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26 October 2012

ASX
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

We are giving to the ASX the following documents:

- Nufarm 2012 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

INVESTING IN FUTURE GROWTH

Nufarm

ANNUAL REPORT 2012

NUFARM LIMITED

CONTENTS

KEY EVENTS

- Underlying earnings show strong improvement
- Further progress on strategic growth plan
- Brazil business continues to strengthen
- Lower average debt reflects more effective working capital management
- Dividend reinstated

FACTS IN BRIEF

	12 months ended 31 July 2012 $000	12 months ended 31 July 2011 $000
Trading results		
Profit/(loss) attributable to shareholders	**72,594**	(49,851)
Material items	**42,846**	148,130
Underlying net profit after tax	**115,440**	98,279
Sales revenue	**2,181,551**	2,083,589
Total equity	**1,476,802**	1,564,118
Total assets	**2,801,268**	2,837,836

	12 months ended 31 July 2012	12 months ended 31 July 2011
Ratios		
Earnings per ordinary share	**22.3**	(23.7)
Earnings per ordinary share excluding material items	**38.7**	32.9
Gearing ratio	**24.1%**	22.9%
Net tangible assets per ordinary share	**$2.88**	$3.28
Distribution to shareholders		
Annual dividend per ordinary share	**6¢**	–
People		
Staff employed	**3,401**	3,193

The financial information contained within our financial statements has been prepared in accordance with IFRS. Refer to page 5 for definitions of the non-IFRS measures used in the annual report. All references to the prior period are to the year ended 31 July 2011 unless otherwise stated. Non-IFRS measures have not been subject to audit or review.

MANAGING DIRECTOR'S REVIEW

Doug Rathbone AM
Managing director and chief executive

THE RESULTS FOR THE 2012 FINANCIAL YEAR ARE VERY SATISFYING AND REFLECT CONTINUED GROWTH AND EARNINGS RECOVERY IN THE BUSINESS AND FURTHER PROGRESS IN RESPECT OF OUR STRATEGIC GROWTH PLAN.

The company reported a statutory profit after tax of $72.6 million for the 12 months to 31 July, 2012. This compares to a statutory loss after tax of $49.9 million in the previous financial year.

Underlying net profit after tax was $115.4 million, representing a 17 per cent increase on the underlying net profit after tax of $98.3 million generated in the previous year. Underlying earnings before interest and tax (EBIT) was $206.0 million, an increase of 20 per cent on the $171.8 million recorded in the 2011 financial year.

Group revenues increased by just under five per cent to $2.18 billion (2011: $2.08 billion). On a constant currency basis, revenues increased by almost 10 per cent.

Material items amounted to a net loss of $42.8 million, including an after tax impact of $30.5 million associated with the proposed settlement of a shareholder class action (refer subsequent events).

Earnings per share were 22.3 cents (2011: a loss of 23.7 cents per share). Excluding material items, earnings per share were 38.7 cents (2011: 32.9 cents).

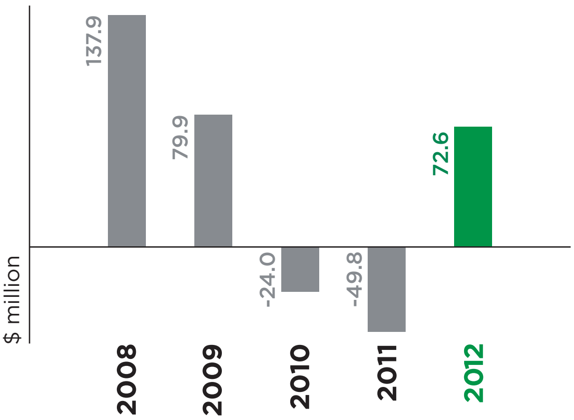
In 2012, we saw earnings growth in all of our crop protection geographic segments, except Asia, which is the smallest of those segments. In particular, it was very pleasing to see the continued turn-around in Brazil, and the very strong improvement in the results generated by that business.

In parallel with the strong profit growth achieved in the period, we also delivered very strong outcomes in respect of the balance sheet.

Much closer attention to, and more discipline around the management of working capital – and a prudent approach to the management of our capital in general – has enabled us to improve a number of balance sheet parameters. This remains an important focus for the company and we believe there is more that can be achieved in this area.

Net working capital at 31 July was $771 million (31 July, 2011: $814 million) while net debt increased marginally to $468 million from $465 million at the same time in the previous year. This small increase included the impact of a debt funded US$55 million acquisition to support growth in the seeds business.

Profit/(loss) attributable to shareholders



Average net debt was lower in 2012 and reflects more efficient management of working capital through the course of the full year.

The 2012 financial year was also a period in which we continued to invest in important operational improvements to the business.

The strengthening of the management team; enhanced business systems and reporting; and further progress on the implementation of our regional strategies are all important steps to ensuring we put in place the elements that will enable us to secure continued profit growth and improved shareholder returns over the long term.

Final dividend

Directors declared a fully franked final dividend of three cents per share, resulting in a full year dividend of six cents. No dividend was paid in the previous year.

The final dividend will be paid on 16 November 2012 to the holders of all fully paid shares in the company as at the close of business on 19 October 2012. There is no conduit foreign income attributed to the dividend.

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. The board has determined that, for this dividend payment, no discount will apply to shares issued under the DRP.

Underlying net profit after tax was $115.4 million, representing a 17 per cent increase

MANAGING DIRECTOR'S REVIEW CONTINUED

Material items

The after tax loss associated with material items was $42.8 million (2011: net loss $148.1 million). Major items included $30.4 million in costs associated with the settlement of a shareholder class action; $5 million in restructuring costs; just under $7 million in refinancing costs; and the final amortisation charge associated with the phase-out of several products in Brazil ($3.7 million). Other one-off costs related to litigation expenses and an impairment charge of just under $2 million relating to Nufarm's minority equity investment in Excel Crop Care Ltd in India.

A $7.7 million gain was booked in relation to the foreign exchange revaluation of Nufarm step-up securities (NSS).

Interest/tax/cash flow

Net external interest costs were lower ($40.9 million versus $48.9 million) due to lower average net debt and more cost effective facilities. The reported effective tax rate is 34 per cent. Excluding material items, the underlying effective tax rate is 31.7 per cent (2011: 31.0 per cent), which has been affected by a number of non-recurring items including tax related write-offs in France and Argentina. Adjusting for those non-recurring items, the effective tax rate for the year was 30 per cent.

The business generated net operating cash flow of $166.5 million, which was in line with the previous year ($165.2 million).

Balance sheet management

Net debt at year end was $468 million, slightly above that recorded on 31 July of the previous year ($465 million). Average net debt was down from $672 million in 2011 to $614 million in 2012, reflecting more efficient management of working capital through the course of the year. This calculation excludes the impact of the Seeds 2000 acquisition (US$55 million) in December 2011.

Net working capital at 31 July reduced to $771 million from $814 million at the end of the previous year. While receivables were up on the prior period due to the late timing of sales in some markets, this was more than offset by improvements on the inventories and payables lines. The payables position at 31 July includes the settlement ($43.5 million) relating to a shareholder class action (refer to subsequent events).

Average net working capital as a proportion of sales was 45 per cent, down from 50 per cent in the previous year. This was particularly pleasing given the growth of the business in markets such as Brazil, where industry standard terms place increased pressure on working capital.

Year ended 31 July 2012	Pre-tax $000	After-tax $000
Material items by category		
Class action settlement	(43,500)	(30,450)
Restructuring costs	(7,295)	(5,013)
Due diligence and litigation costs	(3,552)	(2,427)
Investment in associate write down	(1,993)	(1,993)
Intangibles write-off – Brazil	(3,708)	(3,708)
Debt refinancing costs	(9,931)	(6,952)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	11,050	7,697
Total material items	**(58,929)**	**(42,846)**
add back material items impacting net finance costs:		
– debt refinancing costs impacting net finance costs only	8,978	6,285
– net foreign exchange gains/(losses) on Nufarm step-up securities financing	(11,050)	(7,697)
Total material items impacting operating profit	**(61,001)**	**(44,258)**

Gearing (net debt to net debt plus equity) was 24.1 per cent (2011: 22.9 per cent).

Capital expenditure in 2012 was $47.6 million, representing a return to more normal levels, compared to the $30.6 million expended in 2011 when the company was subject to a refinancing.

People and organisation

During the 2012 financial year, the company continued to invest in the strengthening of management and the enhancement of business systems. At a head office level, key appointments were made in areas including global product management, finance, risk management, information services and global procurement and supply chain. Several senior appointments were also made at a regional level and within the seed technologies business. I'm confident these people will make a very valuable contribution to the business over future years.

Nufarm employees contributed significantly to the much improved financial performance of the business in 2012. This was a period in which many staff – at both a management and employee level – assumed additional responsibilities associated with business improvement projects and undertook training in new management processes and policy.

The willingness of our people to rise to that challenge shows a commitment that deserves acknowledgement and the appreciation of the board and our shareholders.

Subsequent events

On 1 August 2012, the company entered into a conditional settlement agreement in relation to the class action proceedings commenced by Maurice Blackburn and Slater & Gordon in early 2011. The settlement covers claims made on behalf of group members who acquired shares during the period from September 2009 to August 2010.

The settlement agreement was reached 14 months before the scheduled trial date in September 2013, as part of a court ordered mediation process.

MANAGING DIRECTOR'S REVIEW CONTINUED

Nufarm has agreed to pay $43.5 million, which covers the claims, interest, the costs of the litigation funders and applicants' legal fees. The settlement is subject to court approval and, if court approval is obtained, the class action will be dismissed without admission of liability by Nufarm.

The settlement payment was recorded as a material item in Nufarm's 2012 financial year accounts.

In agreeing to the settlement, the Nufarm board carefully considered risks and costs associated with a protracted litigation, and demand on management's time as the company implements its strategic growth plans.

Outlook

With considerable supply pressure on a number of key soft commodities, the pricing outlook in relation to those crops is very strong. If seasonal conditions are supportive, growers will look to take advantage of high crop prices by maximising their yields and this is generally a positive driver of crop protection and seed technology sales.

Nufarm will continue to remain very focused on its strategic growth plans and will implement initiatives and make appropriate changes to support those plans. This will include an investment of capital in areas that are seen to deliver higher and more sustainable returns over the medium to long term.

The Australian business is expected to perform approximately in line with 2012, given seasonal conditions are similar over the course of the year.

The North American business is expected to generate modest growth at an EBIT level, with the benefit of several new product launches not scheduled to have an impact on regional results until the 2014 financial year.

South America – and in particular, Brazil – is positioned for another year of strong growth and improved profit performance. Key drivers will be the very buoyant local market conditions, together with further diversification of Nufarm's portfolio.

While there remains considerable uncertainty in relation to market conditions in Europe, the company is expecting some improvement in its regional performance as structural changes and a more focused management approach begin to yield benefits.

The seeds technologies segment is again expected to deliver top line and EBIT growth, although 2013 will see additional investment in these businesses to strengthen and consolidate Nufarm's position. This additional investment will help deliver more secure long term profit growth in the seeds technologies segment.

Given at least average seasonal conditions in Nufarm's major geographic markets, the company is well positioned to generate an improved underlying earnings result in the 2013 financial year.

Doug Rathbone AM
Managing Director

24 September 2012

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. Nufarm 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 annual report:

1. Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBITDA is underlying EBIT before depreciation and amortisation of $61.781 million for the year ended 31 July 2012 and $60.057 million for the year ended 31 July 2011. 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;

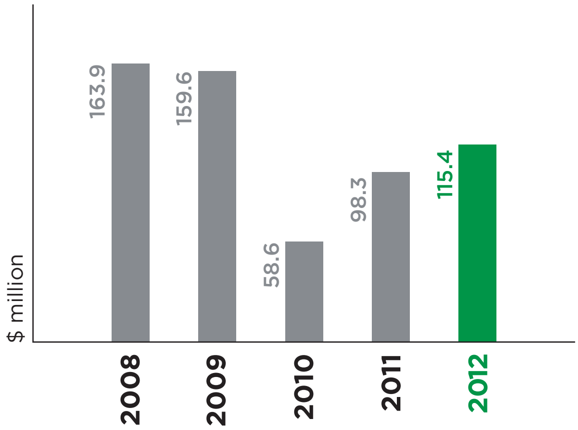
Year ended 31 July	2012 $000	2011 $000
Underlying EBIT	**205,973**	171,779
Material items impacting operating profit	**(61,001)**	(143,690)
Operating profit	**144,972**	28,089

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 as described on page 4;
   - 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 2012 Nufarm Limited financial report; and
   - constant currency revenue – reconciled as per the below – whereby '(a)' represents the impact from the fluctuation in exchange rates between all foreign currency denominated amounts and the Australian dollar. Constant currency results exclude any benefit or loss caused by foreign exchange fluctuations between foreign currencies and the Australian dollar, which would not have occurred if there had been a constant exchange rate.

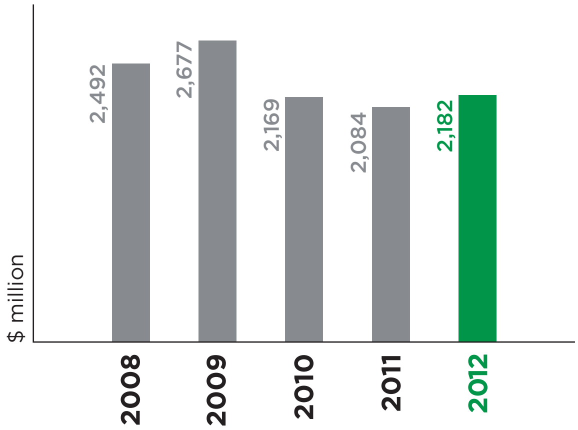
Year ended 31 July	$000
FY 2011 revenue as reported	**2,083,589**
Foreign currency translation impact[(a)]	**(97,570)**
Revenues constant currency adjusted	**1,986,019**
FY 2012 revenue as reported	**2,181,551**
Change %	**10%**

MANAGING DIRECTOR'S REVIEW CONTINUED

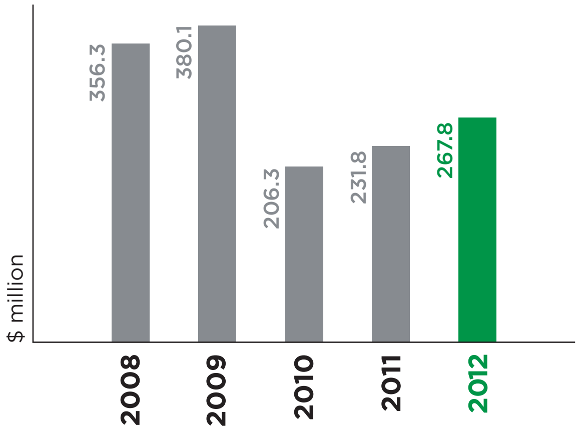
Underlying net profit after tax



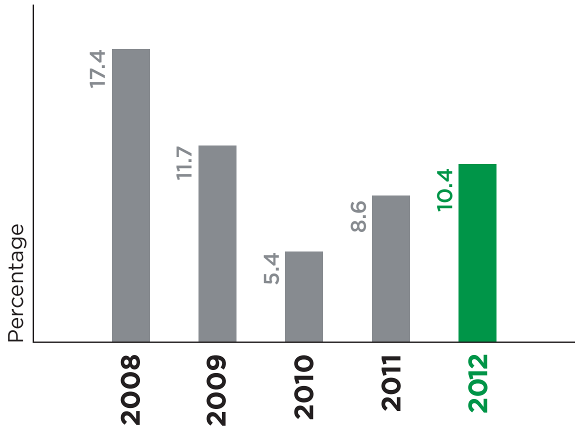
Group sales



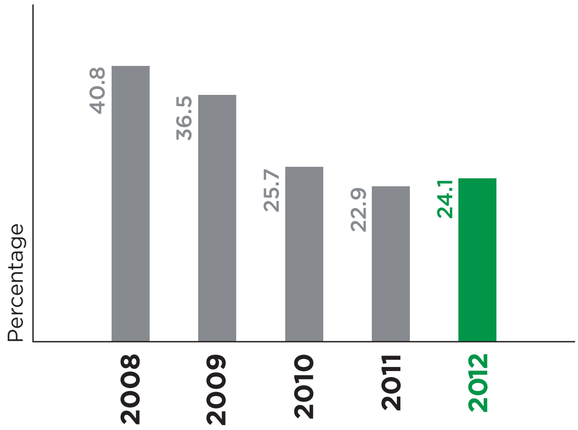
Underlying EBITDA



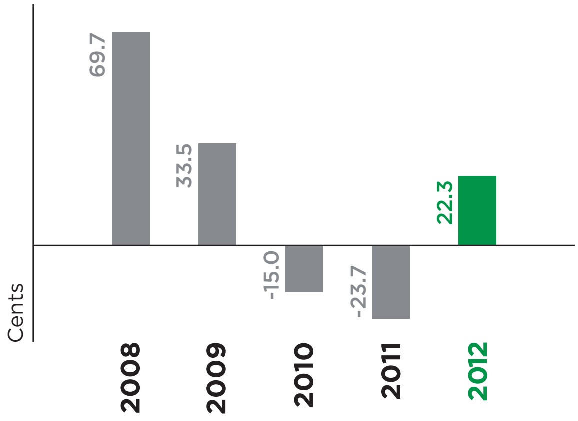
Return on funds employed



Gearing ratio



Earnings per share



Implementing important changes to support our strategic growth plan

BUSINESS REVIEW

THE BUSINESS PERFORMED SOLIDLY IN THE 2012 FINANCIAL YEAR, AGAINST A BACKDROP OF MIXED SEASONAL AND MARKET CONDITIONS IN THE VARIOUS GEOGRAPHIES IN WHICH NUFARM OPERATES.

