
Other loans	25	–	–	–	(2,078)	(2,078)
Finance leases	25	–	–	–	(12,896)	(12,896)
		–	(1,719)	(21,817)	(272,591)	(296,127)

(a) Includes $231.7 million (2013: $238.3 million) of centrally managed fixed rate debt swapped to floating rate under fair value hedges, and is consequently fair valued for interest rate risk.

31. Financial risk management and financial instruments (continued)

Fair values (continued)

Consolidated 2013	Note	Available for sale $000	Carried at fair value through profit or loss $000	Derivatives used for hedging $000	Financial assets/ liabilities at amortised cost $000	Total $000
Cash and cash equivalents	15	–	–	–	264,972	264,972
Trade and other receivables	16	–	–	–	792,564	792,564
Forward exchange contracts:						
Assets	16	–	2,161	–	–	2,161
Liabilities	24	–	(19,984)	–	–	(19,984)
Interest rate swaps	24	–	–	(22,313)	–	(22,313)
Trade and other payables excluding derivatives	24	–	–	–	(556,893)	(556,893)
Bank overdraft	15	–	–	–	–	–
Secured bank loans	25	–	–	–	(456,676)	(456,676)
Unsecured bank loans	25	–	–	–	(98,627)	(98,627)
Senior unsecured notes[a]	25	–	–	–	(350,146)	(350,146)
Other loans	25	–	–	–	(1,490)	(1,490)
Finance leases	25	–	–	–	(12,256)	(12,256)
		–	(17,823)	(22,313)	(418,552)	(458,688)

(a) Includes $231.7 million (2013: $238.3 million) of centrally managed fixed rate debt swapped to floating rate under fair value hedges, and is consequently fair valued for interest rate risk.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Consolidated			
2014	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Derivative financial assets	**–**	**184**	**–**	**184**
	–	**184**	**–**	**184**
Derivative financial liabilities	**–**	**(23,720)**	**–**	**(23,720)**
	–	**(23,720)**	**–**	**(23,720)**
2013				
Derivative financial assets	–	2,161	–	2,161
	–	2,161	–	2,161
Derivative financial liabilities	–	(42,297)	–	(42,297)
	–	(42,297)	–	(42,297)

There have been no transfers between levels in either 2014 or 2013.

31. Financial risk management and financial instruments (continued)

Fair values (continued)

Fair value hierarchy (continued)

Valuation techniques used to derive fair values

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

Specific valuation techniques used to value financial instruments include:

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

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the group's return on funds employed (ROFE). Return is calculated on the group's earnings before interest and tax and adjusted for any material items. Funds employed is defined as shareholder's funds plus total interest bearing debt. The board of directors determines the level of dividends to ordinary shareholders and reviews the group's total shareholder return with similar groups.

The board believes ROFE is an appropriate performance condition as it ensures management is focused on the efficient use of capital and the measure remains effective regardless of the mix of equity and debt, which may change from time to time. ROFE objectives are set by the board at the beginning of each year. There is a target and a stretch hurdle. These numbers will based on the budget and growth strategy. The ROFE return for the year ended 31 July 2014 was 9.1 per cent (2013: 8.8 per cent).

There were no changes in the group's approach to capital management during the year.

32. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Consolidated	
	2014 $000	**2013 $000**
Not later than one year	**11,807**	10,114
Later than one year but not later than two years	**10,286**	11,453
Later than two years but not later than five years	**22,725**	21,806
Later than five years	**144,995**	141,166
	189,813	184,539

Operating leases are generally entered to access the use of shorter term assets such as motor vehicles, mobile plant and office equipment. Rentals are fixed for the duration of these leases. There is a small number of leases for office properties. These rentals have regular reviews based on market rentals at the time of review.

33. Capital commitments

The group had contractual obligations to purchase plant and equipment for $3.240 million at 31 July 2014 (2013: $6.116 million).

34. Contingencies

The directors are of the opinion that provisions are not required in respect of the following matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Consolidated 2014 $000	2013 $000
Guarantee facility for Eastern European joint ventures with FMC Corporation.	**7,254**	6,225
Environmental guarantee given to the purchaser of land and buildings at Genneviliers for EUR 8.5 million.	**12,248**	12,630
Insurance bond for EUR 2.717 million established to make certain capital expenditures at Gaillon plant in France.	**4,019**	3,843
Brazilian taxation proceedings.[a]	**12,157**	74,624
Contingent liabilities	**35,678**	97,322

(a) The company's 2013 annual financial report previously disclosed a contingent liability of $74.6 million in respect of potential pre-acquisition tax liabilities of its Brazilian business, which was acquired in 2007. The company continued to defend the related tax claims during the period. The agreements relating to the purchase of the business included indemnities which allow Nufarm to recover the majority of any such tax liabilities from the previous owners.

These indemnities have previously been confirmed via an independent arbitration process.

During December 2013, the company elected to participate in a federal tax program instigated by the Brazilian Government that allows taxpayers to reduce their tax liabilities by offering discounts on claims (including penalties and interest) applying to a period ending on 30 November 2008. The decision to participate in the program reduced the company's potential future liability and provided a final resolution of the claims to which the program applied.

Entering into the program has given rise to a tax liability, which will result in a cash outflow of approximately $300,000 per month for five years commencing January 2014 and the utilisation of tax losses. As previously disclosed, cash inflows from the previous owner, via enforcement of the indemnities currently under arbitration, will follow the settlement of the tax obligations.

The recognition of the liability has been offset by the benefit of previously unrecognised tax assets. The tax assets will be recovered via a combination of recoupment in the normal course of business and enforcement of the indemnities provided by the previous owner.

As a consequence of entering the program, the total contingent liability relating to future potential tax liabilities has reduced to $12.157 million that relate to claims not covered by the program, some of which may also be covered by the indemnities. These cases will continue to be defended.

