28 October 2015

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We are giving to the ASX the following documents:

- Nufarm 2015 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

Grow a better tomorrow.

ANNUAL REPORT 2015

Grow a better tomorrow.

Building a better Nufarm
The company is making changes and improvements that will help Nufarm become a better, more successful business.

While we have continued to grow in recent years, we must ensure that we are generating the level of profitability that we need to fund future growth opportunities and reward our shareholders with a suitable return on their investment. We are lowering our cost base and putting systems and processes in place that help us become more efficient and more competitive. And we've set some ambitious targets to achieve over the next three years, with the aim of generating significant cost savings and a return on funds employed (ROFE) of 16 per cent by the end of our 2018 financial year. Nufarm has a strong global distribution platform; a broad product portfolio; a respected brand; and talented, committed employees who will continue to contribute to the success of the company. It's a challenging, but exciting time to be part of a business where things are changing for the better.

CONTENTS

one Nufarm

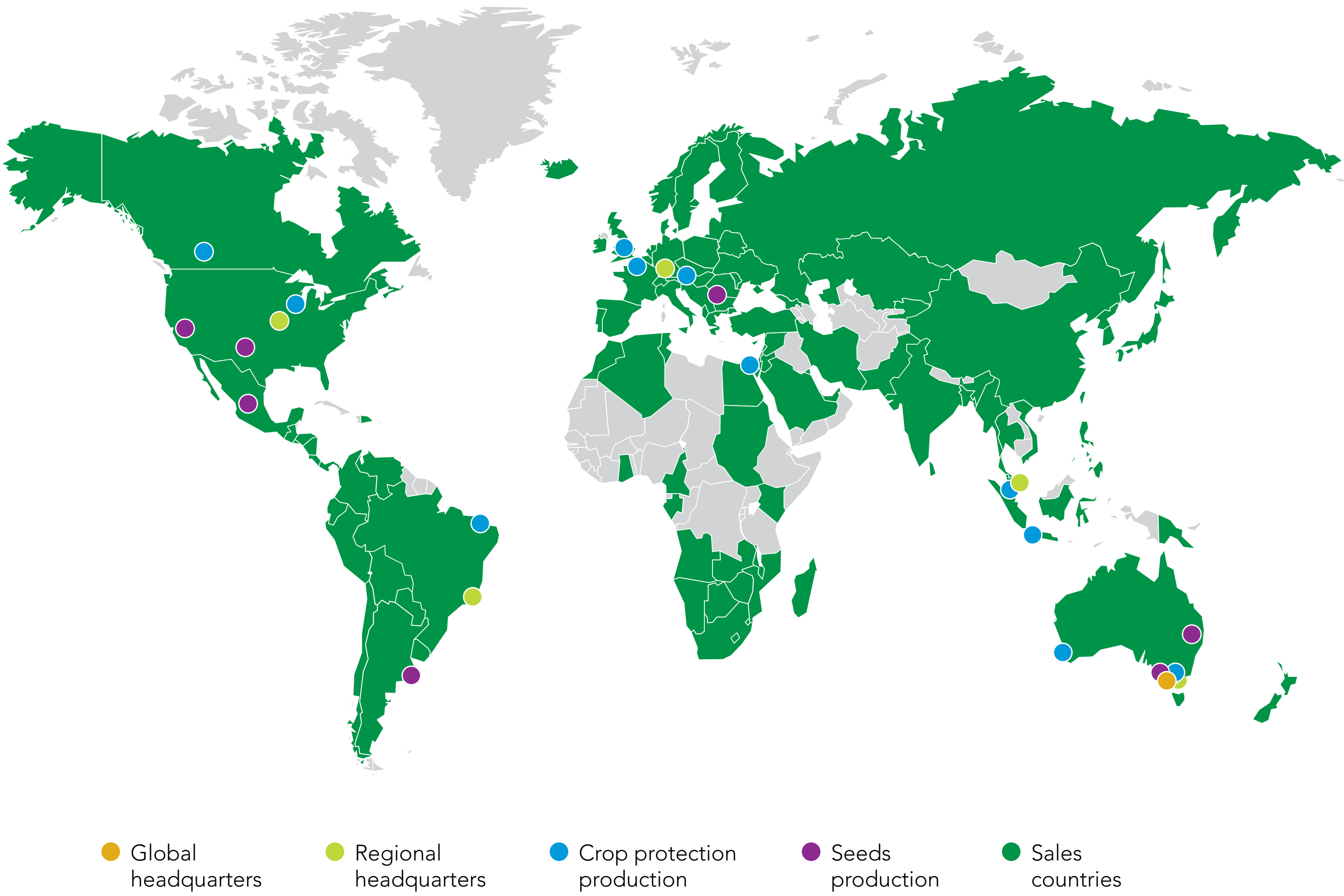
Grow a better tomorrow.

OUR VALUES
RESPECT, AGILITY, RESPONSIBILITY, EMPOWERMENT

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

- Core crop protection business generates revenue growth and margin expansion
- Strong earnings recovery in Australia and the United States
- Performance improvement program delivers early benefits
- Continued positive progress on working capital efficiencies

FACTS IN BRIEF

	12 months ended 31 July 2015 $000	12 months ended 31 July 2014 $000
Trading results		
Profit attributable to shareholders	43,220	37,707
Abnormal (gain)/loss	73,839	48,704
Underlying net profit after tax	117,059	86,411
Sales revenue	2,737,163	2,622,704
Total equity	1,636,795	1,608,700
Total assets	3,574,188	3,171,446
Ratios		
Earnings per ordinary share (cents)	11.7	9.6
Earnings per ordinary share excluding abnormals (cents)	39.6	28.1
Gearing ratio (%)	25.0	24.2
Net tangible assets per ordinary share ($)	2.58	2.84
Distribution to shareholders		
Annual dividend per ordinary share (cents)	10.0	8.0
People		
Staff employed	3,349	3,445

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 2014 unless otherwise stated. Non-IFRS measures have not been subject to audit or review.

MANAGING DIRECTOR'S REVIEW

Greg Hunt
Managing director and
chief executive officer

The 2015 full year results reflect both the strength of our core crop protection business and its growth potential and the early benefits of changes we are making to the business that will help drive stronger earnings and stronger returns.

The company generated a statutory profit after tax of $43.2 million for the 12 months to 31 July 2015. This included $73.8 million in one-off costs associated with restructuring initiatives and asset rationalisation and compares to a statutory profit after tax of $37.7 million in the previous financial year.

Group revenues increased by four per cent to $2.74 billion (2014: $2.62 billion), while underlying earnings before interest and tax (EBIT) increased by 18 per cent to $236.9 million (2014: $200.6 million).

Underlying net profit after tax was $117.1 million, up 35 per cent on the $86.4 million reported in the previous year.

Earnings per share were 11.7 cents (2014: 9.6 cents per share). Excluding material items, earnings per share were 39.6 cents (2014: 28.1 cents).

Despite challenging market conditions in a number of regions, the group generated a higher gross profit margin of 28 per cent, which was a material improvement on the prior year (26.7 per cent) and reflected a strong focus on higher margin products, cost savings and restructuring initiatives, and disciplined selling policies.

Average net working capital to sales was 41.9 per cent, a significant reduction on the prior 12-month period (47.7 per cent) and represented very positive progress towards the company's target of 40 per cent by the end of financial year 2016.

MANAGING DIRECTOR'S REVIEW continued

Average net debt was $865 million, down on the $913 million average debt in 2014. Net debt at balance date was slightly up on the prior year ($547 million versus $513 million), but on a constant currency basis fell by 18 per cent to $420 million.

Final dividend

Directors declared an unfranked final dividend of six cents per share, resulting in a full year dividend of 10 cents. This represents a 25 per cent increase on the full year dividend of eight cents per share (partially franked) paid in the previous year.

The final dividend will be paid on 13 November 2015 to the holders of all fully paid shares in the company as at the close of business on 16 October 2015. The final dividend will be 100 per cent conduit foreign income.

The dividend reinvestment plan (DRP) will be made available to shareholders for the final dividend. Directors have determined that the issue price will be calculated on the volume weighted average of the company's ordinary shares on the ASX over a period of 10 consecutive trading days commencing after the record date and concluding prior to 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 19 October 2015.

Material items

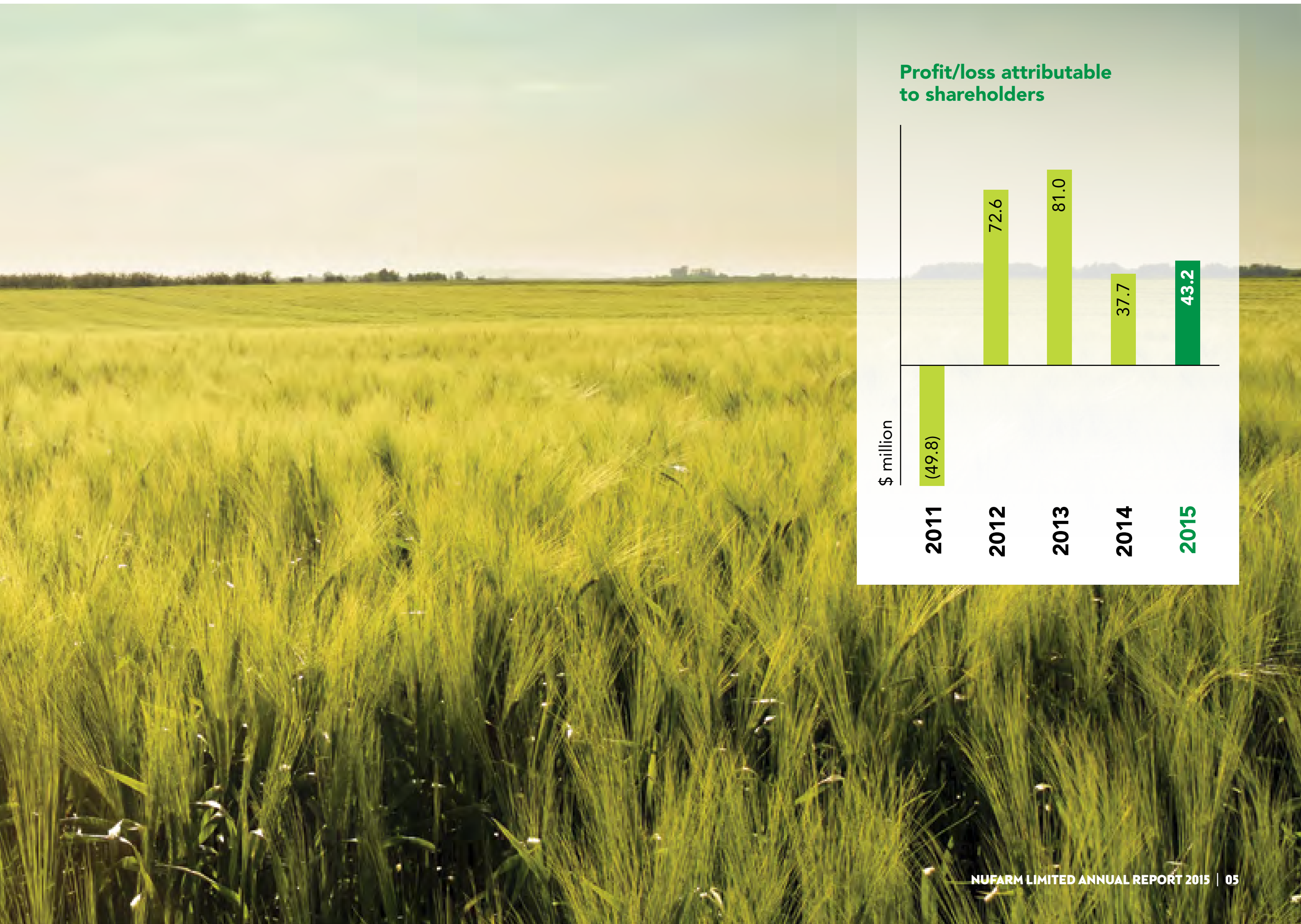
The company has initiated a restructuring program aimed at lowering the fixed cost base and permanently improving the performance of the business. As part of that program, under-utilised assets are being rationalised. This program resulted in one-off, after-tax costs of $73.8 million in the 2015 financial year. On a pre-tax basis, the cash component of material items will be $43 million, with the balance of $44 million relating to non-cash items.

The majority of these costs related to the European manufacturing footprint rationalisation, which involves the closure of the production facility in Botlek (The Netherlands). Other costs related to the rationalisation of underperforming assets and product intangibles, and various redundancy and consulting costs.

Interest/tax/cash flow

While average net debt was lower than in the prior year, higher base rates in Brazil and increased interest costs in Argentina resulted in net external interest costs[3] of $67.7 million compared to $64.3 million in the 2014 year.

Total net financing costs were $75.2 million, compared to $88.0 million in the prior year. Foreign exchange losses were $0.3 million, well down on the $12.6 million loss recorded in the 2014 year.



Profit/loss attributable to shareholders

MANAGING DIRECTOR'S REVIEW continued

The underlying effective tax rate was 27.7 per cent. This compared to 23.5 per cent in the prior year, which included a number of one-off tax impacts.

The business generated strong net operating cash inflows of $228.5 million.

Balance sheet management

Net debt at year end was $547 million versus $513 million in the prior year. Currency translation was a negative impact on the net debt figure, with the lower Australian dollar resulting in increased interest costs associated with the company's US dollar denominated high yield bond.

Average net debt was lower than in the previous year ($865 million versus $913 million).

Management continued to focus on driving further efficiencies in working capital management, with average net working capital to sales down to 41.9 per cent (2014: 47.7 per cent). The company's objective is to bring this ratio down to 40 per cent by the end of the 2016 financial year.

The improved working capital outcome was achieved despite the need to build safety stock to ensure product supply while manufacturing plant closures take place in Australia, New Zealand and Europe. The major driver of the improved position was in relation to payables, with the company negotiating more favourable terms with several key suppliers and implementing supplier financing programs.

Gearing (net debt to net debt plus equity) was 25 per cent (2014: 24.2 per cent).

Cost savings and performance improvement program

In February, the company announced a cost savings and performance improvement program aimed at delivering a net benefit of $100 million in underlying EBIT by the end of the 2018 financial year. The benefit target is in addition to earlier announced gains associated with a restructuring of the Australian and New Zealand manufacturing platforms, which is expected to deliver $16 million in annualised savings by the 2017 financial year.

The performance improvement program covers a broad range of initiatives across all areas of the business. These include:

- the restructuring and rationalisation of the company's manufacturing footprint, which will result in a lower fixed cost base and improved efficiencies;
- more effective procurement practices that will change the way in which key inputs are purchased, removing duplication and inefficiency, and leveraging Nufarm's global scale;
- the establishment of a globally integrated supply chain that will deliver cost savings and help support working capital objectives;
- changes to management structure and the operating model to reduce general expenses and better serve the needs of an integrated global business; and
- a review of the company's product portfolio, with the objective of improving the strength and value of Nufarm's product positions, while removing those products that do not generate acceptable returns.

While the potential benefits of a number of projects continue to be validated, total estimated cost savings and efficiencies – on a gross basis – are well in excess of the targeted net benefit announced by the company. Any additional one-off costs associated with further restructuring changes will be reported within the period those initiatives are approved and the benefits have been validated.

To support sustainable business improvement and to secure benefits on an ongoing basis, some of these savings will be reinvested in new systems and capabilities. This has included the implementation of a new customer relationship management (CRM) system in both Brazil and Australia over the past 12 months, which has contributed directly to margin improvement in those businesses. This system will be implemented in other major markets progressively over the next two years. Investments will also be made to support improved performance in supply chain management, procurement, marketing capabilities and other areas.

While the majority of earnings benefits associated with the program will accrue in the 2017 and 2018 financial years, early successes have resulted in $15 million in benefit at an EBIT level in the 2015 result, with an additional benefit of at least $20 million forecast in 2016. This will include further savings associated with the manufacturing platform rationalisation, efficiency gains in retained production facilities, procurement savings, and a reduction in head office costs.

The company has also announced an objective to achieve a return on funds employed (ROFE) of 16 per cent by the 2018 financial year. In 2015, the company generated a ROFE of 11 per cent, up on the 9.1 per cent generated in the previous year.

People and organisation

The past 12 months have involved some significant changes in the business, including in the leadership team.

While periods of significant change can be challenging, it has been encouraging to see the high level of engagement and support from Nufarm employees around the world. The strong commitment and capabilities of our people are a key strength of the company.

The company recently launched a new diversity policy, which recognises that talent comes from all sections of the community and across different age groups, genders, cultural backgrounds and experience. Our leadership team is more culturally diverse than it has ever been, and we have a commitment to identify and grow talent to build a better Nufarm with the expectation that we will become a more diverse organisation in the future.

We are also maintaining a strong focus on and commitment to improving our levels of safety and our performance across other measures of sustainability. We have strengthened our resources in these areas.

MANAGING DIRECTOR'S REVIEW continued

Outlook

The combination of cost savings benefits, margin expansion, and revenue growth in a number of the company's businesses is expected to result in another solid profit performance in 2016. This is despite an expectation that general market conditions will continue to be subdued.

Initiatives associated with the cost savings and performance improvement program are forecast to contribute an additional underlying EBIT benefit of at least $20 million in 2016. These will include savings relating to the rationalisation of the manufacturing footprint in both Australia and Europe and benefits resulting from other manufacturing efficiencies, improved procurement practices, and expense reductions in head office.

The company's performance in Australia is expected to continue to improve, with restructuring initiatives resulting in a lower and more flexible cost base and a continued focus on margin expansion.

The likely impacts of an El Niño weather pattern have been factored into the company's forecasts for 2016. This weather pattern typically results in drier than normal spring conditions in eastern Australia, more reliable rainfall patterns in Western Australia, and higher rainfall in South America. Given Australia is cycling several years of relatively dry spring conditions, the additional impact on the Australian business is expected to be marginal. The impact in Brazil is likely to result in stronger demand for both insecticide and fungicide products.

Despite low, soft commodity prices and tighter farm economics in the Americas, the company expects to generate growth in the United States, where our business will benefit from new product introductions and stronger support from local distribution.

While the US dollar value of the Brazilian market may see further declines over the next year, the area planted to crops and the volume of crop protection inputs are expected to rise. Careful management of inventories, positive exposure to stronger market segments, and a strengthening product portfolio result in Nufarm's Brazilian business being well placed to achieve further market share gains in the 2016 financial year.

Solid growth is forecast in Europe, with the company well placed to expand its position across a number of European country markets.

The combination of important new seed treatment product launches, continued expansion of the European sunflower business, and more favourable market conditions in the Australian canola segment should drive earnings growth in seed technologies over the next 12 months.

A strong focus will be maintained on balance sheet objectives, in particular working capital efficiencies, with the aim of reducing average net working capital to sales below 40 per cent by July 2016.

Beyond the current 2016 financial year, additional benefits resulting from the ongoing performance improvement program, along with profitable growth opportunities across products, crop segments and geographies, place the company in a strong position to deliver sustainable earnings growth and improved shareholder returns over the medium to long term.

Greg Hunt
Managing director and
chief executive officer

23 September 2015

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.

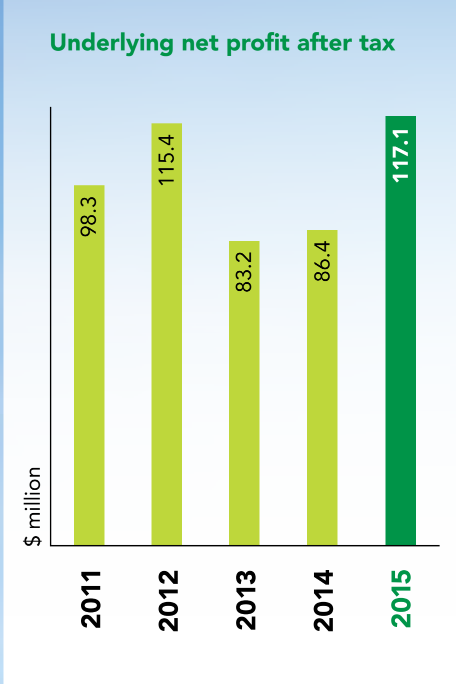
The following notes explain the terms used throughout this profit release:

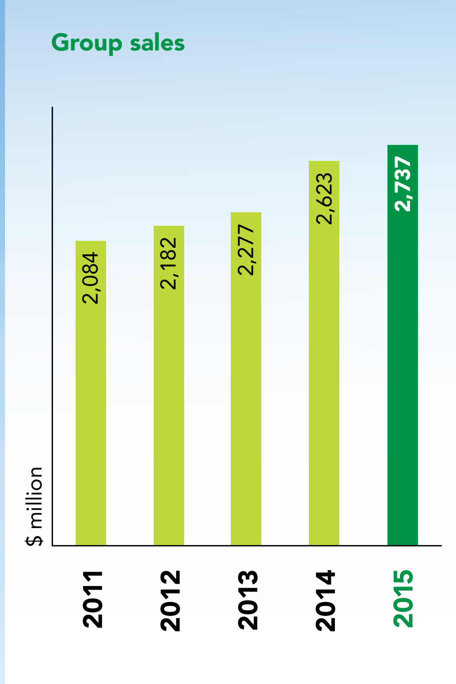
1. Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is underlying EBIT before depreciation and amortisation of $80.208 million for the year ended 31 July 2015 and $80.816 million for the year ended 31 July 2014. We believe that underlying EBIT and underlying 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.

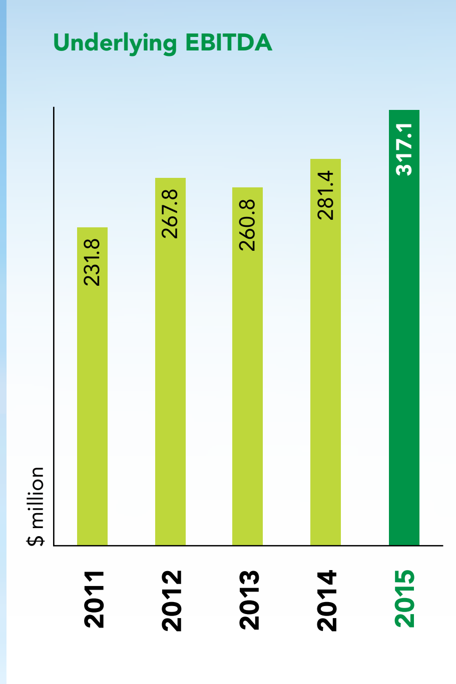
Year ended 31 July	2015 $000	2014 $000
Underlying EBIT	236,882	200,607
Material items impacting operating profit	(86,664)	(50,761)
Operating profit	150,218	149,846

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 2015 Nufarm Limited financial report;
   - ROFE – defined as underlying EBIT divided by the average of opening and closing funds employed (total equity plus net debt);
   - net debt – total debt less cash and cash equivalents;
   - average net debt – net debt measured at each month end as an average;
   - net working capital – current trade and other receivables and inventories less current trade and other payables; and
   - average net working capital – net working capital measured at each month end as an average.