Australia experienced average seasonal conditions; market conditions in Brazil were mostly positive although areas of the country were impacted by drought; while in the USA – after a good start to the season – severe drought had an impact. Most European markets had challenging climatic conditions during key periods of the year, while economic and credit risks were also elevated in Europe.

In the 2012 financial period, the company continued to implement important changes in support of its strategic growth plan. This included a review and realignment of development programs; the further diversification of product offerings; additional resources to support higher value growth segments; and the strengthening of business systems and management at both a corporate head office and regional level.

Corporate (head office) costs were higher in 2012 at $41.4 million (2011: $30.5 million). This reflected investment in additional management resources and systems as well as increased incentive payments made in parallel with the earnings recovery in the business.

Nufarm's crop protection business, which accounts for 94 per cent of group revenues, grew sales by three per cent to $2.06 billion and generated an average gross margin of 27 per cent (2011: 27 per cent). The company's seed technologies business grew sales by 39 per cent to $121.0 million and generated an average gross margin of 53 per cent, slightly up on the previous year (52 per cent).

Operating segments summary

The table above right provides a summary of the performance of the operating segments for the 2012 financial year and the corresponding period.

Year ended 31 July	Revenue			Underlying EBIT		
($000)	2012	2011	Change (%)	2012	2011	Change (%)
Crop protection						
Australia and New Zealand	**701,022**	674,827	3.9	**105,982**	94,723	11.9
Asia	**125,586**	142,297	-11.7	**16,735**	22,319	-25.0
Europe	**431,095**	435,794	-1.1	**43,223**	38,346	12.7
North America	**470,243**	418,931	12.2	**33,327**	16,456	102.5
South America	**332,636**	324,544	2.5	**17,526**	4,107	326.7
Total crop protection	**2,060,582**	1,996,393	3.2	**216,793**	175,951	23.2
Seed technologies – global	**120,969**	87,196	38.7	**30,589**	26,318	16.2
Corporate	**–**	–	N/A	**(41,409)**	(30,490)	35.8
Nufarm group	**2,181,551**	**2,083,589**	**4.7**	**205,973**	**171,779**	**19.9**

Australia/New Zealand

The Australian and New Zealand businesses generated $701.0 million in segment sales, representing 34 per cent of total crop protection revenues. This compares with 2011 sales of $675 million (also 34 per cent of total). Underlying EBIT increased from $94.7 million in the 2011 financial year to $106.0 million in 2012, with the majority of the improvement contributed by New Zealand and the Croplands spray machinery business.

Seasonal conditions in Australia were average, with generally good rainfalls in most of the eastern and southern states, and a late and dry season in Western Australia. Both pest and disease pressure was below that of the previous year.

A solid first half performance was driven by higher value herbicide sales into the cotton and horticulture segments. Glyphosate margins experienced increased pressure with the high level of formulated Chinese imports, but there was solid demand for the company's post emergent herbicide range, and the launch of a new 2,4-D formulation – Amicide Advance – was very successful.

A number of other new products were launched under both the Nufarm and Crop Care brands, and Crop Care's proprietary 'suSCon' controlled release technology continued to secure increased market support.

The Croplands machinery business benefited from increased capital expenditure in the farm sector and generated strong sales and an improved margin.

Nufarm's New Zealand business also generated higher sales and improved profitability on the previous year with the important pasture and horticulture markets performing solidly. The company's New Zealand based insecticide and fungicide manufacturing facility, which produces product for export to Nufarm's global markets, contributed strongly in its first full year of operation.

Asia

Asian crop protection sales were $125.6 million in 2012 (six per cent of total revenues), compared to $142.3 million in the previous year (seven per cent of total revenues). Underlying EBIT was $16.7 million, down from $22.3 million in 2011.

A prolonged dry season, which reduced applications in major crops, including the important plantation segment, had an impact on Nufarm's Indonesian business. Increased pressure on glyphosate margins also contributed to lower sales and a lower EBIT result.

A number of new products were launched during the year as the Nufarm businesses in Asia further diversified their portfolios in the rice and fruit and vegetable segments.

North America

North American crop protection sales increased by just over 12 per cent to $470.2 million. Measured in local currency, the increase in US sales was slightly higher. The region generated 23 per cent of total crop protection revenues (2011: 21 per cent). Underlying EBIT was up strongly, increasing to $33.3 million from $16.5 million in the previous year. After a positive and early start to the major cropping season in the US, conditions deteriorated significantly, with key agricultural regions experiencing the worst drought in many years. Nufarm was able to capitalise on the strong early season conditions with large plantings of corn and soybeans supporting positive demand for herbicides during that period. Glyphosate pricing remained competitive in the US.

The dry conditions had a negative impact on the turf and ornamental segment, particularly opportunities for fungicide sales in the latter months of the financial year. Despite this, Nufarm increased its sales in this segment, reflecting its strong market position and customer relationships. The company also performed strongly in the industrial vegetative management segment.

Seasonal conditions in Canada were mixed, but increased cropping activity drove stronger demand for crop protection inputs after several years of flood-affected below average plantings. Nufarm Canada benefited from the addition of the Valent range of products in the second half of the financial year. Valent is a subsidiary of Sumitomo Chemical Company.

South America

South American crop protection sales increased slightly to $332.6 million (2011: $324.5 million), but generated a much stronger underlying EBIT, $17.5 million versus $4.1 million in 2011. Regional sales comprised 16 per cent of total crop protection revenues, the same proportion as in the previous year.

Seasonal impacts in Brazil were mixed during the year, with drought conditions in the south of Brazil affecting demand in the first half of the period and dry conditions in the north east of the country having a negative impact on some sales in that region in the latter months of the second half. Conditions in the important central cropping regions were positive, however, and supported a very large 'safrinha' corn crop. Brazilian growers looked to capitalise on strong crop prices, and this generated positive demand for crop protection inputs.

Nufarm's Brazilian business strengthened its positions in pasture and sugar cane and introduced new products into several segments, including vegetable crops. In local currency, Brazil sales were up by nearly 14 per cent to R$488 million. Improved margins were driven by new product introductions and a more balanced portfolio.

Dry conditions in the north of Argentina affected summer cropping activity, however Nufarm generated increased sales and an improved margin. The business in Chile also performed well but a combination of seasonal impacts and increased competition in some segments resulted in Nufarm's Colombian operations generating a result in line with the previous year.

Europe

European sales were $431.1 million, down slightly on the previous year (2011: $435.8 million) and represented 21 per cent of total crop protection revenues (2011: 22 per cent). Underlying EBIT improved to $43.2 million, up 13 per cent on the prior year ($38.3 million).

Climatic conditions were varied across Europe, with a dry autumn and very cold winter negatively affecting demand in the first half of the year in northern and eastern markets before conditions improved in the spring and summer seasons. Southern Europe also experienced mixed seasonal conditions and the UK recorded its wettest summer in 100 years.

Challenging economic and credit conditions had an impact on a number of European markets and this required careful risk management in relation to receivables exposure.

On a local currency basis, Nufarm sales were higher in Germany, France, Romania, Hungary and Ukraine and the company reinforced its strong position in the corn herbicide market. Most Mediterranean markets, including Spain and Italy, recorded lower sales.

In Italy, Nufarm entered into an agreement with Sumitomo Chemical Company's local subsidiary and will now sell its crop protection portfolio via Sumitomo's larger distribution platform. The agreement took effect from 1 August, 2012.

Nufarm's European based phenoxy herbicide manufacturing facilities made a significant contribution to the regional result. Global demand for this range of products was strong and the facilities in Holland, Austria and the UK all produced increased volumes on the previous year and generated improved overhead recoveries.

Major product segments

Crop protection

Nufarm's crop protection business, which accounts for 94 per cent of group revenues, grew sales by three per cent to $2.06 billion and generated an average gross margin of 27 per cent (2011: 27 per cent).

Herbicide sales were up five per cent on the previous year to $1.43 billion and generated an average gross margin of 26 per cent (2011: 26 per cent).

Glyphosate sales were 22 per cent of crop protection revenues, slightly higher than in the previous year (21 per cent). Pricing and margins improved in some markets, including South America, but increased competitive pressure in Australia and Indonesia led to a fall in glyphosate profitability. Phenoxy herbicides were in strong demand in most markets and Nufarm's leadership position in this segment helped facilitate both higher sales and an increase in margins. Several new formulations and mixtures were successfully launched and a new production facility for a proprietary dry formulation of 2,4-D was commissioned in India. An expanded position in the pasture market in Brazil helped drive increased sales of picloram, and several other herbicides – including bromoxynil and trifluralin – also recorded increased sales.

Insecticide sales were down on the previous year ($184 million versus $197 million) but when these numbers are adjusted to reflect several products that were phased out at the end of last financial year, the segment generated eight per cent growth. These sales generated an average gross margin of 35 per cent (2011: 36 per cent).

Insect pressure in South America was relatively high, leading to strong demand for Nufarm's insecticide portfolio, in particular products based on imidacloprid. Two insecticides that had generated $27.5 million in sales for Nufarm in 2011 were phased out in Brazil at the end of that year, however replacement products generating improved margins have been introduced into the portfolio. Insect pressure in Europe was below average in most markets and Australia did not see a repeat of the locust infestation that generated very high sales of products such as fipronil in the previous year. Other insecticide products to perform strongly in 2012 included lambda-cyhalothrin, on which several new product launches were based, and abamectin.

Fungicide sales in 2012 were $213 million versus $244 million in the previous year. A lower average gross margin (28 per cent versus 32 per cent) was achieved.

The 2012 financial year was characterised by lower fungal disease pressure in most of Nufarm's major geographic markets. Dry conditions in the south of Brazil, severe drought through the major cropping regions of the United States and the severe winter experienced in much of Europe all contributed to softer demand for fungicide products in those markets and increased competition for lower sales. Australia also had a lower incidence of fungal disease. Initial registration approvals were secured by Nufarm in France and the UK for azoxystrobin, a major fungicide with global sales in excess of $1 billion. Additional registrations, and related product launches, will follow in other markets.

Sales of plant growth regulators were up by just over 12 per cent year on year to $76 million, with a number of niche products positioned in the horticulture segment performing strongly and generating good margins.

Nufarm's spray machinery business, Croplands (Australia and New Zealand), also recorded higher sales ($57 million versus $47 million) and a stronger EBIT contribution.

Seed technologies

The company's seed technologies business grew sales by 39 per cent to $121.0 million and generated an average gross margin of 53 per cent, slightly up on the previous year (52 per cent). Underlying EBIT was $30.6 million, up from $26.3 million in the previous corresponding period. This segment includes the global Nuseed business and Nufarm's seed treatment applications.

Generally positive seasonal conditions and strong oilseed prices drove growth in canola and sunflower markets in Australia. Nuseed Australia realised excellent growth in all segments including Roundup Ready canola, triazine tolerant canola and high oleic sunflower. The Monola specialty canola oil business experienced a strong lift in demand with several new end-use customers, including KFC Australia, committing to the product for its high stability, low saturate and trans fat free profile.

Nuseed's sorghum business achieved record volume and improved margin, driven by growth in the US domestic market and the establishment of demand for elite hybrids in emerging markets. Increased investment in product development, sales and marketing within South America and Mexico resulted in improved market presence and branded sales growth. The company also invested in the development of its food grade, milling quality grain sorghum, which is attracting strong international interest and the emergence of a completely new high value segment.

The Nuseed sunflower business experienced strong organic and acquisition growth in 2012. With the purchase during the year of Seeds 2000 USA, Seeds 2000 Argentina and the breeding assets of Super Seeds in Serbia, Nuseed has established a global breeding and development sunflower platform. Seeds 2000 experienced strong growth in its oilseed sunflower segments in the US and in European markets. The China confection sunflower market saw a drop in total plant acreage in 2012 due to carry over grain stocks from the record crops in 2011. Despite this, Nuseed continued to gain total share of this high value segment.

Sales of seed treatment chemistry grew strongly in 2012, with the US, Brazil and European markets contributing the majority of that growth. Several new products were launched and registration approvals were secured to support additional product launches over the next 12 months. Nufarm supplied seed treatment solutions to a number of major seed companies and is increasingly seen as a reliable supply partner in this expanding market segment.

During 2012, Nuseed's global headquarters were relocated to Chicago, reflecting its expanding operations in North America. The company invested in strengthening management, in the optimisation of its seed technologies research and development pipeline and in the establishment of the Nuseed brand.

Sales revenue by region 2012
Crop protection segment

Australia/New Zealand	34%
North America	23%
South America	16%
Europe	21%
Asia	6%

$2,061 million

Sales revenue by region 2011
Crop protection segment

Australia/New Zealand	34%
North America	21%
South America	16%
Europe	22%
Asia	7%

$1,996 million

Sales by product segment 2012
Crop protection segment

Herbicides	70%
Fungicides	10%
Insecticides	9%
Other*	11%

$2,061 million

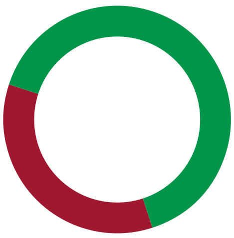
* Other includes equipment, adjuvants, PGR's and industrial.