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

NOTES TO THE FINANCIAL STATEMENTS continued

35. Group entities

	Note	Place of incorporation	Percentage of shares held 2014	2013
Parent entity				
Nufarm Limited – ultimate controlling entity				
Subsidiaries				
Access Genetics Pty Ltd	(a)	Australia	**100**	100
Agcare Biotech Pty Ltd	(a)	Australia	**100**	100
Agchem Receivables Corporation		USA	**100**	100
Agryl Holdings Limited	(a)	Australia	**100**	100
Ag-seed Research Pty Ltd	(a)	Australia	**100**	100
Agturf Inc		USA	**100**	100
AH Marks (New Zealand) Limited		New Zealand	**100**	100
AH Marks Australia Pty Ltd	(a)	Australia	**100**	100
AH Marks Holdings Limited		United Kingdom	**100**	100
Artfern Pty Ltd	(a)	Australia	**100**	100
Atlantica Sementes Ltda		Brazil	**51**	51
Australis Services Pty Ltd	(a)	Australia	**100**	100
Bestbeech Pty Ltd	(a)	Australia	**100**	100
Chemicca Limited	(a)	Australia	**100**	100
CNG Holdings BV		Netherlands	**100**	100
Crop Care Australasia Pty Ltd	(a)	Australia	**100**	100
Crop Care Holdings Limited		New Zealand	**100**	100
Croplands Equipment Limited		New Zealand	**100**	100
Croplands Equipment Pty Ltd	(a)	Australia	**100**	100
Danestoke Pty Ltd	(a)	Australia	**100**	100
Edgehill Investments Pty Ltd	(a)	Australia	**100**	100
Fchem (Aust) Limited	(a)	Australia	**100**	100
Fernz Canada Limited		Canada	**100**	100
Fernz Singapore Pte Ltd		Singapore	**100**	100
Fidene Limited		New Zealand	**100**	100
First Classic Pty Ltd	(a)	Australia	**100**	100
Framchem SA		Egypt	**100**	100
Frost Technology Corporation		USA	**100**	100
Greenfarm Hellas Chemicals SA		Greece	**100**	100
Growell Limited		United Kingdom	**100**	100
Grupo Corporativo Nufarm SA		Guatemala	**100**	100
Laboratoire European de Biotechnologie s.a.s		France	**100**	100
Le Moulin des Ecluses s.a		France	**100**	100
Lefroy Seeds Pty Ltd	(a)	Australia	**100**	100
Manaus Holdings Sdn Bhd		Malaysia	**100**	100
Marman (Nufarm) Inc		USA	**100**	100
Marman de Guatemala Sociedad Anomima		Guatemala	**100**	100
Marman de Mexico Sociedad Anomima De Capital Variable		Mexico	**100**	100
Marman Holdings LLC		USA	**100**	100
Masmart Pty Ltd	(a)	Australia	**100**	100
Mastra Corporation Pty Ltd	(a)	Australia	**100**	100
Mastra Corporation Sdn Bhd		Malaysia	**100**	100
Mastra Corporation USA Pty Ltd	(a)	Australia	**100**	100
Mastra Holdings Sdn Bhd		Malaysia	**100**	100
Mastra Industries Sdn Bhd		Malaysia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS continued

35. Group entities (continued)

	Note	Place of incorporation	Percentage of shares held 2014	2013
Medisup International NV		N. Antillies	88	88
Medisup Securities Limited	(a)	Australia	100	100
Midstates Agri Services de Mexico		Mexico	100	100
Midstates Agri Services Inc		USA	100	100
Minteledan S.A.		Uruguay	100	–
Nufarm Africa SARL AU		Morocco	100	100
Nufarm Agriculture (Pty) Ltd		South Africa	100	100
Nufarm Agriculture Inc		Canada	100	100
Nufarm Agriculture Inc (USA)		USA	100	100
Nufarm Agriculture Zimbabwe (Pvt) Ltd		Zimbabwe	100	100
Nufarm Americas Holding Company		USA	100	100
Nufarm Americas Inc		USA	100	100
Nufarm Asia Sdn Bhd		Malaysia	100	100
Nufarm Australia Limited	(a)	Australia	100	100
Nufarm BV		Netherlands	100	100
Nufarm Canada Receivables Partnership		Canada	100	100
Nufarm Chemical (Shanghai) Co Ltd		China	100	100
Nufarm Chile Limitada		Chile	100	100
Nufarm Colombia S.A.		Colombia	100	100
Nufarm Crop Products UK Limited		United Kingdom	100	100
Nufarm Cropcare Private Limited		India	100	–
Nufarm de Costa Rica		Costa Rica	100	100
Nufarm de Guatemala SA		Guatemala	100	100
Nufarm de Mexico Sa de CV		Mexico	100	100
Nufarm de Panama SA		Panama	100	100
Nufarm de Venezuela SA		Venezuela	100	100
Nufarm del Ecuador SA		Ecuador	100	100
Nufarm Deutschland GmbH		Germany	100	100
Nufarm do Brazil LTDA		Brazil	100	100
Nufarm Espana SA		Spain	100	100
Nufarm Europe GmbH		Germany	100	100
Nufarm Finance BV		Netherlands	–	–
Nufarm Finance (NZ) Limited		New Zealand	100	100
Nufarm GmbH		Austria	100	100
Nufarm GmbH & Co KG		Austria	100	100
Nufarm Grupo Mexico		Mexico	100	100
Nufarm Holdings (NZ) Limited		New Zealand	100	100
Nufarm Holdings BV		Netherlands	100	100
Nufarm Holdings s.a.s		France	100	100
Nufarm Hong Kong Investments Ltd		Hong Kong	100	100
Nufarm Hungaria Kft		Hungary	100	100
Nufarm Inc.		USA	100	100
Nufarm Industria Quimica e Farmaceutica SA		Brazil	100	100
Nufarm Insurance Pte Ltd		Singapore	100	100
Nufarm Investments Cooperatie WA		Netherlands	100	100
Nufarm Italia srl		Italy	100	100
Nufarm KK		Japan	100	100
Nufarm Korea Ltd		Korea	100	100
Nufarm Labuan Pte Ltd		Malaysia	100	100

35. Group entities (continued)

	Note	Place of incorporation	Percentage of shares held 2014	2013
Nufarm Limited		United Kingdom	**100**	100
Nufarm Malaysia Sdn Bhd		Malaysia	**100**	100
Nufarm Materials Limited	(a)	Australia	**100**	100
Nufarm NZ Limited		New Zealand	**100**	100
Nufarm Peru SAC		Peru	**100**	100
Nufarm Platte Pty Ltd	(a)	Australia	**100**	100
Nufarm Portugal LDA		Portugal	**100**	100
Nufarm Romania SRL		Romania	**100**	100
Nufarm s.a.s		France	**100**	100
Nufarm SA		Argentina	**100**	100
Nufarm Services (Singapore) Pte Ltd	(b)	Singapore	**100**	100
Nufarm Services Sdn Bhd		Malaysia	**100**	–
Nufarm Suisse Sarl		Switzerland	**100**	100
Nufarm Technologies (M) Sdn Bhd		Malaysia	**100**	100
Nufarm Technologies USA		New Zealand	**100**	100
Nufarm Technologies USA Pty Ltd	(a)	Australia	**100**	100
Nufarm Treasury Pty Ltd	(a)	Australia	**100**	100
Nufarm UK Limited		United Kingdom	**100**	100
Nufarm Ukraine LLC		Ukraine	**100**	100
Nufarm Uruguay SA		Uruguay	**100**	100
Nufarm USA Inc		USA	**100**	100
Nugrain Pty Ltd	(a)	Australia	**100**	100
Nuseed Americas Inc		USA	**100**	100
Nuseed do Brazil S.A.		Brazil	**100**	100
Nuseed Europe Ltd		United Kingdom	**100**	–
Nuseed Europe Holding Company Ltd		United Kingdom	**100**	–
Nuseed Global Innovation Ltd		United Kingdom	**100**	–
Nuseed Holding Company		USA	**100**	100
Nuseed Pty Ltd	(a)	Australia	**100**	100
Nuseed SA		Argentina	**100**	100
Nuseed South America Sementes Ltda		Brazil	**100**	–
Nuseed Serbia d.o.o.		Serbia	**100**	100
Nuseed Ukraine LLC		Ukraine	**100**	–
Nutrihealth Grains Pty Ltd	(a)	Australia	**100**	100
Nutrihealth Pty Ltd	(a)	Australia	**100**	100
Opti-Crop Systems Pty Ltd		Australia	**75**	75
Pharma Pacific Pty Ltd	(a)	Australia	**100**	100
PT Agrow		Indonesia	**100**	100
PT Crop Care		Indonesia	**100**	100
PT Nufarm Indonesia		Indonesia	**100**	100
Richardson Seeds Ltd		USA	**100**	100
Seeds 2000 Inc	(c)	USA	**–**	100
Seeds 2000 Argentina SRL		Argentina	**100**	100
Selchem Pty Ltd	(a)	Australia	**100**	100
Societe Des Ecluses la Garenne s.a.s		France	**100**	100