MANAGING DIRECTOR'S REVIEW continued

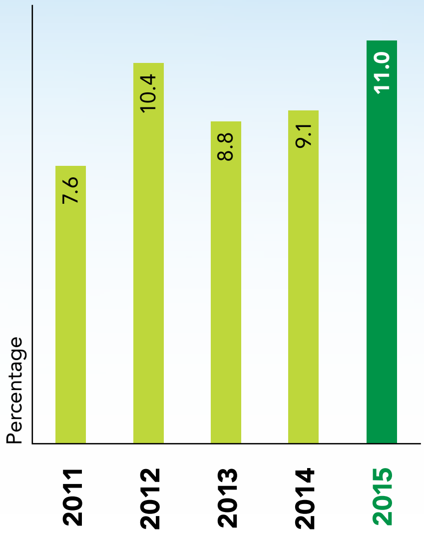




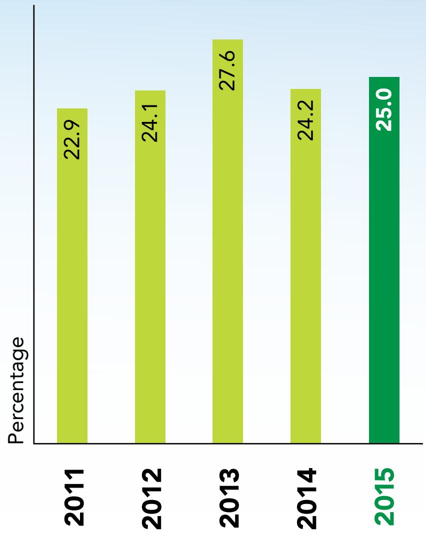


MANAGING DIRECTOR'S REVIEW continued

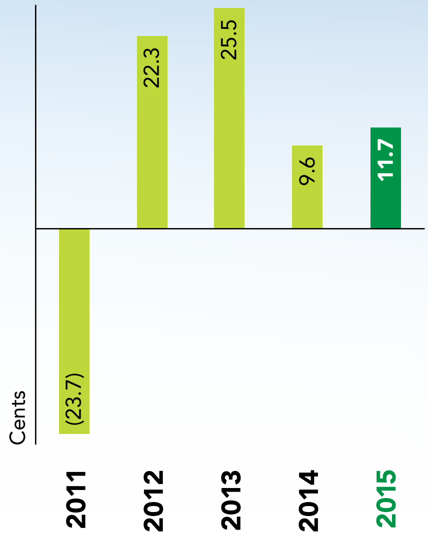
Return on funds employed



Gearing ratio



Earnings per share



BUSINESS REVIEW

Market conditions varied during the 2015 financial year, but were generally weaker due to the fall in crop prices and lower demand in a number of crop protection segments, in particular insecticides. Despite this, the company achieved margin growth in all of its major regional crop protection businesses.

Earnings recovery in the Australian and the United States businesses and strong results in Brazil and Europe more than offset a weaker performance in the seed technologies segment.

Together with growth in the crop protection business, near term benefits associated with the company's cost savings and performance improvement program helped contribute to higher underlying earnings. It is estimated that the 2015 results include cost savings and other efficiency benefits of $15 million at an EBIT level.

Nufarm's crop protection business grew sales by four per cent to $2.58 billion and underlying EBIT by 24 per cent to $250.9 million. Crop protection sales accounted for just over 94 per cent of group revenues and generated an average gross margin of 28 per cent, which is a significant improvement on the previous year.

The seed technologies segment generated revenues of $159.6 million, an increase of 10 per cent on the previous year ($144.4 million) but encountered more challenging market conditions and posted a 14 per cent decline in underlying EBIT of $31.8 million. With market conditions driving a lower value product mix, the segment generated an average gross margin of 44 per cent, which was well down on the 51 per cent achieved in 2014 and below margin expectations for future periods.

Corporate (head office) costs were $45.9 million, up on the $37.2 million in the prior year, a driver being higher bonus/incentive payment accruals that reflected the stronger financial performance of the business.

The company's continued focus on working capital efficiencies helped drive a significant improvement in the net working capital to sales ratio and contributed to a reduction in average net debt over the 12-month period.

Operating segments summary

The table below provides a summary of the performance of the operating segments for the 2015 financial year and the prior corresponding period.

Year ended 31 July	Revenue			Underlying EBIT		
($000s)	2015	2014	Change (%)	2015	2014	Change (%)
Crop protection						
Australia and New Zealand	**582,391**	605,761	-3.9	**52,745**	33,903	55.6
Asia	**155,233**	140,885	10.2	**18,134**	19,481	-6.9
Europe	**544,775**	555,521	-1.9	**64,426**	56,420	14.2
North America	**588,650**	513,596	14.6	**38,921**	20,638	88.6
South America	**706,533**	662,512	6.6	**76,684**	71,622	7.1
Total crop protection	**2,577,582**	2,478,275	4.0	**250,910**	202,064	24.2
Seed technologies – global	**159,581**	144,429	10.5	**31,829**	37,160	-14.3
Corporate	**–**	–	n/a	**(45,857)**	(38,617)	18.7
Nufarm group	**2,737,163**	2,622,704	4.4	**236,882**	200,607	18.1

Australia/New Zealand

The Australian and New Zealand businesses generated sales of $582.4 million, down four per cent on the previous year ($605.8 million). Underlying EBIT, however, was up by 56 per cent to $52.7 million.

Australia experienced another relatively dry summer and autumn, which negatively impacted on demand. While Australian sales were slightly down on the prior year, a focus on higher margin products, more disciplined selling policies, and a lower cost base resulted in an improved operating profit.

The previously announced closure of three manufacturing facilities in Australia and New Zealand is continuing on schedule, with capacity now being relocated into other facilities. The full benefit of these

changes will be realised in the 2017 financial year, with lower fixed costs, better plant utilisation, and improved efficiencies.

New Zealand sales were also down on the prior year due to adverse seasonal conditions and a depressed dairy sector. However, some successful new product launches and strong sales into the horticultural segment helped the business generate a higher profit contribution.

Asia

Asian crop protection sales increased by 10 per cent to $155.2 million. Underlying EBIT was $18.1 million, down on the $19.8 million generated in the prior year.

In local currency, sales were up slightly in the company's major regional markets of Indonesia and Malaysia. Additional field staff and increased product development helped support a continued diversification of both the product portfolio and the crop segments into which products are sold. These investments are forecast to drive local earnings growth over coming years.

North America

North American crop protection sales grew by 15 per cent in Australian dollars ($588.7 million) and underlying EBIT recovered strongly, up by 89 per cent to $38.9 million.

Sales in the United States were up by five per cent in local currency with improved marketing and a rephasing of sales campaigns generating increased demand in both the crop segment and the turf and specialty segment. Despite softer commodity prices impacting all broad-acre crop segments, Nufarm saw strong growth in newer products that address the increasing challenges associated with resistant weeds.

More favourable spring conditions and a successful early order program also allowed the company to leverage its broader portfolio in turf, nursery and greenhouse markets, with the business benefiting from a number of new product launches.

Local currency sales in Canada were down 11 per cent on the prior year, with very dry conditions impacting cropping activity in the western provinces. The company launched new products in a number of segments and continues to strengthen its position with differentiated offerings.

South America

While local market conditions were more challenging in South America and the value of the total crop protection market contracted (measured in US dollars), the company posted another strong year with seven per cent revenue growth ($706.5 million) and a similar increase in underlying EBIT ($76.7 million).

Lower crop prices impacted overall demand for inputs in Brazil. Despite this, the company's sales were up by eight per cent in local currency and generated a higher average margin than in the prior year. The excellent result was driven by a focus on newer and higher margin products, along with expanded reach into a number of market segments. Higher beef prices supported additional crop protection investment in the pasture market – where Nufarm has a strong position – and the business capitalised on stronger demand for fungicides in some regions. The insecticide segment was well down on the previous year.

Revenue growth was also achieved in Argentina, Chile and Colombia, and the company secured a number of new product registrations in Uruguay.

Europe

European sales were slightly down in Australian dollars (2015: $544.8 million versus 2014: $555.5 million), but underlying EBIT grew by 17 per cent to $64.4 million. Seasonal conditions were mixed, with unusually hot and dry weather in central and southern Europe impacting demand for some products in the last quarter.

Nufarm's branded sales grew when measured in Euros, with France, Spain, Portugal, Romania and Hungary performing strongly. The company also generated strong growth in its expansion markets in the Middle East and Africa.

New product introductions in the cereal herbicides and cereal fungicides segments helped drive margin expansion.

The restructuring of the European manufacturing base is proceeding on schedule. The Botlek manufacturing facility in The Netherlands is being closed, with capacity relocated to the Wyke facility in northern England. Production capacity is also being increased in the Gaillon facility (France). These changes will permanently reduce the company's fixed cost base, improve working capital management, and support the continued growth of the European business.

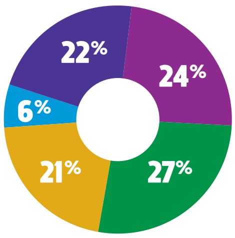
Major product segments

Crop protection

Nufarm's crop protection business generated $2.58 billion in revenues, representing a four per cent increase on the prior year. These sales generated an average gross margin of 28 per cent, significantly stronger than the 26 per cent average gross margin recorded in financial year 2014.

Herbicide sales were $1.75 billion, an increase of almost five per cent on the previous year. These sales generated an improved average gross margin.

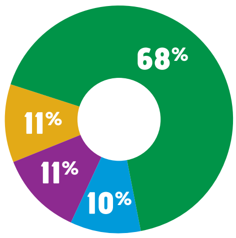
Sales revenue by region 2015
Total business



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

$2,737.2 million

Sales by product segment 2015
Crop protection

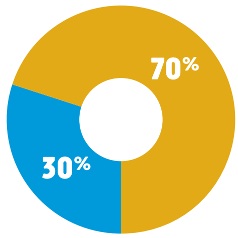


- Herbicides
- Fungicides
- Insecticides
- Other*

$2,577.6 million

* Other includes machinery, adjuvants, PGRs and industrial.

Sales by product segment 2015
Seed technologies



- Seed
- Seed treatment

$159.6 million

Phenoxy herbicide revenues and margins were up, driven by stronger sales in North America and a more profitable product mix in Australia and Europe. Careful management of inventories and a focus on higher margin formulations resulted in a significant improvement in margin generated from glyphosate sales. Dicamba and flumioxazin sales were also up on the prior year.

Group insecticide sales were slightly down on the prior year ($282 million versus $290 million), while margins were steady. Lower insect pressure and high channel inventories in South America resulted in reduced demand for these products, while North American sales increased, in particular in the turf and specialty segment.

Fungicide sales were up by 11 per cent to $274 million and margins improved on the prior year. All regions other than Australia/New Zealand generated higher fungicide revenues. Increased disease pressure together with the approval and launch of new products drove a significant increase in azoxystrobin sales, while a number of other products also contributed to the stronger performance in this segment.

Sales of plant growth regulators (PGRs) and biorational products were also up, reflecting a consistent pattern of relatively high margin growth in recent years. New product introductions and distribution arrangements with Valent BioSciences, a subsidiary of Sumitomo Chemical company, helped drive growth across these portfolios.

The company continued to strengthen its strategic relationship with Sumitomo Chemical company and this was reflected in significantly higher sales of Sumitomo products across Nufarm's distribution platforms, particularly in the United States, Canada and Brazil, as well as the execution of a new distribution agreement in the United Kingdom.

Seed technologies

Revenues reported in the seed technologies segment grew by 10 per cent to $159.6 million, but underlying EBIT fell by 14 per cent to $31.8 million.

Lower canola seed sales in Australia was the major contributor to the fall in earnings, with the area planted to canola estimated to be down by some 20 per cent on the previous year, and an increase in the use of farmer retained seed.

Nuseed continued to expand its market presence in Europe with increased sunflower sales, but this was not sufficient to completely offset the impact of the deterioration in the confectionary sunflower segment in China.

While sorghum sales were relatively strong, a lower commodity price impacted margins.

Seed treatment growth was impacted by both adverse seasonal conditions and lower crop prices. A number of important new seed treatment registrations were approved during the latter part of the year, however, and these new products will generate strong future growth in this high value segment. This included the registration in France of a new imidacloprid formulation on winter cereals (Nuprid 600 FS).

The company's omega-3 canola program continued to advance through field trials and is now in the pre-registration phase of development. Several significant patents relating to this program were published and/or granted during the year, contributing to a very strong intellectual property position.

SUSTAINABILITY

Sustainability underpins our approach to doing business and provides assurance that we will act responsibly while providing value for our stakeholders. This is our sustainability commitment.

In the 2015 financial year we launched our company-wide sustainability strategy. The strategy is focused on delivering upon our commitment to sustainability through a series of actions guided by our strategic pillars, for the benefit of all stakeholders.

By the end of our four-year strategy period we expect and plan to see a step change in our sustainability maturity and impact.

We are actively encouraging innovative thinking across all areas of our business, including its successful application 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.

This year we have amended our sustainability reporting period to now report upon financial year performance – consistent with our reporting of other metrics. As we transition to this new reporting period, we have included our performance for the seven months up to 31 July 2014 in addition to our 2015 financial year data.

Nufarm's full sustainability report for the 2015 financial 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. At present, it does not include data from eight offices in Asia and South America.

The company is making a significant investment in terms of both capital and resources to achieve improvements, and we have restated our commitment to work towards a zero target for health, safety and environmental related incidents in our workplaces.

Total greenhouse emissions decreased in 2015 compared with 2013. Emissions per tonne of production also decreased.

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. Overall our carbon monoxide emissions reduced significantly from the previous period.

Water is used in many 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 investigating ways to recycle, harvest and better utilise water in our systems and processes.

SUSTAINABILITY AT NUFARM

Total waste increased slightly in 2015 compared with 2013, as a result of our increase in production volumes. We continue to work towards reducing waste generation from manufacturing processes. Waste management systems at many of our sites capture the nature and quantity of waste produced on site and track 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 goal is to have zero lost time and medical treatment injuries. Our zero harm aspiration was not achieved in the reporting period with a LTIFR of 1.4, MTIFR of 3.2 and a severity rate of 0.01 resulting from our operations.

This is a deterioration in performance outcomes for the year compared to the previous reporting period. This is driven by a concerted effort on developing a strong incident reporting culture and correct classification of injuries across our operations.

The 10 lost time injuries occurred across eight separate sites. The most severe of these occurred at our Linz site, where a team member suffered two broken toes as a result of trapping his foot whilst operating a wrapping machine.

There were 13 medical treatment injuries, 10 of these occurring at separate sites.

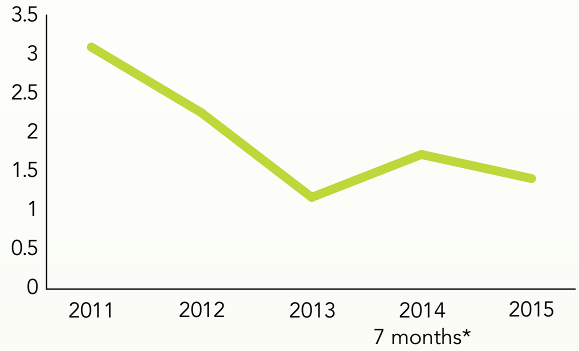
LTIFR or lost time injury frequency rate is the number of lost time injuries per million hours worked that result in one or more day's absence from work.

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.

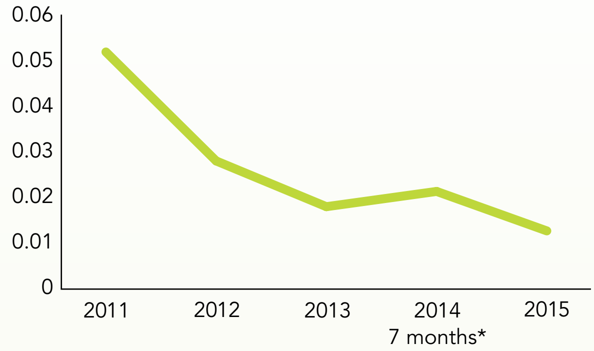
Severity is the number of days lost due to injuries per thousand hours worked.

SUSTAINABILITY continued

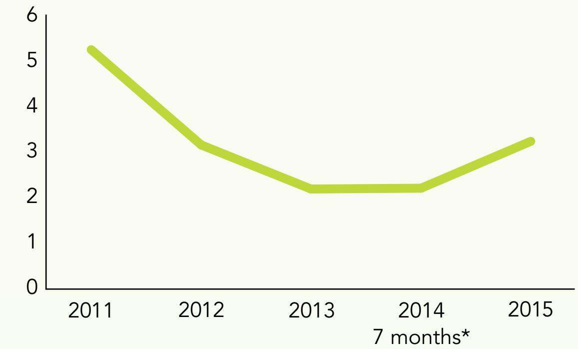
LTIFR 2011 to end of July 2015



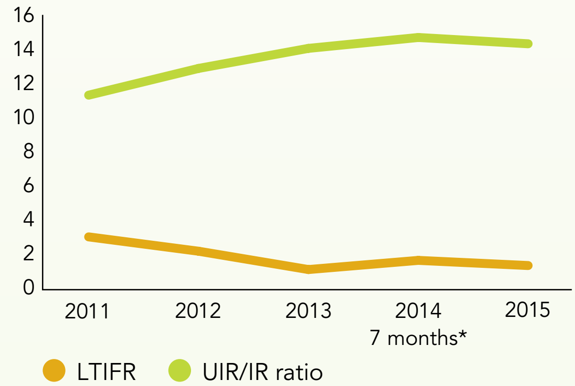
Severity 2011 to end of July 2015



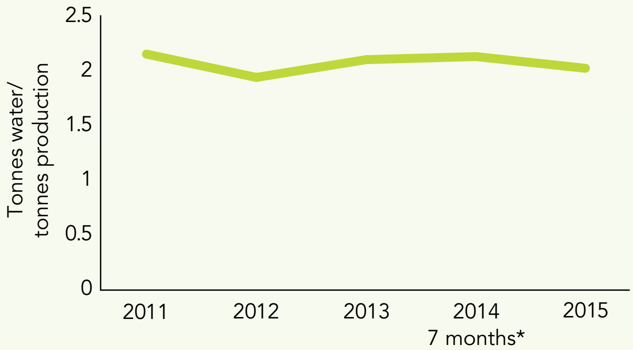
MITFR 2011 to end of July 2015



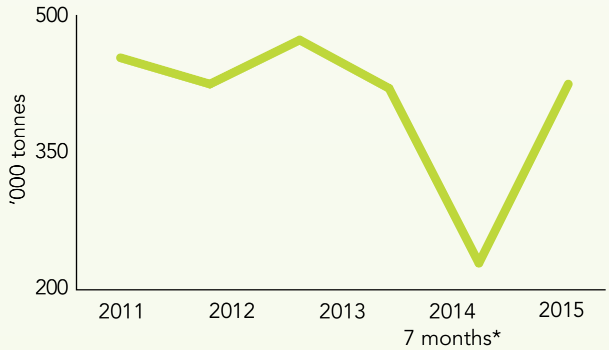
Unusual incident report/injury report versus LTIFR 2011 to end of July 2015



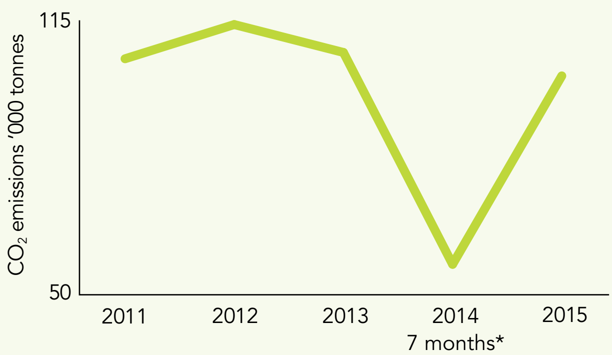
Water efficiency 2011 to end of July 2015



Production volume 2011 to end of July 2015



CO_2 released from energy use and processes 2011 to end of July 2015



* Note: data covers a seven month period due to a change in the reporting period.

BOARD OF DIRECTORS

Donald McGauchie AO

Chairman

Donald McGauchie AO 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.

Greg Hunt

Managing director and chief executive officer

Greg Hunt joined the board on 5 May 2015.

Greg joined Nufarm in 2012 and was group executive commercial operations prior to being appointed acting chief executive officer in February 2015. Greg was appointed managing director and chief executive officer in May 2015.

He is a member of the Australian Institute of Company Directors and holds the graduate management qualification from Australian Graduate School of Management and attended the advanced management program at Harvard University.

Greg has considerable executive and agribusiness experience. Greg had a successful career at Elders Australia Limited, holding the position of managing director between 2001–2007. After leaving Elders, he worked with various private equity firms focused on the agriculture sector and has acted as a corporate adviser to Australian and international organisations in agribusiness-related matters.

In the past three years, Greg was a director of Costa Group Holdings Limited.

Anne Brennan

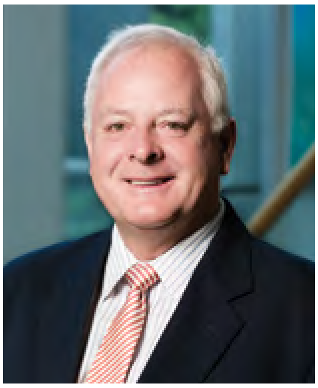
Anne Brennan joined the board on 10 February 2011.

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, Arthur Andersen and KPMG.

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 and deputy chairperson of Echo Entertainment Group Limited and a director of Cuscal Limited.

Anne is a member of the audit and risk committee and human resources committee.



Gordon Davis

Gordon Davis 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 is a director of Primary Health Care Limited and 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 joined the board on 10 October 2012. Frank 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 adviser spanning some 35 years. During that period, he was also a member of the Deloitte global board, global governance committee and national management committee.

Frank is a director of Citigroup Pty Limited, Tarrawarra Museum of Art Limited and a former non-executive director of Manassen Foods Group. In the past three years Frank was a director of Toll Holdings Limited.

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

Bruce Goodfellow

Bruce Goodfellow 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 and food trading business and in financial and commercial business management.

Bruce 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 Sulkem Co. Ltd and a director of Cambridge Clothing Co. Ltd, all privately owned companies.

Bruce is a member of the nomination and governance committee.

Peter Margin

Peter Margin 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 as 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, Costa Group Holdings Ltd and Huon Aquaculture Group Limited. In the past three years Peter was a director of Ricegrowers Limited.

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

Toshikazu Takasaki

Toshikazu Takasaki joined the board in 2012.

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

He has a bachelor of business administration from the University of Tokyo and is a former executive of SCC, holding senior management positions in businesses relating to crop protection, both within Japan and in the United States. He is now a business consultant with a national qualification registered by the Japanese Ministry of Economy, Trade and Industry as a small and medium sized enterprise consultant.

He brings broad industry and international experience to the board.

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

EXECUTIVE MANAGEMENT

Greg Hunt

Managing director and chief executive officer

Greg Hunt joined Nufarm in 2012 and was appointed managing director and chief executive officer in May 2015. Greg has considerable executive and agribusiness experience and had a successful career at Elders Australia Limited, holding the position of managing director between 2001–2007. He has worked with various private equity firms focused on the agriculture sector and has acted as a corporate adviser to Australian and international organisations on agribusiness-related matters.

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 United Kingdom.

Valdemar Fischer

Group executive marketing and portfolio strategy

Valdemar Fischer joined Nufarm in 2010 in the role of general manager of Nufarm's Latin American business. He has over 25 years' experience in the crop protection industry and has held senior roles with large international companies including Zeneca and Syngenta. Valdemar was appointed to the executive group in 2015 and is responsible for global marketing and portfolio strategy.

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.

EXECUTIVE MANAGEMENT continued

Brent Zacharias

Group executive Nuseed

Brent Zacharias joined Nufarm in 2006 after a 14-year career with Dow AgroSciences. Brent has a degree in agricultural economics and held senior roles in Nufarm's Canadian business prior to transferring to Australia as Nuseed general manager in 2008. Now based in Canada, Brent holds global responsibility for Nuseed – Nufarm's agricultural seed and traits division.

Retirement of Doug Rathbone, AM

Long-standing managing director and chief executive Doug Rathbone stepped down from his position and retired in February of this year.