Sales by product segment 2011
Crop protection segment

Herbicides	68%
Fungicides	12%
Insecticides	10%
Other	10%

$1,996 million

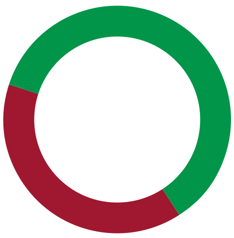
Sales by product segment 2012
Seed technologies



Seed	65%
Seed treatment	35%

$121.0 million

Sales by product segment 2011
Seed technologies



Seed	61%
Seed treatment	39%

$87.2 million

HEALTH, SAFETY AND ENVIRONMENT

NUFARM CONTINUES TO PLACE A VERY HIGH PRIORITY ON MANAGING AND MINIMISING THE COMPANY'S ENVIRONMENTAL IMPACT AND SAFEGUARDING THE HEALTH AND SAFETY OF OUR EMPLOYEES.

As an organisation, we support initiatives aimed at improving industry-wide performance; we adhere closely to regulatory requirements; and we are committed to a culture of continuous improvement.

It is very disappointing when accidents occur that result in harm to our people. The 2011 tragedy of a fatal accident at our manufacturing facility in Laverton North is a stark reminder of the need to be ever more vigilant when it comes to personal safety in the workplace.

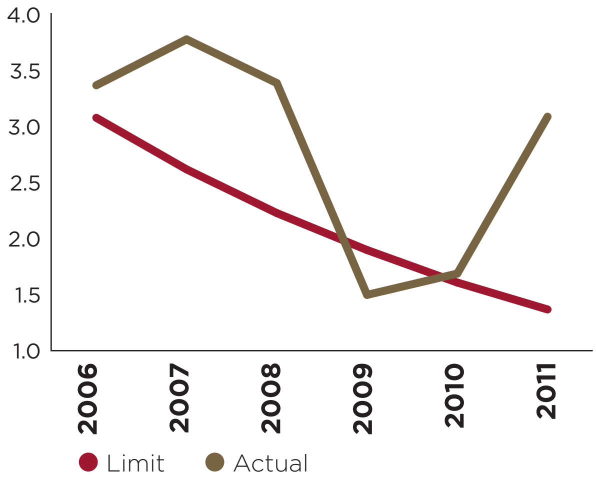
Ultimately, the test of how well we maintain a safe working environment comes down to the vigilance and response of individual employees. Despite regular training and the best procedures, circumstances will often result in us having to use initiative and good judgement when going about our own work and encouraging our work colleagues to follow safe work practice.

Nufarm's annual report of its health, safety and environment performance for the calendar year 2011 may be downloaded from the company's website, together with individual site reports.

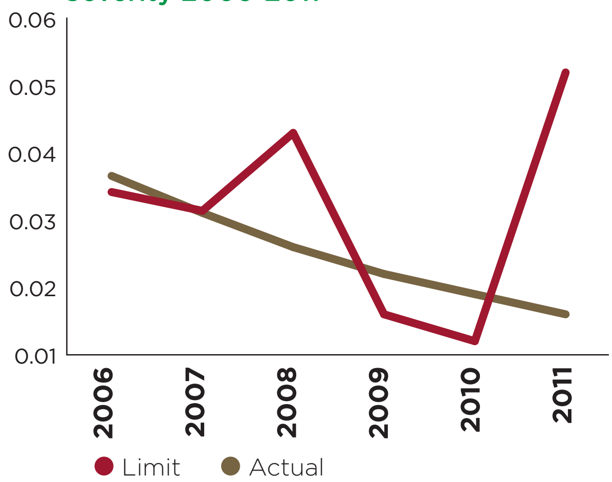
It provides performance data and examples of initiatives by employees to enhance the safety of our people and customers, and to minimise environmental effects from our operations and products.

The health and safety data is collated from 16 manufacturing sites, 20 offices and regional service centres. Not included is data from a further eight offices in Asia and South America. The health and safety data includes permanent and casual employees and contractors, as well as targets set by the Nufarm board, including the expectation of an annual 15 per cent improvement.

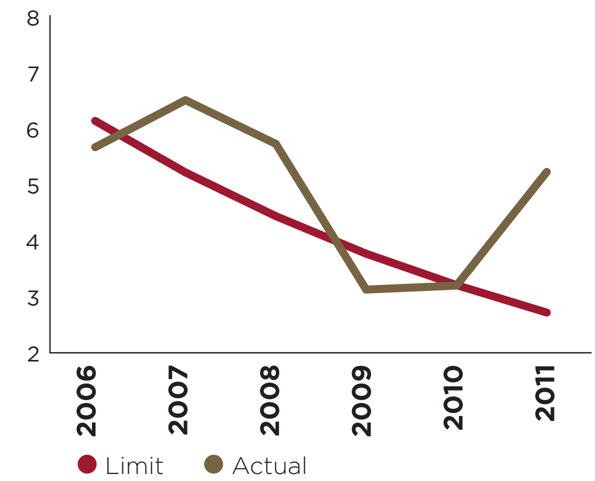
LTIFR 2006-2011



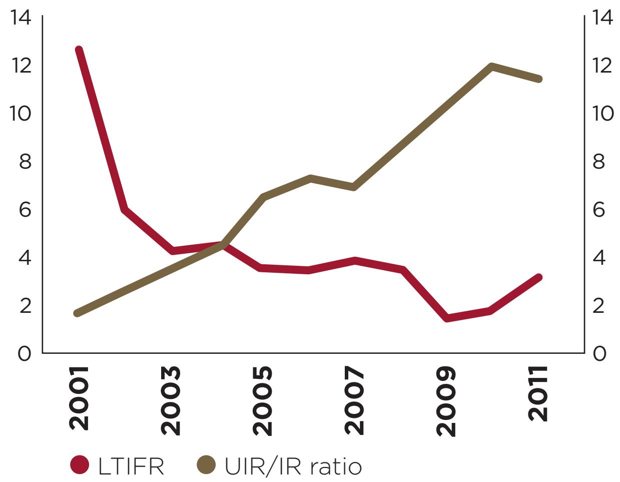
Severity 2006-2011



MTIFR 2006-2011



Unusual incident report/injury report versus LTIFR 2006-2011



HEALTH, SAFETY AND ENVIRONMENT CONTINUED

Nufarm 2012 limits

LTIFR <1.16 MTIFR <2.31 Severity <0.014

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.

Nufarm includes employees, contractors and visitors in its statistics.

The injury statistics reported for the 2011 period reflect the fact that it requires only a small number of incidents to reverse a trend of improving performance.

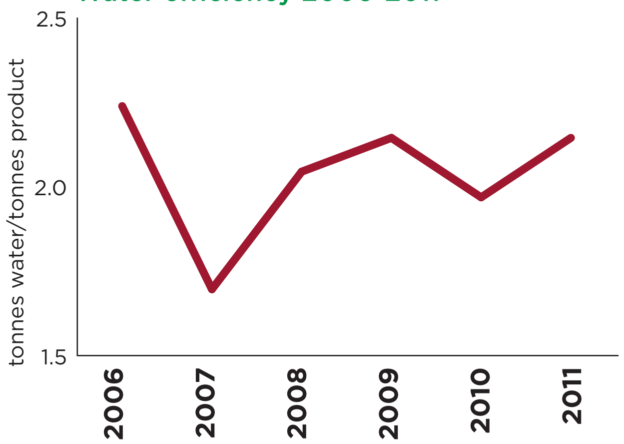
Nufarm continues to expand its behavioural training courses across its operations, focusing on people related incidents. A review of the 20 lost time injuries in 2011 showed that all could have been prevented. Engineering solutions remove the more risky situations but what remains are a few injuries that have to do with behaviour.

We need to know what happened and then determine what needs to be done to prevent or modify the situation to avoid it resulting in a further incident. The causes may include: lack of training; time pressure; fatigue; lack of understanding (especially of written instructions); and language difficulties. We need to deal with the causes if we are to further reduce injuries.

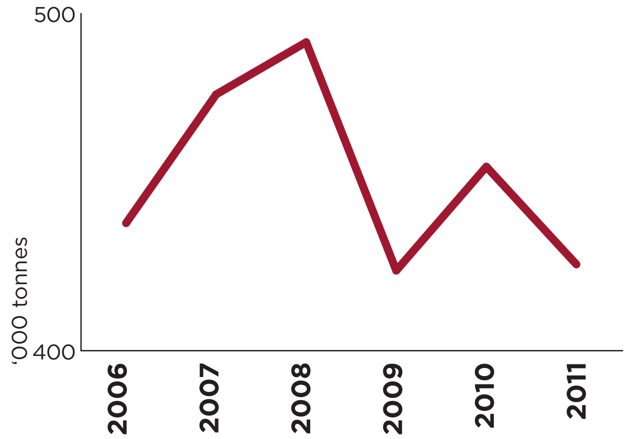
On a broader front, the company has achieved very significant reductions in its carbon emissions over the past decade of operations. Despite a significant increase in the volume of product produced at Nufarm's global manufacturing facilities, we have reduced our CO_2 emissions to 40 per cent of the level produced in 2001.

Nufarm's water consumption has also dramatically reduced through process and technology improvements and a rationalisation of production to improve efficiencies.

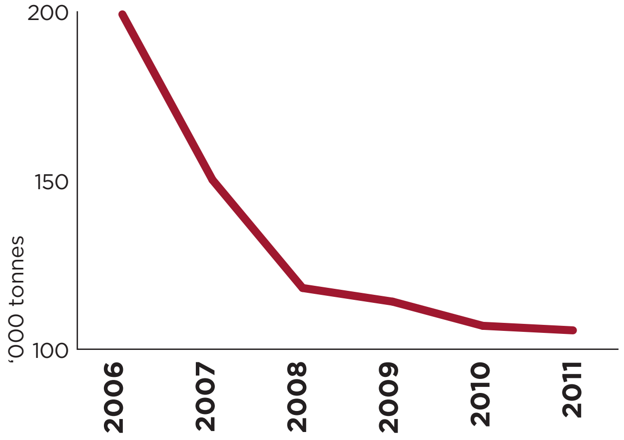
Water efficiency 2006-2011



Production volume 2006-2011



CO_2 released from energy use and processes 2006-2011



EXECUTIVE MANAGEMENT

Doug Rathbone AM
Managing director and chief executive

Doug Rathbone's background is chemical engineering and commerce and he has worked for Nufarm Australia Ltd for 39 years. Doug was appointed managing director of Nufarm Australia in 1982 and managing director of Nufarm Ltd in October 1999. He joined the board of directors in 1987. He also served as a non-executive director on the board of CSIRO (2007-2010).

Brian Benson
Group executive agriculture

Brian Benson joined Nufarm in 2000, bringing with him extensive experience in the crop protection industry in the areas of international marketing and strategy. He has degrees in agricultural science and business administration. Brian is responsible for Nufarm's regional sales operations and commercial strategy.

Paul Binfield
Chief financial officer

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

Bonita Croft
Group executive human resources and organisation development

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

Rodney Heath
Group executive corporate services and company secretary

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

Greg Hunt
Group executive global marketing and business development

Greg joined Nufarm in February 2012. He has had considerable executive and agribusiness experience with a successful career at Elders Australia Limited where he held a number of management positions focused on both the Australian and international operations of Elders. Greg was appointed chief executive officer of Elders in 2001, a position he held until 2007, leading the company's operations across a broad range of activity, including rural merchandising and product distribution. After leaving Elders, Greg worked with a number of organisations in business development and agribusiness related advisory roles. He is a director of Tandou Limited.

Dale Mellody
Group executive global supply chain and strategic procurement

Dale Mellody joined Nufarm as a territory manager in 1995, having completed his bachelor of agricultural science. Promoted to the senior management group in July 2005, he has had various global roles including group executive global marketing, general manager NAFTA and has assisted with a number of company acquisitions. Dale is now responsible for global supply chain and strategic procurement.

Mike Pointon
Group executive innovation and development

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

David Pullan
Group executive operations

David Pullan joined the company in 1985. A mechanical engineer, David has extensive experience in chemical synthesis and manufacturing, having held a variety of operational and management positions in the oil and chemical industries. David is responsible for all of Nufarm's global manufacturing and production sites.

Robert Reis
Group executive corporate strategy and external affairs

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

Bob Ooms
Group executive chemicals (1999–2012)

Bob Ooms joined the company in 1999. An industrial chemist by training, he has more than 40 years experience in the chemical industry. At the time of his retirement in February 2012, he was responsible for global supply chain issues.

EXECUTIVE MANAGEMENT CONTINUED


Doug Rathbone AM


David Pullan


Robert Reis


Mike Pointon


Bonita Croft


Brian Benson


Paul Binfield


Dale Mellody


Rodney Heath


Greg Hunt

BOARD OF DIRECTORS

Donald McGauchie AO
Chairman

Donald McGauchie AO, 62, joined the board in 2003 and was appointed chairman on 13 July 2010.

He has wide commercial experience within the 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 SE and Graincorp Ltd.

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

Doug Rathbone AM
Managing director and chief executive

Doug Rathbone AM, 66, joined the board in 1987.

His background is chemical engineering and commerce and he has worked for Nufarm Australia Limited for 39 years.

Doug was appointed managing director of Nufarm Australia in 1982 and managing director of Nufarm Limited in October 1999.

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

Anne Brennan

Anne Brennan, 52, 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 has over 25 years experience in senior finance roles and in professional accounting firms.

She was formerly the executive finance director for the Coates Group and chief financial officer for CSR.

Anne is a director of Myer Limited, Charter Hall Group, Argo Investments Limited and Echo Entertainment Group Limited. She is also a director of Cuscal Limited, Rabobank Australia Limited and Rabobank New Zealand Limited.

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

Gordon Davis

Gordon Davis, 56, joined the board on 31 May 2011.

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

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

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

BOARD OF DIRECTORS CONTINUED

Bruce Goodfellow

Bruce Goodfellow, 61, joined the board representing the holders of the 'C' shares in 1991. Following the conversion of the 'C' shares into ordinary shares, he was elected a director in 1999.

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

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

Bruce is a member of the nomination and governance committee.

Garry Hounsell

Garry Hounsell, 57, joined the board on 1 October 2004.

He has a bachelor of business (accounting) and is a former senior partner with Ernst & Young and a former Australian country-managing partner with Arthur Andersen.

He has extensive experience across a range of areas relating to management and corporate finance and has worked with some of Australia's leading companies in consulting and audit roles, with a particular emphasis in the manufacturing sector.

Garry is chairman of Pan Aust Ltd and a director of Qantas Airways Limited, Orica Ltd, Dulux Group Ltd, Treasury Wine Estates Limited and has been appointed to the Advisory Board of Rothschilds Australia. Garry is also chairman of the audit committee at Qantas and Dulux. In the past three years Garry has been deputy chairman of Mitchell Communication Group Ltd.

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

Peter Margin

Peter Margin, 52, joined the board on 3 October 2011.

He has a bachelor of science (hons) from the University of NSW and holds a master of business administration from Monash University. Peter has many years of leadership experience in major Australian and international food companies. His most recent role was a chief executive of Goodman Fielder Ltd and, before that Peter was chief executive and chief operating office of National Foods Ltd. Peter 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 and PMP Limited and has been appointed to the advisory board of Grant Samuel. Over the past three years Peter has been a director of Goodman Fielder Ltd.

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

Bob Edgar

(retired 27 March 2012)

Bob Edgar, 66, joined the board on 1 June 2009.

Dr Edgar holds a bachelor of economics (hons) from University of Adelaide and a PhD from Ohio State University. Bob was deputy chief executive officer of ANZ Banking Group, where he also held the positions of chief operating officer, managing director, institutional financial services and chief economist. Bob is a chairman of Centro Retail Australia and a director of Transurban Holdings Ltd, Transurban Infrastructure Management Ltd, Asciano Ltd, and Linfox Armaguard Pty Ltd. He is also chairman of the Prince Henry's Institute of Medical Research.