(a) These entities have entered into a deed of cross guarantee dated 21 June 2006 with Nufarm Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of a class order issued by the Australian Securities and Investment Commission, these companies are relieved from the requirement to prepare financial statements.

(b) Formerly known as Nufarm (Asia) Pte Ltd.

(c) Merged with Nuseed Americas Inc and deregistered.

36. Deed of cross guarantee

Under ASIC Class Order 98/1418, the Australian wholly-owned subsidiaries referred to in note 35 are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the class order that the company and each of the subsidiaries enter into a deed of cross guarantee. The parent entity and all the Australian controlled entities have entered into a deed of cross guarantee dated 21 June 2006 which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company.

A consolidated income statement and consolidated balance sheet, comprising the company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the deed of cross guarantee, at 31 July 2014 is set out as follows:

	Consolidated	
	2014 $000	2013 $000
Summarised income statement and retained profits		
Profit before income tax expense	**(58,855)**	1,019
Income tax expense	**4,305**	10,446
Net profit attributable to members of the closed group	**(54,550)**	11,465
Retained profits at the beginning of the period	**120,659**	126,356
Adjustments for entities entering the deed of cross guarantee	**–**	(1,459)
Dividends paid	**(28,944)**	(15,703)
Retained profits at the end of the period	**37,165**	120,659
Balance sheet		
Current assets		
Cash and cash equivalents	**42,724**	25,224
Trade and other receivables	**472,637**	664,394
Inventories	**169,736**	194,463
Current tax assets	**9,766**	9,472
Total current assets	**694,863**	893,553
Non-current assets		
Equity-accounted investments	**5,793**	4,177
Other investments	**1,171,314**	1,153,447
Deferred tax assets	**65,178**	52,310
Property, plant and equipment	**122,170**	155,366
Intangible assets	**102,288**	107,758
Total non-current assets	**1,466,743**	1,473,058
TOTAL ASSETS	**2,161,606**	2,366,611
Current liabilities		
Trade and other payables	**548,689**	568,350
Employee benefits	**23,095**	11,155
Current tax payable	**1,053**	–
Total current liabilities	**572,837**	579,505
Non-current liabilities		
Payables	**22,092**	24,313
Interest-bearing loans and borrowings	**337,506**	460,059
Deferred tax liabilities	**18,014**	16,629
Employee benefits	**10,661**	11,143
Total non-current liabilities	**388,273**	512,144
TOTAL LIABILITIES	**961,110**	1,091,649
NET ASSETS	**1,200,496**	1,274,962
Equity		
Share capital	**1,068,871**	1,063,992
Reserves	**94,460**	90,311
Retained earnings	**37,165**	120,659
TOTAL EQUITY	**1,200,496**	1,274,962

NOTES TO THE FINANCIAL STATEMENTS continued

37. Parent entity disclosures

	Company 2014 $000	Company 2013 $000
Result of the parent entity		
Profit/(loss) for the period	**(1,192)**	8,833
Other comprehensive income	**(403)**	2,385
Total comprehensive profit/(loss) for the period	**(1,595)**	11,218
Financial position of the parent entity at year end		
Current assets	**1,060,681**	1,106,952
Total assets	**1,419,961**	1,447,739
Current liabilities	**179,549**	188,746
Total liabilities	**179,549**	189,073
Total equity of the parent entity comprising of:		
Share capital	**1,068,871**	1,063,992
Reserves	**37,788**	38,651
Accumulated losses	**(31,536)**	(30,344)
Retained earnings[(a)]	**165,289**	186,367
Total equity	**1,240,412**	1,258,666

(a) Retained earnings comprises the transfer of net profit for the year and are characterised as profits available for distribution as dividends in future years. Dividends amounting to $21.078 million (2013: $15.703 million) were distributed from the retained earnings during the year.

Parent entity contingencies

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

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

There are no capital commitments for the parent entity in 2014 or 2013.

38. Reconciliation of cash flows from operating activities

	Consolidated 2014 $000	Consolidated 2013 $000
Cash flows from operating activities		
Profit/(loss) for the period	**37,747**	81,750
Adjustments for:		
Dividend from associated company	**120**	73
Amortisation	**35,076**	33,612
Depreciation	**45,740**	41,564
Australia/New Zealand asset rationalisation and restructure	**33,355**	–
Inventory write down	**5,693**	5,773
Gain on disposal of non-current assets and investments	**(53)**	(2,744)
Share of (profits)/losses of associates net of tax	**(2,208)**	60
Financial expense	**80,436**	65,460
Interest paid	**(68,937)**	(49,958)
Tax expense	**24,104**	31,173
Taxes paid	**(45,028)**	(14,347)
	146,045	192,416
Movements in working capital items:		
(Increase)/decrease in receivables	**(1,375)**	(16,005)
(Increase)/decrease in inventories	**169,886**	(281,329)
Increase/(decrease) in payables	**5,727**	60,144
Exchange rate change on foreign controlled entities working capital items	**(52,186)**	107,561
	122,052	(129,629)
Net operating cash flows	**268,097**	62,787

NOTES TO THE FINANCIAL STATEMENTS continued

39. Related parties

(a) Transactions with related parties in the wholly-owned group

The parent entity entered into the following transactions during the year with subsidiaries of the group:

- loans were advanced and repayments received on short term intercompany accounts; and
- management fees were received from several wholly-owned controlled entities.

These transactions were undertaken on commercial terms and conditions.