Doug had a long and distinguished career at Nufarm, joining the company in the early 1970s and being appointed managing director in 1982. Nufarm became a subsidiary of New Zealand-based Fernz Corporation in the 1980s and when Fernz migrated its incorporation to Australia in 2000 – and changed its name to Nufarm Limited – Doug was appointed group managing director and chief executive.

Doug is a past winner of the Rabobank agribusiness leadership award, which is a reflection of his contribution to, and high standing within, the Australian agribusiness sector.

Doug's vision and leadership was instrumental in the company's development from a small Australian crop protection business to one of the world's leading crop protection and seeds companies.

INFORMATION ON THE COMPANY

Our business

Nufarm is a leading global crop protection and seed technologies 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 based on 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 14 countries and marketing operations in more than 25 countries. 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 industry position 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 post-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, 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 and seed 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. 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 the success of 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 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 marketplace, 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.

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 third edition 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/CorporateGovernance

Compliance with ASX principles

The ASX Listing Rules require Nufarm to disclose 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 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.

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 2015, there are four board committees: audit and risk; human resources; nomination and governance; and 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 38 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 believes diversity contributes to the sustainable growth of our company through positively developing our talent and culture.

Over the past three years Nufarm has made a number of steps to improve diversity outcomes, especially in female representation at senior levels of the company and to promote an inclusive culture.

In 2012, the company initiated:

- a review of policies and practices to ensure they were free of bias and that selection, development and promotion were made purely on the requirements of the job and supportive of diverse candidature;
- a review of the board selection criteria to build greater diversity; and
- the adoption of a formal diversity policy.

In 2013 the global headcount report was established with some basic reporting of gender statistics. These statistics were supplemented with insights from the company's employee opinion survey (EOS) carried out in October 2012.

In 2014 Nufarm began to analyse pay parity between genders to determine if there is any difference based on gender or other non-work related factors; undertook management and leadership development activities to encourage women to take on managerial roles; and increased the number of people involved in cross-regional projects and assignments.

A good example of one of Nufarm's development activities aimed at growing female talent is the company's participation in the NIDA (National Institute of Dramatic Art) Influential Women (formerly 'Women in Business') program.

NIDA's Influential Women program is a two-day off site workshop specifically designed for women in business. The workshop aims to enhance participants' communication style and ability to engage and influence both large and small audiences. The workshops include exercises that involve listening and responding to challenging communication scenarios, physical and vocal techniques, and increasing personal awareness of communication style and how this can be improved. These skills are valuable to overcoming some workplace challenges regularly encountered by women. In 2014–15, 25 women from Nufarm participated in this program. Employees are selected to participate if they are currently in a leadership position or if they are identified as demonstrating potential to progress into a leadership position.

CORPORATE GOVERNANCE continued

Global diversity policy launch

In 2015, Nufarm launched a refreshed global diversity policy. A copy of the policy is available on the corporate governance section of the company's website. The policy links actions in support of diversity to the Nufarm values of responsibility, agility, respect and empowerment with the aim of embedding it in our culture. An extract of the policy is adjacent.

The policy was launched by the managing director and chief executive officer Greg Hunt who stated: 'At Nufarm we have a fundamental belief that talent comes from all parts of the community and to be the most competitive we can be, we must access and develop that talent better than others'.

To complement the launch a number of positive examples of diversity were publicised, such as the story below. This program of openly and regularly celebrating diversity in company newsletters and corporate messaging is a key aspect of Nufarm's communications strategy in the short term.

Leonie Hughes, Horsham Australia – winner of 2014 Nufarm global innovation award

Nufarm's global sales and innovation awards are an annual celebration of employees who have made exceptional contributions to Nufarm whilst demonstrating our company values in December 2014, Leonie Hughes was awarded the Nufarm global innovation award for her work to create and launch a tool now used on a daily basis by Nuseed Australia's sales team. The technology titled 'NuSTEP' is a unique tool that allows sales representatives to generate a report on behalf of a customer that details the most successful seed varieties grown in their local area. The tool has been exceptionally well received by Nuseed customers.

Responsibility

We are accountable for our decisions and our actions. We recognise trust is at the foundation of relationships and acting ethically, safely and responsibly creates that trust.

This means we:

- promote equal opportunity in the workplace and ensure decisions regarding employment, including (but not limited to) recruitment, remuneration, training, promotion and development, are made without regard for race, gender, marital status, religion, age, sexual orientation or any other non-merit related consideration;
- train our people to ensure they understand their rights and responsibilities in relation to relevant equal employment opportunity, discrimination, human rights and related legislation for each country in which we operate; and
- create an environment where people are comfortable to report inappropriate or offensive behaviour and where complaints are treated in a sensitive, fair and timely manner.

Agility

We are resourceful and adaptable in meeting the needs of our customers and our organisation.

This means we:

- aim to reflect the diversity of the communities we serve. To us that means we have been successful in attracting and retaining the best talent available in the community;
- build a talent pipeline and develop the potential of those who show promise to underpin our continued growth and contribution to the community; and
- develop policies and practices that help support our people to enjoy enriching lives including a balance of work, family and personal fulfilment.

Respect

We respect others – colleagues, customers and stakeholders – and our environment. We care for all our resources.

This means we:

- create an inclusive workplace culture where all people are treated with dignity and respect;
- take opportunities to learn about different cultures and heritages, celebrating their contribution to the richness of our workplace and our communities; and
- recognise and show respect to the traditional custodians of the land and the waters where we operate.

Empowerment

We are an innovative, entrepreneurial organisation where individuals and teams can do what is best for the customer, the organisation and our stakeholders

This means we:

- embrace the value that a range of perspectives and life experiences can add to the quality of decision making and to innovation practices/processes, which is fundamental to our future success; and
- seek to unlock the capabilities and potential of our people through our talent and development frameworks and effective leadership behaviours.

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 manufacturing, supply chain, finance, procurement, marketing, research and development 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.

On 1 August 2015, a Brazilian, Valdemar Fischer, and a Canadian, Brent Zacharias, joined the executive management team, which now consists of five nationalities, reflecting the global nature of Nufarm.

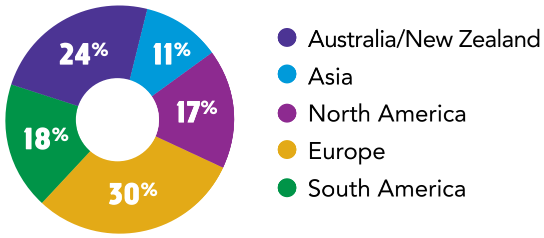
Women in Nufarm

Twenty-four per cent of Nufarm's permanent employees are women, slightly up from 23 per cent in 2014, and 22 per cent in 2013.

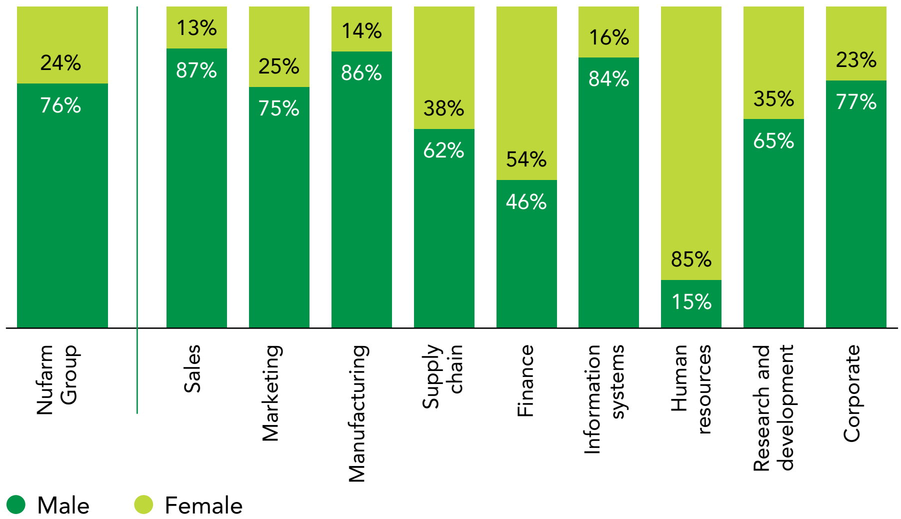
The table above shows the percentages of men and women working at Nufarm by function. In particular, the company is endeavouring to increase the proportion of women in our sales function and is engaging with women in the function to inform and improve our attraction and retention strategies.

Regionally, female participation has increased in South America. Female participation is strongest in Asia at 28 per cent.

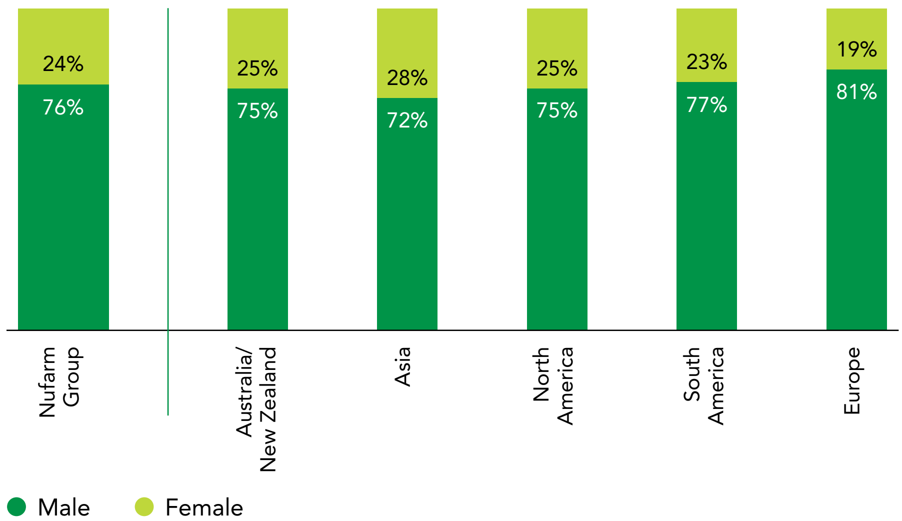
Nufarm employee representation



Female particpation by function



Female particpation by region



CORPORATE GOVERNANCE continued

At a management level, results were improved with female participation up slightly over last year.

Employee opinion survey feedback

Nufarm conducts the EOS every two years and uses the feedback from that survey to assist in refining practices for both retaining and attracting talented people to the business. This survey was last conducted in September 2014.

The EOS provides valuable feedback, which allows the company to track if there are differences in the working experience between men and women. The pattern of engagement for male and female employees in the 2014 survey was very similar, i.e. those items that score more highly for woman also score more highly for men. However, when comparing the results for men and women generally the female scores were slightly lower than the male scores. There were no items where the female response was notably greater than the male response.

The items where female responses were more than six per cent less favourable overall than male responses were:

- the company does not tolerate inappropriate behaviour;
- I feel my contributions are valued; and
- I am empowered to make decisions that enable me to work safely.

As a result of survey feedback overall, and particularly relevant to the items listed above, Nufarm is working on the following initiatives:

- launch of an updated Nufarm code of conduct setting out the standards of behaviour that are acceptable and not acceptable;
- continued development of the Nufarm awards program to attract nominations across all parts of the company and to celebrate success locally and recognise excellence globally; and
- dedicated focus on improving the safety culture, starting with the launch of the company-wide safety rules and safety leadership training.

		Percentage distribution women in full and part-time employment	
Regions	**Percentage of females**	**Full-time females**	**Part-time females**
Group	**24**	**91**	**9**
Australia/New Zealand	25	88	12
Asia	28	100	0
Europe	19	80	20
North America	25	93	7
South America	23	95	5

	Percentage distribution of employees by role	
Role	**Female**	**Male**
Non-executive directors	14	86
Executive/senior management	17	83
People manager/team leaders	21	79
Professionals	24	76
Manufacturing	8	92
Administration	61	39

CORPORATE GOVERNANCE continued

Progress against diversity and inclusion objectives for 2015

Last year Nufarm set three key measurable gender diversity objectives for the upcoming reporting period. Progress against these objectives is listed below:

Objective	Progress
Nufarm aims to make one of the next two board appointments a suitably qualified woman.	Over the period there have been no new board appointments; however, gender continues to be a key criteria for future board appointments. Specifically, at least one board member to be female and, mirroring Nufarm's diversity policy, ensuring that at least two female candidates are included in the shortlist of candidates whenever a board vacancy occurs. No change to this objective.
Nufarm will actively seek to have at least two appropriately qualified female candidates for all board, executive, management and key professional roles.	Over the past year, two females have been appointed to positions that report directly to the chief executive officer. These are Donna Thibault, group executive people and performance, and Michelle Monteiro, director of Nufarm's performance improvement program – a program to deliver a significant improvement in return on funds employed, with an expected value of $100 million to the business. Michelle Monteiro was approached to lead this major program after excelling in a number of projects, including the roll-out of a creative thinking program in all regions of the organisation (a project that earned her Nufarm's managing director's award for innovation).
Nufarm aims to annually improve the percentage of female representation in management roles.	Female participation at the leadership level (comprising 106 people) in the company has increased slightly from 14 per cent in 2013 to 17 per cent. This is still less than the overall participation rate of 22 per cent. In 2015 the Nufarm senior leadership program was launched with five out of the 14 initial alumni being female.

Diversity and inclusion objectives for 2016

In addition to the further promotion of the policy and positive examples of diversity across all parts of the company, Nufarm has committed to the following diversity and inclusion objectives for 2016:

1. continuing to drive the talent planning process through the top four levels of the company, actively tracking the progress of female staff with potential to go one or more levels higher. The tracking will include reporting on the progress of talent planning, including the identification of promotion and advancement opportunities;
2. reviewing and revising the work and family policy and practices to increase retention of staff with caring responsibilities, including a review of the underlying reasons why an employee has not returned to work after parental leave. We will also create a baseline to track progress in improving return to work following parental leave outcomes; and
3. the global senior leadership team will complete unconscious bias training by July 2016.

These objectives are in addition to the policies and practices already in place to 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.

CORPORATE GOVERNANCE continued

In 2014, 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.

In the current period, the board undertook an internal survey of its performance, the results of which were analysed and reviewed to improve performance. The board skills capability matrix was also updated to reflect the emerging strategic needs of the company.

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 40 to 56 of this report.

Board of directors

Composition

There are eight members of the board with a majority being independent non-executive directors. The board has an appropriate range of proficiencies, experience and skills to ensure the proper discharge of 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 judgement 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 Bruce Goodfellow and Toshikazu Takasaki (non-executive directors) and Greg Hunt (managing director and chief executive officer).

Donald McGauchie has been a member of the board for 11 years and chairman of the board for five years. The board unanimously continues to support Donald as chairman, believing this to be in the clear interest of all stakeholders. Donald applies judgement independently 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.

CORPORATE GOVERNANCE continued

The Nufarm board has stipulated that the role of the chairman and chief executive officer may not be filled by the same person. The roles of chairman and chief executive officer are currently held by different people.

The nomination and governance committee

Donald McGauchie is chairman of the nomination and governance committee and Bruce Goodfellow and Frank Ford are members. A majority of the nomination and governance committee are independent directors, and 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 reporting period, the nomination and governance committee met on five occasions.

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 the current reporting period, the capability matrix was reviewed and updated to determine 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 by sharing 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 and meet local management, customers and other stakeholders. Furthermore, directors are also provided with access to regional general managers.

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.

The company 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 that 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, Gordon Davis and Peter Margin 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 38 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 adviser 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 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, Arthur Andersen and KPMG.

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 is a director of Primary Health Care Limited and 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.

Peter Margin 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 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 Limited, PMP Limited, PACT Group Holdings Limited, Costa Group Holdings Limited and Huon Aquaculture Group Limited.

The committee has a formal charter, which is reviewed annually. A copy of the audit and risk committee charter and the committee's duties are 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.

Prior to the approval of the financial statements for any financial period, the board receives a declaration from the chief executive officer and chief financial officer 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.

CORPORATE GOVERNANCE continued

Disclosure

The company has a detailed written policy and procedure to ensure compliance with its disclosure obligations under 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 September 2015.

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;
- annual report and financial statements; and
- presentations made to analysts and investor briefings,

are immediately made available on the company's website. The corporate governance section of the website contains relevant corporate governance information, including copies of various policies.

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 shareholders' 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;
- ensure company compliance with its continuous disclosure obligations contained in the ASX 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 that contains:

- all market announcements and related information that 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 30 and 31 of this report.

In the current reporting 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

CORPORATE GOVERNANCE continued

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.

In the current reporting period Nufarm adopted a formal sustainability strategy to provide a globally aligned and planned approach to manage economic, social and environment sustainability risks. The HSE committee receives an update every six months on the progress and development of the sustainability strategy.

Nufarm publishes an annual sustainability report. The most recent report is available on the company's website.

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.

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 40 to 56 of this report.

Human resources committee

Peter Margin is chairman of the human resources committee and Gordon Davis, Donald McGauchie and Anne Brennan 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 reporting 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 40 to 56 of this report.

Nufarm has in place a short term incentive plan ('STI plan'). The rules of the 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 10 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 2015 and the auditor's report thereon.

Directors

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

DG McGauchie AO (chairman)
GA Hunt (managing director) (appointed 5 May 2015)
DJ Rathbone AM (managing director) (retired 4 February 2015)
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.

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

Directors' interests in shares and step-up securities

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

	Nufarm Ltd ordinary shares	Nufarm Finance (NZ) Ltd step-up securities
AB Brennan	10,000	–
GR Davis	40,000	–
FA Ford	10,000	–
Dr WB Goodfellow[1]	1,148,715	48,423
GA Hunt[2]	54,425	
DG McGauchie	46,239	–
PM Margin	2,458	–
DJ Rathbone[3]	3,686,414	1,500
T Takasaki	–	–

1. The shareholdings of Dr WB Goodfellow include:
   (i) shares issued under the company's non-executive director share plan and held by Pacific Custodians Pty Ltd as trustee of the plan, and include his relevant interests in:
   (ii) St Kentigern Trust Board (430,434 shares and 19,727 step-up securities) – Dr Goodfellow is chairman of the Trust Board. Dr Goodfellow does not have a beneficial interest in these shares or step-up securities;
   (iii) Sulkem Company Limited (126,493 shares);
   (iv) 531 Trust (400,861 shares). Dr Goodfellow and EW Preston are trustees of 531 Trust.
   (v) Auckland Medical Research Foundation (26,558 step-up securities). Dr Goodfellow does not have a beneficial interest in these step-up securities.
   (vi) 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.
   (vii) Archem Trading (NZ) Ltd (700 step-up securities).
2. GA Hunt's interest in 54,425 ordinary shares includes 31,563 deferred shares granted as remuneration that are not yet exercised or vested.
3. At the date of his resignation DJ Rathbone had (i) a direct interest in 312,173 shares and 305,163 unquoted performance rights, and (ii) an indirect interest in 3,374,241 shares and 1,500 step-up securities.

Directors' meetings

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

			Committees							
Director	Board		Audit and risk committee		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[3]	8	8	4	4	3	2	–	–	–	–
GR Davis	8	8	4	4	5	5	–	–	3	3
FA Ford	8	8	4	4	–	–	5	5	–	–
Dr WB Goodfellow	8	8	–	–	–	–	5	5	–	–
GA Hunt[2]	2	2	–	–	–	–	–	–	–	–
DG McGauchie	8	8	–	–	5	5	5	5	–	–
PM Margin[3]	8	8	2	2	5	5	–	–	3	3
DJ Rathbone[2]	3	3	–	–	–	–	–	–	–	–
T Takasaki	8	8	–	–	–	–	–	–	3	3

1. Number of meetings held during the period the director held office.
2. Mr GA Hunt was appointed a director on 5 May 2015. Mr DJ Rathbone resigned as a director on 4 February 2015.
3. Ms AB Brennan was appointed a member of human resource committee on 4 December 2014. Mr PM Margin was appointed a member of the audit and risk committee on 4 December 2014.

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.

Nufarm employs approximately 3,349 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 2015 is $43.2 million. The comparable figure for the 12 months to 31 July 2014 was $37.7 million.

Dividends

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

	$000
The final dividend for 2013–2014 of five cents paid 14 November 2014.	13,218
The interim dividend for 2014–2015 of four cents paid 8 May 2015.	10,570

The final dividend for 2014–2015 of six cents as declared and recommended by the directors is payable 13 November 2015.

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 2014 – 15 October 2014 at the rate of 6.6267% per annum paid 15 October 2014	6,127
Distribution for the period 16 October 2014 – 15 April 2015 at the rate of 6.635% paid 15 April 2015	6,134

DIRECTORS' REPORT continued

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 9.

State of affairs

The state of the group's affairs is set out in the managing director's review on pages 4 to 9 and the business review on pages 10 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.

Events subsequent to reporting date

On 23 September 2015, the directors declared a final franked dividend of six cents per share payable 13 November 2015.

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 and 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 its statutory duties. Details of the audit fee and non-audit services are set out in note 40 to the financial report.

The board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the audit 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 that 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 57 and forms part of the directors' report for the financial year ended 31 July 2015.

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.

DIRECTORS' REPORT continued

Remuneration report (audited)

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

Dear shareholder,

I am pleased to present our remuneration report for the year ending 31 July 2015.

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. 2015 was a year of profitable growth, with good progress on working capital management efficiencies, which has been reflected in the company's overall performance result.

2015 was also a year of renewal within the leadership team and an ambitious program of restructuring, which is positioning the business for sustainable success over the long term. As a result of the changes, the executive remuneration structure was reviewed in terms of the mix between fixed and short and long term variable reward, to create stronger alignment at the most senior levels within the organisation and greater consistency in approach. The roles and reporting lines of the executive management team were also updated to align executive portfolios to the strategy of the business. As a result, a smaller core group of executives with clearer designation of decision making authority and control of the major levers that drive performance across the group was established. At the same time, structural changes have led to a flatter leadership structure and more inclusive global approach to the way the organisation is managed on a day to day basis.

Fixed remuneration arrangements for incoming executives were determined according to nature and size of role and within Nufarm's usual benchmarking approach. Any increases that occurred for continuing incumbents since 2014 are reflective of market pricing for roles that may have been previously under market, or where market movements were noted year on year. This was the case with the increased responsibility of the group executive manufacturing and supply chain, which took on more direct accountability for the manufacturing function and also global procurement.

The company's improved performance has been reflected in the short term incentive outcomes received by the chief executive officer and executives.

The long term incentives awarded in 2012 were tested in August 2015. Nufarm did not meet its average return on funds employed (ROFE) target over the three-year performance period and so no award was earned against this measure. Performance against the relative total shareholder return (TSR) target over the same period placed Nufarm above the 50th percentile and so 62.6 per cent of the TSR performance rights vested by this measure. This demonstrates alignment between shareholder returns and executive long term incentives.

Effective 1 February 2015, there was a modest increase in board committee chair fees ranging from zero per cent to eight per cent and an adjustment to committee members fees to move to 50 per cent of the committee chair fee, consistent with market practice.

The human resources committee continues to have a strong focus on the relationship between business performance and remuneration and in turn, 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.

Further detail is provided within the remuneration report.

Peter Margin

Peter Margin
Chair – human resources committee

Basis for preparation

The remuneration report is designed to provide shareholders with an understanding of Nufarm's remuneration policies and the link between our remuneration strategy and performance. The report focuses on key management personnel (KMP) as defined under the *Corporations Act 2001*.

The remuneration report for Nufarm for 2015 has been prepared in accordance with section 300A of the *Corporations Act 2001*.

Key developments in FY15

Change of managing director and chief executive officer

On 4 February 2015, Doug Rathbone ceased in his role as managing director and chief executive officer of the Nufarm group and Greg Hunt, group executive commercial operations, was appointed on an acting basis. On 5 May 2015, Greg Hunt was confirmed as managing director and chief executive officer of the Nufarm group.