Bob was chairman of the human resources committee and a member of the audit committee and nomination committee.

John Stocker AO

(retired 1 December 2011)

John Stocker AO, 67, joined the board in 1998.

He has a medical, scientific and management background and was formerly chief scientist of the Commonwealth of Australia and formerly chief executive and subsequently chairman of CSIRO. He is a principal of Foursight Associates Pty Ltd and is a director of Telstra Corporation Ltd.

John was a member of the audit committee.

CORPORATE GOVERNANCE

NUFARM'S BOARD PROCESSES HAVE BEEN REVIEWED TO ENSURE THEY REPRESENT AND PROTECT THE INTERESTS OF ALL STAKEHOLDERS.

The review included detailed consideration 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 reviewed in the corporate governance section of our website: www.nufarm.com

Compliance with ASX principles

The ASX Listing Rules require Nufarm to disclose in our annual report the extent to which we have adopted the 30 best practice ASX recommendations during our reporting period and, where we do not comply, to explain why not. Nufarm complies with all the ASX principles.

Management and oversight of Nufarm

The board

The governing body of the company is the board of directors. The board's clear 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 clearly defines the board's individual and collective responsibilities and describes those delegated to the managing director and senior executives.

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; and
- reviewing remuneration policy for senior executives and Nufarm's general remuneration policy framework.

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

There are seven 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 2012, there are four board committees: audit; 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 34 of this report.

Evaluating the performance of senior executives

The performance of the senior executive team is reviewed by the managing director, and then the human resources committee and the board, as part of the annual remuneration review. 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 35 to 44 of this report.

The company is managed according to the recommendations of ASX Principle 1.

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

Board of directors

Composition

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

The company's constitution specifies that the number of directors may be neither less than three, nor more than 11. At present there are six 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 applies the framework set out in ASX Principle 2 to determine the independence of directors. To decide whether a director has a material relationship with the company that may compromise independence, the board considers all relevant circumstances.

The board reviewed the ASX principles and the circumstances of individual directors and believes it is unnecessary to define any specific materiality limits, except that a substantial shareholder is defined as one who holds or is associated directly with a shareholder controlling in excess of five per cent of the company's equity.

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 committee reviews the performance of directors who seek to offer themselves for re-election at the company's annual general meeting. That committee then recommends to the board whether or not it should continue to support the nomination of the retiring directors.

The board conducts an annual review of the independence of directors and, at the date of this report, it has determined that all directors are independent with the exception of Dr WB Goodfellow (non-executive director) and DJ Rathbone (chief executive officer and managing director).

Profiles of each board member, including terms in office, are on pages 20 to 21 of this report.

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.

Chairman of the board

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

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

The board structure is consistent with ASX Principle 2.

The nomination and governance committee

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

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

- considering the appropriate size and composition of the board;
- developing criteria for board membership selection, composition and assessing the skills required on the board;
- reviewing the skills represented on the board and determining whether those skills meet the required skills;
- 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.

Nufarm recognises the valuable contribution made by each board member to the effective running of the company. When board positions become available the opportunity is taken to review the mix of skills and experience on the board in considering the skills and experience sought in new directors.

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

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

For some years now the board has undertaken an annual internal survey of its performance, the results of which are used to monitor and improve performance and identify ongoing development to ensure directors have a suitable level of knowledge of the business.

In the current period, this formal internal review was undertaken together with the chairman's assessment of board members against the skills and experience matrix.

An external assessment is being considered in 2013.

In line with ASX Principle 2.6 Nufarm applies a capability matrix to assess the collective capability of the board. This matrix covers qualifications, strategic and functional expertise, industry knowledge, business and board experience and diversity. Prior to initiating a search for a new board member, these areas of capability are reviewed in light of Nufarm's strategy and the prevailing and expected market conditions. The collective capability of the current board is assessed against requirements and the search then focuses on finding a board member who will best complement the current mix of capability on the board.

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

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

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

All directors may obtain independent professional advice and have direct access to the company secretary, who is appointed by, and accountable to, the board on all governance matters.

The operation of the board is in accordance with the recommendations of ASX Principle 2.

A copy of the nomination committee charter and a summary of the policy and procedure for appointment of directors is available on the corporate governance section of the company's website.

Ethical and responsible decision-making

Ethical standards

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

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

We require directors, senior executives and all employees to adopt standards of business conduct that are ethical and in compliance with all legislation. Where there are no legislative requirements, the company develops policy statements to ensure appropriate standards and carefully selects and promotes employees.

The board endorses the principles of the Code of Conduct for Directors, issued by the Australian Institute of Company directors.

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

Diversity and inclusion

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

To this end opportunities are provided for our people to work in different countries and regions as part of their development. Leadership teams within countries and regions, are representative of those countries and regions, resulting in truly global representation across the business.

In 2012 an initiative was undertaken to better understand our diversity profile and identify opportunities for improvement. As a first step to creating a sustainable diverse workforce, Nufarm established a platform upon which to base diversity objectives and programs. Gender and culture were confirmed as the first areas for specific focus, without diminishing the company's commitment to inclusion of all employees. Five measurable objectives were set for the year.

1. Adopt a formal diversity policy

Nufarm adopted a formal diversity policy in 2012. This policy has been published on our website – www.nufarm.com

2. Articulate Nufarm's overall approach to implementation of the diversity policy

Nufarm's overall approach is to establish and maintain long term sustainable diversity and inclusion. Our initial areas of focus will be gender and culture. The company will combine the use of planned programs to create a diverse talent pool with activities to ensure current employees are treated equitably and provided with equal opportunities for career progression and developmental support.

3. Ensure human resources policies and practices support the attraction and retention of women and other diversity candidates

In 2012 the following activities were undertaken:

- flexible working arrangements were reviewed, and have been available to Nufarm employees for many years;
- recruitment and selection processes were reviewed and confirmed as being free of gender or other bias. All recruitment assignments actively seek qualified diverse candidates;
- expatriate and relocation policies were reviewed and updated to better facilitate cross-regional movement of employees; and
- the Nufarm global performance management and development process was introduced in 2012 providing the opportunity for performance and development discussions with all employees.

4. Establish a formal process to collect global gender and cultural diversity statistics

Our Equal Opportunity for Women in the Workplace Agency (EOWA) categories were revised in 2012 for greater transparency of our Australian gender statistics. Currently detailed gender and other diversity statistics are not available from all regions. The processes and systems to enable the collection and analysis of this data will be a major focus for the coming year.

5. Review board selection criteria to ensure gender diversity is encouraged

The selection criteria for board members were reviewed and confirmed as being appropriate for the company and without inherent gender bias. Gender, experience and cultural diversity are stated criteria in the board capability matrix.

2012 gender statistics

Category	Male	Female
Non executive board members	6	1
Senior executives (MD and direct reports)	9	1
Permanent full time employees globally	2,125	597
Permanent part time* employees globally	24	63

* Part-time = regular hours but less than full time e.g. 20 hrs per week The balance of staff are employed on a casual or temporary basis mainly in manufacturing areas. The mix of male and female varies but is predominantly male.

Our diversity and inclusiveness focus in 2013 will be in the following three key areas:

1. build a deeper understanding of our diversity profile through improved reporting and the Nufarm employee survey;
2. create an employee value proposition, targeted at diverse candidates including gender, culture and experience, to attract them to our industry and company; and
3. continue to encourage gender and cultural diversity while maintaining inclusion for all employees.

The duties of the human resources committee include:

- reviewing and making recommendations to the board on the diversity policy to ensure it is in line with applicable legislation and governance principles;
- in conjunction with the nomination committee, ensuring the application of the diversity policy to board appointments and succession;
- making recommendations to the board regarding the diversity policy and strategies to address board diversity;
- monitoring the application of the diversity policy to executive appointments and succession; and
- reviewing remuneration by gender.

The manner in which the company promotes ethical and responsible decision making is consistent with ASX Principle 3.

Safeguard integrity in financial reporting

Financial reports

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

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

Audit committee

Garry Hounsell is chairman of the board audit committee with Anne Brennan and Gordon Davis as members. The committee comprises independent non-executive directors and is chaired by an independent director.

Details of attendances at meetings of the audit committee are set out on page 34.

Garry Hounsell has a bachelor of business (accounting) and is a former senior partner with Ernst & Young and a former Australian country-managing partner with Arthur Andersen. He has extensive experience across a range of areas, relating to management and corporate finance and has worked with some of Australia's leading companies in consulting and audit roles, with a particular emphasis in the manufacturing sector. He is chairman of PanAust Limited, and a director of Qantas Airways Limited, Orica Limited, Dulux Group Ltd, Treasury Wine Estates Limited and has been appointed to the Advisory Board of Rothschilds Australia. Garry is also chairman of the audit committee at Qantas and Dulux.

Anne Brennan has over 25 years experience in senior finance roles and in professional accounting firms. Anne has a bachelor of commerce (hons) from University College Galway and is a fellow of the Institute of Chartered Accountants in Australia and a fellow of the Australian Institute of Company Directors. She was formerly the executive finance director for the Coates Group and chief financial officer for CSR.

Anne is a director of Myer Limited, Charter Hall Group, Argo Investments Ltd and Echo Entertainment Group Limited. She is also a director of Cuscal Limited, Rabobank Australia Limited and Rabobank New Zealand Limited.

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

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

The committee has a formal charter which is reviewed annually.

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 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 and 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 partner can again be involved in the company's audit.

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

The financial reporting system of the company is consistent with ASX Principle 4.

Disclosure

The company has a detailed written policy and procedure to ensure compliance with both the ASX Listing Rules and Corporations Act. This policy is reviewed regularly with the company's legal advisers who also provide annual disclosure training to the board and senior executives.

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.

The company's disclosure policy is consistent with ASX Principle 5.

Rights of shareholders

Communication

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

Nufarm's communication policy aims to:

- ensure that shareholders and the financial markets are provided with full and timely information about its activities;
- comply with its continuous disclosure obligations;
- ensure equality of access to briefings, presentations and meetings for shareholders, analysts and media; and
- encourage attendance and voting at shareholder meetings.

Postal and electronic communication with shareholders includes:

- half year and annual reports;
- proxy voting; and
- notices of AGM.

Copies of:

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

are also immediately made available on the company's website.

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

The company's policy in relation to the rights of shareholders is consistent with ASX Principle 6.

Identifying and managing risk

The board is committed to identifying, assessing, monitoring and managing its material business risks.

Nufarm's policies and procedures relating to the management and oversight of risk provide effective management of material risks at a level appropriate to Nufarm's global business.

The board annually, at its strategy review meeting, comprehensively reviews the material risks faced by the company. In so doing, it considers the interests of all relevant stakeholders. In addition, at each board meeting, management report on specific issues of risk and compliance, including legal compliance, health safety and environmental compliance and financial reporting.

The company recognises a number of operational risks related to its crop protection business including:

- climate conditions and seasonality;
- regulatory, freedom to operate, product registration, product use and sustainability;
- relationships with key suppliers and customers; and
- licences and operating permits for manufacturing facilities.

The managing director and the company's senior management (group executives who report directly to the managing director) are responsible for the management of material risks in their respective areas of responsibility.

Their regular reports, submitted for review to each board meeting, will include relevant commentary on any material risk.

In the current period, external consultants assisted in the completion of a management review of Nufarm's risk profile and risk inventory. Management presented a risk profile report to the board to provide assurance that all material risks are being effectively managed. The company remains committed to continuous improvement in relation to effective risk management and during the period appointed a general manager global risk and assurance to enhance and manage the company's enterprise-wide risk management system. The position formally reports to the audit committee and has continual access to the chairman and members of the audit committee.

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

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

During the period the board constituted a new committee, the health, safety and environment (HSE) committee. Gordon Davis is chairman of the HSE committee with Anne Brennan and Peter Margin as members. The committee comprises independent non-executive directors and is chaired by an independent director. The HSE committee assists the board in respect of the company's responsibilities in relation to health, safety and environment matters arising out of activities within the Nufarm group as they affect employees, contractors, visitors, customers and the communities in which the Nufarm group operates.

The audit committee assists the board in regard to financial reporting, audit and risk management, including oversight of the preparation of Nufarm's financial reporting, compliance with legal and regulatory obligations, oversight of the effectiveness of the Nufarm's enterprise-wide risk management and internal control framework and oversight of the relationship with the external and internal auditors.

The audit committee has specific oversight of financial and treasury risk, including credit, liquidity and market risks and will refer any relevant matters to the board. The year-end exposure to these risks is described in note 31 of the financial statements.

The Nufarm audit committee charter specifies the roles and responsibilities of the committee and the general manager global risk and assurance and requires the committee to:

- evaluate the effectiveness of the Group's process for assessing, monitoring and managing significant risks or exposures and the steps management has taken to minimise such risks to the group as required by ASX Principle 7.2;
- 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 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.

Senior executives and regional and local financial controllers complete certificates, which are reviewed by the chief financial officer and the audit committee, as part of the company's reporting to the market and to achieve compliance with Section 295A of the Corporations Act. In accordance with Section 295A, the board procedures to safeguard the integrity of the company's financial reporting require the chief executive officer and the chief financial officer to state in writing to the board that:

- the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards; and
- the statement is founded on a sound system of risk management and internal compliance and control, which is operating effectively in all material respects in relation to financial reporting risks.

The board received in the current reporting period an assurance from the chief executive officer and chief financial officer that the declaration relating to the company's financial reports has been made with due regard to appropriate risk management controls.

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

Nufarm's management of risk is consistent with ASX Principle 7.

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 35 to 44 of this report.

Human resources committee

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

The committee's formal charter includes 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 practice.

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.

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 35 to 44 of this report.

A copy of the human resources committee charter and the company policy on margin loans and prohibiting key management personnel from entering into transactions in associated products which operate to limit the economic risk of security holdings in Nufarm over unvested entitlements (contained within the security trading policy) are available on the corporate governance section of the company's website. Nufarm's remuneration policies are consistent with ASX Principle 8.

FINANCIAL STATEMENTS

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 2012 and the auditor's report thereon.

Directors

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

DG McGauchie AO (Chairman)
DJ Rathbone AM (Managing director)
AB Brennan
GR Davis
Dr WB Goodfellow
GA Hounsell
PM Margin (appointed 3 October 2011)
Dr JW Stocker AO (retired 1 December 2011)
Dr RJ Edgar (retired 27 March 2012)

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 20 and 21.

Company secretary

The company secretary is R Heath.

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

Directors' interests in shares and step-up securities

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

	Nufarm Ltd ordinary shares	Nufarm Finance (NZ) Ltd step-up securities
AB Brennan	10,000	–
GR Davis	40,000	–
Dr WB Goodfellow [1,2]	1,141,491	48,423
GA Hounsell [1]	43,723	–
DG McGauchie [1]	31,239	–
PM Margin	2,458	
DJ Rathbone	11,676,031	1,500

Note, at the date of their retirement Dr JW Stocker and Dr RJ Edgar owned 41,521 and 13,000 shares respectively.

1. The shareholdings of Dr WB Goodfellow, GA Hounsell and DG McGauchie include shares issued under the company's non-executive director share plan and held by Pacific Custodians Pty Ltd as trustee of the plan.