(b) Transactions with associated parties

		Consolidated	
		2014 $000	2013 $000
Excel Crop Care Ltd	Purchases from	**13,837**	–
	Trade payable	**7,152**	–
F&N joint ventures	Sales to	**48,729**	41,427
	Trade payable	**338**	–
	Trade receivable	**36,385**	38,249
Sumitomo Chemical Company Ltd	Sales to	**41,665**	30,822
	Purchases from	**53,877**	48,840
	Trade receivable	**17,525**	1,913
	Trade payable	**22,507**	12,618
Lotus Agrar GmbH	Sales to	**29,098**	–
	Trade receivable	**6,840**	–

These transactions were undertaken on commercial terms and conditions.

(c) Key management personnel compensation

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

	Consolidated	
	2014 $	2013 $
Short term employee benefits	**8,722,847**	9,073,155
Post-employment benefits	**394,716**	358,079
Equity compensation benefits	**1,060,374**	1,811,459
Termination benefits	**–**	799,000
Other long term benefits	**361,460**	200,271
	10,539,397	12,241,964

Individual director's and executive's compensation disclosures

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

39. Related parties (continued)

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

Apart from the details disclosed in this note, no director has entered into a material contract with the company or entities in the group since the end of the previous financial year and there were no material contracts involving director's interest existing at year end.

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

From time to time, key management personnel of the company or its controlled entities, or their related entities, may purchase goods from the group. These purchases are on the same terms and conditions as those entered into by other group employees or customers and are trivial or domestic in nature.

(e) Loans to key management personnel and their related parties

There were no loans to key management personnel at 31 July 2014 (2013: nil).

40. Auditors' remuneration

	Consolidated	
	2014	**2013**
Audit services		
KPMG Australia		
Audit and review of group financial report	**518,000**	546,000
Overseas KPMG firms		
Audit and review of group and local financial reports	**1,239,000**	1,149,000
	1,757,000	1,695,000
Other auditors		
Audit and review of financial reports	**198,626**	79,790
Audit services remuneration	**1,955,626**	1,774,790
Other services		
KPMG Australia		
Other assurance services	**27,700**	55,400
Other advisory services	**–**	–
Overseas KPMG firms		
Other assurance services	**85,809**	79,144
Other advisory services	**525,778**	–
Other services remuneration	**639,287**	134,544

41. Subsequent events

A final dividend of five cents per share, totalling $13,201,081 was declared on 23 September 2014, and will be paid on 14 November 2014 (2013: five cents per share, totalling $13,166,764).

DIRECTORS' DECLARATION

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

   (a) the consolidated financial statements and notes, and the remuneration report in the directors' report, are in accordance with the *Corporations Act 2001* including:

      (i) giving a true and fair view of the group's financial position as at 31 July 2014 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

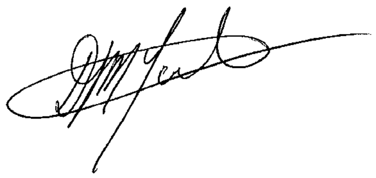
2. There are reasonable grounds to believe that the company and the group entities identified in note 36 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 July 2014.

4. The directors draw attention to note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Melbourne this 23rd day of September 2014.



DG McGauchie AO
Director

DJ Rathbone AM
Director

INDEPENDENT AUDITOR'S REPORT

to the members of Nufarm Limited

KPMG

Report on the financial report

We have audited the accompanying financial report of Nufarm Limited (the company), which comprises the consolidated balance sheet as at 31 July 2014, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 41 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT continued
to the members of Nufarm Limited

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the group's financial position as at 31 July 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the remuneration report included under the heading 'remuneration report' of the directors' report for the year ended 31 July 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Nufarm Limited for the year ended 31 July 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
23 September 2014

SHAREHOLDER AND STATUTORY INFORMATION

Details of shareholders, shareholdings and top 20 shareholders

Listed securities – 23 September 2014	Number of holders	Number of securities	Percentage held by top 20
Fully paid ordinary shares	10,237	264,021,627	85.57

Twenty largest shareholders	Ordinary shares as at 23.09.14	Percentage of issued capital as at 23.09.14
Sumitomo Chemical Company Limited	60,210,136	22.81
HSBC Custody Nominees (Australia) Limited	47,301,526	17.92
J P Morgan Nominees Australia Limited	36,997,061	14.01
National Nominees Limited	26,605,895	10.08
Amalgamated Dairies Limited	14,805,328	5.61
Citicorp Nominees Pty Limited	12,000,296	4.55
NEFCO Nominees Pty Ltd	4,320,470	1.64
Challenge Investment Company Limited	3,130,282	1.19
BNP Paribas Noms Pty Ltd <DRP>	3,067,257	1.16
Avalon Investments Trust Ltd	2,664,282	1.01
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	2,519,095	0.95
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	2,104,908	0.80
Pacific Custodians Pty Limited <Global Share Plan TST A/C>	2,008,374	0.76
GBH Trustee Services Limited + Mr Aaron Craig Quintal	1,850,000	0.70
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	1,487,221	0.56
Douglas Industries Limited	1,170,866	0.44
QIC Limited	1,016,738	0.39
Moturua Properties Ltd	964,455	0.37
Mirrabooka Investments Limited	909,308	0.34
CPU Share Plans Pty Ltd <GIP Control Account>	797,540	0.30

Distribution of shareholders	Number of holders as at 23.09.14	Ordinary shares held as at 23.09.14
Size of holding		
1 – 1,000	4,673	2,017,729
1,001 – 5,000	4,183	10,025,576
5,001 – 10,000	848	6,083,674
10,001 – 100,000	479	10,524,973
100,001 and over	54	235,369,675

Of these, 1,042 shareholders held less than a marketable parcel of shares of $500 worth of shares (111 shares). In accordance with the ASX Listing Rules, the last sale price of the company's shares on the ASX on 23 September 2014 was used to determine the number of shares in a marketable parcel.

SHAREHOLDER AND STATUTORY INFORMATION continued

Stock exchanges on which securities are listed

Ordinary shares: Australian Stock Exchange Limited.