Under his new chief executive officer contract, Mr Hunt is entitled to fixed annual remuneration (FAR) of $1,200,000 (inclusive of superannuation), short term (STI) opportunity equivalent to 50 per cent of his FAR at target, half of which will be deferred into shares and subject to an additional two-year trading restriction, and a long term (LTIP) opportunity equivalent to 50 per cent of his FAR, vesting of which is subject to satisfaction of performance hurdles measured over a three-year performance period. Mr Hunt's employment contract can be terminated by either party giving six months' notice, in which case he will be entitled to a termination payment equivalent to 12 months' fixed annual remuneration (inclusive of any payment in lieu of notice).

Further details of Mr Hunt's remuneration for FY15 are set out in this report.

The former managing director and chief executive officer, Mr Rathbone, was entitled to FAR of $1,737,754 (inclusive of superannuation), an STI opportunity equivalent to 100 per cent of his FAR at target, and an LTIP opportunity equivalent to 48 per cent of his FAR, vesting of which was subject to satisfaction of performance hurdles measured over a three-year performance period. Mr Rathbone's employment contract could be terminated by either party giving 12 months' notice, in which case he was entitled to certain termination payments, subject to the provisions of the Corporations Act. On ceasing employment, Mr Rathbone received a termination payment of $1,643,193 plus his statutory entitlements (comprising accrued annual and long service leave). His deferred STI for FY13 and FY14 and his previous LTIP grants remain on foot in accordance with their original terms. No other termination payments were made to Mr Rathbone.

Mr Rathbone had been employed by Nufarm for 41 years, 15 years as the group's managing director and chief executive officer. In order to ensure a smooth transition to the new managing director and chief executive officer and to benefit from Mr Rathbone's knowledge of the group, the company has entered into a 12-month consultancy agreement with Mr Rathbone. Mr Rathbone will be paid a consultancy fee of $83,333 per month in return for agreed services, including his continued assistance with specific transactions and legacy matters.

Further details of Mr Rathbone's remuneration for FY15 are set out in this report.

Changes in executive management team

The 2015 reporting period saw a number of other changes to the executive management team as part of an ongoing, broader restructuring of the business. The changes coincided with the alignment of executive portfolios to the strategy of the business, as well as a clearer designation of decision making authority and control of the major levers that drive performance across the group.

The changes to the executive management team were as follows:

- The group executive, corporate strategy and external affairs role changed in scope from 4 February 2015, at which time the strategy component of that role became the shared responsibility of the acting chief executive officer and other group executives. The group executive, corporate strategy and external affairs role, along with the group executive, corporate services and company secretary role, and the group executive, people and performance role ceased to be KMP roles as of the same date.
- The group executive, procurement and commercial services role and the group executive, innovation and development role were realigned and ceased to report to the chief executive officer and managing director directly in FY14. Accordingly, these roles ceased to be KMP roles from 31 July 2014.

DIRECTORS' REPORT continued

Changes to executive remuneration framework and employment contracts

During FY15 the board made the following changes to the group's remuneration framework for senior managers:

- Nufarm's template senior manager employment agreement was revised and updated to bring it in line with market practice and Corporations Act provisions. The new template presents a simplified all-inclusive salary package, with fixed and variable components. FAR can be salary packaged at the election of the executive in different ways utilising Nufarm's benefit structure. Variable components (i.e. STI and LTIP) are represented as a percentage of FAR. The new template was applied to the appointment of the new chief executive officer and managing director on 5 May 2015 and was implemented for all other Australian-based executives effective 1 August 2015. (Note, as some KMP positions will be based outside of Australia in the future, some differences in remuneration mix and the contract framework will exist according to local employment practices and historical factors.)
- A review of Nufarm's short term and long term incentive practices against market practice of ASX listed companies was conducted. The review provided a point of reference for potential directions for change within a broader consideration of Nufarm's evolving strategy and the leadership behaviours required to deliver growth and build a better Nufarm. The review confirmed that the STI and LTIP framework was consistent with market practice in general; however, noted a number of opportunity areas to evolve the plans to further align reward to the strategy and promote desired leadership behaviours in the future. The board made the following changes for the plan year FY16 and notes the following opportunities for further investigation and exploration before FY17:
  - STI: over the past year, the STI framework has been successful in driving improved management of net working capital and profitability. The board therefore believes at this time consistency is important to continue the momentum of Nufarm's three-year business transformation journey. The board retained the overall framework of STI for FY16 with a 80:20 split between financial and individual performance metrics maintaining an 85 per cent underlying NPAT threshold on the individual component. A small adjustment will be made to the split of the STI financial measures of average net working capital/sales and net profit after tax from 40:60 in FY15, to a simple 50:50 in FY16. The FY16 STI framework is shown below:

Group financial (80%)	Underlying net profit after tax (UNPAT)	*40% weighting* Used to assess overall profitability
	Average net working capital (ANWC)/sales	*40% weighting* Used to assess net working capital management
Individual (20%)	Strategic and business improvement objectives	*20% weighting* Assessed on merit basis against objectives and living the Nufarm values

The board reflected on the future opportunity to adapt the STI to a more balanced scorecard approach including safety, sustainability and people measures and will explore opportunities to do so.

  - LTIP: the board decided that the LTIP should continue in much the same form for FY16, with the two equally weighted metrics of return on funds employed and total shareholder return. During the coming year, the fifth year of the LTIP running in substantially the same form, the board will review alternatives to renew the design in light of recent changes to legislation regarding the use of share options, trends in market practice, and future drivers of shareholder value identified in the strategic review.

Further changes planned for FY16

In view of the growing strategic importance of Nufarm's Nuseed business, and the increased focus on strengthening the company's product portfolio and marketing capabilities, it was decided that from 1 August 2015 the role of group executive marketing and portfolio development held by Brian Benson would be split into two executive KMP roles described below. Mr Benson's last day with Nufarm was 31 July 2015.

This change has resulted in two new appointments to the executive team. After several years of strong performance in building Nufarm's Latin American business, Valdemar Fischer has agreed to take on the new role of group executive, marketing and portfolio strategy. In this role, Mr Fischer will lead global marketing, partnerships and the product and portfolio strategy in collaboration with Nufarm's businesses and platforms. The strength of the global product portfolio and the coordination of the product to market strategy worldwide is a fundamental growth driver for Nufarm.

Brent Zacharias (general manager Nuseed) has stepped up to the position of group executive Nuseed, reporting to the managing director and chief executive officer. This appointment reflects the growing importance of the Nuseed platform and the exciting opportunities ahead.

Key management personnel disclosed in this report

The following were KMP of the consolidated entity at any time during the reporting period and were key management personnel for the entire period (except where denoted otherwise). For the purposes of this report, executive KMP will be referred to as disclosed executives.

Non-executive directors

Name	Position	Term as KMP in 2015
DG McGauchie AO	Chairman	Full year
GR Davis	Non-executive director	Full year
Dr WB Goodfellow	Non-executive director	Full year
PM Margin	Non-executive director	Full year
AB Brennan	Non-executive director	Full year
FA Ford	Non-executive director	Full year
T Takasaki	Non-executive director	Full year
Current executive KMP		
G Hunt	Managing director and chief executive officer (5 May 2015 – 31 July 2015) Acting chief executive officer (5 February 2015 – 4 May 2015) Group executive, commercial operations (1 August 2014 – 4 February 2015)	Full year
P Binfield	Chief financial officer	Full year
E Prado	Group executive, manufacturing and supply chain	Full year
Former executive KMP		
B Benson	Group executive, marketing and portfolio development (ceased to be a KMP role from 1 August 2015)	Full year
DJ Rathbone AM	Managing director and chief executive officer (ceased employment 4 February 2015)	Part year
B Croft	Group executive, people and performance (ceased to be a KMP role from 4 February 2015)	Part year
R Heath	Group executive, corporate services (ceased to be a KMP role from 4 February 2015)	Part year
R Reis	Group executive, corporate strategy and external affairs (ceased to be a KMP role from 4 February 2015)	Part year

Remuneration governance

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

During 2015, the HRC reviewed information provided by Ernst & Young to assess whether existing frameworks remain appropriate.

The HRC also sought external general market movement data for the 2015 year from Ernst & Young, Hay Group and other reference points.

The board measures financial performance under the STI and LTIP using audited numbers. The relative total shareholder return (TSR) is measured by an independent external adviser.

Within the remuneration framework, the board has discretion to 'claw back' LTIP and deferred STI prior to vesting where:

- payment is contrary to the financial soundness of the company;
- 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.

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

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

Remuneration strategy

Nufarm's remuneration strategy and reward frameworks reflect the importance of improving the performance of the business and lifting returns on funds employed, as well as supporting a goal of attracting, motivating and retaining a high-performing workforce.

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

- an overall framework that supports attraction, motivation and retention of talent, shareholder value creation and reward differentiation;
- an STI program that is biased to growth in profitability and a strong focus on balance sheet management. The program also focuses individuals to achieve innovation and increased business discipline, both of which the company sees as integral to delivering targeted financial outcomes and returning the company to acceptable returns for shareholders; and
- an LTIP plan that is based on the principle of aligning executive interests and rewards with those of shareholders.

With a focus on growth and increased participation in high-value markets with sustainable returns, this improvement will be driven by:

- continued growth in our revenues;
- a strengthening of our margins;
- a continued, relentless focus on driving down net working capital; and
- a cost savings and performance improvement program that is planned to deliver a net benefit of at least $100 million by 2018.

A focus on working capital and improving returns on funds employed is fundamental to the way in which Nufarm operates and where it is heading with its organisational strategy, and is therefore a key element of the way performance is measured and assessed at a group and individual level.

The STI and LTIP combine shared accountability for financial results with individual reward for strategic changes and improvements within the individual's function or business unit. Each year the board reviews the financial metrics and individual objectives to ensure they remain appropriate as a basis of reward given the business strategy and the interest of shareholders.

The composition of remuneration at Nufarm

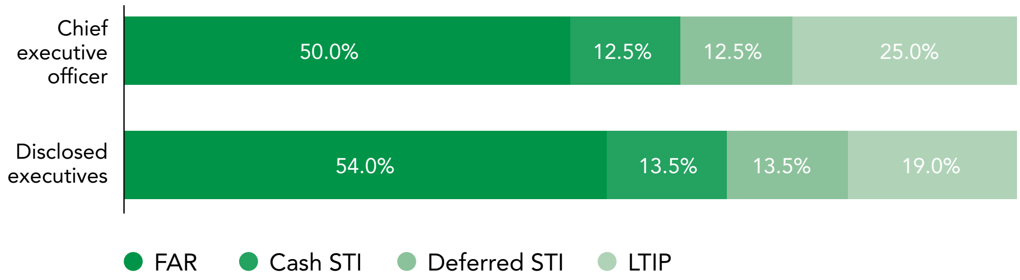
Until the appointment of the chief executive officer and managing director the company's remuneration policy was based on total target reward (TTR) structured to align overall remuneration spend with business performance.

Remuneration mix

For all current KMP, TTR was composed of FAR (55 per cent), a variable component of STI (25 per cent) linked to current year performance and a LTIP (20 per cent) linked to longer term performance and business outcomes.

With the appointment of Mr Hunt, the board approved a change to the executive remuneration structure from the TTR model, with fixed and variable components in aggregate equalling 100 per cent, to a more common structure of FAR with additional short term and long term incentives (described as a percentage of FAR) available to be earned subject to performance. Subsequently the executive employment agreements of current KMP Paul Binfield and Elbert Prado were refreshed effective 1 August 2015 and their remuneration mix aligned to the new standard.

The graph below outlines the target remuneration mix for the chief executive officer and other disclosed executives with the new structure applied.



The differences in the remuneration mix from FY15 to FY16 with respect of the managing director and chief executive officer position are described on page 41.

As part of aligning the corporate executive incentive potential and in conjunction with the change to new employment contracts, effective 1 August 2015 the short term incentive potential of Mr E Prado and Mr PA Binfield increased slightly from what was effectively 45.45 per cent of FAR in FY15 to 50 per cent of fixed annual remuneration effective from FY16.

New executives are employed on this basis. For longer serving executives, 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.

Fixed annual remuneration (FAR)

According to Nufarm's policy, FAR is benchmarked with reference to the 62.5th percentile of fixed remuneration paid in the industrial and chemicals sectors of the relevant country where the executive is based.

The 62.5th percentile positioning on the fixed remuneration component is important to be competitive in the market. With short and long term incentive potential considered at maximum performance, fixed and variable potential remuneration is comparable to the 75th percentile. This is a key part of Nufarm's pay for performance culture and underpins Nufarm's ability to attract and retain high-calibre talent.

Short term incentive (STI)

<table>
<tr><td>Who participates in the STI?</td><td colspan="5">Plan participants include disclosed executives 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 rowspan="3">What measures are used in the plan?</td><td colspan="5">The board sets measures at the start of each year focused on profitability and balance sheet management. Noted below are the measures used in 2015.</td></tr>
<tr><td colspan="2">80% of the potential was based on underlying net profit after tax (NPAT) and average net working capital (ANWC)/sales.</td><td colspan="3">20% of the potential was based on individual strategic and business improvement objectives aligned to the role and contribution of the executive.</td></tr>
<tr><td colspan="5">This structure reflects Nufarm's strong focus on the use of capital and ensures alignment of reward to business outcomes and shareholder returns.</td></tr>
<tr><td rowspan="4">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>Percentage budget achievement</td><td><85%</td><td>85%</td><td>100%</td><td>120% underlying NPAT
110% ANWC/Sales</td></tr>
<tr><td>Percentage of STI target award realised</td><td>Nil</td><td>25%</td><td>100%</td><td>150%</td></tr>
<tr><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 executives' 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 of the grant date of the deferred equity, subject to continued employment, or otherwise if the participant has left employment for a qualifying reason.</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 with board discretion where: payment is contrary to the financial soundness of the company; in circumstances where the financial performance of Nufarm over the relevant period (including the initial STI performance period) has been misstated; and/or for individual gross misconduct.</td></tr>
<tr><td>What happens if the executive leaves Nufarm?</td><td colspan="5">If an executive leaves before the vesting anniversary, under 'qualifying leaver' provisions the equity will remain in the plan until the vesting date. If the executive leaves under other than 'qualifying leaver' circumstances, the equity will be forfeited. 'Qualifying leaver' provisions include participants who cease employment due to retirement, death, ill health/disability, redundancy or contract severance without cause by Nufarm.

The rules of the plan provide the flexibility, in special circumstances (e.g. health or severe personal hardship), to accelerate the vesting. This would result in the shares being released from the trust to the executive.</td></tr>
</table>

Long term incentive plan (LTIP)

<table>
<tr><td>Why have an LTIP?</td><td colspan="2">This plan aligns executive interests and earnings with the longer term Nufarm strategy and the interests of shareholders.</td></tr>
<tr><td>Who participates in the LTIP?</td><td colspan="2">The current participants in the plan are disclosed executives and other selected senior managers (together, the LTIP participants).</td></tr>
<tr><td>Are the awards cash or shares?</td><td colspan="2">The plan rules provide the flexibility to use a number of different instruments provided they comply with local regulations and sound practice. FY12 and FY13 awards were granted to executives in the form of share rights, which comprise rights to acquire ordinary shares in the company for nil consideration, subject to the achievement of global performance hurdles.

From FY14, rights allocations have been indeterminate. At the time of vesting the board will determine if the rights convert to ordinary shares or cash or other instruments that may be in use at the time.</td></tr>
<tr><td>When are the awards made?</td><td colspan="2">Under the plan, LTIP participants receive an annual award of rights as soon as practical after the announcement of results for the preceding year.</td></tr>
<tr><td>How is the number of rights calculated?</td><td colspan="2">The number of rights to be granted is calculated by dividing the individual's LTI grant opportunity for the performance year by the volume weighted average price (VWAP) of the company's shares over the five trading days immediately following the prior year's annual results announcement.</td></tr>
<tr><td>When do the awards vest?</td><td colspan="2">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.</td></tr>
<tr><td>Why have ROFE and relative TSR been chosen as the hurdles?</td><td colspan="2">ROFE is used to track progress towards the goal to return long term results back to acceptable levels for Nufarm. Strong relative TSR performance ensures Nufarm is an attractive investment for shareholders.</td></tr>
<tr><td>What is the comparator group for the assessment of relative TSR?</td><td colspan="2">Based on the results of research and modelling carried out by Ernst & Young, at the inception of the plan the board approved the adoption of the 'S&P ASX 200 excluding those companies in the financial, materials and energy groups' as the TSR comparator group. This provides a group that is large enough for sound measurement with exclusions that reduce the volatility by removing companies that are in significantly different industries to Nufarm. Commencing from FY16, the board approved the inclusion of Dulux (DLX), Incitec Pivot (IPL) and Orica (ORI) on the basis of their similarity as chemical companies even though they appear in the materials index. The TSR comparator group is also seen as an appropriate representation of Nufarm's competitors for investment.</td></tr>
<tr><td>How is relative TSR measured?</td><td colspan="2">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 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.</td></tr>
<tr><td rowspan="5">What is the relative TSR performance required for vesting?</td><td>TSR of Nufarm relative to the TSR of comparator group companies</td><td>Proportion of TSR grant vesting</td></tr>
<tr><td>Less than 50th percentile</td><td>0%</td></tr>
<tr><td>50th percentile</td><td>50%</td></tr>
<tr><td>Between 51st percentile and 75th percentile</td><td>Straight-line vesting between 50% and 100%</td></tr>
<tr><td>75th percentile</td><td>100% vesting</td></tr>
<tr><td>How is the ROFE target set?</td><td colspan="2">ROFE objectives are set by the board at the beginning of each year. There is both a 'target' and a 'stretch' hurdle. These numbers are based on the budget and growth strategy. 'Target' represents a sustainable return to acceptable ROFE levels. Stretch recognises achievement well above budget. This ensures that full vesting of the LTIP is truly reliant on outstanding performance.</td></tr>
<tr><td>How is ROFE measured?</td><td colspan="2">Return is calculated on the group's earnings before interest and taxation and adjusted for any material items. Funds employed are represented by 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.</td></tr>
</table>

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 2015 year?

The table below shows the performance against target for the last three years of the plan.

	Target %	Outcome %
2013	10.9	8.8
2014	10.0	9.1
2015	10.8	11.0
Cumulative three-year average	10.6	9.6

The 2011 award, which matured on 31 July 2014, did not vest on either the ROFE or the relative TSR and the rights have been forfeited. The 2012 award, which matured in 2015, did not meet the ROFE hurdle rate over the three-year performance period but performance against the relative total shareholder return (TSR) target was above the 50th percentile over the same period and so 62.6% of performance rights vested by this measure.

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 retested and the award will lapse. There is no partial vesting of the LTIP before the third anniversary.
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.
What happens if an executive leaves?	To be eligible under the LTIP, the executive 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, (refer STI section above for definition of 'qualifying leaver') 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 to certain overriding discretions set out in the plan. The rules of the plans provide the flexibility, in special circumstances (e.g. health or severe personal hardship), to accelerate the vesting. The qualifying allocation will be tested against the hurdles to determine the value (if any) of the allocation.

Link between performance and disclosed executive remuneration outcomes

The table below summarises the company's performance and shareholder wealth statistics that influence disclosed executives' variable remuneration. These are listed over the last five years.

	Underlying EBIT*	ANWC/ sales***	Underlying NPAT**	ROFE achieved	Closing share price 31 July	Total shareholder return
	$M	%	$M	%	$	%
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)
2015	236.9	41.9	117.1	11.0	7.72	80.2

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

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

STI performance and outcomes

Based on an underlying NPAT result of $117.1 million, an ANWC/sales result at 41.9 per cent and performance against individual strategic and business improvement objectives, disclosed executives employed for the performance period FY16 were awarded an incentive in accordance with the rules of the plan.

Individual objectives were driven by Nufarm's strategy and the goals to deliver on sustainable innovation and business discipline across the business. These objectives were specific to the role of each executive and included organisation restructuring, management of risk, efficiency improvements, partnership development, portfolio enhancement, business process and systems improvements and the implementation of initiatives to support growth in higher value segments.

The chief executive officer's incentive outcome for 2015 was calculated on the aforementioned achievement of financial results as well as achievement of strategic objectives, including development and delivery of regional business plans, restructuring and EBIT improvement of the Australian and North American businesses, improvement in the gross profit margin and implementation of net working capital management disciplines. The outcome was pro-rated according to the time Mr Hunt spent in each position during the plan year.

LTIP performance and outcomes

The LTIP vests on the third anniversary. Nufarm did not meet its ROFE target over the three-year performance period and so no award was earned against this measure. Performance against the relative TSR target was above the 50th percentile over the same period, so 62.6 per cent performance rights vested by this measure.

FY15 STI and LTIP outcomes

	2015 STI potential					
Disclosed executive	At target $	At maximum $	Total award as a % of target potential**	Total award $	To be paid in cash in October 2015 $	Retained in shares vesting 2nd anniversary 31 July 2017 $
Greg Hunt	438,994	658,491	100	439,188	219,594	219,594
Paul Binfield	335,650	503,475	100	335,798	167,899	167,899
Elbert Prado	272,727	409,091	100	272,848	136,424	136,424
Brian Benson	536,532	804,798	95	509,943	254,971	254,971
Robert Reis*	468,867	703,301	100	469,074	234,537	234,537
Rodney Heath*	246,179	369,269	100	246,288	123,144	123,144

* Amounts shown represent the full year outcome. Note that amounts shown in the remuneration table represent the remuneration earned whilst acting as a KMP.

** The total award was more precisely 95.04 per cent in the case of Mr Benson and 100.04 per cent for all other disclosed executives. The fact that the result was close to 100 per cent for most was purely coincidental due to some measures vesting at stretch and others vesting below target.

2012 LTI award due to vest 31 July 2015

Disclosed executive	Total number of rights available	Total number of rights awarded	Total award as a % of potential	Grant date fair value of rights awarded	Total award $
Current KMP					
Greg Hunt	38,288	11,984	31	$3.86	46,258
Paul Binfield	42,578	13,327	31	$3.86	51,442
Elbert Prado	–	–	0	$3.86	–
Former KMP					
Brian Benson	25,562	8,001	31	$3.86	30,884
Robert Reis	22,770	7,127	31	$3.86	27,510
Rodney Heath	11,954	3,742	31	$3.86	14,444
Doug Rathbone*	112,576	35,236	31	$3.50	123,326

* Amounts net of rights forgone upon departure from Nufarm in accordance with plan rules, whereby rights are pro-rated for service during performance period.

FY15 LTIP grant offered

Disclosed executive	LTI grant opportunity $	Number of performance rights*	Effective grant date	Vesting date	Fair value at grant date** TSR tranche (50% of award)	ROFE tranche (50% of award)
Current KMP						
Greg Hunt	241,227	49,778	1.08.2014	31.7.2017	$3.12	$4.62
Paul Binfield	268,253	55,355	1.08.2014	31.7.2017	$3.12	$4.62
Elbert Prado	181,654	37,485	1.08.2014	31.7.2017	$3.12	$4.62
Former KMP						
Brian Benson	159,498	32,913	1.08.2014	31.7.2017	$3.12	$4.62
Robert Reis	142,077	29,318	1.08.2014	31.7.2017	$3.12	$4.62
Rodney Heath	74,590	15,392	1.08.2014	31.7.2017	$3.12	$4.62

* Rights were valued at $4.846, being the five-day VWAP post the announcement of the 2014 annual results.