2. The holding of Dr WB Goodfellow includes his relevant interest in:
   (i) St Kentigern Trust Board (430,434 shares and 19,727 step-up securities) – Dr Goodfellow is Chairman of the Trust Board. Dr Goodfellow does not have a beneficial interest in these shares or step-up securities.
   (ii) Sulkem Company Limited (120,000 shares).
   (iii) 531 Trust (400,861 shares). Dr Goodfellow and EW Preston are trustees of 531 Trust.
   (iv) Auckland Medical Research Foundation (26,558 step-up securities). Dr Goodfellow does not have a beneficial interest in these step-up securities.
   (v) Trustees of the Goodfellow Foundation (33,854 shares and 1,338 step-up securities). Dr Goodfellow is Chairman of the Foundation and does not have a beneficial interest in these shares or step-up securities.
   (vi) Archem Trading (NZ) Ltd (700 step-up securities).

Directors' 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		Human resources		Nomination and governance		Health science and environment	
	Meetings held[2]	Meetings attended	Meetings held[2]	Meetings attended	Meetings held[2]	Meetings attended	Meetings held[2]	Meetings attended	Meetings held[2]	Meetings attended
AB Brennan	13	12	3	3	–	–	–	–	1	1
GR Davis	13	13	1	1	3	3	–	–	1	1
Dr WB Goodfellow	13	13	–	–	–	–	2	2	–	–
GA Hounsell	13	13	3	3	–	–	1	1	–	–
DG McGauchie	13	13	–	–	3	3	2	2	–	–
PM Margin[1]	8	8	–	–	1	1	–	–	1	1
DJ Rathbone	13	13	–	–	–	–	–	–	–	–
Dr JW Stocker[1]	8	7	1	1	–	–	–	–	–	–
Dr RJ Edgar[1]	11	11	2	1	2	2	1	1	–	–

1. PM Margin was appointed a director on 3 October 2011. Dr JW Stocker retired as a director on 1 December 2011. Dr RJ Edgar retired as a director on 27 March 2012.
2. Number of meetings held during the period the director held office.

Principal activities and changes

Nufarm is a leading global crop protection company and has operated in the industry for over 50 years. Nufarm develops, manufactures and sells a wide range of crop protection products, including herbicides, insecticides and fungicides that help crop producers protect their crops against damage caused by weeds, pests and disease. Nufarm sells its products in most of the world's major agricultural regions, and operates primarily in the off-patent segment of the crop protection market, which consists of products using technical active ingredients for which the patent has expired. Nufarm's focus is on creating products that use off-patent active ingredients within a differentiated formulation, delivery system or other technology that provide additional benefits to farmers. The company also has a proprietary seeds business with a portfolio covering canola, sorghum and sunflower crops, and is developing a global presence in the fast growing and high value seed treatment segment.

Nufarm employs approximately 3,400 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 2012 is $72.6 million. The comparable figure for the 12 months to 31 July 2011 was a loss of $49.9 million.

Dividends

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

	$000
The interim dividend for 2011–2012 of 3 cents paid 30 April 2012.	7,865

The final dividend for 2011–2012 of 3 cents as declared and recommended by the directors is payable 16 November 2012.

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 15 April 2011 – 16 October 2011 at the rate of 6.94 per cent per annum paid 17 October 2011	8,829
Distribution for the period 17 October 2011 – 15 April 2012 at the rate of: (i) 6.61 per cent for the period 17 October 2010 – 23 November 2011, and (ii) 8.61 per cent for the period 24 November 2011 – 15 April 2012 paid 16 April 2012	10,253

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 2 to 6 and the business review on pages 9 to 12.

State of affairs

The state of the group's affairs are set out in the managing director's review on pages 2 to 6 and the business review on pages 9 to 12.

Operations, financial position, business strategies and prospects

The directors believe that 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 and the business review.

Events subsequent to reporting date

On 1 August 2012 the company announced that it had entered into a conditional settlement agreement in relation to the class action proceedings originally issued in January 2011 by Maurice Blackburn and Slater & Gordon. In accordance with Accounting Standards the class action settlement amount, along with related legal costs, has been provided for in the financial statements and is reported in the items of material income and expense (refer to note 6 for further information).

On 21 September 2012, Nufarm announced that it intended to offer, subject to market and other conditions, US$300 million aggregate principal amount of senior unsecured notes. If successful, the net proceeds would be used to repay existing indebtedness outstanding under the $625 million senior secured syndicated bank facility (SFA) entered into in November 2011. Concurrent with this, US$250 million of the commitments under the $625 million SFA would be cancelled.

On 24 September 2012, the directors declared a final franked dividend of 3 cents per share payable 16 November 2012.

Likely developments

The directors believe that likely developments in the group's operations and the expected results of those operations are contained in the managing director's review and the business review.

Environmental performance

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

Non-audit services

During the year KPMG, the company's auditor, has performed certain other services in addition to their statutory duties. Details of the audit fee and non-audit services are set out in note 42 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 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 committee to ensure they do not impact the integrity and objectivity of the auditor.

Remuneration report

Introduction

Nufarm's remuneration report is for the year ended 31 July 2012. The report details remuneration information as it applies to Nufarm non-executive directors (NED) and Nufarm's executives (referred to as key management personnel [KMP]).

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

Remuneration governance

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

The board measures financial performance under the short term incentive (STI) and long term incentive plan (LTIP) using audited numbers. The relative total shareholder return (TSR) will be measured by an independent external advisor. Within this framework the board has discretion to 'clawback' deferred STI prior to vesting where: payment is contrary to the financial soundness of the company; in circumstances where the financial performance of Nufarm over the relevant period (including the initial STI performance period) has been mis-stated; and/or for individual gross misconduct.

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

Key outcomes for the 2012 year detailed in this report include:

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

Remuneration advice

The human resources committee engaged Mercer as advisors to provide executive remuneration benchmarking data through comparisons to organisations of similar size and complexity to Nufarm and through detailed analysis of KMP compensation trends. This advice covered both fixed and variable components of compensation.

Mercer was paid $35,222 for the provision of this advice. No other services were provided by Mercer during the year.

The human resources committee appointed Mercer with a set of clear criteria including the requirement for all reporting to be delivered directly to the chairman of the human resources committee. A process was established to ensure that Mercer would be able to carry out its work, including information capture and the formation of its recommendations, free from undue influence from KMP to whom the recommendations would apply. The human resources committee undertook a full and independent review of the advice.

The board was satisfied that the remuneration recommendations made by Mercer were free from undue influence by members of the KMP to whom the recommendations would apply.

The remuneration recommendations were provided to the Nufarm board as an input into decision making only. The board considered the recommendations, along with other factors, in making its remuneration decisions.

Principles of remuneration for the period ended 31 July 2012

As disclosed in last year's remuneration report, the board undertook a major review of the executive remuneration structure which resulted in:

- a change to the target remuneration mix and a plan to move all KMP to this mix over a defined period;
- a change to the STI measures to be more directly aligned to financial accountabilities;
- the addition of strategic and business improvement objectives to ensure focus on the ongoing health and profitability of the business; and
- the introduction of the LTIP to better align executive remuneration with shareholder returns.

The company's remuneration policy for the period ended 31 July 2012 was based on total target reward (TTR) structured to align overall remuneration spend with business performance.

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

Remuneration mix

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

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

Fixed remuneration

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

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

Short term incentive

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

In 2012 the STI, which rewards annual performance, was delivered through a combination of cash incentive and shares which were retained and will vest 50 per cent on the first anniversary and 50 per cent on the second anniversary. Future awards will vest on the second anniversary.

Who participates in the STI?	Plan participants include KMP and senior managers globally.				
When are awards made?	Awards under the plan are made at the end of the financial year.				
What measures are used in the plan?	The board sets measures at the start of each year focused on profitability, balance sheet management and overall return. Noted below are the measures used in 2012 and the measures to be applied in 2013.				
	2012				
	80 per cent of the potential is based on budget measures of underlying EBIT and return on operating assets (ROA).	20 per cent of the potential is based on strategic and business improvement objectives.			
	2013				
	80 per cent of the potential will be based on net operating profit after tax (NPAT) and average net working capital ANWC/sales*.	20 per cent of the potential is based on strategic and business improvement objectives.			
	These changes in 2013 better reflect Nufarm's strong focus on the use of capital and refines the alignment of reward to business outcomes and shareholder returns.				
When and how are the STI payments determined?	Awards are assessed annually at the end of the financial year. Awards are based on the percentage achievement against the budget and strategic measures.				
	Percentage budget achievement	<85	85	100	120*
	Percentage of STI target award realised	Nil	25	100	150
	Straight-line vesting between 85 per cent and budget and between budget and 120 per cent budget achievement. Strategic and business improvement objectives are assessed on a merit basis against stated objectives.				
Are payments in cash or shares?	50 per cent of STI paid in cash at time of performance testing and 50 per cent deferred into shares or rights in the company for nil consideration.				
When do the shares vest?	Vesting will occur on the second anniversary subject to continued employment. The unvested awards are subject to the clawback provisions of the plan. 2012 awards will vest 50 per cent on the first anniversary and 50 per cent on the 2nd anniversary. Future awards will vest in full on the second anniversary.				

* In respect of the ANWC/sales measure in FY13, the maximum potential budget achievement will be set at 110 per cent.

Long term incentive plan

Nufarm's LTIP commenced in 2012 and is based on the principle of aligning executive interests and reward with those of shareholders. Return on funds employed (ROFE) has long been held as an important metric for Nufarm and it was considered important to include a return measure in the LTIP. Relative TSR recognises that investors will choose to invest their money in industries and companies with acceptable returns. This plan rewards executives to the degree the company performs against two hurdles over three years.

Why have an LTIP?	This plan aligns executive interests and earnings with the longer term Nufarm strategy and the interests of shareholders.
Who participates in the LTIP?	The current participants in the plan are KMP and other selected senior managers (together, the LTIP participants).
Are the awards cash or shares?	Awards are granted to Australian executives in the form of performance rights, which comprise rights to acquire ordinary shares in the company for nil consideration, subject to the achievement of global performance hurdles. The plan rules provide the flexibility to use other instruments to comply with local regulations and sound practice.
When are the awards made?	Under the plan, Australian LTIP participants receive an annual award of performance rights as soon as practical after the announcement of results for the preceding year. In the case of the managing director the award is delayed until after shareholder approval is gained at an AGM. The initial awards were made to LTIP participants (excluding the managing director) in the first quarter of 2012 in line with the individual transition plans mentioned above under 'remuneration mix'.
How are the number of rights calculated?	The number of rights for the 2012 award was calculated at 'face value' using the five day VWAP post the announcement of annual results for FY12. The 2013 awards will be valued in the same way. The board will review the efficacy of a fair value methodology for the 2014 awards. To be eligible the LTIP participant needs to be employed by Nufarm on the vesting date.
When do the awards vest?	The performance/vesting period for awards is three years. Awards will vest in two equal tranches as follows: • 50 per cent 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 per cent of the LTIP grant will vest subject to the three year average of an absolute ROFE target.
Why have ROFE and relative TSR been chosen as the hurdles?	ROFE is used to track progress towards the goal to return long term results back to acceptable levels for Nufarm. Strong relative TSR performance ensures Nufarm is an attractive investment for shareholders.
What is the comparator group for the assessment of relative TSR?	Based on the results of research and modelling carried out by Ernst & Young, the board approved the adoption of the 'S&P ASX 200 excluding those companies in the Financial, Materials and Energy groups' as the TSR comparator group. This provides a group which is large enough for sound measurement with exclusions that reduce the volatility by removing companies which are in significantly different industries to Nufarm. This comparator group is also seen as an appropriate representation of Nufarm's competitors for investment.
How is relative TSR measured?	TSR will be measured over the performance period. For the purposes of this measurement, each company's share price will be measured using the average closing price over 60 days up to (but excluding) the first day of the performance period, and the average closing price over 60 days up to and including the last day of the performance period.

What is the relative TSR performance required for vesting?	TSR of Nufarm relative to the TSR of comparator group companies	Proportion of TSR grant vesting
	Less than 50th percentile	0 per cent
	50th percentile	50 per cent
	Between 51st percentile and 75th percentile	Straight-line vesting between 50 per cent and 100 per cent
	75th percentile	100 per cent vesting
How is the ROFE measure set?	ROFE objectives are set by the board at the beginning of each year. There is both a 'target' and a 'stretch' hurdle. These numbers are based on the budget and growth strategy.	
How is ROFE measured?	Return is calculated on the group's earnings before interest and taxation and adjusted for any non-operating items. Funds employed are represented by shareholder's funds plus total interest bearing debt. For the purposes of measuring ROFE performance in the LTIP, ROFE will be averaged over the life of the plan.	
What ROFE result is required for vesting?	Percentage of ROFE target achieved	Proportion of ROFE grant vesting
	Less than target	0 per cent
	Target	50 per cent
	Between target and stretch	Straight-line vesting between 50 per cent and 100 per cent
	Stretch	100 per cent
What was the result for the 2012 year?	There is no partial vesting of the LTI before the third anniversary which will be 31 July 2014. However the 2012 ROFE result of 10.4 per cent is currently tracking at a level of performance required to achieve the 2014 ROFE target hurdle rate.	
What happens if the awards do not vest?	To the extent the TSR and ROFE performance hurdles are not met at the end of the initial three year performance period and full vesting is not achieved, performance will not be retested and the award will lapse.	

Link between performance and KMP remuneration outcomes

- Fixed and variable remuneration review – given the financial performance of the group and the contribution to the continued recovery of the business, KMP were granted a four per cent increase in fixed remuneration and short term incentive potential. Salary benchmarking carried out by Mercer confirmed that a four per cent increase was in line with market movement in executive salaries.
- STI – based on an underlying EBIT result at 100.2 per cent of target and a return on operating assets result at 105.4 per cent of target and performance against individual strategic and business improvement objectives, KMP were awarded an STI.
  - Individual objectives were driven by Nufarm's strategy and the goals to deliver on sustainable innovation and business discipline across the business. These objectives included organisation restructuring, management and board renewal, business process and systems improvements and the implementation of initiatives to support growth in higher value segments.
- LTIP – The LTIP vests on the third anniversary. While both measures are tested on the third anniversary, the 2012 ROFE result of 10.4 per cent is currently tracking at a level to achieve the 2014 ROFE target hurdle rate.

The table below summarises the company's performance and shareholder wealth statistics over the last five years.

	*Underlying EBIT	ROFE achieved	EPS	Dividend rate	Dividends paid	**Change in share price	Share price 31 July	***Total shareholder return
	$m	%	cents per share		$000	$	$	%
2008	307.6	17.0	69.7	33	58,332	3.75	16.85	31.5
2009	312.5	13.0	33.5	35	65,297	(6.01)	10.84	(33.8)
2010	148.4	6.0	(15.0)	15	32,709	(7.02)	3.82	(62.7)
2011	171.8	7.6	(23.7)	–	–	0.52	4.34	13.6
2012	206.0	10.4	22.3	3	7,865	1.13	5.47	26.8

* Underlying EBIT is earnings before net finance costs, taxation and material items. Underlying EBIT is a non-IFRS measure used to reflect the underlying performance of Nufarm's operations. Underlying EBIT is reconciled to operating profit in the managing director's review (pages 2 to 6). Refer to note 2(e) of the Nufarm Limited financial statements for a discussion of the classification of foreign exchange gains or losses and debt establishment costs as net finance costs in 2012 and all prior periods.