Substantial shareholders

In accordance with section 671B of the Corporations Act, as at 23 September 2014, the substantial shareholders set out below have notified the company of their respective relevant interest in voting shares in the company shown adjacent to their respective names as follows:

Number and percentage of shares in which interest held at date of notice

	Date of notice	Number	Interest %
FMR LLC	5 February 2014	13,725,325	5.03
Dimensional Fund Advisors LP	23 December 2013	13,187,894	5
Sumitomo Chemical Company Limited	10 June 2011	60,210,136	23
Nufarm Limited[1]	10 June 2011	60,210,136	23
Amalgamated Dairies Limited	31 May 2010	14,330,798	5.47
The Khyber Pass Investment Co Ltd[2, 6]	31 May 2010	14,349,658	5.48
Glade Buildings Ltd[3, 6]	31 May 2010	14,692,730	5.61
Hauraki Trading Co. Ltd[4]	31 May 2010	14,679,639	5.61
PG Keeling & EW Preston (Oxford Trustees)[5]	31 May 2010	14,711,590	5.62

1. Nufarm Limited has a relevant interest in the shares held by Sumitomo Chemical Company. The relevant interest arises under a Shareholder Deed dated 22 January 2010 between Nufarm and Sumitomo which contains certain obligations relating to the voting and disposal of shares in Nufarm by Sumitomo.
2. The Khyber Pass Investment Co. Ltd has a relevant interest in Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Amalgamated Dairies Ltd.
3. Glade Building Ltd has a relevant interest in Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Amalgamated Dairies Ltd.
4. Hauraki Trading Ltd has a relevant interest in Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Amalgamated Dairies Ltd.
5. Oxford Trustees has a relevant interest in Glade Building Ltd, The Khyber Pass Investment Co Ltd and Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Glade Building Ltd, The Khyber Pass Investment Co Ltd and Amalgamated Dairies Ltd.
6. On 30 March 2012 Glade Buildings Ltd and The Khyber Pass Investment Co Ltd amalgamated to become The Kyber Pass Investment Co. Ltd. Glade Buildings Ltd was struck off as a NZ Limited Company.

Voting rights

On a show of hands, every shareholder present in person or represented by a proxy or representative shall have one vote and on a poll every shareholder who is present in person or represented by a proxy or representative shall have one vote for every fully paid share held by the shareholder.

SHAREHOLDER AND STATUTORY INFORMATION continued

Shareholder information

Annual general meeting

The annual general meeting of Nufarm Limited will be held on Thursday 4 December 2014 at 10.00am in Bayside Rooms 5 and 6, Level 2, RACV Club, 501 Bourke Street, Melbourne, Victoria. Full details are contained in the notice of meeting sent to all shareholders.

Voting rights

Shareholders are encouraged to attend the annual general meeting. However, when this is not possible, they are encouraged to use the form of proxy by which they can express their views. Proxy voting can be completed online via www.nufarm.com/annualgeneralmeeting or via post by completing the proxy form and sending it back in the return envelope.

Every shareholder, proxy or shareholder's representative has one vote on a show of hands. In the case of a poll, each share held by every shareholder, proxy or representative is entitled to:

(a) one vote for each fully paid share; and

(b) voting rights in proportion to the paid up amount of the issue price for partly paid shares.

Stock exchange listing

Nufarm shares are listed under the symbol NUF on the ASX. The securities of the company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System), which allows settlement of on-market transactions without having to reply on paper documentation.

Shareholders seeking more information about CHESS should contact their stockbroker or the ASX.

SHAREHOLDER AND STATUTORY INFORMATION continued

Shareholder details

The Nufarm Limited Share Register is managed by Computershare Investor Services. You can gain access to your shareholding information in the following ways.

Online via Investor Centre

Details of individual shareholdings can be checked by visiting our share registry's website at www.investorcentre.com

Existing users can simply log in. New users will need to create a log in. You will need to enter your security reference number (SRN) or holder identification number (HIN), your postcode or country of residence, enter Nufarm as the company name and then follow the prompts to complete registration.

By telephone via InvestorPhone:

InvestorPhone provides telephone access 24 hours a day 7 days a week.

Step 1 Call the Nufarm shareholder information line on 1300 652 479 (within Australia) or +61 3 9415 4360 (outside Australia).

Step 2 Follow the prompts to gain secure, immediate access to your:

- holding details
- registration details
- payment information

Shareholder communications

You can choose to receive shareholder communications electronically. Register for this initiative at www.eTree.com.au/nufarm and a donation of $1 will go to Landcare to support urgent reforestation projects in Australia and New Zealand.

The default for receiving the annual report is now via the company's website – www.nufarm.com

SHAREHOLDER AND STATUTORY INFORMATION continued

Shareholder enquires

Contact:

Computershare Investor Services
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
GPO Box 2975
Melbourne Victoria 3001

Telephone:	1300 652 479 (within Australia) +61 3 9415 4360 (outside Australia)

Email: web.queries@computershare.com.au

Key dates

29 October 2014*	Annual report sent to shareholders
4 December 2014	Annual general meeting
25 March 2015*	Announcement of profit result for half year ending 31 January 2015
31 July 2015	End of financial year

* Subject to confirmation.

For enquiries relating to the operations of the company, please contact the Nufarm Corporate Affairs Office on:

Telephone:	+61 3 9282 1177
Facsimile:	+61 3 9282 1111
Email:	robert.reis@au.nufarm.com

Written correspondence should be directed to:

Corporate Affairs Office
Nufarm Limited
PO Box 103
Laverton Victoria 3028 Australia

DIRECTORY

Directors

DG McGauchie AO – Chairman
DJ Rathbone AM – Managing director
AB Brennan
GR Davis
FA Ford
Dr WB Goodfellow
PM Margin
T Takasaki

Company secretary

R Heath

Solicitors

Arnold Bloch Leibler & Co
333 Collins Street
Melbourne Victoria 3000 Australia

Auditors

KPMG
147 Collins Street
Melbourne Victoria 3000 Australia

Trustee for Nufarm step-up securities

The Trust Company (Australia) Limited
Level 15, 20 Bond Street
Sydney NSW 2000 Australia

Share registrar

Australia
Computershare Investor Services Pty Ltd
GPO Box 2975EE
Melbourne Victoria 3001 Australia
Telephone: 1300 850 505
Outside Australia: +61 3 9415 4000

Step-up securities registrar

New Zealand
Computershare Registry Services Limited
Private Bag 92119
Auckland 1020 New Zealand
Telephone: +64 9 488 8700

Registered office

103–105 Pipe Road
Laverton North Victoria 3026 Australia
Telephone: +61 3 9282 1000
Facsimile: +61 3 9282 1001