** In accordance with Australian Accounting Standards.

Service contracts

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

The company may terminate the contract of the chief executive officer and managing director by giving six months' notice, in which case the chief executive officer would be entitled to a termination payment of 12 months FAR inclusive of any notice paid in lieu. The contract also provides for payment of applicable statutory entitlements.

The chief executive officer may terminate the contract by giving the company six months' notice.

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

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

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 2014 AGM, shareholders approved an aggregate of $1,760,000 per year (including superannuation costs).

Set out below are details of the annual fees payable for the year ended 31 July 2015 (including superannuation costs). Non-executive director fees were reviewed and changed effective from 1 February 2015. This review saw a modest increase in board committee chair fees ranging from zero per cent to eight per cent, and an adjustment to committee members' fees to move to 50 per cent of the committee chair fee, consistent with market practice.

The total fees for the 2015 year remained within the approved cap. Board fees are reviewed every 18 months. These fees will be reviewed again in July 2016.

	Fees applicable from 1 August 2014 to 31 January 2015 ($) per annum	Fees applicable from 1 February 2015 to 31 July 2015 ($) per annum
Chairman*	346,500	363,825
General board	141,750	148,838
Audit committee chair	28,875	30,000
Audit committee member	11,550	15,000
Health, safety and environment committee chair	17,325	17,500
Health, safety and environment risk committee member	5,775	8,750
Human resources committee chair	23,100	25,000
Human resources committee member	8,663	12,500
Nominations committee chair	11,550	11,550
Nominations committee member	1,444 per meeting	1,500 per meeting

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

Remuneration of directors and disclosed executives

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

		Short term			
In AUD		**Salary and fees $**	**Cash bonus (vested) $**	**Non-monetary benefits $**	**Total $**
Directors' non-executive					
AB Brennan	2015	151,148	–	–	151,148
	2014	143,301	–	–	143,301
GR Davis	2015	169,886	–	–	169,886
	2014	162,988	–	–	162,988
Dr WB Goodfellow	2015	138,852	–	–	138,852
	2014	132,801	–	–	132,801
DG McGauchie	2015	322,875	–	–	322,875
	2014	315,000	–	–	315,000
P Margin	2015	169,120	–	–	169,120
	2014	155,114	–	–	155,114
F Ford	2015	165,613	–	–	165,613
	2014	159,051	–	–	159,051
T Takasaki	2015	138,688	–	–	138,688
	2014	130,718	–	–	130,718
Sub total non-executive directors remuneration	2015	1,256,182	–	–	1,256,182
	2014	1,198,973	–	–	1,198,973
Executive director DJ Rathbone[2]	2015	828,659	124,265	120,045	1,072,969
	2014	1,581,554	440,339	55,027	2,076,920
Executive director GA Hunt[9]	2015	835,581	219,594	–	1,055,175
	2014	606,730	48,550	8,636	663,916
Total directors' remuneration	2015	2,920,422	343,859	120,045	3,384,326
	2014	3,387,257	488,889	63,663	3,939,809
Group executives – current KMP					
PA Binfield	2015	694,369	167,899	–	862,268
	2014	677,492	54,141	–	731,633
E Prado[3]	2015	513,759	136,424	20,031	670,214
	2014	443,055	34,625	57,378	535,058
Group executives – former KMP					
BF Benson[4]	2015	778,788	254,971	3,785	1,037,544
	2014	753,818	87,385	16,557	857,760
BJ Croft[7,8]	2015	166,510	–	134,409	300,919
	2014	333,042	41,112	43,207	417,361
R Heath[7]	2015	162,845	63,428	31,774	258,047
	2014	290,654	40,095	34,097	364,846
RG Reis[7]	2015	324,815	120,803	23,375	468,993
	2014	657,587	76,365	22,199	756,151
DA Mellody[5]	2015	–	–	–	–
	2014	561,743	65,576	16,479	643,798
MJ Pointon[6]	2015	–	–	–	–
	2014	410,026	48,024	18,381	476,431
Sub total – total executive remuneration	2015	2,641,086	743,525	213,374	3,597,985
	2014	4,127,417	447,323	208,298	4,783,038
Total directors and executive remuneration	2015	5,561,508	1,087,384	333,419	6,982,311
	2014	7,514,674	936,212	271,961	8,722,847

1. Represents total remuneration in the financial year.
2. Mr DJ Rathbone's termination payment is as disclosed to the ASX on 4 February 2015. Mr Rathbone has been retained on a consulting arrangement to continue to assist with specific transactions and legacy matters. The total sum of fees paid to Mr Rathbone will be $1 million over a 12-month period.
3. Mr E Prado was appointed to the role of group executive manufacturing and supply chain on 1 July 2013. He has progressively assumed direct global responsibility for the manufacturing and supply chain functions previously managed on a regional basis. Mr Prado's fixed remuneration was increased by 16 per cent in 2015 in light of his increased responsibilities and market comparisons.
4. Mr BF Benson – 'other long term' 2014 includes partial payout of annual leave accrued. Mr Benson's role became redundant effective 31 July 2015 with his responsibilities split across two executive positions. In accordance with his contract, he was paid the Nufarm Australia redundancy policy and a proportion of notice in lieu. Mr Benson's deferred STI for FY13, FY14 and FY15 and his LTIP grants for all years up to and including 2015 remain on foot in accordance with their original terms. His termination benefits are under the Corporations Act cap.
5. As noted in section 2, Mr DA Mellody, group executive procurement and commercial services ceased to be a KMP from 1 August 2014. Mr Mellody's responsibilities were transitioned to the group executive manufacturing and supply chain held by Mr E Prado and the position became redundant effective 27 February 2015. Mr Mellody received entitlements consistent with his contract and the Nufarm Australia redundancy policy and subject to the provisions of the Corporations Act.

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 %
15,115	–	–	–	166,263		
14,330	–	–	–	157,631		
16,989	–	–	–	186,875		
16,299	–	–	–	179,287		
13,885	–	–	–	152,737		
13,280	–	–	–	146,081		
32,287	–	–	–	355,162		
31,500	–	–	–	346,500		
16,912	–	–	–	186,032		
15,511	–	–	–	170,625		
16,561	–	–	–	182,174		
15,905	–	–	–	174,956		
13,869	–	–	–	152,557		
13,071	–	–	–	143,789		
125,618	–	–	–	1,381,800		
119,896	–	–	–	1,318,869		
17,261	1,643,193	(213,840)	101,717	2,621,300	-3	-8
33,416	–	192,602	75,383	2,378,321	27	8
34,983	–	175,682	–	1,265,840	31	6
25,832	–	112,038	–	801,786	20	8
177,862	1,643,193	(38,158)	101,717	5,268,940		
179,144	–	304,640	75,383	4,498,976		
34,200	–	170,030	–	1,066,498	32	7
24,650	–	126,562	–	882,845	20	8
30,843	–	139,147	–	840,204	33	6
23,180	–	43,441	–	601,679	13	8
66,350	1,196,954	372,067	87,904	2,760,819	23	1
24,850	–	141,108	229,130	1,252,848	18	3
17,917	425,600	(86,857)	–	657,579	-13	-7
35,000	–	66,792	–	519,153	21	4
17,507	–	45,910	69,319	390,783	28	3
34,017	–	65,223	17,101	481,187	22	4
17,507	–	87,442	22,335	596,277	35	4
24,850	–	124,230	23,266	928,497	22	4
–	–	–	–	–	–	–
24,175	–	106,058	5,588	779,619	22	4
–	–	–	–	–	–	–
24,850	–	82,320	10,992	594,593	22	5
184,324	1,622,554	727,739	179,558	6,312,160		
215,572	–	755,734	286,077	6,040,421		
362,186	3,265,747	689,581	281,275	11,581,100		
394,716	–	1,060,374	361,460	10,539,397		

6. As noted in section 2, Mr MJ Pointon ceased to be a KMP from 1 August 2014. Mr MJ Pointon is currently employed as general manager innovation and development reporting to the group executive marketing and portfolio strategy.
7. As noted in section 2, Mr RG Reis, Mr R Heath and Ms BJ Croft were no longer KMP from 4 February 2015.
8. Ms BJ Croft's termination payment was subject to the provisions of the Corporations Act. For a short time, the group entered into a consulting arrangement with Ms BJ Croft after employment to support change management activities on a business improvement project until alternative resourcing arrangements were put in place.
9. Mr GA Hunt's remuneration was pro-rated for the time he spent in the position of group executive commercial operations, acting managing director and chief executive officer and the subsequent permanent appointment to the same position.

Note: apart from the adjustment of Mr Prado's remuneration in view of his increased responsibilities, and Mr GA Hunt's increase due to stepping up into the managing director and chief executive officer role, disclosed executives were granted increases in fixed remuneration and short term incentive potential of between three per cent and four per cent. Percentage increases reflected individual performance and alignment to market comparators.

Equity instruments held by disclosed executives

The following tables show the number of:

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

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

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

Options/rights over ordinary shares in Nufarm Limited

	Scheme	Balance at 1 August 2014	Granted as remuneration	Exercised	Forfeited or lapsed[d]	Net change other[f]	Balance at 31 July 2015[e]	Vested during 2015	Vested at 31 July 2015[a]	Value at date of forfeiture[d]
Directors										
DJ Rathbone[b]	LTI performance	305,163	–	–	(183,708)	(121,455)	–	35,236	35,236	1,418,226
GA Hunt	LTI performance	87,153	49,778	–	(26,304)	–	110,627	11,984	11,984	203,067
	STI deferred[c]	21,545	10,018	–	–	–	31,563	9,769	21,545	–
Executives										
Current KMP										
P Binfield	LTI performance	96,919	55,355	–	(29,251)	–	123,023	13,327	13,327	225,818
	STI deferred[c]	10,894	11,172	(10,894)	–	–	11,172	10,894	–	–
E Prado	LTI performance	34,786	37,485	–	–	–	72,271	–	–	–
	STI deferred[c]	–	7,145	–	–	–	7,145	–	–	–
Former KMP										
BF Benson	LTI performance	58,186	32,913	–	(50,378)	–	40,721	8,001	8,001	388,918
	STI deferred[c]	17,582	18,032	(17,582)	–	–	18,032	17,582	–	–
BJ Croft	LTI performance	27,902	–	–	(27,902)	–	–	–	–	215,403
	STI deferred[c]	8,272	8,484	–	(16,756)	–	–	–	–	129,356
R Heath	LTI performance	27,211	15,392	–	(8,212)	(34,391)	–	3,742	3,742	63,397
	STI deferred[c]	27,341	8,274	–	–	(35,615)	–	8,067	27,341	–
DA Mellody	LTI performance	44,505	–	–	–	(44,505)	–	–	–	–
	STI deferred[c]	13,194	–	–	–	(13,194)	–	–	–	–
MJ Pointon	LTI performance	37,037	–	–	–	(37,037)	–	–	–	–
	STI deferred[c]	9,663	–	–	–	(9,663)	–	–	–	–
RG Reis	LTI performance	51,831	29,318	–	(15,643)	(65,506)	–	7,127	7,127	120,764
	STI deferred[c]	15,366	15,758	(15,366)	–	(15,758)	–	15,366	–	–
Total	LTI performance	770,693	220,241	–	(341,398)	(302,894)	346,642	79,417	79,417	2,635,593
	STI deferred	123,857	78,883	(43,842)	(16,756)	(74,230)	67,912	61,678	48,886	129,356
Total		894,550	299,124	(43,842)	(358,154)	(377,124)	414,554	141,095	128,303	2,764,949

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

(b) On ceasing employment, DJ Rathbone forfeited rights pro-rated for service during performance period. 'Net change other' captures rights that remain on foot (86,219) and vested rights (35,236).

(c) The grant date fair value of deferred shares granted as remuneration in 2015 was $4.846. 100 per cent of STI deferred shares available to vest in 2015 vested as the necessary service condition was satisfied. 100 per cent of non-vested STI deferred shares are due to vest in 2016. Note those deferred shares granted as remuneration during FY15 relate to the FY14 STI outcomes. Deferred shares granted as remuneration on the back of the FY15 STI outcomes will be determined and allocated in October 2015.

(d) LTIP performance rights forfeited due to a failure to satisfy service or performance conditions during 2015 are disclosed in column 'forfeited or lapsed'. 69 per cent of rights due to vest in 2015 were forfeited. The value of LTIP performance rights forfeited is expressed in the table above using the share price of the company at 31 July 2015 of $7.72.

(e) 174,998 of total LTIP performance rights held by disclosed executives are due to vest in 2016, with the balance due to vest in 2017.

(f) 'Net change other' reflects changes to KMP during the period.

Shares held in Nufarm Limited

	Note	Balance at 1 August 2014	Granted as remuneration	On exercise of rights	Net change other	Balance at 31 July 2015
Directors						
DG McGauchie		46,239	–	–	–	**46,239**
GA Hunt		10,000	–	–	12,862	**22,862**
DJ Rathbone	2	3,368,241	–	–	(3,368,241)	**–**
AB Brennan		10,000	–	–	–	**10,000**
GR Davis		40,000	–	–	–	**40,000**
FA Ford		10,000	–	–	–	**10,000**
Dr WB Goodfellow	1	1,146,138	–	–	2,577	**1,148,715**
PM Margin		2,458	–	–	–	**2,458**
T Takasaki		–	–	–	–	**–**
Executives						
Current KMP						
P Binfield		74,624	–	10,894	–	**85,518**
E Prado		–	–	–	–	**–**
Former KMP						
BF Benson		113,187	–	17,582	–	**130,769**
BJ Croft	3	45,882	–	–	(45,882)	**–**
R Heath	3	218,300	–	–	(218,300)	**–**
DA Mellody	3	38,306	–	–	(38,306)	**–**
MJ Pointon	3	59,320	–	–	(59,320)	**–**
RG Reis	3	168,525	–	15,366	(183,891)	**–**
Total		5,351,220	–	43,842	(3,901,363)	**1,496,561**

1. The holding of Dr WB Goodfellow includes his relevant interest in:
   (i) St Kentigern Trust Board (430,434 shares and 19,727 step-up securities) – Dr Goodfellow is chairman of the Trust Board. Dr Goodfellow does not have a beneficial interest in these shares or step-up securities.
   (ii) Sulkem Company Limited (126,493 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).
   (vii) Shares issued under the company's non-executive director share plan and held by Pacific Custodians Pty Ltd as trustee of the plan.
2. DJ Rathbone ceased employment on 4 February 2015.
3. The roles held by BJ Croft, R Heath, DA Mellody, MJ Pointon and RG Reis ceased to be KMP during the year ended 31 July 2015, and therefore their shareholdings at 31 July 2015 have been removed from this disclosure.

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 131,681 (2014: nil) unissued shares under option. The unissued shares under option have been provided to Nufarm employees as performance rights and the exercise price of such options is nil.

Loans to key management personnel

There were no loans to key management personnel at 31 July 2015 (2014: 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 directors' 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

GA Hunt
Director

Melbourne
23 September 2015

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 2015 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

Gordon Sangster
Partner

Melbourne
23 September 2015

INCOME STATEMENT
For the year ended 31 July 2015

	Note	Consolidated 2015 $000	2014 $000
Continuing operations			
Revenue		**2,737,163**	2,622,704
Cost of sales		**(2,020,290)**	(1,955,363)
Gross profit		**716,873**	667,341
Other income	7	**11,710**	10,882
Sales, marketing and distribution expenses		**(348,120)**	(321,912)
General and administrative expenses		**(198,620)**	(168,489)
Research and development expenses		**(32,745)**	(40,184)
Share of net profits/(losses) of equity accounted investees	19	**1,120**	2,208
Operating profit		**150,218**	149,846
Financial income excluding foreign exchange gains/(losses)	10	**7,423**	5,050
Net foreign exchange gains/(losses)	10	**(302)**	(12,609)
Net financing income		**7,121**	(7,559)
Financial expenses	10	**(82,329)**	(80,436)
Net financing costs		**(75,208)**	(87,995)
Profit/(loss) before income tax		**75,010**	61,851
Income tax benefit/(expense)	11	**(31,961)**	(24,104)
Profit/(loss) for the period from continuing operations		**43,049**	37,747
Attributable to:			
Equity holders of the company		**43,220**	37,707
Non-controlling interests		**(171)**	40
Profit/(loss) for the period		**43,049**	37,747
Earnings per share			
Basic earnings/(loss) per share	30	**11.7**	9.6
Diluted earnings/(loss) per share	30	**11.6**	9.6

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2015

	Note	Consolidated 2015 $000	2014 $000
Profit/(loss) for the period		**43,049**	37,747
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences for foreign operations		**36,352**	(62,136)
Effective portion of changes in fair value of cash flow hedges		**1,437**	(860)
Effective portion of changes in fair value of net investment hedges		**(7,572)**	10,314
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans		**(19,323)**	(15,321)
Income tax on share-based payment transactions		**(201)**	(71)
Other comprehensive profit/(loss) for the period, net of income tax		**10,693**	(68,074)
Total comprehensive profit/(loss) for the period		**53,742**	(30,327)
Attributable to:			
Equity holders of the company		**53,913**	(30,367)
Non-controlling interest		**(171)**	40
Total comprehensive profit/(loss) for the period		**53,742**	(30,327)

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 2015

	Note	Consolidated 2015 $000	2014 $000
Assets			
Cash and cash equivalents	15	**391,418**	241,638
Trade and other receivables	16	**732,391**	724,555
Inventories	17	**753,690**	632,901
Current tax assets	18	**39,259**	30,362
Total current assets		**1,916,758**	1,629,456
Non-current assets			
Trade and other receivables	16	**73,123**	67,481
Investments in equity accounted investees	19	**10,552**	7,786
Other investments	20	**466**	477
Deferred tax assets	18	**250,942**	235,741
Property, plant and equipment	22	**369,883**	371,055
Intangible assets	23	**952,464**	859,450
Total non-current assets		**1,657,430**	1,541,990
TOTAL ASSETS		**3,574,188**	3,171,446
Current liabilities			
Bank overdraft	15	**1,282**	–
Trade and other payables	24	**671,483**	515,933
Loans and borrowings	25	**380,426**	318,948
Employee benefits	26	**19,552**	19,423
Current tax payable	18	**5,919**	20,605
Provisions	28	**33,174**	15,701
Total current liabilities		**1,111,836**	890,610
Non-current liabilities			
Payables	24	**22,691**	42,326
Loans and borrowings	25	**556,427**	436,057
Deferred tax liabilities	18	**151,807**	124,562
Employee benefits	26	**94,632**	69,191
Total non-current liabilities		**825,557**	672,136
TOTAL LIABILITIES		**1,937,393**	1,562,746
NET ASSETS		**1,636,795**	1,608,700
Equity			
Share capital		**1,074,119**	1,068,871
Reserves		**(213,134)**	(248,573)
Retained earnings		**524,089**	536,241
Equity attributable to equity holders of the company		**1,385,074**	1,356,539
Nufarm step-up securities		**246,932**	246,932
Non-controlling interest		**4,789**	5,229
TOTAL EQUITY		**1,636,795**	1,608,700

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

STATEMENT OF CASH FLOWS
For the year ended 31 July 2015

	Note	Consolidated 2015 $000	2014 $000
Cash flows from operating activities			
Cash receipts from customers		**2,841,147**	2,698,423
Cash paid to suppliers and employees		**(2,484,368)**	(2,316,894)
Cash generated from operations		**356,779**	381,529
Interest received		**7,423**	5,050
Dividends received		**538**	254
Interest paid		**(73,182)**	(68,937)
Income tax paid		**(43,149)**	(45,028)
Material items	6	**(19,899)**	(4,771)
Net cash from operating activities	38	**228,510**	268,097
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**6,806**	689
Proceeds from sales of businesses and investments		**–**	2,088
Payments for plant and equipment		**(46,654)**	(44,460)
Purchase of businesses, net of cash acquired		**–**	–
Payments for acquired intangibles and major product development expenditure		**(64,251)**	(59,668)
Net investing cash flows		**(104,099)**	(101,351)
Cash flows from financing activities			
Debt establishment transaction costs		**(1,536)**	(6,558)
Proceeds from borrowings		**1,071,244**	910,991
Repayment of borrowings		**(1,023,581)**	(1,047,435)
Distribution to Nufarm step-up security holders		**(16,689)**	(16,905)
Dividends paid		**(20,913)**	(18,371)
Net financing cash flows		**8,525**	(178,278)
Net increase/(decrease) in cash and cash equivalents		**132,936**	(11,532)
Cash at the beginning of the year		**241,638**	264,972
Exchange rate fluctuations on foreign cash balances		**15,562**	(11,802)
Cash and cash equivalents at 31 July	15	**390,136**	241,638

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 2015

Consolidated	Share capital $000	Translation reserve $000	Capital profit reserve $000
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
Balance at 1 August 2014	**1,068,871**	**(258,779)**	**33,627**
Profit/(loss) for the period	**–**	**–**	**–**
Other comprehensive income			
Actuarial gains/(losses) on defined benefit plans	**–**	**–**	**–**
Foreign exchange translation differences	**–**	**36,352**	**–**
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	**–**	**36,352**	**–**
Transactions with owners, recorded directly in equity			
Accrued employee share award entitlement	**–**	**–**	**–**
Issuance of shares under employee share plans	**2,104**	**–**	**–**
Dividends paid to shareholders	**–**	**–**	**–**
Dividend reinvestment plan	**3,144**	**–**	**–**
Distributions to Nufarm step-up security holders	**–**	**–**	**–**
Remeasurement of non-controlling interest option	**–**	**–**	**–**
Balance at 31 July 2015	**1,074,119**	**(222,427)**	**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 2015

Other reserve $000	Retained earnings $000	Total $000	Nufarm step-up securities $000	Non-controlling interest $000	Total equity $000
(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
(23,421)	**536,241**	**1,356,539**	**246,932**	**5,229**	**1,608,700**
–	**43,220**	**43,220**	**–**	**(171)**	**43,049**
–	**(19,323)**	**(19,323)**	**–**	**–**	**(19,323)**
–	**–**	**36,352**	**–**	**–**	**36,352**
1,437	**–**	**1,437**	**–**	**–**	**1,437**
(7,572)	**–**	**(7,572)**	**–**	**–**	**(7,572)**
(201)	**–**	**(201)**	**–**	**–**	**(201)**
(6,336)	**23,897**	**53,913**	**–**	**(171)**	**53,742**
4,304	**–**	**4,304**	**–**	**–**	**4,304**
(2,104)	**–**	**–**	**–**	**–**	**–**
–	**(23,788)**	**(23,788)**	**–**	**(269)**	**(24,057)**
–	**–**	**3,144**	**–**	**–**	**3,144**
–	**(12,261)**	**(12,261)**	**–**	**–**	**(12,261)**
3,223	**–**	**3,223**	**–**	**–**	**3,223**
(24,334)	**524,089**	**1,385,074**	**246,932**	**4,789**	**1,636,795**

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 2015 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 that 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 2015.

(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.

(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 that 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.

During the current reporting period, a number of new or amended standards became applicable for the first time, *IFRIC21 Levies, Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycle and Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)*. These standards did not materially effect the entity's accounting policies or any of the amounts recognised in the financial statements.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, 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 2019 consolidated financial statements, and IFRS 15 *Revenue from Contracts with Customers*, which becomes mandatory for the 2018 consolidated financial statements. AASB 9 could change the classification and measurement of financial assets and IFRS 15 could change revenue recognition practices. The group does not currently plan to adopt these standards early and the extent of the impact (if any) has not been determined.

3. Significant accounting policies (continued)

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. 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.

(ii) Non-controlling interests (NCI)

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

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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Investments in equity accounted investees (continued)

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 discontinue 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.

(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.

3. Significant accounting policies (continued)

(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.

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.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Non-derivative financial liabilities (continued)

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.