** This column reflects the change in share price from 1 August to 31 July in the relevant financial year.

*** Source: JB Were.

2012 STI outcomes

	2012 STI Potential		2012 STI Awarded		
KMP	At target $	At maximum $	To be paid in cash in October 2012 $	Retained in shares vesting on 1st anniversary $	Retained in shares vesting on 2nd anniversary $
Doug Rathbone***	1,560,000	2,340,000	652,454	489,341	489,341
Paul Binfield*	213,000	319,500	109,226	54,613	54,613
David Pullan	497,297	745,945	259,987	129,994	129,994
Brian Benson	475,675	713,512	248,683	124,342	124,342
Robert Reis	411,840	617,760	215,310	107,655	107,655
Greg Hunt**	198,000	297,000	100,545	50,273	50,273
Dale Mellody	360,360	540,495	182,991	91,496	91,496
Mike Pointon	251,909	377,863	129,179	64,590	64,590
Bonita Croft	219,648	329,472	114,832	57,416	57,416
Rodney Heath	216,216	324,324	113,038	56,519	56,519

* Potential pro-rated to reflect nine months service.

** Potential pro-rated to reflect six months service.

*** Retained STI in cash.

2012 LTIP allocations

	Value of award $	*Number of performance rights
Doug Rathbone	750,000	180,749
Paul Binfield	227,000	54,710
David Pullan	150,696	36,320
Brian Benson	144,144	34,740
Robert Reis	124,800	30,080
Greg Hunt	218,000	52,588
Dale Mellody	109,200	26,320
Mike Pointon	76,336	18,340
Bonita Croft	66,650	16,040
Rodney Heath	65,520	15,790

* Rights were valued at $4.1494 being the five day VWAP post the announcement of 2011 annual results. Rights will vest on 31 July 2014 to the degree that the ROFE and relative TSR hurdles are met.

Service contracts

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

- the company may terminate the contract of the managing director, either immediately or by giving 12 months notice, in which case the managing director will be paid a termination payment equivalent to 24 months TFR (base salary plus value of benefits such as motor vehicle and superannuation and any fringe benefits tax in relation to those benefits). The contract also provides for the company to be able to make a payment in lieu of notice should it wish, for payment of any entitlements due under existing STI and LTI plans and for payment of applicable statutory entitlements;
- the managing director may terminate the contract by giving the company 12 months notice. In this event, the contract provides an entitlement for the managing director to a termination payment equal to any part of the notice period, paid in lieu, by the company. In addition, the managing director will be paid any entitlements due under existing STI and LTI plans and all applicable statutory entitlements;
- in certain limited circumstances, the managing director may also terminate his contract on immediate notice. This includes where there is a change of duties or responsibilities without the managing director's agreement which has the effect of material change in status and in certain other limited circumstances. If the contract is terminated in these circumstances, the managing director will, in general, be entitled to the payments outlined above where the company terminates on immediate notice. In extremely limited circumstances, the managing director may also be entitled to an additional amount equal to 24 months entitlement under the STI and LTI plans;

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

Termination benefits

- Under the rules of the STI plan if a KMP leaves before the vesting anniversary under 'qualifying leaver' provisions the equity will remain in the plan until the vesting date. If the KMP leaves under other than 'qualifying leaver' circumstances the equity will be forfeited.
- To be eligible under the LTI plan the KMP must be employed by Nufarm on the first anniversary of the allocation. If the executive leaves before this date the allocation is forfeited. If the executive leaves under 'qualifying leaver' provisions after the first anniversary and before the third anniversary of the plan the allocation will be pro-rated and the pro-rated allocation will remain 'on foot' in the plan subject always to certain overriding discretions set out in the plan, and to supervening provisions in certain executive contracts, which extend or alter the manner in which the pro-rating is undertaken.
- 'Qualifying leaver' provisions include participants who cease employment due to retirement, death, ill health/disability, redundancy, or contract severance without cause by Nufarm.
- The rules of the plans provide the flexibility, in special circumstances (e.g. health or severe personal hardship), to accelerate the vesting. In the case of the STI this would result in the shares being released from the trust to the KMP. In the case of the LTI plan the qualifying allocation will be tested against the hurdles to determine the value (if any) of the allocation.

Non-executive directors

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

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

Set out below are details of the annual fees payable for the year ending 31 July 2012 (including superannuation costs). Increases in these fees were effective as of 1 February 2012 and bring board remuneration in line with market practice.

The board's decision in relation to NED fee increases was informed by independent advice received from the Godfrey Remuneration Group.

The fee changes remained well within the approved cap.

	Fees applicable for the period to 31 January 2012 $	Fees applicable from 1 February 2012 to the 31 July 2012 $
Chairman[1]	319,000	330,000
General board	126,500	135,000
Audit committee chair	27,500	27,500
Audit committee member	5,500	11,000
HSE committee chair		16,500
HSE committee member		5,500
Human resources committee chair	11,000	22,000
Human resources committee member	2,750	8,250
Nomination and governance committee chair	11,000	11,000
Nomination and governance committee member	2,750	1,375 per meeting

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

Remuneration of directors and executives

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

				Short term
In AUD		Salary and fees $	Cash bonus (vested) $	Non-monetary benefits $
Directors' non-executive				
AB Brennan	2012	128,864	–	–
	2011	56,093	–	–
GR Davis	2012	135,025	–	–
	2011	20,035	–	–
Dr RJ Edgar[3]	2012	84,833	–	–
	2011	128,446	–	–
Dr WB Goodfellow	2012	121,364	–	–
	2011	117,500	–	–
GA Hounsell	2012	155,114	–	–
	2011	140,000	–	–
DG McGauchie	2012	295,000	–	–
	2011	290,000	–	–
Dr JW Stocker[4]	2012	40,455	–	–
	2011	120,000	–	–
P Margin[2]	2012	110,310	–	–
	2011	–	–	–
GDW Curlewis (Deputy chairman)	2012	–	–	
	2011	57,974	–	–
Sub total non–executive directors' remuneration	2012	1,070,965		
	2011	930,048		
Executive director DJ Rathbone (Managing director)	2012	1,451,451	1,141,795	51,508
	2011	1,370,932	300,000	65,781
Total directors' remuneration	2012	2,522,416	1,141,795	51,508
	2011	2,300,980	300,000	65,781
Group executives				
DA Pullan (Group executive operations)	2012	702,458	259,987	–
	2011	677,411	–	20,414
P Binfield[5] (Chief financial officer)	2012	449,875	309,226	–
	2011	–	–	–
BF Benson (Group executive marketing)	2012	624,858	248,683	22,030
	2011	605,879	–	33,548
G Hunt[6] (Group executive global marketing)	2012	270,310	100,545	–
	2011	–	–	–
RG Reis (Group executive corporate strategy and external affairs)	2012	542,504	215,310	22,829
	2011	538,472	–	33,355
DA Mellody (Group executive global supply chain and strategic procurement)	2012	475,262	182,991	31,612
	2011	464,054	–	6,419
MJ Pointon (Group executive innovation and development)	2012	298,261	129,179	35,468
	2011	290,204	–	34,387
BJ Croft (Group executive human resources and organisation development)	2012	285,629	114,832	–
	2011	173,940	100,000	–
R Heath (Company secretary)	2012	245,157	113,038	38,096
	2011	239,274	–	28,836
RF Ooms[7] (Group executive chemicals)	2012	604,812	–	13,293
	2011	534,781	–	13,173
KP Martin[8] (Chief financial officer)	2012	–	–	–
	2011	556,748	–	31,750
Sub total – total executive remuneration	2012	4,499,126	1,673,791	163,328
	2011	4,080,763	100,000	201,882
Total directors' and executive remuneration	2012	7,021,542	2,815,586	214,836
	2011	6,381,743	400,000	267,663

1. Represents total remuneration in the financial year.
2. Peter Margin was appointed a director on 3 October 2011.
3. Dr RJ Edgar retired as a director on 27 March 2012.
4. Dr JW Stocker retired as a director on 1 December 2011.
5. Paul Binfield was appointed chief financial officer on 7 November 2011.
6. Greg Hunt was appointed as group executive global marketing on 6 February 2012.
7. Robert Ooms left Nufarm on 29 February 2012. The payments to Mr. Ooms comprised his entitlements and termination under the conditions of his employment contract.
8. Kevin Martin left Nufarm on 30 June 2011.

	Post-employment		Share based payments	Other long term	Total[1]		
Total $	Superannuation $	Termination benefits $	Equity settled $	$	Total remuneration $	Percentage of remuneration performance based %	Value of options as a proportion of total remuneration %
128,864	12,886	–	–	–	141,750		
56,093	5,609	–	–	–	61,702		
135,025	13,482	–	–	–	148,507		
20,035	2,003	–	–	–	22,038		
84,833	8,483	–	–	–	93,316		
128,446	12,844	–	–	–	141,290		
121,364	12,136	–	–	–	133,500		
117,500	11,750	–	–	–	129,250		
155,114	14,511	–	–	–	169,625		
140,000	14,000	–	–	–	154,000		
295,000	29,500	–	–	–	324,500		
290,000	29,000	–	–	–	319,000		
40,455	4,045	–	–	–	44,500		
120,000	12,000	–	–	–	132,000		
110,310	11,031	–	–	–	121,341		
–	–	–	–	–	–		
–	–	–	–	–	–		
57,974	5,797	–	–	–	63,771		
1,070,965	106,074	–	–		1,177,039		
930,048	93,003	–	–		1,023,051		
2,644,754	24,102	–	233,393	178,174	3,080,423	45	8
1,736,713	24,102	–	–	170,228	1,931,043	16	–
3,715,719	130,176	–	233,393	178,174	4,257,462		
2,666,761	117,105	–	–	170,228	2,954,094		
		–	–				
962,445	45,854	–	145,844	17,400	1,171,543	35	3
697,825	47,938	–	115,000	14,233	874,996	13	–
759,101	13,311	–	102,024	–	874,436	24	6
–		–	–	–	–		
895,571	48,800	–	139,504	19,671	1,103,546	35	3
639,427	48,725	–	115,000	13,510	816,662	14	–
370,855	16,667	–	96,166	–	483,688	41	11
–	–	–	–	–	–		
780,643	34,646	–	120,784	20,455	956,528	35	3
571,827	24,220	–	115,000	11,826	722,873	16	–
689,865	24,300	–	103,432	13,969	831,566	34	3
470,473	24,300	–	75,000	10,033	579,806	13	–
462,908	46,791	–	72,830	8,520	591,049	34	3
324,591	48,900	–	75,000	6,917	455,408	16	–
400,461	47,917	–	64,418	–	512,796	35	3
273,940	28,316	–	100,000	–	402,256	50	–
396,291	45,890	–	63,412	9,316	514,909	34	3
268,110	47,330	–	50,000	5,827	371,267	13	–
618,105	28,992	1,525,000	–	–	2,172,097	–	–
547,954	49,550	–	75,000	11,994	684,498	11	–
–	–	–		–	–		
588,498	44,000	2,026,238	–	12,359	2,671,095	–	–
6,336,245	353,168	1,525,000	908,414	89,331	9,212,158		
4,382,645	363,279	2,026,238	720,000	86,699	7,578,861		
10,051,964	483,344	1,525,000	1,141,807	267,505	13,469,620		
7,049,406	480,384	2,026,238	720,000	256,927	10,532,955		

Remuneration options: granted and vested during the year

During the year 465,677 performance rights were granted to executives under the LTIP. No options vested or were exercised by the specified executives.

Shares issued as a result of the exercise of options

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

Unissued shares under option

There are no unissued shares under option.

Indemnities and insurance for directors and officers

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

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

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 45 and forms part of the directors' report for the financial year ended 31 July 2012.

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.

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

DG McGauchie
Director

DJ Rathbone
Director

Melbourne
24 September 2012

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 2012 there have been:

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

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

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
24 September 2012

INCOME STATEMENT
FOR THE YEAR ENDED 31 JULY 2012

	Note	Consolidated 2012 $000	2011 $000
Continuing operations			
Revenue		**2,181,551**	2,083,589
Cost of sales[(a)]		**(1,570,657)**	(1,521,643)
Gross profit		**610,894**	561,946
Other income	7	**10,124**	13,033
Sales, marketing and distribution expenses		**(240,543)**	(234,036)
General and administrative expenses[(a)]		**(198,007)**	(278,757)
Research and development expenses		**(37,874)**	(36,474)
Share of net profits of equity accounted investees	19	**378**	2,377
Operating profit		**144,972**	28,089
Financial income[(a)]	10	**16,097**	27,524
Financial expenses[(a)]	10	**(61,796)**	(67,210)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	6, 10	**11,050**	(20,951)
Net financing costs		**(34,649)**	(60,637)
Profit/(loss) before income tax		**110,323**	(32,548)
Income tax benefit/(expense)	11	**(37,501)**	(16,981)
Profit/(loss) for the period from continuing operations		**72,822**	(49,529)
Attributable to:			
Equity holders of the company		**72,594**	(49,851)
Non-controlling interest		**228**	322
Profit/(loss) for the period		**72,822**	(49,529)
Earnings per share			
Basic earnings/(loss) per share	30	**22.3**	(23.7)
Diluted earnings/(loss) per share	30	**22.3**	(23.7)

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

(a) Comparative amounts have been reclassifed to align with current classification. Refer to note 2(e) for details.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2012

	Note	Consolidated 2012 $000	2011 $000
Profit/(loss) for the period		**72,822**	(49,529)
Other comprehensive income			
Foreign exchange translation differences for foreign operations		**(135,859)**	(122,220)
Actuarial gains/(losses) on defined benefit plans		**(5,494)**	(1,699)
Income tax on share based payment transactions		**93**	–
Income tax on share issue costs recognised directly in equity		**–**	(22)
Other comprehensive loss for the period, net of income tax		**(141,260)**	(123,941)
Total comprehensive loss for the period		**(68,438)**	(173,470)
Attributable to:			
Equity holders of the company		**(68,666)**	(173,400)
Non-controlling interest		**228**	(70)
Total comprehensive loss for the period		**(68,438)**	(173,470)

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 2012

	Note	Consolidated 2012 $000	2011 $000
Assets			
Cash and cash equivalents	15	**191,317**	257,706
Trade and other receivables	16	**730,496**	666,124
Inventories	17	**515,254**	541,679
Current tax assets	18	**37,664**	40,659
Assets held for sale	13	**–**	8,830
Total current assets		**1,474,731**	1,514,998
Non-current assets			
Trade and other receivables	16	**41,095**	47,184
Investments in equity accounted investees	19	**4,126**	7,567
Other investments	20	**6,213**	5,969
Deferred tax assets	18	**181,633**	182,502
Property, plant and equipment	22	**370,780**	373,805
Intangible assets	23	**722,690**	705,811
Other financial assets	21	**–**	–
Total non-current assets		**1,326,537**	1,322,838
TOTAL ASSETS		**2,801,268**	2,837,836
Current liabilities			
Bank overdraft	15	**–**	10,881
Trade and other payables	24	**474,991**	394,022
Loans and borrowings	25	**292,323**	700,671
Employee benefits	26	**18,167**	22,102
Current tax payable	18	**14,834**	2,298
Provisions	28	**6,742**	5,256
Total current liabilities		**807,057**	1,135,230
Non-current liabilities			
Payables	24	**10,246**	13,031
Loans and borrowings	25	**366,798**	11,374
Deferred tax liabilities	18	**95,823**	76,898
Employee benefits	26	**44,542**	37,185
Total non-current liabilities		**517,409**	138,488
TOTAL LIABILITIES		**1,324,466**	1,273,718
NET ASSETS		**1,476,802**	1,564,118
Equity			
Share capital		**1,059,522**	1,058,151
Reserves		**(326,915)**	(193,210)
Retained earnings		**496,663**	451,472
Equity attributable to equity holders of the company		**1,229,270**	1,316,413
Nufarm step-up securities		**246,932**	246,932
Non-controlling interest		**600**	773
TOTAL EQUITY		**1,476,802**	1,564,118