NZ branch office

6 Manu Street
Otahuhu Auckland New Zealand
Telephone: +64 9 270 4157
Facsimile: +64 9 267 8444

Website

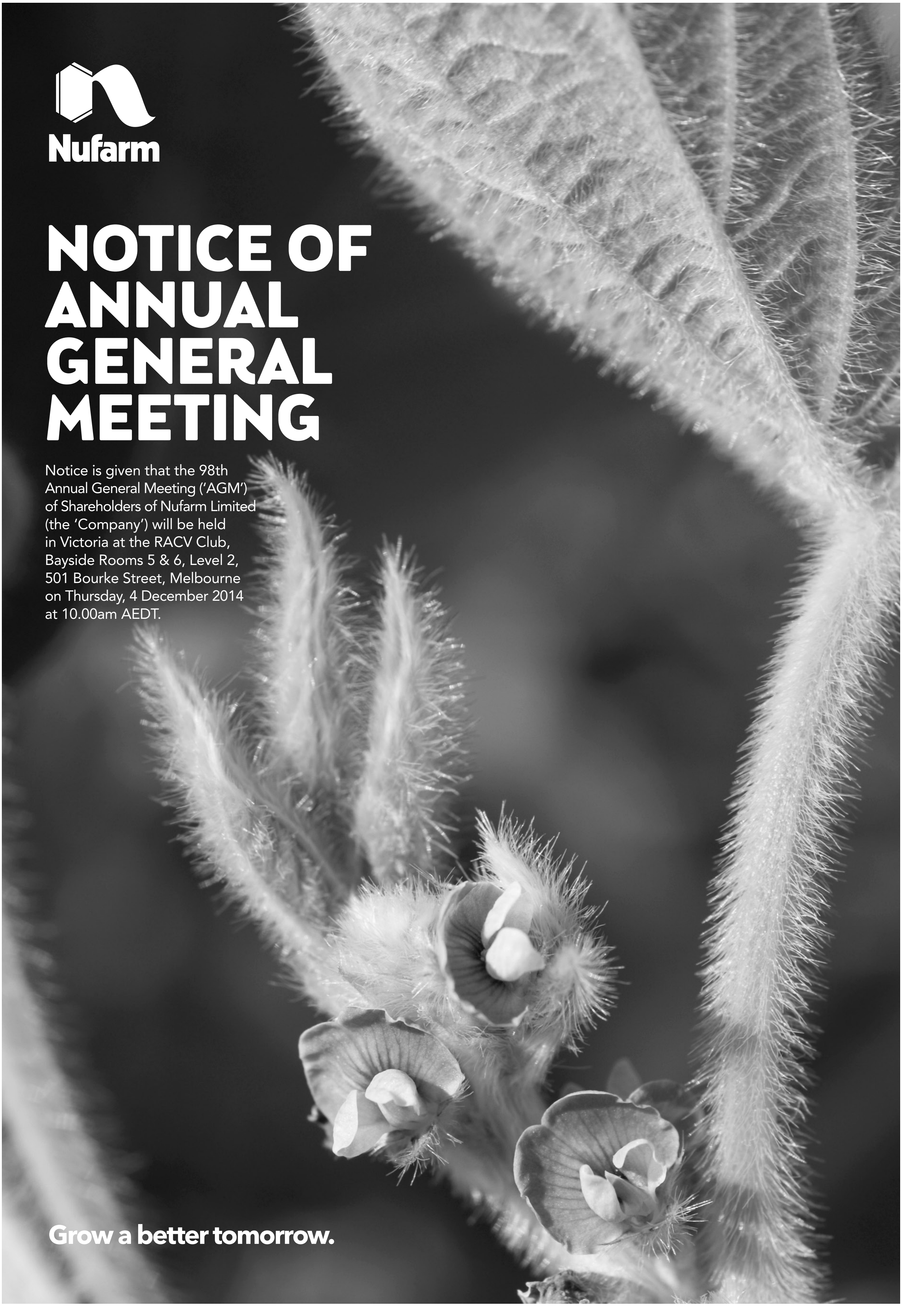
nufarm.com

Nufarm Limited
ACN 091 323 312

Design: MDM Investor Connect

Nufarm

103-105 Pipe Road
Laverton North Victoria 3026 Australia
Telephone + 61 3 9282 1000
Facsimile + 61 3 9282 1007
nufarm.com



Nufarm

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 98th Annual General Meeting ('AGM') of Shareholders of Nufarm Limited (the 'Company') will be held in Victoria at the RACV Club, Bayside Rooms 5 & 6, Level 2, 501 Bourke Street, Melbourne on Thursday, 4 December 2014 at 10.00am AEDT.

Grow a better tomorrow.

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Business

1. Financial Reports and Statements

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 July 2014.

2. Remuneration Report

To receive, consider and adopt the Remuneration Report for the year ended 31 July 2014.

3. Re-election of Directors

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

(a) That Ms Anne Bernadette Brennan, who retires by rotation in accordance with the Company's constitution and ASX Listing Rule 14.4 and being eligible offers herself for re-election, be re-elected as a Director of the Company.

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

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

Special Business

4. Non-Executive Directors' Remuneration

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

"That the maximum total remuneration payable to Non-Executive Directors be increased by A$160,000.00, from A$1,600,000.00 per annum to an amount not exceeding A$1,760,000.00 per annum, to be divided among the Non-Executive Directors in such proportions and manner as the Directors may determine."

By Order of the Board

Rodney Heath
Company Secretary
23 September 2014

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

1. Defined Terms

Capitalised terms used in this Notice of AGM (including those used in the items set out in this Notice) have, unless otherwise defined, the same meanings as set out in the Explanatory Notes attached to this Notice.

2. Materials Accompanying this Notice

The following materials accompany this Notice:

(a) the Financial Report, Directors' Report and Auditor's Report, including the Remuneration Report, if you have elected to receive a printed copy and have not withdrawn that election;

(b) the Explanatory Notes setting out details relevant to the business set out in this Notice; and

(c) a Proxy Form.

3. Voting and Required Majority – Corporations Act

(a) In accordance with Section 249HA of the Corporations Act for **resolutions 2 to 4** (both inclusive) to be effective:

- (i) not less than 28 days written notice specifying the intention to propose the resolutions has been given; and
- (ii) each resolution must be passed by more than 50% of all the votes cast by Shareholders entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).

(b) Subject to paragraph 4 below, on a show of hands every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Ordinary Share held.

4. Voting Exclusions – Items 2 and 4

(a) In accordance with the Corporations Act and subject to paragraph (b):

- a member of the Company's Key Management Personnel ('KMP') whose remuneration is included in the Remuneration Report and closely related parties of such a KMP, will not be eligible to vote on **resolution 2**; and
- a member of the Company's KMP and closely related parties of such a KMP will not be eligible to vote on **resolution 4**.

(b) A person may vote if the vote is not cast on behalf of a KMP or a closely related party of the KMP and the person:

- (i) votes as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; **or**
- (ii) is the Chairman of the AGM appointed as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides even though these resolutions are connected with the remuneration of a member of the KMP.

5. Shareholders Eligible to Vote

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Board has determined that, for the purposes of the AGM, all Ordinary Shares in the Company will be taken to be held by the persons registered as Shareholders at **7.00 pm AEDT on Tuesday, 2 December 2014 ('Effective Time').**

6. Proxies and Representatives

(a) All Shareholders at the Effective Time who are entitled to attend at the AGM may appoint a proxy for that purpose.

(b) A proxy need not be a Shareholder of the Company.