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.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

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.

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(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.

3. Significant accounting policies (continued)

(i) Non-current assets held for sale (continued)

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

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

(j) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan asset (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in 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.

3. Significant accounting policies (continued)

(j) Employee benefits (continued)

(v) Short term benefits

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

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

(vi) Share-based payment transactions

The group has a global share plan for employees whereby matching and loyalty shares are granted to employees. The fair value of matching and loyalty shares granted is recognised as 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. Performance 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 to 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.

3. Significant accounting policies (continued)

(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.

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.

3. Significant accounting policies (continued)

(o) Income tax (continued)

(i) Tax consolidation

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

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

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

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 are 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 (GST)

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 that 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.

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 has 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 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, being crop protection and seed technologies.

The crop protection business deals in the manufacture and sale of crop protection products used by farmers to protect crops from damage caused by weeds, pests and disease. It is managed by major geographic segments, being Australia and New Zealand, Asia, Europe, North America and South America. The North America region includes Canada, the United States, 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)

	Crop protection						Seed technologies	Corporate	Group
2015 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	582,391	155,233	544,775	588,650	706,533	2,577,582	159,581	–	2,737,163
Results									
Underlying EBITDA[(a)]	69,952	21,661	98,565	54,579	79,604	324,361	37,648	(44,919)	317,090
Depreciation and amortisation excluding material items	(17,207)	(3,527)	(34,139)	(15,658)	(2,920)	(73,451)	(5,819)	(938)	(80,208)
Underlying EBIT[(a)]	52,745	18,134	64,426	38,921	76,684	250,910	31,829	(45,857)	236,882
Material items included in operating profit (refer note 6)									(86,664)
Material items included in net financing costs (refer note 6)									–
Net financing costs (excluding material items)									(75,208)
Profit/(loss) before tax									75,010
Assets									
Segment assets	440,197	97,380	751,869	531,119	671,788	2,492,353	375,982	695,301	3,563,636
Investment in associates	–	8,761	1,441	–	–	10,202	350	–	10,552
Total assets	440,197	106,141	753,310	531,119	671,788	2,502,555	376,332	695,301	3,574,188
Liabilities									
Segment liabilities	146,079	110,567	257,625	103,421	194,533	812,225	26,914	1,098,254	1,937,393
Total liabilities	146,079	110,567	257,625	103,421	194,533	812,225	26,914	1,098,254	1,937,393
Other segment information									
Capital expenditure	14,727	1,316	40,282	22,969	6,844	86,138	25,580	–	111,718

(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)

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)

Geographical information	Revenue by location of customer 2015 $000	2014 $000	Non-current assets by location 2015 $000	2014 $000
Australia	**548,307**	570,396	**250,651**	228,520
New Zealand	**59,391**	67,866	**5,429**	7,051
Asia	**155,233**	151,065	**43,607**	39,915
Europe	**567,446**	579,131	**437,265**	393,527
US	**561,674**	459,625	**405,718**	321,470
Rest of North America	**105,913**	105,100	**14,311**	24,050
Brazil	**556,475**	552,391	**231,166**	272,202
Rest of South America	**182,724**	137,130	**18,341**	19,513
Unallocated(b)	**–**	–	**250,942**	235,742
Total	**2,737,163**	2,622,704	**1,657,430**	1,541,990

(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 2015 $000 Pre-tax	Consolidated 2015 $000 After-tax	Consolidated 2014 $000 Pre-tax	Consolidated 2014 $000 After-tax
Material items by category:				
Asset rationalisation and restructure	**(86,664)**	**(73,839)**	(50,761)	(48,704)
	(86,664)	**(73,839)**	(50,761)	(48,704)

2015 asset rationalisation and restructure

The 2015 asset rationalisation and restructuring program has resulted in the rationalisation of under-utilised assets and an organisational restructure throughout the Nufarm group. Asset rationalisation and restructure costs amounting to $86.664 million mainly relate to the rationalisation of European manufacturing assets, whereby the Botlek manufacturing facilities will be closed and manufacturing consolidated. A breakdown of the nature of the costs incurred are further described below. Asset rationalisation costs have only been tax benefited to the extent that it is probable that the benefit will be utilised.

Summary of nature of cost	Note	2015 $000	Further explanation of nature of cost
Organisational restructuring costs	(a)	**(14,335)**	Primarily redundancy and consultancy costs.
European manufacturing asset rationalisation		**(46,349)**	Primarily redundancies, consultancy and plant closure costs.
Other asset rationalisation costs	(b)	**(25,980)**	
		(86,664)	

(a) Costs associated with the departure of Doug Rathbone (managing director) in February 2015 form a part of this material item. Refer to the remuneration report for further information regarding termination payments made to Doug Rathbone during the year ended 31 July 2015.

(b) Primarily costs associated with the rationalisation and outsourcing of underperforming assets such as low yielding stock lines, product-related intangibles and other fixed assets.

6. Items of material income and expense (continued)

2014 asset rationalisation and restructure

Asset rationalisation and restructure costs of $50.761 million 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.

Material items are classified by function as follows:

Year ended 31 July 2015 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expenses	Net financing costs	Total pre-tax
Asset rationalisation and restructure	**(48,349)**	**(5,142)**	**(33,111)**	**(62)**	**–**	**(86,664)**
	(48,349)	**(5,142)**	**(33,111)**	**(62)**	**–**	**(86,664)**
Total material items included operating profit	**(48,349)**	**(5,142)**	**(33,111)**	**(62)**	**–**	**(86,664)**

Year ended 31 July 2014 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Research and development expenses	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)

7. Other income

	Consolidated 2015 $000	Consolidated 2014 $000
Dividend income	**137**	134
Rental income	**241**	199
Sundry income	**11,332**	10,549
Total other income	**11,710**	10,882

8. Other expenses

The following expenses were included in the period result:

	Consolidated 2015 $000	Consolidated 2014 $000
Depreciation and amortisation	**(80,208)**	(80,816)
Inventory write down	**(11,104)**	(5,693)

9. Personnel expenses

	Consolidated 2015 $000	Consolidated 2014 $000
Wages and salaries	**(261,896)**	(242,767)
Other associated personnel expenses	**(46,583)**	(42,580)
Contributions to defined contribution superannuation funds	**(15,398)**	(13,742)
Expense/(gain) related to defined benefit superannuation funds	**2,528**	(4,002)
Short term employee benefits	**(9,975)**	(9,681)
Other long term employee benefits	**(2,597)**	(2,091)
Restructuring	**(22,162)**	(14,732)
Personnel expenses	**(356,083)**	(329,595)

The restructure expense relates to the rationalisation and restructure of the group's European manufacturing assets. These costs are included in material items in note 6.

10. Finance income and expense

	Consolidated 2015 $000	Consolidated 2014 $000
Financial income excluding foreign exchange gains/(losses)	**7,423**	5,050
Net foreign exchange gains/(losses)	**(302)**	(12,609)
Financial income	**7,121**	(7,559)
Interest expense – external	**(73,054)**	(67,527)
Interest expense – debt establishment transaction costs	**(7,175)**	(11,129)
Lease expense – finance charges	**(2,100)**	(1,780)
Financial expenses	**(82,329)**	(80,436)
Net financing costs	**(75,208)**	(87,995)

11. Income tax expense

	Note	Consolidated 2015 $000	2014 $000
Recognised in the income statement			
Current tax expense			
Current period		**24,567**	24,275
Non-recognition of tax assets on material items		**11,272**	12,961
Adjustments for prior periods		**489**	(4,013)
Current tax expense		**36,328**	33,223
Deferred tax expense			
Origination and reversal of temporary differences and tax losses		**(1,602)**	(9,974)
Reduction in tax rates		**25**	(221)
Initial (recognition)/derecognition of tax assets		**(2,790)**	1,076
Deferred tax expense/(benefit)		**(4,367)**	(9,119)
Total income tax expense/(benefit) in income statement		**31,961**	24,104
Attributable to:			
Continuing operations		**31,961**	24,104
Total income tax expense/(benefit) in income statement		**31,961**	24,104
Numerical reconciliation between tax expense and pre-tax net profit			
Profit/(loss) before tax		**75,010**	61,851
Income tax using the local corporate tax rate of 30%		**22,503**	18,555
Increase/(decrease) in income tax expense due to:			
Non-deductible expenses		**5,102**	2,642
Other taxable income		**2,668**	1,939
Effect of changes in the tax rate		**25**	(221)
Initial (recognition)/derecognition of tax assets		**(2,790)**	1,076
Non-recognition of tax assets on material items		**11,272**	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		**(2,195)**	(4,349)
Tax exempt income		**(2,607)**	(1,747)
Tax incentives not recognised in the income statement		**(2,506)**	(2,739)
		31,472	28,117
Under/(over) provided in prior years		**489**	(4,013)
Income tax expense/(benefit)		**31,961**	24,104
Income tax recognised directly in equity			
Nufarm step-up securities distribution		**(4,428)**	(4,536)
Income tax recognised directly in equity		**(4,428)**	(4,536)
Income tax recognised in other comprehensive income			
Relating to actuarial gains/(losses) on defined benefit plans		**(4,997)**	(4,052)
Relating to equity-based compensation		**201**	71
Income tax recognised in other comprehensive income		**(4,796)**	(3,981)

NOTES TO THE FINANCIAL STATEMENTS continued

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	**2015 $000**	**2014 $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

There were no businesses acquired in the current or prior period.

Acquisition of non-controlling interest

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

15. Cash and cash equivalents

	Consolidated	
	2015 $000	**2014 $000**
Bank balances	**292,770**	194,121
Call deposits	**98,648**	47,517
	391,418	241,638
Bank overdraft	**(1,282)**	–
Total cash and cash equivalents	**390,136**	241,638

16. Trade and other receivables

	Consolidated 2015 $000	Consolidated 2014 $000
Current		
Trade receivables	**682,846**	696,434
Provision for impairment losses	**(42,766)**	(26,591)
	640,080	669,843
Derivative financial instruments	**7,261**	184
Proceeds receivable from sale of businesses	**–**	–
Prepayments	**37,793**	19,443
Other receivables	**47,257**	35,085
Current receivables	**732,391**	724,555
Non-current		
Derivative financial instruments	**17,760**	–
Other receivables	**55,363**	67,481
Non-current receivables	**73,123**	67,481
Total trade and other receivables	**805,514**	792,036

17. Inventories

	Consolidated 2015 $000	Consolidated 2014 $000
Raw materials	**214,682**	193,323
Work in progress	**26,527**	29,983
Finished goods	**517,222**	415,231
	758,431	638,537
Provision for obsolescence of finished goods	**(4,741)**	(5,636)
Total inventories	**753,690**	632,901

18. Tax assets and liabilities

Current tax assets and liabilities

The current tax asset for the group of $39.259 million (2014: $30.362 million) represents the amount of income taxes recoverable in respect of prior periods and that which arose from the payment of tax in excess of the amounts due to the relevant tax authority. The current tax liability for the group of $5.919 million (2014: $20.605 million) represents the amount of income taxes payable in respect of current and prior financial periods.

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Consolidated	**2015 $000**	**2014 $000**	**2015 $000**	**2014 $000**	**2015 $000**	**2014 $000**
Property, plant and equipment	**1,512**	6,222	**(8,750)**	(10,516)	**(7,238)**	(4,294)
Intangible assets	**13,846**	8,470	**(121,070)**	(102,089)	**(107,224)**	(93,619)
Employee benefits	**23,333**	17,703	**–**	–	**23,333**	17,703
Provisions	**27,039**	17,137	**–**	–	**27,039**	17,137
Other items	**22,447**	17,109	**(21,987)**	(15,560)	**460**	1,549
Tax value of losses carried forward	**162,765**	172,703	**–**	–	**162,765**	172,703
Tax assets/(liabilities)	**250,942**	239,344	**(151,807)**	(128,165)	**99,135**	111,179
Set-off of tax	**–**	(3,603)	**–**	3,603	**–**	–
Net tax assets/(liabilities)	**250,942**	235,741	**(151,807)**	(124,562)	**99,135**	111,179

Movement in temporary differences during the year

Consolidated 2015	**Balance 31.07.14 $000**	**Recognised in income $000**	**Recognised in equity $000**	**Currency adjustment $000**	**Other movement $000**	**Balance 31.07.15 $000**
Property, plant and equipment	**(4,294)**	**(594)**	**–**	**(2,350)**	**–**	**(7,238)**
Intangibles assets	**(93,619)**	**(1,028)**	**–**	**(12,577)**	**–**	**(107,224)**
Employee benefits	**17,703**	**8,805**	**(4,997)**	**1,822**	**–**	**23,333**
Provisions	**17,137**	**10,775**	**–**	**(873)**	**–**	**27,039**
Other items	**1,549**	**(1,682)**	**201**	**392**	**–**	**460**
Tax value of losses carried forward	**172,703**	**(11,909)**	**–**	**1,971**	**–**	**162,765**
	111,179	**4,367**	**(4,796)**	**(11,615)**	**–**	**99,135**

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

The carrying value of deferred tax assets relating to tax losses and tax credits is largely dependent on the generation of sufficient future taxable income. The carrying value of this asset will continue to be assessed at each reporting date.

18. Tax assets and liabilities (continued)

Deferred tax assets and liabilities

Unrecognised deferred tax liability

At 31 July 2015, a deferred tax liability of $32,099,309 (2014: $25,743,684) 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 2015, there are unrecognised deferred tax assets in respect of tax losses and timing differences of $20,400,996 (2014: $13,884,125).

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	2015 %	2014 %	2015 $000	2014 $000	2015 $000	2014 $000
Excel Crop Care Ltd	Associate[1]	India	31 March	**14.69**	14.69	**8,760**	5,409	**1,737**	2,081
F&N joint ventures	Joint ventures[2]	Europe	31 December	**50.00**	50.00	**1,441**	1,142	**266**	651
Lotus Agrar GmbH	Joint venture[3]	Germany	31 December	**0.00**	50.00	**–**	851	**(848)**	(614)
Others	Associates[4]					**351**	384	**(35)**	90
						10,552	7,786	**1,120**	2,208

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. During the year ended 31 July 2015, Nufarm divested of its interest in this joint venture.
4. Aggregate of other individually immaterial associates.

The share of net profits has been derived from the latest management reports as at 31 July 2015 for the F&N joint ventures. The Excel Crop Care share of net profits is from the 30 June 2015 management accounts.

NOTES TO THE FINANCIAL STATEMENTS continued

20. Other investments

	Consolidated 2015 $000	Consolidated 2014 $000
Investments – available-for-sale		
Balance at the beginning of the year	–	–
Disposals during the year	–	–
Exchange adjustment	–	–
Balance at the end of the year	–	–
Other investments		
Other investments	466	477
Total other investments	466	477

21. Other non-current assets

	Consolidated 2015 $000	Consolidated 2014 $000
Other non-current assets	–	–
	–	–

22. Property, plant and equipment

Consolidated 2015	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 2014	213,148	666,612	19,745	25,737	925,242
Additions	821	15,527	540	29,766	46,654
Additions through business combinations	–	–	–	–	–
Disposals and write-offs	(9,153)	(92,955)	(26)	(20)	(102,154)
Other transfers	1,230	28,205	(36)	(30,160)	(761)
Exchange adjustment	7,687	36,759	4,017	3,087	51,550
Balance at 31 July 2015	213,733	654,148	24,240	28,410	920,531
Depreciation and impairment losses					
Balance at 1 August 2014	(87,859)	(463,818)	(2,510)	–	(554,187)
Depreciation charge for the year	(6,637)	(37,199)	(1,424)	–	(45,260)
Additions through business combinations	–	–	–	–	–
Impairment loss	–	(19,347)	–	–	(19,347)
Disposals and write-offs	4,316	89,896	17	–	94,229
Other transfers	1,652	(1,590)	32	–	94
Exchange adjustment	(4,888)	(20,675)	(614)	–	(26,177)
Balance at 31 July 2015	(93,416)	(452,733)	(4,499)	–	(550,648)
Net property, plant and equipment at 31 July 2015	120,317	201,415	19,741	28,410	369,883

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

Assets pledged as security for finance leases amount to $12.433 million (2014: $10.714 million).

23. Intangible assets

Consolidated 2015	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 2014	344,560	408,737	147,276	230,122	36,749	1,167,444
Additions	–	–	6,681	52,971	5,412	65,064
Additions through business combinations	–	–	–	–	–	–
Disposals and write-offs	–	–	(35,743)	(11,624)	(99)	(47,466)
Other transfers	(668)	–	–	–	761	93
Exchange adjustment	10,769	34,334	16,585	32,411	2,737	96,836
Balance at 31 July 2015	354,661	443,071	134,799	303,880	45,560	1,281,971
Amortisation and impairment losses						
Balance at 1 August 2014	(117,749)	(16,204)	(87,414)	(59,080)	(27,547)	(307,994)
Amortisation charge for the year	–	–	(11,596)	(20,010)	(3,342)	(34,948)
Impairment loss	–	–	–	–	–	–
Disposals and write-offs	–	–	18,865	8,559	96	27,520
Other transfers	668	–	14	(270)	162	574
Exchange adjustment	4,503	461	(9,455)	(8,583)	(1,585)	(14,659)
Balance at 31 July 2015	(112,578)	(15,743)	(89,586)	(79,384)	(32,216)	(329,507)
Intangibles carrying amount at 31 July 2015	242,083	427,328	45,213	224,496	13,344	952,464

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

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 cash-generating units (CGU) of the business. This level of CGU aligns with the cash flows of the business and the management structure of the group. The goodwill and intellectual property with an indefinite life are CGU specific, as the acquisitions generating goodwill and the product registrations that are the major indefinite intangibles are country or region specific in nature. There is no allocation of goodwill between CGUs.

The major CGUs and their intangible assets are as follows: North America $253 million (2014: $209 million); Brazil $168 million (2014: $186 million); seeds business $245 million (2014: $211 million); Europe $210 million (2014: $188 million); and Australia and New Zealand (ANZ) $36 million (2014: $26 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 three-year plan for each CGU, with a growth factor applied to extrapolate a cash flow beyond year three. A perpetuity factor is then applied to the normalised cash flow beyond year five in order to include a terminal value in the value-in-use calculation. The terminal growth rate assumed for each CGU is generally a long term inflation estimate. The cash flow is then discounted to a present value using a discount rate, which is the company's weighted average cost of capital, adjusted for country risk and asset-specific risk associated with each CGU.

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

	Terminal growth rate		Discount rate		Total goodwill and indefinite life assets	
	2015 %	**2014 %**	**2015 %**	**2014 %**	**2015 $000**	**2014 $000**
Material crop protection CGUs (North America, Brazil, Europe and Australia/New Zealand)	**1.7 to 3.5**	1.6 to 3.5	**8.1 to 12.4**	7.3 to 13.3	**465,869**	430,492
Seeds CGU	**2.3**	2.0	**8.9**	8.8	**178,195**	162,796

NOTES TO THE FINANCIAL STATEMENTS continued

24. Trade and other payables

	Consolidated 2015 $000	Consolidated 2014 $000
Current payables – unsecured		
Trade creditors and accruals – unsecured	**664,768**	510,961
Derivative financial instruments	**6,548**	2,628
Payables – acquisitions	**167**	2,344
Current payables	**671,483**	515,933
Non-current payables – unsecured		
Creditors and accruals	**12,652**	10,537
Derivative financial instruments	**4,150**	21,092
Payables – acquisitions	**5,889**	10,697
Non-current payables	**22,691**	42,326

25. Interest-bearing loans and borrowings

	Consolidated 2015 $000	Consolidated 2014 $000
Current liabilities		
Bank loans – secured	**346,751**	294,898
Bank loans – unsecured	**37,569**	29,136
Deferred debt establishment costs	**(5,003)**	(6,079)
Other loans – unsecured	**543**	489
Finance lease liabilities – secured	**566**	504
Loans and borrowings – current	**380,426**	318,948
Non-current liabilities		
Bank loans – secured	**44,593**	78,524
Bank loans – unsecured	**62,802**	14,739
Senior unsecured notes	**438,357**	339,271
Deferred debt establishment costs	**(5,895)**	(10,458)
Other loans – unsecured	**2,111**	1,589
Finance lease liabilities – secured	**14,459**	12,392
Loans and borrowings – non-current	**556,427**	436,057
Net cash and cash equivalents	**(390,136)**	(241,638)
Net debt	**546,717**	513,367

NOTES TO THE FINANCIAL STATEMENTS continued

25. Interest-bearing loans and borrowings (continued)

Financing facilities

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

	Accessible $000	Utilised $000
2015		
Bank loan facilities and senior unsecured notes	**1,804,163**	**930,072**
Other facilities	**2,654**	**2,654**
Total financing facilities	**1,806,817**	**932,726**
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

Financing arrangements

	Consolidated	
Repayment of borrowings (excluding finance leases)	**2015 $000**	**2014 $000**
Period ending 31 July 2015	**–**	324,522
Period ending 31 July 2016	**384,863**	7,138
Period ending 31 July 2017	**50,158**	426,986
Period ending 31 July 2018 or later	**497,705**	

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	**2,117**	1,781
Later than one year but not later than two years	**2,052**	1,706
Later than two years but not later than five years	**5,612**	4,804
Later than five years	**109,751**	94,974
	119,532	103,265
Less future finance charges	**(104,507)**	(90,369)
Finance lease liabilities	**15,025**	12,896

Finance lease liabilities are secured over the relevant leased plant.

	Consolidated	
Average interest rates	**2015 %**	**2014 %**
Nufarm step-up securities (refer note 29)	**6.16**	6.63
Syndicated bank facility	**3.54**	4.34
Group securitisation program facility	**2.38**	3.33
Other bank loans	**7.30**	7.70
Finance lease liabilities – secured	**12.57**	12.49
Senior unsecured notes	**6.38**	6.38

26. Employee benefits

	Consolidated 2015 $000	2014 $000
Current		
Liability for short term employee benefits	**16,278**	16,051
Liability for current portion of other long term employee benefits	**3,274**	3,372
Current employee benefits	**19,552**	19,423
Non-current		
Defined benefit fund obligations		
Present value of unfunded obligations	**6,598**	5,866
Present value of funded obligations	**221,728**	170,495
Fair value of fund assets – funded	**(147,351)**	(121,773)
Recognised liability for defined benefit fund obligations	**80,975**	54,588
Liability for other long term employee benefits	**13,657**	14,603
Non-current employee benefits	**94,632**	69,191
Total employee benefits	**114,184**	88,614

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

	Consolidated 2015 $000	2014 $000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**176,361**	146,584
Service cost	**2,861**	3,326
Interest cost	**7,353**	7,730
Actuarial losses/(gains)	**26,557**	18,096
Past service cost	**(4,469)**	(923)
Losses/(gains) on curtailment	**(2,416)**	–
Contributions	**171**	54
Benefits paid	**(6,639)**	(5,428)
Exchange differences on foreign funds	**28,547**	6,922
Closing defined benefit obligation	**228,326**	176,361
Changes in the fair value of fund assets are as follows:		
Opening fair value of fund assets	**121,773**	111,361
Interest income	**5,857**	6,131
Actuarial gains/(losses) – return on plan assets excluding interest income	**2,237**	(1,277)
Surplus taken to retained earnings	**–**	–
Contributions by employer	**5,368**	5,147
Distributions	**(6,284)**	(4,736)
Exchange differences on foreign funds	**18,400**	5,147
Closing fair value of fund assets	**147,351**	121,773

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

26. Employee benefits (continued)

	Consolidated 2015 $000	Consolidated 2014 $000
Expense/(gain) recognised in profit or loss		
Current service costs	**2,861**	3,326
Interest on obligation	**7,353**	7,730
Interest income	**(5,857)**	(6,131)
Losses/(gains) on curtailment	**(2,416)**	–
Past service cost/(gain)	**(4,469)**	(923)
Expense recognised in profit or loss	**(2,528)**	4,002
The expense is recognised in the following line items in the income statement:		
Cost of sales	**2,686**	2,315
Sales, marketing and distribution expenses	**1,158**	763
General and administrative expenses	**(6,555)**	618
Research and development expenses	**183**	306
Expense recognised in profit or loss	**(2,528)**	4,002
Actuarial gains/(losses) recognised in other comprehensive income (net of tax)		
Cumulative amount at 1 August	(33,002)	(17,681)
Recognised during the period	**(19,323)**	(15,321)
Cumulative amount at 31 July	**(52,325)**	(33,002)

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

	Consolidated 2015 %	Consolidated 2014 %
Equities	**60.2**	62.4
Bonds	**34.5**	35.4
Property	**1.6**	1.4
Cash	**3.7**	0.8
Principal actuarial assumptions at the reporting date (expressed as weighted averages):		
Discount rate at 31 July	**3.6**	4.2
Future salary increases	**0.4**	3.1
Future pension increases	**2.6**	2.5

The group expects to pay $4,187,000 in contributions to defined benefit plans in 2016 (2014: $4,729,000).