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2012

	Note	Consolidated 2012 $000	Consolidated 2011 $000
Cash flows from operating activities			
Cash receipts from customers		**2,163,049**	2,273,304
Cash paid to suppliers and employees[(a)]		**(1,927,654)**	(2,034,079)
Cash generated from operations		**235,395**	239,225
Interest received		**7,910**	7,518
Dividends received		**151**	296
Interest paid		**(48,824)**	(56,372)
Income tax paid		**(28,127)**	(25,434)
Net cash from operating activities	38	**166,505**	165,233
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**591**	1,180
Proceeds from sales of businesses and investments		**4,915**	6,128
Payments for plant and equipment		**(47,569)**	(30,635)
Purchase of businesses, net of cash acquired		**(53,914)**	–
Payments for acquired intangibles and major product development expenditure		**(34,320)**	(37,381)
Net investing cash flows		**(130,297)**	(60,708)
Cash flows from financing activities			
Debt establishment transaction costs[(a)]		**(26,960)**	(10,838)
Proceeds from borrowings		**832,466**	21,872
Repayment of borrowings		**(863,406)**	(2,671)
Distribution to Nufarm step-up security holders		**(19,082)**	(16,967)
Dividends paid		**(7,614)**	(388)
Net financing cash flows		**(84,596)**	(8,992)
Net increase/(decrease) in cash and cash equivalents		**(48,388)**	95,533
Cash at the beginning of the year		**246,825**	160,705
Exchange rate fluctuations on foreign cash balances		**(7,120)**	(9,413)
Cash and cash equivalents at 31 July	15	**191,317**	246,825

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

(a) Comparative amounts have been reclassifed to align with current classification. Refer to note 2(e) for details.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2012

Consolidated	Share capital $000	Translation reserve $000	Capital profit reserve $000
Balance at 1 August 2010	1,057,861	(105,331)	33,627
Foreign exchange translation differences	–	(122,220)	–
Actuarial gains/(losses) on defined benefit plans	–	–	–
Shares issued to employees	312	–	–
Accrual and issue of shares under global share plan	–	–	–
Tax benefit/(expense) on share issue costs	(22)	–	–
Profit/(loss) for the period	–	–	–
Distributions to Nufarm step-up security holders	–	–	–
Balance at 31 July 2011	1,058,151	(227,551)	33,627
Balance at 1 August 2011	**1,058,151**	**(227,551)**	**33,627**
Foreign exchange translation differences	**–**	**(135,859)**	**–**
Actuarial gains/(losses) on defined benefit plans	**–**	**–**	**–**
Income tax on share based payment transactions	**–**	**–**	**–**
Profit/(loss) for the period	**–**	**–**	**–**
Accrued employee share award entitlement	**–**	**–**	**–**
Issuance of shares under employee share plans	**768**	**–**	**–**
Dividends paid to shareholders	**–**	**–**	**–**
Dividend reinvestment plan	**603**	**–**	**–**
Distributions to Nufarm step-up security holders	**–**	**–**	**–**
Acquisition of non-controlling interest	**–**	**–**	**–**
Balance at 31 July 2012	**1,059,522**	**(363,410)**	**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 2012

Other reserve $000	Retained earnings $000	Total $000	Nufarm step-up securities $000	Non-controlling interest $000	Total equity $000
717	515,242	1,502,116	246,932	843	1,749,891
–	–	(122,220)	–	–	(122,220)
–	(1,699)	(1,699)	–	–	(1,699)
–	–	312	–	–	312
(3)	–	(3)	–	–	(3)
–	–	(22)	–	–	(22)
–	(49,851)	(49,851)	–	(70)	(49,921)
–	(12,220)	(12,220)	–	–	(12,220)
714	451,472	1,316,413	246,932	773	1,564,118
714	**451,472**	**1,316,413**	**246,932**	**773**	**1,564,118**
–	**–**	**(135,859)**	**–**	**–**	**(135,859)**
–	**(5,494)**	**(5,494)**	**–**	**–**	**(5,494)**
93	**–**	**93**	**–**	**–**	**93**
–	**72,594**	**72,594**	**–**	**228**	**72,822**
2,829	**–**	**2,829**	**–**	**–**	**2,829**
(768)	**–**	**–**	**–**	**–**	**–**
–	**(7,865)**	**(7,865)**	**–**	**(351)**	**(8,216)**
–	**–**	**603**	**–**	**–**	**603**
–	**(14,044)**	**(14,044)**	**–**	**–**	**(14,044)**
–	**–**	**–**	**–**	**(50)**	**(50)**
2,868	**496,663**	**1,229,270**	**246,932**	**600**	**1,476,802**

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 2012 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.

2. Basis of preparation

(a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the board of directors on 24 September 2012.

(b) Basis of measurement

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

The group's financial report has been prepared on the going concern basis, which assumes the realisation of assets and extinguishment of liabilities in the ordinary course of business. The going concern basis is considered appropriate by the directors having regard to the group's access to appropriate lines of credit to support the group's working capital and general corporate financing requirements through its three year $625 million syndicated bank facility and a debtors' securitisation facility, entered into in November 2011 and August 2011 respectively.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

(i) Business combinations

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

(ii) Impairment testing

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

Other non-current assets are also assessed for impairment indicators.

2. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(iii) Income taxes

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

(iv) Defined benefit plans

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

(v) Valuation of inventories

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

(vi) Capitalised development costs

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

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

(b) intention to complete;

(c) ability to use the asset; and

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

(e) Reclassification – foreign exchange gains or losses and debt establishment transaction costs

Foreign exchange gains of $8.189 million (2011: $20.006 million) and debt establishment transaction costs of $12.972 million (2011: $10.838 million) are classified within net financing costs in the income statement and attached notes having previously been disclosed within cost of sales and general and administrative expenses respectively. Debt establishment cash outflows of $26.960 million (2011: $10.838 million) are classified within cash flows from financing activities having previously been disclosed within cash flows from operating activities.

Net foreign exchange gains on proceeds from Nufarm step-up securities financing of $11.505 million (2011: loss $20.951 million) are also classified within net financing costs in the income statement and attached notes.

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by group entities.

(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.

Acquisitions on or after 1 July 2009

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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

Acquisitions on or after 1 July 2009 (continued)

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.

Acquisitions between 1 July 2004 and 1 July 2009

For acquisitions between 1 July 2004 and 1 July 2009, goodwill represents the excess of the cost of the acquisition over the group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit and loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 July 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the group elected to restate only those business combinations that occurred on or after 1 July 2003. In respect of acquisitions prior to 1 July 2003, goodwill represents the amount recognised under the group's previous accounting framework, Australian GAAP.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the group. 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.

(iii) Investments in equity accounted investees

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 per cent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities 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 of equity accounted investees, after adjustments to align the accounting policies with those of the group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the group's share of losses exceeds its interest in an equity accounted investment, the carrying amount of that interest, including any long term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the investee.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) 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.

Proceeds from the Nufarm step-up securities (note 29) have been utilised to provide funding throughout the group. This has provided a foreign currency exposure when the funding currency denomination differs from the respective entity's functional currency. Foreign exchange gains and losses arising on these proceeds have been disclosed as a material item in finance costs (note 6 and note 10).

(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 AIFRS, such differences have been recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

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

(c) Financial instruments

(i) Non-derivative financial assets

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

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

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

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

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

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 purchases 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 initiallly at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and any changes other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

(ii) Non-derivative financial liabilities

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

The group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(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 group has on issue a hybrid security called Nufarm step-up securities (NSS). 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.

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Derivative financial instruments, including hedge accounting

The group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures.

Derivatives are recognised initially at fair value, with attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives continue to be measured at fair value, with changes therein accounted for in profit or loss.

Cash flow hedges

The group has not entered into any cash flow hedging transactions in the current or comparative periods.

(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 general and administrative expenses.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

(e) Intangible assets

(i) Goodwill

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

3. Significant accounting policies (continued)

(e) Intangible assets (continued)

(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.

(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.

3. Significant accounting policies (continued)

(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.

Objective evidence of impairment includes default or deliquency 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.

3. Significant accounting policies (continued)

(h) Impairment (continued)

(ii) Non-financial assets (continued)

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

(i) Non-current assets held for sale

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

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

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

(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

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. 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 return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are 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 and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that may apply to any plan in the group. An economic benefit is available to the group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a fund are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The group recognises all actuarial gains and losses arising from the defined benefit plans directly in other comprehensive income.

The group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

(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.

3. Significant accounting policies (continued)

(j) Employee benefits (continued)

(iv) Termination benefits

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

(v) Short term benefits

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

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

(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 predetermined percentage of the STI is paid in cash with the remainder deferred into shares which 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) which is available to key executives and certain selected senior managers. Peformance rights have been granted to acquire ordinary shares in the company subject to the achievement of global performance hurdles. The expense in relation to the LTIP is recognised over the vesting period of three years. Refer note 27 for further details on this plan.

(k) Provisions

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

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

(l) Revenue

(i) Goods sold

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

(ii) Dividend income

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

(m) Lease payments

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

3. Significant accounting policies (continued)

(m) Lease payments (continued)

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 amounts (refer below). Any difference between these amounts is recognised by the company as an equity contribution or distribution.

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

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

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

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

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

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

(p) Goods and services tax

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

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

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

(q) Earnings per share

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

3. Significant accounting policies (continued)

(r) Segment reporting

Determination and presentation of operating segments

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

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

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

(s) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except for AASB 9 Financial Instruments, which becomes mandatory for the group's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The group does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Determination of fair values

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

(i) 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.

(i) 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.

(ii) Share-based payment transactions

The fair value of the performance rights issued under the Nufarm long term incentive plan have been measured using Monte Carlo Simulation and the Binomial Tree. The fair value of the deferred shares granted to participants under the Nufarm short term incentive will be measured using the volume weighted average price 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, USA, Mexico and the Central American countries. The South America region includes Brazil, Argentina, Chile, Uruguay, Paraguay, Bolivia, Colombia 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 CEO. 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.

Change in operating segments

In 2011, the group's operating segments were presented purely on an geographic basis. In 2012, the group's operating segments are presented on a crop protection and seed technologies basis. The change is an evolution of our segmental reporting reflecting the relative size of our seed technologies business.

5. Operating segments (continued)

	Crop protection						Seed technologies	Corporate	Group
Operating segments 2012	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	701,022	125,586	431,095	470,243	332,636	2,060,582	120,969	–	2,181,551
Results									
Underlying EBITDA[a]	127,036	19,387	65,801	43,501	19,365	275,090	32,721	(40,057)	267,754
Depreciation and amortisation excluding material items	(21,054)	(2,652)	(22,578)	(10,174)	(1,839)	(58,297)	(2,132)	(1,352)	(61,781)
Underlying EBIT[a]	105,982	16,735	43,223	33,327	17,526	216,793	30,589	(41,409)	205,973
Material items included in operating profit (refer note 6)									(61,001)
Material items included in net financing costs (refer note 6)									2,072
Net financing costs (excluding material items)									(36,721)
Profit/(loss) before tax									110,323
Assets									
Segment assets	560,976	62,128	618,347	416,170	500,660	2,158,281	224,038	414,823	2,797,142
Investment in associates	–	2,658	1,167	–	–	3,825	301	–	4,126
Total assets	560,976	64,786	619,514	416,170	500,660	2,162,106	224,339	414,823	2,801,268
Liabilities									
Segment liabilities	158,070	40,548	173,894	36,291	79,150	487,953	18,534	817,979	1,324,466
Total liabiltiies	158,070	40,548	173,894	36,291	79,150	487,953	18,534	817,979	1,324,466
Other segment information									
Capital expenditure	21,013	1,392	30,440	9,504	6,707	69,056	3,457	3	72,516

5. Operating segments (continued)

	Crop protection						Seed technologies	Corporate	Group
Operating Segments 2011	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	674,827	142,297	435,794	418,931	324,544	1,996,393	87,196	–	2,083,589
Results									
Underlying EBITDA[(a)]	114,907	24,926	61,211	24,185	8,902	234,131	27,840	(30,135)	231,836
Depreciation and amortisation excluding material items	(20,184)	(2,607)	(22,865)	(7,729)	(4,795)	(58,180)	(1,522)	(355)	(60,057)
Underlying EBIT[(a)]	94,723	22,319	38,346	16,456	4,107	175,951	26,318	(30,490)	171,779
Material items included in operating profit (refer note 6)									(143,690)
Material items included in net financing costs (refer note 6)									(31,789)
Net financing costs (excluding material items)									(28,848)
Profit/(loss) before tax									(32,548)
Assets									
Segment assets	545,734	62,455	679,475	368,880	550,560	2,207,104	144,810	478,355	2,830,269
Investment in associates	–	6,236	995	–	–	7,231	336	–	7,567
Total assets	545,734	68,691	680,470	368,880	550,560	2,214,335	145,146	478,355	2,837,836
Liabilities									
Segment liabilities	116,036	36,895	168,282	39,163	96,796	457,172	12,618	803,928	1,273,718
Total liabiltiies	116,036	36,895	168,282	39,163	96,796	457,172	12,618	803,928	1,273,718
Other segment information									
Capital expenditure	21,506	919	6,285	6,387	21,469	56,566	10,007	19	66,592

(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 2012 $000	2011 $000	Non current assets by location 2012 $000	2011 $000
Australia	**672,504**	644,146	**269,150**	259,050
New Zealand	**54,412**	52,193	**14,443**	15,148
Asia	**139,213**	156,250	**30,289**	34,268
Europe	**444,624**	442,462	**304,895**	318,946
USA	**449,158**	389,801	**265,653**	198,661
Rest of North America	**70,850**	59,862	**29,776**	31,721
Brazil	**253,789**	262,494	**214,281**	267,048
Rest of South America	**97,001**	76,381	**16,417**	15,494
Unallocated[b]	**–**	–	**181,633**	182,502
Total	**2,181,551**	2,083,589	**1,326,537**	1,322,838

(b) Unallocated assets predominantly 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 2012 $000 Pre-tax	Consolidated 2012 $000 After-tax	Consolidated 2011 $000 Pre-tax	Consolidated 2011 $000 After-tax
Material items by category:				
Class action settlement	**(43,500)**	**(30,450)**	–	–
Restructuring costs	**(7,295)**	**(5,013)**	(7,002)	(6,310)
Debt refinancing costs	**(9,931)**	**(6,952)**	(24,093)	(17,238)
Due diligence and litigation costs	**(3,552)**	**(2,427)**	(3,467)	(2,734)
Investment in associate write down	**(1,993)**	**(1,993)**	(4,919)	(4,919)
Goodwill impairment loss – Brazil	**–**	**–**	(70,004)	(70,004)
Intangibles write off – Brazil	**(3,708)**	**(3,708)**	(4,340)	(4,340)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	**11,050**	**7,697**	(20,951)	(14,666)
Receivable write down	**–**	**–**	(40,357)	(27,671)
Regulatory inquiry costs	**–**	**–**	(346)	(248)
	(58,929)	**(42,846)**	(175,479)	(148,130)

Class action settlement

On 1 August 2012 the company announced that it had entered into a conditional settlement agreement in relation to the class action proceedings originally issued in January 2011 by Maurice Blackburn and Slater & Gordon. The company agreed to pay $43.500 million, which covers the claims, interest, costs of the litigation funders and the applicants' legal fees. The settlement is subject to court approval and, if court approval is obtained, the class action will be dismissed without the admission of liability by the company. In accordance with Accounting Standards the settlement amount, along with related legal costs, has been provided for in the financial statements in the current year.