(c) The Proxy Form sent to you with this Notice should be used for the AGM unless you appoint your proxy online as set out in clause 6(g) below.

(d) Each Shareholder who is entitled to cast 2 or more votes at the AGM, may appoint up to 2 proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder **does not** specify the proportion or number of that Shareholder's votes each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by the Company on request.

(e) Any Shareholder may appoint an attorney to act on behalf of the Shareholder at the AGM. The power of attorney, or a certified copy of it, must be received by the Company as set out in clause 6(g) below.

(f) Any corporation which is a Shareholder of the Company may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company as set out in clause 6(g) below at any time before the time of the meeting, or adjourned meeting, or at the meeting.

(g) Proxies and powers of attorney granted by Shareholders must be received by the Company by no later than **10.00 am AEDT on Tuesday, 2 December 2014:**

- (i) electronically, by visiting www.investorvote.com.au and following the instructions provided **but** a proxy cannot be appointed online if appointed under power of attorney or similar authority; **or**
- (ii) at the Company's share registry in Australia – Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria, 3001; **or**
- (iii) by fax at the Company's share registry – fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); **or**
- (iv) for Intermediary Online subscribers **only** (custodians) – electronically by visiting www.intermediaryonline.com

Please refer to the Proxy Form accompanying this Notice for more information.

EXPLANATORY NOTES

1. General

(a) These Explanatory Notes contain information relevant to the business referred to in the Notice of AGM of Nufarm Limited (the **'Company'**), which they accompany. **These Explanatory Notes should be read carefully by Shareholders prior to the AGM.**

(b) All capitalised terms used in these Explanatory Notes have the meanings set out in the Glossary of Terms located at the end of this document.

(c) Further details relating to each item in the Notice of AGM is set out below.

2. Business

(a) Item 1: Financial Reports and Statements

The Financial Report, Directors' Report and Auditor's Report of the Nufarm Group, prepared on a consolidated single entity basis for the most recent financial year, will be laid before the AGM as required by the Corporations Act. This item does not require Shareholder approval.

The Chairman will give Shareholders the opportunity to ask questions and make comments on the financial statements and reports and to ask the Auditor questions relevant to the Auditor's Report or conduct of the audit. Shareholders are entitled to submit questions relevant to the content of the Auditor's Report or the conduct of the audit, in writing, to the Company up to five business days prior to the AGM. The Company will pass on any questions received to the Auditor prior to the AGM. The Auditor may, but is not obligated to, answer any written or oral questions that are put to it by Shareholders.

The Financial Report, Directors' Report and Auditor's Report are available from the Company's website at **www.nufarm.com/AnnualReports.** In accordance with the Corporations Act, a printed copy of these reports has only been sent to Shareholders who have asked for them.

(b) Item 2: Remuneration Report

The Remuneration Report (which forms part of the Directors' Report) is required to include discussion on a number of issues relating to remuneration policy and its relationship to the Nufarm Group's performance.

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

If 25% or more of the votes cast on this resolution are against adoption of the Remuneration Report, the Company will be required to consider, and report to Shareholders on, what action (if any) has been taken to address Shareholders' concerns at next year's annual general meeting.

Directors' recommendation

The Directors unanimously recommend Shareholders vote in favour of adopting the Remuneration Report. As stated in the Notice of AGM, each of the KMPs whose remuneration is included in the Remuneration Report and closely related parties of those KMPs are not eligible to vote on this Resolution, except as stated in the Notice of AGM.

The Chairman intends to vote all available proxies in favour of this Resolution.

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

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

EXPLANATORY NOTES CONTINUED

Ms Anne Bernadette Brennan, 54, joined the Board on 10 February 2011.

Anne has a bachelor of commerce (hons) from University College Galway and is a fellow of the Institute of Chartered Accountants in Australia and a fellow of the Australian Institute of Company Directors.

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

Anne will be standing down as a director and deputy chairperson of Echo Entertainment Group Limited after that company's 2014 annual general meeting. Anne is a director of Myer Holdings Limited, Charter Hall Group and Argo Investments Limited. She is also a director of Rabobank Australia Limited and Rabobank New Zealand Limited. In the past three years, Anne was a director of Cuscal Limited.

Anne brings to the Board her significant experience across a wide range of disciplines and industries and, in particular, her specific and extensive chartered accounting, financial and business experience. Anne was appointed to the Company's Audit and Risk Committee in March 2011. Anne was a foundation member of the Health Safety and Environment Committee and served on the committee between February 2012 and March 2014.

Mr Gordon Richard Davis, 58, joined the Board on 31 May 2011.

Gordon has a bachelor of forest science (hons), master of agricultural science and holds a master of business administration.

Gordon was managing director of AWB Limited between 2006 and 2010. Prior to this, he held various senior executive positions with Orica Limited, including general manager of Orica Mining Services (Australia, Asia) and general manager of Incitec Fertilizers. He has also served in a senior capacity on various industry associations.

Gordon has a very active role as a director of the Company to which he brings broad business, commercial, business strategy and governance experience. He is a member of the Company's Human Resources Committee and the Audit and Risk Committee, having been appointed to these committees in May 2011 and March 2012 respectively. In February 2012, the Board created a new committee, the Health Safety and Environment (HSE) Committee. Gordon was appointed chair of the HSE Committee.

Mr Peter Maxwell Margin, 54, joined the Board on 3 October 2011.

Peter has a bachelor of science (hons) from the University of NSW and holds a master of business administration from Monash University. Peter has many years of leadership experience in major Australian and international food companies. His most recent role was as chief executive of Goodman Fielder Ltd, and previously Peter was chief executive and chief operating officer of National Foods Ltd. Peter has also held senior executive and management roles in Simplot Australia Pty Ltd, Pacific Brands Limited (formerly known as Pacific Dunlop Limited), East Asiatic Company and HJ Heinz Company Australia Limited.

Peter is currently a director of Bega Cheese Ltd, PMP Limited, PACT Group Holdings Limited and Ricegrowers Limited.

Peter brings his extensive knowledge of agriculture, food production, manufacturing, marketing and corporate finance to the Board and its committees. He was appointed a member of the Company's Human Resources Committee in February 2012, becoming chairman of that committee in March 2012. Peter is also a member of the Health Safety and Environment Committee, having been appointed to that committee when it was created by the Board in February 2012.

EXPLANATORY NOTES CONTINUED

Further information about each of Ms Anne Bernadette Brennan, Mr Gordon Richard Davis and Mr Peter Maxwell Margin can be found in the Directors' Report and on the Company's website at **www.nufarm.com/Directors**

Directors' recommendation

The continuing Directors unanimously support, and recommend, the re-election of Ms Anne Bernadette Brennan, Mr Gordon Richard Davis and Mr Peter Maxwell Margin.

The Chairman intends to vote all available proxies in favour of these Resolutions.