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 2015 there were 32 participants (2014: 40 participants) in the scheme and 299,978 shares (2014: 387,076) 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 pre-determined percentage of the STI is paid in cash at the time of performance testing and the balance is deferred into shares in the company for nil consideration. The number of shares granted is based on the VWAP 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.

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 2015 there were 823 participants (2014: 872 participants) in the scheme and 1,938,372 shares (2014: 2,013,567) 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.

27. Share-based payments (continued)

Employee expenses	Consolidated 2015 $000	Consolidated 2014 $000
Total expense arising from share-based payment transactions	**4,304**	1,782

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 2015 deferred shares	Nufarm LTI 2015 performance rights Sep 2014	Nufarm STI 2014 deferred shares	Nufarm LTI 2014 performance rights Dec 2013	Nufarm LTI 2014 performance rights Oct 2013
Weighted average fair value at grant date	**$4.85**	**$3.87**	$4.75	$3.25	$3.35
Share price at grant date	**$4.93**	**$4.93**	$4.54	$4.40	$4.54
Grant date	**30 Sep 2014**	**30 Sep 2014**	9 Oct 2013	5 Dec 2013	9 Oct 2013
Earliest vesting date	**31 Jul 2016**	**31 Jul 2017**	31 Jul 2015	31 Jul 2016	31 Jul 2016
Exercise price	**–**	**–**	–	–	–
Expected life	**1 year**	**2.8 years**	1 year	2.7 years	2.8 years
Volatility	**n/a**	**35%**	n/a	35%	35%
Risk-free interest rate	**n/a**	**2.7%**	n/a	2.9%	3.0%
Dividend yield	**n/a**	**2.3%**	n/a	2.7%	2.7%

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

Reconciliation of outstanding share awards	Nufarm LTI number of performance rights 2015	Nufarm STI number of deferred shares 2015	Nufarm LTI number of performance rights 2014	Nufarm STI number of deferred shares 2014
Outstanding at 1 August	996,934	841,942	1,021,128	513,962
Forfeited during the year	**(182,901)**	**(49,859)**	(593,187)	–
Exercised during the year	**–**	**(161,850)**	–	(53,257)
Expired during the year	**–**	**–**	–	–
Granted during the year	**394,079**	**348,420**	568,993	381,237
Outstanding at 31 July	**1,208,112**	**978,653**	996,934	841,942
Exercisable at 31 July	**–**	**571,767**	–	404,025

The performance rights outstanding at 31 July 2015 have a nil exercise price and a weighted average contractual life of three years (2014: three years). All performance rights granted to date have a nil exercise price.

NOTES TO THE FINANCIAL STATEMENTS continued

28. Provisions

	Consolidated 2015 $000	Consolidated 2014 $000
Current		
Restructuring	**29,481**	12,642
Other	**3,693**	3,059
Current provisions	**33,174**	15,701

Consolidated	Restructuring $000	Other provisions $000	Total $000
Movement in provisions			
Balance at 1 August 2014	12,642	3,059	15,701
Provisions made during the year	**43,691**	**1,322**	**45,013**
Provisions used during the year	**(28,973)**	**(246)**	**(29,219)**
Exchange adjustment	**2,121**	**(442)**	**1,679**
Balance at 31 July 2015	**29,481**	**3,693**	**33,174**

The provision for restructuring is mainly relating to the asset rationalisation and restructure costs of European manufacturing assets, whereby the Botlek manufacturing facilities will be closed and manufacturing consolidated. The other provision consists of liabilities recognised with the Agripec acquisition.

29. Capital and reserves

Share capital	Parent company Number of ordinary shares 2015	Parent company Number of ordinary shares 2014
Balance at 1 August	264,021,627	262,954,040
Issue of shares	**1,045,797**	1,067,587
Balance at 31 July	**265,067,424**	264,021,627

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

On 9 October 2014, 346,119 shares at $4.85 were issued under the executive share plan.

On 14 November 2014, 490,843 shares at $4.80 were issued under the dividend reinvestment program.

On 6 January 2015, 89,543 shares at $4.75 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 2015, 119,292 shares at $6.60 were issued under the dividend reinvestment program.

Nufarm step-up securities

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

29. Capital and reserves (continued)

Nufarm step-up securities (continued)

Distributions on the NSS are at the discretion of the directors and are floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are curtailed if distributions to NSS holders are not made, until such time that Nufarm Finance (NZ) Limited makes up the arrears. The first distribution date for the NSS was 16 April 2007 and on a six-monthly basis after this date. The floating rate is the average mid-rate for bills with a term of six months plus a margin of 3.9 per cent (2014: 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.

Dividends

An interim dividend of four cents per share, totalling $10,570,585, was declared on 25 March 2015, and was paid (net of dividend reinvestment program) on 8 May 2015 (2014: three cents per share, totalling $7,912,359).

A final dividend of six cents per share, totalling $15,904,045, was declared on 23 September 2015, and will be paid on 13 November 2015 (2014: five cents per share, totalling $13,217,663).

Distributions

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

	Consolidated		
	Distribution rate %	Total amount $000	Payment date
2015			
Distribution	**6.64**	**8,350**	15 April 2015
Distribution	**6.63**	**8,339**	15 October 2014
		16,689	
2014			
Distribution	6.52	8,156	15 April 2014
Distribution	6.95	8,749	15 October 2013
		16,905	

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

NOTES TO THE FINANCIAL STATEMENTS continued

29. Capital and reserves (continued)

Distributions (continued)

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 $12.261 million (2014: $12.369 million).

	2015 $000	2014 $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% (2014: 30%)	**3,503**	4,973
Franking credits/(debits) that will arise from the payment of income tax payable/(refund) as at the end of the year	**(4,437)**	(3,262)
Credit/(debit) balance at 31 July	**(934)**	1,711

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the company as the head entity in the tax-consolidated group has also assumed the benefit/(obligation) of $934,467 (2014: $1,710,802) franking credits/(debits).

30. Earnings per share

	Consolidated	
	2015 $000	2014 $000
Net profit for the year	**43,049**	37,747
Net profit attributable to non-controlling interest	**171**	(40)
Net profit attributable to equity holders of the parent	**43,220**	37,707
Nufarm step-up securities distribution	**(12,261)**	(12,369)
Earnings used in the calculations of basic and diluted earnings per share	**30,959**	25,338
Earnings from continuing operations	**30,959**	25,338
	30,959	25,338
Subtract items of material income/(expense) (refer note 6)	**(73,839)**	(48,704)
Earnings excluding items of material income/(expense) used in the calculation of earnings per share excluding material items	**104,798**	74,042

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	
	2015	2014
Weighted average number of ordinary shares used in calculation of basic earnings per share	**264,727,654**	263,587,507
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**266,019,789**	265,033,403

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.

30. Earnings per share (continued)

	Cents per share 2015	2014
Earnings per share for continuing and discontinued operations		
Basic earnings per share		
From continuing operations	**11.7**	9.6
	11.7	9.6
Diluted earnings per share		
From continuing operations	**11.6**	9.6
	11.6	9.6
Earnings per share (excluding items of material income/expense – see note 6)		
Basic earnings per share	**39.6**	28.1
Diluted earnings per share	**39.4**	27.9

31. Financial risk management and financial instruments

The group has exposure to the following financial risks:

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS continued

31. Financial risk management and financial instruments (continued)

Credit risk (continued)

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	
	2015 $000	2014 $000
Carrying amount		
Trade and other receivables	**780,493**	791,852
Cash and cash equivalents	**391,418**	241,638
Derivative contracts:		
Assets	**25,021**	184
	1,196,932	1,033,674

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

	Consolidated	
	2015 $000	2014 $000
Carrying amount		
Australia/New Zealand	**98,591**	106,699
Asia	**39,148**	32,223
Europe	**214,423**	251,058
North America	**80,299**	95,781
South America	**348,032**	306,091
Trade and other receivables	**780,493**	791,852

The group's top five customers account for $94.7 million of the trade receivables carrying amount at 31 July 2015 (2014: $107.4 million). These top five customers represent 15 per cent (2014: 15 per cent) of the total receivables.

Impairment losses

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

	Consolidated	
Receivables ageing	2015 $000	2014 $000
Current	**538,817**	572,214
Past due – 0 to 90 days	**75,232**	71,151
Past due – 90 to 180 days	**22,252**	18,482
Past due – 180 to 360 days	**10,250**	9,225
Past due – more than one year	**36,295**	25,362
	682,846	696,434
Provision for impairment	**(42,766)**	(26,591)
Trade receivables	**640,080**	669,843

31. Financial risk management and financial instruments (continued)

Credit risk (continued)

Impairment losses (continued)

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 0.05 per cent of sales, with no greater than 0.12 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	
	2015 $000	2014 $000
Balance at 1 August	26,591	24,172
Provisions made during the year	**18,447**	5,437
Provisions used during the year	**(821)**	(2,080)
Provisions acquired through business combinations	**–**	–
Exchange adjustment	**(1,451)**	(938)
Balance at 31 July	**42,766**	26,591

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.

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 limit was reduced to A$250 million. On 13 June 2013, the facility limit was increased to A$300 million. On 15 April 2015, a monthly facility limit was introduced to reflect the cyclical nature of the trade receivables being used to secure funding under the program. The monthly facility limit is set at A$300 million for four months of the financial year, at A$375 million for three months of the financial year, and at A$225 million for five months of the financial year (2014: facility limit was A$300 million). 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').

On the 23 February 2015, the senior secured syndicated bank facility (SFA) was partially refinanced such that the total facility amount has increased to A$540 million (2014: A$530 million), of which A$150 million is due in February 2018, A$30 million is due in December 2017, A$350 million is due in December 2016, and A$10 million is due in December 2015 (2014: A$520 million due in December 2016, A$10 million due in December 2014). The SFA is secured by assets in Australia, New Zealand and the United States (2014: Australia, New Zealand and the United States). 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 2015 is $10 million (2014: $51 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 $526 million (2014: $572 million).

At 31 July 2015, the group had access to debt of $1,807 million (2014: $1,743 million) under the notes, SFA, group trade receivables securitisation facility and with other lenders.

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

31. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

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

Consolidated 2015	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	1,282	1,282	1,282	–	–
Trade and other payables	683,476	683,476	664,935	1,083	17,458
Bank loans – secured	391,344	405,326	357,381	3,050	44,895
Bank loans – unsecured	100,371	117,313	48,294	51,880	17,139
Senior unsecured notes	438,357	565,483	28,250	28,250	508,983
Other loans – unsecured	2,654	2,654	543	2,111	–
Finance lease liabilities – secured	15,025	119,532	2,117	2,052	115,363
Derivative financial liabilities					
Derivatives used for hedging:					
Outflow	7,861	73,183	73,183	–	–
Inflow	–	(78,473)	(72,012)	(2,012)	(4,449)
Other derivative contracts:					
Outflow	2,837	267,238	267,238	–	–
Inflow	–	(264,458)	(264,458)	–	–
Derivative financial assets					
Derivatives used for hedging:					
Outflow	–	211,937	13,252	12,353	186,332
Inflow	(17,760)	(232,466)	(10,494)	(10,390)	(211,582)
Other derivative contracts:					
Outflow	–	313,734	313,734	–	–
Inflow	(7,261)	(320,745)	(320,745)	–	–
	1,618,186	1,865,016	1,102,500	88,377	674,139

31. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

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
Unsecured note issues	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

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

Market risk

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

Currency risk

The group uses 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, the euro, the British pound, the Australian dollar, the New Zealand dollar and the Brazilian real. The group uses foreign exchange contracts, cross currency interest rate swaps and options to manage currency risk. The group designates select derivatives for hedge accounting as cash flow hedges where it is deemed appropriate to do so.

31. Financial risk management and financial instruments (continued)

Market risk (continued)

Currency risk (continued)

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 group's 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 2015 was a $4.424 million asset (2014: $1.719 million liability) comprising assets of $7.261 million (2014: $0.184 million) and liabilities of $2.837 million (2014: $1.903 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 2015	**AUD $000**	**USD $000**	**Euro $000**	**GBP $000**
Functional currency of group operation				
Australian dollars	**–**	**16,723**	**18,181**	**(13,598)**
US dollars	**(69,342)**	**–**	**754**	**–**
Euro	**18,526**	**22,122**	**–**	**8,240**
UK pounds sterling	**–**	**16,036**	**(13,271)**	**–**
	(50,816)	**54,881**	**5,664**	**(5,358)**

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)

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 on page 109. This analysis assumes all other variables, including interest rates, remain constant. The analysis is performed on the same basis for 2014.

31. Financial risk management and financial instruments (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

	Strengthening	Weakening	Strengthening	Weakening
	Profit/(loss) after tax	Profit/(loss) after tax	Profit/(loss) after tax	Profit/(loss) after tax
	2015 $000	2015 $000	2014 $000	2014 $000
Currency movement				
1% change in the Australian dollar exchange rate	**(500)**	**505**	(289)	292
1% change in the US dollar exchange rate	**864**	**(856)**	421	(416)
1% change in the Euro exchange rate	**(303)**	**300**	(82)	81
1% change in the GBP exchange rate	**(57)**	**56**	(47)	47

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	**2015**	**2014**	**2015**	**2014**
US dollar	**0.811**	0.917	**0.733**	0.930
Euro	**0.693**	0.673	**0.665**	0.694
GBP	**0.519**	0.556	**0.469**	0.551
BRL	**2.266**	2.092	**2.489**	2.105

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$540 million syndicated bank facility and the group trade receivables securitisation facility are considered floating rate facilities. On 8 October 2012, the group completed a US$325 million notes issue with a fixed coupon component. Concurrent with the completion of the US$325 million notes issue, the group entered into interest rate swaps to manage specifically identified interest rate risks associated with the fixed coupon component of the notes. These swaps effectively converted a majority of the fixed interest payable on the notes to floating interest, and have been designated for hedge accounting. During the year ended 31 July 2014, 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 (2014: 3.90 per cent).

31. Financial risk management and financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

Profile

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

	Consolidated Carrying amount 2015 $000	Consolidated Carrying amount 2014 $000
Variable rate instruments		
Financial assets	**98,648**	47,517
Financial liabilities	**(713,377)**	(554,003)
	(614,729)	(506,486)
Fixed rate instruments		
Financial assets	**–**	–
Financial liabilities	**(234,374)**	(217,539)
	(234,374)	(217,539)

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 2014.

	Profit/(loss) 100bp increase $000	Profit/(loss) 100bp decrease $000
2015		
Variable rate instruments	**(6,147)**	**6,147**
Total sensitivity	**(6,147)**	**6,147**
2014		
Variable rate instruments	(5,065)	5,065
Total sensitivity	(5,065)	5,065

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 on page 111 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 $136.4 million (2014: $107.6 million), the fair value at 31 July 2015 is $136.439 million (2014: $116.977 million).

31. Financial risk management and financial instruments (continued)

Market risk (continued)

Fair values (continued)

Consolidated 2015	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	–	–	–	391,418	391,418
Trade and other receivables	16	–	–	–	780,493	780,493
Forward exchange contracts:						
Assets	16	–	6,384	–	–	6,384
Liabilities	24	–	(2,837)	(2,839)	–	(5,676)
Interest rate swaps:						
Assets	16	–	877	17,760	–	18,637
Liabilities	24	–	–	(5,022)	–	(5,022)
Trade and other payables excluding derivatives	24	–	–	–	(683,476)	(683,476)
Bank overdraft	15	–	–	–	(1,282)	(1,282)
Secured bank loans	25	–	–	–	(391,344)	(391,344)
Unsecured bank loans	25	–	–	–	(100,371)	(100,371)
Senior unsecured notes[a]	25	–	–	–	(438,357)	(438,357)
Other loans	25	–	–	–	(2,654)	(2,654)
Finance leases	25	–	–	–	(15,025)	(15,025)
		–	4,424	9,899	(460,598)	(446,275)

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:						
Assets	16	–	–	–	–	–
Liabilities	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 $301.9 million (2014: $231.7 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)

Market risk (continued)

Fair values (continued)

Fair value hierarchy

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

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

	Consolidated			
2015	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Derivative financial assets	**–**	**25,021**	**–**	**25,021**
	–	**25,021**	**–**	**25,021**
Derivative financial liabilities	**–**	**(10,698)**	**–**	**(10,698)**
	–	**(10,698)**	**–**	**(10,698)**
2014				
Derivative financial assets	–	184	–	184
	–	184	–	184
Derivative financial liabilities	–	(23,720)	–	(23,720)
	–	(23,720)	–	(23,720)

There have been no transfers between levels in either 2015 or 2014.

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 2015 was 11.0 per cent (2014: 9.1 per cent).

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

32. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Consolidated 2015 $000	Consolidated 2014 $000
Not later than one year	**12,954**	11,807
Later than one year but not later than two years	**9,327**	10,286
Later than two years but not later than five years	**23,259**	22,725
Later than five years	**163,534**	144,995
	209,074	189,813

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 $3.787 million at 31 July 2015 (2014: $3.240 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 2015 $000	Consolidated 2014 $000
Guarantee facility for Eastern European joint ventures with FMC Corporation.	**9,626**	7,254
Environmental guarantee given to the purchaser of land and buildings at Genneviliers for EUR 8.5 million.	**12,782**	12,248
Insurance bond for EUR 2.717 million established to make certain capital expenditures at Gaillon plant in France.	**4,195**	4,019
Brazilian taxation proceedings.[a]	**20,114**	12,157
Contingent liabilities	**46,717**	35,678

(a) As at 31 July 2015, the total contingent liability relating to future potential tax liabilities in Brazil is $20.1 million (2014: $12.2 million). These cases continue to be defended.

Further to the above, 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 that 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.

In November 2014, the company elected to take advantage of changes to the federal tax program, which allowed for the balance of the aforementioned liabilities to be fully settled via 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 during the year ended 31 July 2014 was 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.

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.

35. Group entities

	Note	Place of incorporation	Percentage of shares held 2015	2014
Parent entity				
Nufarm Limited – ultimate controlling entity				
Subsidiaries				
Access Genetics Pty Ltd	(a)	Australia	**100**	100
Agcare Biotech Pty Ltd	(a)	Australia	**100**	100
Agchem Receivables Corporation		USA	**100**	100
Agryl Holdings Limited	(a)	Australia	**100**	100
Ag-seed Research Pty Ltd	(a)	Australia	**100**	100
Agturf Inc		USA	**100**	100
AH Marks (New Zealand) Limited		New Zealand	**100**	100
AH Marks Australia Pty Ltd	(a)	Australia	**100**	100
AH Marks Holdings Limited		United Kingdom	**100**	100
AH Marks Pensions Scottish Limited Partnership		United Kingdom	**100**	–
Artfern Pty Ltd	(a)	Australia	**100**	100
Atlantica Sementes SA	(b)	Brazil	**51**	51
Australis Services Pty Ltd	(a)	Australia	**100**	100
Bestbeech Pty Ltd	(a)	Australia	**100**	100
Chemicca Limited	(a)	Australia	**100**	100
CNG Holdings BV		Netherlands	**100**	100
Crop Care Australasia Pty Ltd	(a)	Australia	**100**	100
Crop Care Holdings Limited		New Zealand	**100**	100
Croplands Equipment Limited		New Zealand	**100**	100
Croplands Equipment Pty Ltd	(a)	Australia	**100**	100
Danestoke Pty Ltd	(a)	Australia	**100**	100
Edgehill Investments Pty Ltd	(a)	Australia	**100**	100
Fchem (Aust) Limited	(a)	Australia	**100**	100
Fernz Canada Limited		Canada	**100**	100
Fidene Limited		New Zealand	**100**	100
First Classic Pty Ltd	(a)	Australia	**100**	100
Framchem SA		Egypt	**100**	100
Frost Technology Corporation		USA	**100**	100
Greenfarm Hellas Trade of Chemical Products SA		Greece	**100**	100
Growell Limited		United Kingdom	**100**	100
Grupo Corporativo Nufarm SA		Guatemala	**100**	100
Laboratoire European de Biotechnologie s.a.s		France	**100**	100
Le Moulin des Ecluses s.a		France	**100**	100
Lefroy Seeds Pty Ltd	(a)	Australia	**100**	100
Manaus Holdings Sdn Bhd		Malaysia	**100**	100
Marman (Nufarm) Inc		USA	**100**	100
Marman de Guatemala Sociedad Anomima		Guatemala	**100**	100
Marman de Mexico Sociedad Anomima De Capital Variable		Mexico	**100**	100
Marman Holdings LLC		USA	**100**	100
Masmart Pty Ltd	(a)	Australia	**100**	100
Mastra Corporation Pty Ltd	(a)	Australia	**100**	100
Mastra Corporation Sdn Bhd		Malaysia	**100**	100
Mastra Corporation USA Pty Ltd	(a)	Australia	**100**	100
Mastra Holdings Sdn Bhd		Malaysia	**100**	100
Mastra Industries Sdn Bhd		Malaysia	**100**	100
Medisup International NV		N. Antillies	**88**	88
Medisup Securities Limited	(a)	Australia	**100**	100