(d) Items 4: Non-Executive Directors' Remuneration

Background

Shareholders are asked to approve an increase in the maximum total remuneration payable to Non-Executive Directors by A$160,000.00, from A$1,600,000.00 per annum to an amount not exceeding A$1,760,000.00 per annum. The current amount of A$1,600,000 per annum (including superannuation contributions) was approved by Shareholders five years ago, at the 2009 annual general meeting.

The purpose of the increase is to allow for the appointment of additional Non-Executive Directors over the coming years as part of the Board's succession planning. In addition, the Company needs to ensure there is some flexibility in the amount approved by Shareholders in order to retain and attract candidates of the highest quality as product and geographical expansion accelerates.

There are currently eight Directors, seven being Non-Executive Directors. The Company's constitution specifies that there may be a maximum of 11 Directors. Of the current Non-Executive Directors some have held office continuously for a number of years. The Board considers it is essential that it has the flexibility, capacity and resources available to retain and attract high-calibre candidates for appointment to the Board with the necessary competencies to maintain and complement the Board's effectiveness.

The level of Board fees are reviewed every 18 months for alignment with market practice and will be reviewed again in January 2015. If this resolution is approved by Shareholders, the maximum total remuneration may not be fully utilised immediately. The Board believes that the total fees for which approval is sought will provide the flexibility, capacity and resources needed over the next two to three years.

There have been no securities of the Company issued to Non-Executive Directors under ASX Listing Rules 10.11 or 10.14 during the last three years.

The Board's approach to the remuneration of Non-Executive Directors is set out in more detail in the Remuneration Report referred to in paragraph 2(b) above.

Shareholder approval

Shareholders are asked to approve the increase in total remuneration payable to Non-Executive Directors in accordance with clause 22.10 of the Company's constitution and ASX Listing Rule 10.17.

Directors' recommendation

The Directors recommend that you vote in favour of Resolution 4 set out in the Notice of AGM. As stated in the Notice of AGM, KMPs and closely related parties of KMPs are not eligible to vote on this resolution, except as stated in the Notice of AGM.

The Chairman intends to vote all available proxies in favour of this Resolution.

GLOSSARY OF TERMS

AEDT means Australian Eastern Daylight Time.

AGM means the annual general meeting of the Company to be held on Thursday, 4 December 2014 at 10.00 am AEDT.

ASX means ASX Limited ACN 008 624 691.

Auditor means the auditor of the Nufarm Group.

Auditor's Report means the report of the Auditor regarding its audit of the Nufarm Group which accompanies the Notice of AGM.

Board means the board of Directors of the Company.

Chairman means the individual acting as chairman of the AGM.

Company means Nufarm Limited ABN 37 091 323 312.

Corporations Act means the *Corporations Act 2001 (Cth).*

Director means a director of the Company.

Directors' Report means the report of the Directors, which accompanies the Notice of AGM.

Effective Time means 7.00pm AEDT on Tuesday, 2 December 2014.

Explanatory Notes means the notes contained in this document that provide details of the business to be heard at the AGM.

Financial Report means the financial report of the Nufarm Group for the year ending on 31 July 2014 that accompanies the Notice of AGM.

Key Management Personnel has the meaning given to that term in the Financial Report.

Listing Rules means the listing rules of the ASX, as amended from time to time.

Notice of AGM means the notice of the AGM of the Company accompanying these Explanatory Notes (and the term **'Notice'** has the same meaning).

Nufarm Group means the Company and its controlled entities.

Ordinary Shares means fully paid ordinary shares in the capital of the Company.

Proxy Form means the proxy form accompanying the Notice of AGM.

Remuneration Report means the remuneration report of the Nufarm Group that forms part of the Directors' Report accompanying the Notice of AGM.

Shareholder means a holder of one or more Ordinary Shares.

Nufarm

103-105 Pipe Road
Laverton North Victoria 3026 Australia
Telephone + 61 3 9282 1000
Facsimile + 61 3 9282 1007
nufarm.com

Nufarm

Nufarm Limited

ABN 37 091 323 312

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 652 479
(outside Australia) +61 3 9415 4360

⊢ 000001 000 NUF

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

Vote and view the annual report online

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

Your access information that you will need to vote:

Control Number: 999999

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

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10.00am (AEDT) Tuesday, 2 December 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Nufarm Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Nufarm Limited to be held at the RACV Club, Bayside Rooms 5 & 6, Level 2, 501 Bourke Street, Melbourne, Victoria on Thursday, 4 December 2014 at 10.00am (AEDT) and at any adjournment or postponement of that Meeting.

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

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

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2	Adoption of the Remuneration Report	☐	☐	☐
Item 3a	Re-election of Ms Anne Bernadette Brennan as a Director	☐	☐	☐
Item 3b	Re-election of Mr Gordon Richard Davis as a Director	☐	☐	☐
Item 3c	Re-election of Mr Peter Maxwell Margin as a Director	☐	☐	☐
Item 4	Non-Executive Directors' Remuneration	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ________ Contact Daytime Telephone ________ Date ___ / ___ / ___

Nufarm Limited
ABN 37 091 323 312

000002 000 NUFRM
MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SURBURB
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Nufarm Limited. Unfortunately, our correspondence has been returned to us marked “Unknown at the current address”. For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors’ report and auditor’s report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

> Securityholder Reference Number (SRN);
> ASX trading code;
> Name of company in which security is held;
> Old address; and
> New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Nufarm Limited

Nufarm Limited
ABN 37 091 323 312

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 652 479
(outside Australia) 61 3 9415 4360
Facsimile 61 3 9473 2555
www.computershare.com

000001
000
SAM
MR JOHN SAMPLE
FLAT 123
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN VIC 3030

Reference Number

IND

Dear Shareholder

I have pleasure in inviting you to attend our Annual General Meeting and have enclosed the Notice of Meeting, which sets out the items of business. The meeting will be held at the RACV Club, Bayside Rooms 5 & 6, Level 2, 501 Bourke Street, Melbourne, Victoria on Thursday, 4 December 2014 at 10.00am (AEDT).

If you are attending this meeting, please bring this letter with you to facilitate registration into the meeting.

If you are unable to attend the Annual General Meeting, you are encouraged to complete the enclosed proxy form. The proxy form should be returned in the envelope provided or faxed to our share registry on 1800 783 447 (within Australia) 61 3 9473 2555 (outside Australia) so that it is received by 10.00am (AEDT) on Tuesday, 2 December 2014. You may also vote online via www.investorvote.com.au.

Corporate shareholders will be required to complete a "Appointment of Corporate Representative" to enable a person to attend on their behalf. A copy of this form may be obtained from the Company's share registry.

I look forward to your attendance at the meeting.

Yours sincerely

Donald McGauchie AO
Chairman

Encl.