35. Group entities (continued)

	Note	Place of incorporation	Percentage of shares held 2015	2014
Midstates Agri Services Inc		USA	**100**	100
NF Agriculture Inc		USA	**100**	100
Nufarm Africa SARL AU		Morocco	**100**	100
Nufarm Agriculture (Pty) Ltd		South Africa	**100**	100
Nufarm Agriculture Inc		Canada	**100**	100
Nufarm Agriculture Zimbabwe (Pvt) Ltd		Zimbabwe	**100**	100
Nufarm Americas Holding Company		USA	**100**	100
Nufarm Americas Inc		USA	**100**	100
Nufarm Asia Sdn Bhd		Malaysia	**100**	100
Nufarm Australia Limited	(a)	Australia	**100**	100
Nufarm Bulgaria		Bulgaria	**100**	–
Nufarm BV		Netherlands	**100**	100
Nufarm Canada Receivables Partnership		Canada	**100**	100
Nufarm Chemical (Shanghai) Co Ltd		China	**100**	100
Nufarm Chile Limitada		Chile	**100**	100
Nufarm Colombia S.A.		Colombia	**100**	100
Nufarm Crop Products UK Limited		United Kingdom	**100**	100
Nufarm Cropcare Private Limited		India	**100**	100
Nufarm Costa Rica Inc. SA		Costa Rica	**100**	100
Nufarm de Guatemala SA		Guatemala	**100**	100
Nufarm de Mexico Sa de CV		Mexico	**100**	100
Nufarm de Panama SA		Panama	**100**	100
Nufarm de Venezuela SA		Venezuela	**100**	100
Nufarm del Ecuador SA		Ecuador	**100**	100
Nufarm Deutschland GmbH		Germany	**100**	100
Nufarm do Brazil Ltda		Brazil	**100**	100
Nufarm Espana SA		Spain	**100**	100
Nufarm Europe GmbH		Germany	**100**	100
Nufarm Finance BV		Netherlands	**–**	–
Nufarm Finance (NZ) Limited		New Zealand	**100**	100
Nufarm GmbH		Austria	**100**	100
Nufarm GmbH & Co KG		Austria	**100**	100
Nufarm Grupo Mexico S DE RL DE CV		Mexico	**100**	100
Nufarm Holdings (NZ) Limited		New Zealand	**100**	100
Nufarm Holdings BV		Netherlands	**100**	100
Nufarm Holdings s.a.s		France	**100**	100
Nufarm Hong Kong Investments Ltd		Hong Kong	**100**	100
Nufarm Hungaria Kft		Hungary	**100**	100
Nufarm Inc		USA	**100**	100
Nufarm Industria Quimica e Farmaceutica SA		Brazil	**100**	100
Nufarm Insurance Pte Ltd		Singapore	**100**	100
Nufarm Investments Cooperatie WA		Netherlands	**100**	100
Nufarm Italia srl		Italy	**100**	100
Nufarm KK		Japan	**100**	100
Nufarm Korea Ltd		Korea	**100**	100
Nufarm Labuan Pte Ltd		Malaysia	**100**	100
Nufarm Limited		United Kingdom	**100**	100
Nufarm Malaysia Sdn Bhd		Malaysia	**100**	100
Nufarm Materials Limited	(a)	Australia	**100**	100
Nufarm NZ Limited		New Zealand	**100**	100
Nufarm Pensions General Partner Ltd		United Kingdom	**100**	–

35. Group entities (continued)

	Note	Place of incorporation	Percentage of shares held 2015	2014
Nufarm Pensions Scottish Limited Partnership		United Kingdom	**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		Singapore	**100**	100
Nufarm Services Sdn Bhd		Malaysia	**100**	100
Nufarm Suisse Sarl		Switzerland	**100**	100
Nufarm Technologies (M) Sdn Bhd		Malaysia	**100**	100
Nufarm Technologies USA		New Zealand	**100**	100
Nufarm Technologies USA Pty Ltd	(a)	Australia	**100**	100
Nufarm Treasury Pty Ltd	(a)	Australia	**100**	100
Nufarm Turkey Import & Trade of Chemical Products LLP		United Kingdom	**100**	–
Nufarm UK Limited		United Kingdom	**100**	100
Nufarm Ukraine LLC		Ukraine	**100**	100
Nufarm Uruguay SA		Uruguay	**100**	100
Nufarm USA Inc		USA	**100**	100
Nugrain Pty Ltd	(a)	Australia	**100**	100
Nuseed Americas Inc		USA	**100**	100
Nuseed Europe Holding Company Ltd		United Kingdom	**100**	100
Nuseed Europe Ltd		United Kingdom	**100**	100
Nuseed Global Innovation		United Kingdom	**100**	100
Nuseed Holding Company		USA	**100**	100
Nuseed Mexico SA De CV		Mexico	**100**	100
Nuseed Pty Ltd	(a)	Australia	**100**	100
Nuseed SA		Argentina	**100**	100
Nuseed Serbia d.o.o.		Serbia	**100**	100
Nuseed South America Sementes Ltda		Brazil	**100**	100
Nuseed Ukraine LLC		Ukraine	**100**	100
Nuseed Uruguay	(c)	Uruguay	**100**	100
Nutrihealth Grains Pty Ltd	(a)	Australia	**100**	100
Nutrihealth Pty Ltd	(a)	Australia	**100**	100
Opti-Crop Systems Pty Ltd		Australia	**75**	75
Pharma Pacific Pty Ltd	(a)	Australia	**100**	100
PT Agrow		Indonesia	**100**	100
PT Crop Care		Indonesia	**100**	100
PT Nufarm Indonesia		Indonesia	**100**	100
Richardson Seeds Ltd		USA	**100**	100
Seeds 2000 Argentina SRL		Argentina	**100**	100
Selchem Pty Ltd	(a)	Australia	**100**	100
Societe Des Ecluses la Garenne s.a.s		France	**100**	100

(a) These entities have entered into a deed of cross guarantee dated 21 June 2006 with Nufarm Limited, which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of a class order issued by the Australian Securities and Investment Commission, these companies are relieved from the requirement to prepare financial statements.

(b) Formerly known as Atlantica Sementes Ltd.

(c) Formerly known as Minteledan S.A.

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 director's reports.

It is a condition of the class order that the company and each of the subsidiaries enter into a deed of cross guarantee. The parent entity and all the Australian-controlled entities have entered into a deed of cross guarantee dated 21 June 2006, which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company.

A consolidated income statement and consolidated balance sheet, comprising the company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the deed of cross guarantee, at 31 July 2015 is set out as follows:

	Consolidated	
	2015 $000	2014 $000
Summarised income statement and retained profits		
Profit/(loss) before income tax expense	**(17,961)**	(58,855)
Income tax expense	**(1,689)**	4,305
Net profit attributable to members of the closed group	**(19,650)**	(54,550)
Retained profits at the beginning of the period	**37,165**	120,659
Adjustments for entities entering the deed of cross guarantee	**–**	–
Dividends paid	**(23,788)**	(28,944)
Retained profits at the end of the period	**(6,273)**	37,165
Balance sheet		
Current assets		
Cash and cash equivalents	**73,607**	42,724
Trade and other receivables	**582,276**	472,637
Inventories	**202,553**	169,736
Current tax assets	**8,989**	9,766
Total current assets	**867,425**	694,863
Non-current assets		
Trade and other receivables	**19,401**	–
Investments in equity accounted investees	**9,111**	5,793
Other investments	**1,200,606**	1,171,314
Deferred tax assets	**65,072**	65,178
Property, plant and equipment	**114,616**	122,170
Intangible assets	**110,911**	102,288
Total non-current assets	**1,519,717**	1,466,743
TOTAL ASSETS	**2,387,142**	2,161,606
Current liabilities		
Trade and other payables	**729,289**	548,689
Loans and borrowings	**5,748**	–
Employee benefits	**9,626**	23,095
Current tax payable	**4,030**	1,053
Provision	**3,735**	–
Total current liabilities	**752,428**	572,837
Non-current liabilities		
Payables	**5,150**	22,092
Loans and borrowings	**432,547**	337,506
Deferred tax liabilities	**13,828**	18,014
Employee benefits	**9,003**	10,661
Total non-current liabilities	**460,528**	388,273
TOTAL LIABILITIES	**1,212,956**	961,110
NET ASSETS	**1,174,186**	1,200,496
Equity		
Share capital	**1,074,119**	1,068,871
Reserves	**106,340**	94,460
Retained earnings	**(6,273)**	37,165
TOTAL EQUITY	**1,174,186**	1,200,496

37. Parent entity disclosures

	Company 2015 $000	Company 2014 $000
Result of the parent entity		
(Loss)/profit for the period	**8,866**	(1,192)
Other comprehensive income	**1,841**	(403)
Total comprehensive profit/(loss) for the period	**10,707**	(1,595)
Financial position of the parent entity at year end		
Current assets	**1,087,435**	1,060,681
Total assets	**1,459,583**	1,419,961
Current liabilities	**225,978**	179,549
Total liabilities	**224,804**	179,549
Total equity of the parent entity comprising of:		
Share capital	**1,074,119**	1,068,871
Reserves	**41,829**	37,788
Accumulated losses	**(31,536)**	(31,536)
Retained earnings[a]	**150,367**	165,289
Total equity	**1,234,779**	1,240,412

(a) Retained earnings comprises the transfer of net profit for the year and is characterised as profits available for distribution as dividends in future years. Dividends amounting to $23.788 million (FY14: $21.078 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 2015 or 2014.

38. Reconciliation of cash flows from operating activities

	Consolidated 2015 $000	2014 $000
Cash flows from operating activities		
Profit/(loss) for the period	**43,049**	37,747
Adjustments for:		
Dividend from associated company	**401**	120
Amortisation	**34,948**	35,076
Depreciation	**45,260**	45,740
Non-cash material items	**43,955**	33,355
Inventory write down excluding material items	**6,633**	5,693
Gain on disposal of non-current assets and investments	**(1,623)**	(53)
Share of (profits)/losses of associates net of tax	**(1,120)**	(2,208)
Financial expense	**82,329**	80,436
Interest paid	**(73,182)**	(68,937)
Tax expense	**31,961**	24,104
Taxes paid	**(43,149)**	(45,028)
	169,462	146,045
Movements in working capital items:		
(Increase)/decrease in receivables	**(6,404)**	(1,375)
(Increase)/decrease in inventories	**(131,954)**	169,886
Increase/(decrease) in payables	**163,258**	5,727
Exchange rate change on foreign controlled entities working capital items	**34,148**	(52,186)
	59,048	122,052
Net operating cash flows	**228,510**	268,097

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 2015 $000	Consolidated 2014 $000
Excel Crop Care Ltd	Purchases from	**6,677**	13,837
	Trade payable	**4,573**	7,152
F&N joint ventures	Sales to	**50,756**	48,729
	Trade payable	**167**	338
	Trade receivable	**34,767**	36,385
Sumitomo Chemical Company Ltd	Sales to	**32,535**	41,665
	Purchases from	**110,894**	53,877
	Trade receivable	**20,843**	17,525
	Trade payable	**40,260**	22,507
Lotus Agrar GmbH	Sales to	**20,390**	29,098
	Trade receivable	**3,590**	6,840
	Trade payable	**–**	76

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 2015 $	Consolidated 2014 $
Short term employee benefits	**6,982,311**	8,722,847
Post-employment benefits	**362,186**	394,716
Equity compensation benefits	**689,581**	1,060,374
Termination benefits	**3,265,747**	–
Other long term benefits	**281,275**	361,460
	11,581,100	10,539,397

Individual directors and executives compensation disclosures

Information regarding individual directors and executives 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 directors' 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 2015 (2014: nil).

40. Auditors' remuneration

	Consolidated	
	2015	**2014**
Audit services		
KPMG Australia		
Audit and review of group financial report	**498,000**	518,000
Overseas KPMG firms		
Audit and review of group and local financial reports	**1,250,000**	1,239,000
	1,748,000	1,757,000
Other auditors		
Audit and review of financial reports	**159,680**	198,626
Audit services remuneration	**1,907,680**	1,955,626
Other services		
KPMG Australia		
Other assurance services	**–**	27,700
Other advisory services	**–**	–
Overseas KPMG firms		
Other assurance services	**62,296**	85,809
Other advisory services	**159,486**	525,778
Other services remuneration	**221,782**	639,287

41. Subsequent events

A final dividend of six cents per share, totalling $15,904,045, was declared on 23 September 2015, and will be paid on 13 November 2015 (2014: five cents per share, totalling $13,217,663).

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 2015 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 2015.

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 2015.

DG McGauchie AO
Director

GA Hunt
Director

INDEPENDENT AUDITOR'S REPORT
to the members of Nufarm Limited

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 2015, 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 2015 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 2015. 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 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Gordon Sangster
Partner

Melbourne
23 September 2015

SHAREHOLDER AND STATUTORY INFORMATION

Details of shareholders, shareholdings and top 20 shareholders

Listed securities – 23 September 2015	Number of holders	Number of securities	Percentage held by top 20
Fully paid ordinary shares	8,823	234,590,534	88.50

Twenty largest shareholders	Ordinary shares as at 23.09.15	Percentage of issued capital as at 23.09.15
Sumitomo Chemical Company Limited	60,210,136	22.72
J P Morgan Nominees Australia Limited	47,331,099	17.86
HSBC Custody Nominees (Australia) Limited	36,704,412	13.85
National Nominees Limited	27,137,381	10.24
Citicorp Nominees Pty Limited	20,840,467	7.86
Amalgamated Dairies Limited	14,805,328	5.59
BNP Paribas Noms Pty Ltd <DRP>	6,491,942	2.45
Merrill Lynch (Australia) Nominees Pty Limited	4,192,733	1.58
Challenge Investment Company Limited	3,130,282	1.18
Avalon Investments Trust Ltd	2,664,282	1.01
Pacific Custodians Pty Limited <Global Share Plan TST A/C>	1,940,055	0.73
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	1,916,251	0.72
CS Fourth Nominees Pty Ltd	1,512,253	0.57
Douglas Industries Limited	1,170,866	0.44
Moturua Properties Ltd	964,455	0.36
CPU Share Plans Pty Ltd <GIP Control Account>	916,800	0.35
Mirrabooka Investments Limited	909,308	0.34
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	722,178	0.27
Investment Custodial Services Limited <C A/C>	533,684	0.20
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	496,622	0.19

Distribution of shareholders	Number of holders as at 23.09.15	Ordinary shares held as at 23.09.15
Size of holding		
1–1,000	4,278	1,780,000
1,001–5,000	3,461	8,183,188
5,001–10,000	664	4,711,456
10,001–100,000	369	8,089,523
100,001 and over	51	242,303,257

Of these, 772 shareholders held less than a marketable parcel of shares of $500 worth of shares (65 shares). In accordance with the ASX Listing Rules, the last sale price of the company's shares on the ASX on 23 September 2015 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 2015, 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 %
Ellerston Capital Limited	18 August 2015	22,327,025	8.42
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, Khyber Pass Ltd and Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Glade Building Ltd, Khyber Pass Ltd and Amalgamated Dairies Ltd.
6. On 30 March 2012, Glade Buildings Ltd and the Kyber 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 information

Annual general meeting

The annual general meeting of Nufarm Limited will be held on Thursday 3 December 2015 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 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, seven 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 2015*	Annual report sent to shareholders
3 December 2015	Annual general meeting
22 March 2016*	Announcement of profit result for half year ending 31 January 2016
31 July 2016	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:	corporate.information@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
GA Hunt – 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

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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
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Website

nufarm.com

Nufarm Limited
ACN 091 323 312

Design: MDM Investor Connect.

Nufarm

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Facsimile +61 3 9282 1001
nufarm.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 99th 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, 3 December 2015 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 2015.

2. Remuneration Report

To receive, consider and adopt the Remuneration Report for the year ended 31 July 2015.

3. Re-election of Directors

To consider and, if thought fit, pass each of the following resolutions as a separate resolution:

(a) That Dr WB (Bruce) Goodfellow, 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.

(b) That Mr FA (Frank) Ford, 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. Issue of Deferred Shares to Managing Director and CEO – Mr Greg Hunt

To consider and, if thought fit, pass the following resolution:

"That, for the purpose of Listing Rule 10.14, approval be given to the issue of 27,221 Deferred Shares to the Company's Managing Director and Chief Executive Officer, Mr Greg Hunt, in accordance with the terms of the Company's Nufarm Global Incentive Plan (GIP) as set out in the Explanatory Notes, which accompany the Notice of AGM."

By Order of the Board

Rodney Heath
Company Secretary
1 October 2015

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) Item 2

In accordance with the Corporations Act, 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**. However, 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 a 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.

(b) Item 4

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on **resolution 4** by the Managing Director and Chief Executive Officer, Mr Greg Hunt, and his associates and any other Director and their respective associates (except if ineligible to participate in the GIP). However, the Company will not disregard a vote if it is cast by:

- (i) a person 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 a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As Mr Greg Hunt is a member of KMP, in accordance with the Corporations Act, a vote must not be cast on **resolution 4** by him or any other KMP, or a closely related party of Mr Greg Hunt or any other KMP, acting as a proxy if the Proxy Form does not specify the way the proxy is to vote on this resolution. However, the Company will not disregard any proxy votes cast on this resolution by a KMP if the KMP is the Chairman of the AGM acting as a proxy and the appointment expressly authorises the Chairman to exercise the proxy even though this resolution is connected with the remuneration of Mr Greg Hunt.

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 **7.00pm AEDT on Tuesday, 1 December 2015 ('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 that 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 10.00am AEDT on Tuesday, 1 December 2015:

(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 are 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.

EXPLANATORY NOTES continued

(c) Items 3(a) and 3(b): Re-election of Directors

Each re-election will be conducted as a separate resolution.

Dr William Bruce Goodfellow
Bruce 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 and food 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 Sulkem Co. Ltd and a director of Cambridge Clothing Co. Ltd, all privately owned companies.

Bruce is a member of the Nomination and Governance Committee.

Mr Francis Anthony Ford
Frank 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 adviser 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.

Frank is a director of Citigroup Pty Limited, Tarrawarra Museum of Art Limited and a former non-executive director of Manassen Foods Group. In the past three years Frank was a director of Toll Holdings Limited.

Frank is the Chairman of the Audit and Risk Committee and a member of the Nomination and Governance Committee.

Directors' recommendation

The continuing Directors unanimously support, and recommend, the re-election of Dr Goodfellow and the re-election of Mr Ford.

The Chairman intends to vote all available proxies in favour of these resolutions.

(d) Items 4: Issue of Deferred Shares to Managing Director and CEO – Mr Greg Hunt

Background

Item 4 set out in the Notice of AGM seeks approval to the proposed issue of 27,221 Deferred Shares to Mr Greg Hunt, the Company's Managing Director and CEO, in accordance with the terms of the GIP.

As part of the Board's annual review of senior executive remuneration, the remuneration package for Mr Hunt for the 2015 financial year will comprise three components, each of which are described in the Remuneration Report: fixed annual remuneration ('FAR'), a long term incentive opportunity and a short term incentive award of $439,188 ('STI Value') consisting of a 50% cash payment and a 50% grant of Deferred Shares.

EXPLANATORY NOTES continued

The Directors (excluding Mr Hunt) have taken into consideration the nature of Mr Hunt's position, the purpose of the short term component of the Company's remuneration strategy and other relevant information provided by independent consultants, Ernst & Young, and the Company's Human Resources Committee.

The Board has decided to invite Mr Hunt to participate in the GIP and will offer him 27,221 Deferred Shares. This number of Deferred Shares has been prorated according to Mr Hunt's income level during the 2015 financial year for the time that he spent, respectively, in the positions of Group Executive Commercial, Acting CEO, and Managing Director and CEO.

The issue of the Deferred Shares to Mr Hunt is conditional on Shareholder approval.

Level of participation by Mr Greg Hunt

If Shareholders approve this resolution, 50% of Mr Hunt's STI Value will be made available to him in the form of Deferred Shares, subject to the terms set out below. The number of Deferred Shares to be issued to Mr Hunt has been calculated by dividing 50% of the STI Value by the volume weighted average market price of Ordinary Shares traded on the ASX in the five trading days following (and including) 24 September 2015.

Mr Hunt currently holds, indirectly through associated entities, 54,425 Ordinary Shares. At the date of this Notice, on a fully diluted basis (excluding all performance rights and indeterminate rights granted in accordance with Mr Hunt's employment contract and under the terms of the LTIP), Mr Hunt has a 0.0205% relevant interest in voting rights in the Company. If Shareholders approve the issue of these Deferred Shares to Mr Hunt and all the issued rights become a right to Ordinary Shares in the Company, Mr Hunt's relevant interest in the Company will increase by 0.0103% to 0.0308% on a fully diluted basis, based on the issued capital of the Company as at the date of the Notice of AGM.

Key terms of the Deferred Shares

(a) The Deferred Shares will be issued to Mr Hunt for no cash consideration as soon as possible after the AGM if Shareholders approve this resolution. In any event, the Deferred Shares will be issued no later than 12 months after the date of the AGM.

(b) The Deferred Shares will vest **only** if Mr Hunt remains in continual employment for two years following the grant date of the Deferred Shares (**'Vesting Period'**).

(c) Deferred Shares that have not vested will automatically lapse if Mr Hunt ceases to be employed by the Company (whether temporarily or otherwise and whether voluntarily or otherwise) in circumstances other than death, total and permanent disability, retirement over the age of 60 years, contract severance by the Company without cause, retrenchment or such other reason determined by the Board (**'Qualifying Reason'**).

EXPLANATORY NOTES continued

(d) Deferred Shares that have not vested may be clawed back where:

   a. Mr Hunt has, in the opinion of the Board, committed an act of fraud; or

   b. the Board determines that the issue of Deferred Shares is contrary to the Company's financial interests and:

      i. the Company terminates Mr Hunt's employment for reasons justifying summary dismissal, such as serious misconduct; and/or

      ii. the Company's financial performance was misstated, which resulted in substantial adverse consequences for the Company.

(e) Deferred Shares may be capable of accelerated vesting in the event of a takeover bid or scheme of arrangement resulting in a change of control of the Company or following cessation of employment for a Qualifying Reason on terms determined by the Board.

(f) On vesting of a Deferred Share, Mr Hunt will be entitled to receive one Ordinary Share for no consideration and until conversion into an Ordinary Share, the Deferred Share will be held on trust by the trustee for the time being of the GIP, on the terms of the rules of the GIP.

(g) Ordinary Shares to be allocated on vesting and exercise of any Deferred Shares may be satisfied by the issue of new Ordinary Shares or acquired on market. All new Ordinary Shares will rank, in all respects, equally with all other Ordinary Shares and the Company will apply for quotation of the new Ordinary Shares on the ASX.

(h) If there is a reorganisation of the Company's capital, the rights attaching to Deferred Shares will be adjusted to comply with the ASX Listing Rules to the extent necessary to reflect the effects of the reorganisation.

Additional Information

The ASX Listing Rules require that this Notice includes the following additional information.

No other Director or associate of a Director has been issued Deferred Shares under the GIP. No loans have been, or will be, granted to Mr Hunt in relation to his participation in the GIP and Mr Hunt is prohibited from entering into hedging transactions or arrangements in respect of these Deferred Shares without the Board's consent.

Shareholder approval

Shareholders are asked to approve the issue of the Deferred Shares to Mr Greg Hunt in accordance with, and for the purpose of, ASX Listing Rule 10.14.

Directors' recommendation

The Directors, other than Mr Greg Hunt, believe that the success of the Nufarm Group is dependent largely on the skills, motivation and leadership of Mr Greg Hunt in overseeing the management of the Nufarm Group's operations and strategy. The Directors (excluding Mr Greg Hunt) unanimously recommend that you vote in favour of this resolution.

As stated in the Notice of AGM, Mr Greg Hunt, his associates and his closely related parties and each other KMP and their respective closely related parties are not eligible to vote on this resolution, except as stated in the Notice of AGM.

GLOSSARY OF TERMS

AEDT means Australian Eastern Daylight Time.

AGM means the annual general meeting of the Company to be held on Thursday, 3 December 2015 at 10.00am 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).*

Deferred Shares means Ordinary Shares offered under the GIP that will be transferred at a later date, subject to any minimum holding period.

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, 1 December 2015.

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 2015 that accompanies the Notice of AGM.

GIP means the Nufarm Global Incentive Plan.

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.

LTIP means the Company's Executive Long Term Incentive Plan.

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

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Laverton North Victoria 3026 Australia
Telephone +61 3 9282 1000
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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

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:

SRN/HIN:

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, 1 December 2015

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 ➔

☐ **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.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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, 3 December 2015 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 Dr WB (Bruce) Goodfellow as a Director	☐	☐	☐
Item 3b	Re-election of Mr FA (Frank) Ford as a Director	☐	☐	☐
Item 4	Issue of Deferred Shares to Mr Greg Hunt, Managing Director and Chief Executive Officer	☐	☐	☐

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 ___ / ___ / ___

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computershare

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

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, 3 December 2015 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, 1 December 2015. 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.

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