Restructuring costs

After-tax restructuring costs of $5.013 million (2011: $6.310 million) mainly relate to the reorganisation of the European business. The prior year costs related to the reorganisation of the sales force in Brazil.

6. Items of material income and expense (continued)

Debt refinancing costs

The company incurred significant debt refinancing costs associated with a 12 month facility that was put in place in December 2010. These costs were treated as a material item and were partially recognised in the prior year ($17.238 million) with the balance recognised in the current year ($6.952 million). Costs associated with the new financing arrangements drawn down in November 2011 are being amortised over the respective terms of these arrangements and are included within net financing costs.

Due diligence and litigation costs

The 2012 financial year due diligence and litigation costs largely relate to the settlement of the class action, the Seeds 2000 acquisition and arbitration proceedings against the previous owner of the Brazilian business. The prior year due diligence and litigation costs largely relate to the settlement of the receivable dispute, the class action and arbitration proceedings against the previous owner of the Brazilian business.

Investment in associate write down

The company has written down by $1.993 million (2011: $4.919 million) the value of a minor equity investment in an Indian crop protection company Excel Crop Care Ltd. The remaining carrying value of this investment at 31 July 2012 is $2.658 million.

Net foreign exchange gains/(losses) on Nufarm step-up securities financing

The company benefited from a net after-tax gain of $7.697 million (2011: $14.666 million net loss) associated with the year end mark-to-market revaluation of proceeds from Nufarm step-up securities.

Goodwill impairment loss/intangibles write off – Brazil

In 2011 the company recognised an impairment of goodwill of the Brazil CGU due to a number of market, product and economic factors that have impacted the business. Whilst the business did record a strong earnings recovery in the 2011 year relative to the previous year, after discussions with advisors, it was determined that a higher discount rate should be applied to the business projections in recognition of the risks attached to the acheivement of the forecast. A total impairment charge of $70.004 million was recognised in the year ended 31 July 2011.

Several older insecticide products have been phased out of the Brazilian product portfolio due to regulatory requirements. The company took a write down in the carrying value of the intangible assets associated with these products in the prior year ($4.340 million) with the balance of $3.708 million written down in the current financial year. Replacement products have been introduced into the portfolio.

Receivable write down

In the prior year the company announced that it had executed a binding settlement agreement in relation to a receivables dispute. The settlement resulted in a partial recovery and the subsequent write down of unrecovered funds resulting in an after-tax loss of $27.671 million.

Material items are classified by function as follows

Year ended 31 July 2012 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Net financing costs	Total Pre-tax
Class action settlement	–	–	(43,500)	–	(43,500)
Restructuring costs	(805)	(4,846)	(1,644)	–	(7,295)
Debt refinancing costs	–	–	(953)	(8,978)	(9,931)
Due diligence and legal costs	–	–	(3,552)	–	(3,552)
Investment in associate write down	–	–	(1,993)	–	(1,993)
Intangibles write off – Brazil	–	–	(3,708)	–	(3,708)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	–	–	–	11,050	11,050
	(805)	(4,846)	(55,350)	2,072	(58,929)
Total material items included operating profit	(805)	(4,846)	(55,350)	–	(61,001)

6. Items of material income and expense (continued)

Year ended 31 July 2011 $000	Cost of sales	Selling, marketing and distribution expense	General and administrative expense	Net financing costs	Total Pre-tax
Goodwill impairment loss – Brazil	–	–	(70,004)	–	(70,004)
Intangibles write off – Brazil	–	–	(4,340)	–	(4,340)
Restructuring costs	(606)	(4,558)	(1,838)	–	(7,002)
Debt refinancing costs	–	–	(13,255)	(10,838)	(24,093)
Due diligence and legal costs	–	–	(3,467)	–	(3,467)
Investment in associate write down	–	–	(4,919)	–	(4,919)
Receivable write down	–	–	(40,357)	–	(40,357)
Regulatory inquiry costs	–	–	(346)	–	(346)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing	–	–	–	(20,951)	(20,951)
	(606)	(4,558)	(138,526)	(31,789)	(175,479)
Total material items included operating profit	(606)	(4,558)	(138,526)	–	(143,690)

7. Other income

	Consolidated 2012 $000	2011 $000
Dividend income	**24**	63
Rental income	**318**	69
Sundry income	**9,782**	12,901
Total other income	**10,124**	13,033

8. Other expenses

The following expenses were included in the period result:

Depreciation and amortisation	**(65,489)**	(64,397)
Inventory write down	**(2,966)**	(3,203)

9. Personnel expenses

	Consolidated 2012 $000	2011 $000
Wages and salaries	**(212,306)**	(192,088)
Other associated personnel expenses	**(32,520)**	(29,402)
Contributions to defined contribution superannuation funds	**(13,371)**	(14,845)
Expenses related to defined benefit superannuation funds	**(1,813)**	(3,528)
Short term employee benefits	**(7,976)**	(7,437)
Other long term employee benefits	**(2,252)**	(1,949)
Restructuring expense	**(4,847)**	(6,291)
Personnel expenses	**(275,085)**	(255,540)

The restructuring expense is mainly the restructuring of the group's European operations (2011: Brazilian business sales force restructuring). The restructuring expenses are included in material items in note 6.

10. Finance income and expense

	Consolidated 2012 $000	2011 $000
Interest income – external	**7,910**	7,518
Net foreign exchange gains/(losses) – other[a]	**8,187**	20,006
Financial income	**16,097**	27,524
Interest expense – external	**(47,405)**	(54,954)
Interest expense – debt establishment transaction costs[a]	**(12,972)**	(10,838)
Lease expense – finance charges	**(1,419)**	(1,418)
Financial expenses	**(61,796)**	(67,210)
Net foreign exchange gains/(losses) on Nufarm step-up securities financing[a]	**11,050**	(20,951)
Net financing costs	**(34,649)**	(60,637)

(a) Refer note 2(e) for an explanation of the prior year reclassification.

11. Income tax expense

	Consolidated 2012 $000	2011 $000
Recognised in the income statement		
Current tax expense		
Current period	**46,782**	17,331
Adjustments for prior periods	**(690)**	845
Current tax expense	**46,092**	18,176
Deferred tax expense		
Origination and reversal of temporary differences	**(16,024)**	(8,953)
Reduction in tax rates	**10**	(190)
Benefit of recognised tax losses utilised	**7,223**	178
Derecognition of tax losses/credits	**200**	7,770
Deferred tax expense/(benefit)	**(8,591)**	(1,195)
Total income tax expense/(benefit) in income statement	**37,501**	16,981
Attributable to:		
Continuing operations	**37,501**	16,981
Total income tax expense/(benefit) in income statement	**37,501**	16,981
Numerical reconciliation between tax expense and pre-tax net profit		
Profit/(loss) before tax	**110,323**	(32,548)
Income tax using the local corporate tax rate of 30 per cent	**33,097**	(9,764)
Increase in income tax expense due to:		
Non-deductible expenses	**7,121**	25,618
Other taxable income	**887**	752
Effect of changes in the tax rate	**10**	(190)
Effect of tax losses/assets derecognised/(recognised)	**200**	7,770
Decrease in income tax expense due to:		
Effect on tax rate in foreign jurisdictions	**(1,476)**	(2,391)
Tax exempt income	**(385)**	(3,065)
Tax incentives not recognised in the income statement	**(1,267)**	(2,594)
	38,187	16,136
Under/(over) provided in prior years	**(686)**	845
Income tax expense/(benefit)	**37,501**	16,981
Income tax recognised directly in equity		
Nufarm step-up securities distribution	**(5,038)**	(4,910)
Income tax recognised directly in equity	**(5,038)**	(4,910)
Income tax recognised in other comprehensive income		
Relating to actuarial gains on defined benefit plans	**(1,596)**	(492)
Relating to cost of issuing equity	**–**	22
Relating to equity based compensation	**(93)**	–
Income tax recognised in other comprehensive income	**(1,689)**	(470)

12. Discontinued operation

There were no discontinued operations in the current or prior period.

13. Non-current assets held for sale

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

In the year ended 31 July 2011, the Belvedere, UK manufacturing site was shut down and prepared for sale. A sale agreement for the site was executed with sales proceeds of £6.1 million. The site demolition was completed, however, title could not pass until remediation was complete and the necessary regulatory approvals received, which occurred post year end. The following assets and liabilities related to the site were classified as assets held for sale in the period ended 31 July 2011.

	Consolidated	
Assets classified as held for sale	2012 $000	2011 $000
Property, plant and equipment including costs incurred in preparing site for sale	–	8,830
Total assets held for sale	–	8,830

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

Business acquisitions

On 1 December 2011, the group acquired 100 per cent of the shares in Seeds 2000 Inc at a total cost of US$55.2 million. Seeds 2000 is a sunflower seed research and production company based in Minnesota, USA and has activities in the USA, Canada, China, Argentina, and a number of European markets.

On 31 March 2012 the group acquired 100 per cent of the shares in Seeds 2000 Argentina SRL, a related company of Seeds 2000 Inc, at a total cost of US$1.4 million. On 24 October 2011, the group acquired the breeding and germplasm assets of the Super Seeds sunflower business in Serbia. The Seeds 2000 Argentina SRL and Super Seeds acquisitions are individually immaterial.

These acquisitions have been made to expand the seeds business in the regions of North America, South America and Europe. Management believes that the purchase of these will complement and result in synergies with the existing seeds businesses in these regions and expand our market share.

Acquisitions for the year ended 31 July 2012

Acquiree's net assets at acquisition date	Seeds 2000 Inc Fair value on acquisition (restated) $000	Individually immaterial acquisitons Fair value on acquisition $000
Cash and cash equivalents	1,382	462
Receivables	1,733	234
Inventory	12,493	689
Property, plant and equipment	1,726	23
Deferred tax asset	400	–
Pre-acquistion intangibles assets	1,879	–
Other assets	164	–
Trade and other payables	(1,041)	(234)
Interest bearing loans and borrowings	(2,074)	–
Deferred tax liability	(14,392)	(8)
Other liabilities	(4,213)	(108)
Net identifiable assets and liabilities	(1,943)	1,058
Identifiable intangibles acquired on acquisition	34,665	2,622
Goodwill on acquisition	19,334	21
Consideration paid	52,056	3,701
Cash acquired	(1,382)	(462)
Net cash outflow	50,674	3,239

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

Business acquisitions (continued)

The Seeds 2000 Inc net assets recognised in the 31 January 2012 interim financial statements were based on a provisional assessment of fair value as the group sought an independent assessment of Seeds 2000 Inc's taxation position. The results of the assessment had not been received at the date the 31 January 2012 interim financial statements were approved for issue by the board of directors.

Subsequent to the issuance of the 31 January 2012 interim financial statements, the taxation assessment was completed and showed that the fair value of income tax liability was $462,000 lower than the provisional value, and deferred tax assets were $284,000 lower than the provisional value. There was a corresponding reduction in goodwill of $178,000, to give total goodwill arising on the acqusition of $19,334,000.

For Seeds 2000 Inc, the trade receivables comprise gross contractual amounts due of $1,733,000.

Total goodwill of $19,355,000 from business acquisitons is attributable mainly to the synergies expected to be achieved from integrating the respective companies into the group's existing seeds business.

There were no business acquisitions for the year ended 31 July 2011.

Acquisition of non-controlling interest

On 1 May 2012, the group acquired an additional 49 per cent interest in the voting shares of Nufarm Technologies (M) Sdn Bhd, increasing its ownership interest to 100 per cent. A cash consideration of $50,000 was paid to the non-controlling interest shareholders. The carrying value of the net assets of Nufarm Technologies (M) Sdn Bhd at the acquisition date was $102,000, and the carrying value of the additional interest acquired was $50,000. The group recognised a decrease in non-controlling interests of $50,000.

There were no acqusitions of non-controlling interests for the year ended 31 July 2011.

15. Cash and cash equivalents

	Consolidated 2012 $000	Consolidated 2011 $000
Bank balances	**103,522**	129,020
Call deposits	**87,795**	128,686
Cash and cash equivalents	**191,317**	257,706
Bank overdrafts repayable on demand	**–**	(10,881)
Cash and cash equivalents in the statement of cash flows	**191,317**	246,825

16. Trade and other receivables

	2012 $000	2011 $000
Current		
Trade receivables	**688,059**	614,810
Provision for impairment losses	**(22,278)**	(26,587)
	665,781	588,223
Receivables due from associates	**–**	450
Derivative financial instruments	**7,196**	74
Proceeds receivable from sale of businesses	**3,363**	5,695
Prepayments	**11,484**	26,811
Other receivables	**42,672**	44,871
Current receivables	**730,496**	666,124
Non-current		
Receivables due from associates	**38**	38
Other receivables	**39,420**	41,748
Proceeds receivable from sale of businesses	**1,637**	5,398
Non-current receivables	**41,095**	47,184
Total trade and other receivables	**771,591**	713,308

17. Inventories

	Consolidated	
	2012 $000	2011 $000
Raw materials	**138,018**	146,087
Work in progress	**13,991**	19,230
Finished goods	**368,172**	380,007
	520,181	545,324
Provision for obsolescence of finished goods	**(4,927)**	(3,645)
Total inventories	**515,254**	541,679

18. Tax assets and liabilities

Current tax assets and liabilities

The current tax asset for the group of $37,664,065 (2011: $40,659,419) represents the amount of income taxes recoverable in respect of prior periods and that arose from the payment of tax in excess of the amounts due to the relevant tax authority. The current tax liability for the group of $14,833,945 (2011: $2,297,832) 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	2012 $000	2011 $000	2012 $000	2011 $000	2012 $000	2011 $000
Property, plant and equipment	**4,507**	6,434	**(8,215)**	(8,485)	**(3,708)**	(2,051)
Intangible assets	**8,511**	6,776	**(75,510)**	(60,372)	**(66,999)**	(53,596)
Employee benefits	**14,265**	13,778	**–**	–	**14,265**	13,778
Provisions	**25,951**	11,174	**–**	–	**25,951**	11,174
Other items	**28,319**	50,033	**(15,364)**	(13,565)	**12,955**	36,468
Tax value of losses carried forward	**103,346**	99,831	**–**	–	**103,346**	99,831
Tax assets/(liabilities)	**184,899**	188,026	**(99,089)**	(82,422)	**85,810**	105,604
Set off of tax	**(3,266)**	(5,524)	**3,266**	5,524	**–**	–
Net tax assets/(liabilities)	**181,633**	182,502	**(95,823)**	(76,898)	**85,810**	105,604

Movement in temporary differences during the year

Consolidated 2012	Balance 31.07.11 $000	Recognised in income $000	Recognised in equity $000	Currency adjustment $000	Other movement $000	Balance 31.07.12 $000
Property, plant and equipment	**(2,051)**	**(1,917)**	**–**	**260**	**–**	**(3,708)**
Intangible assets	**(53,596)**	**(2,131)**	**–**	**3,128**	**(14,400)**	**(66,999)**
Employee benefits	**13,778**	**(1,109)**	**1,596**	**–**	**–**	**14,265**
Provisions	**11,174**	**17,110**	**–**	**(2,333)**	**–**	**25,951**
Other items	**36,468**	**3,862**	**93**	**(5,313)**	**(22,155)**	**12,955**
Tax value of losses carried forward	**99,831**	**(7,223)**	**–**	**(10,956)**	**21,694**	**103,346**
	105,604	**8,592**	**1,689**	**(15,214)**	**(14,861)**	**85,810**

Consolidated 2011	Balance 31.07.10 $000	Recognised in income $000	Recognised in equity $000	Currency adjustment $000	Other movement $000	Balance 31.07.11 $000
Property, plant and equipment	(13,563)	9,433	–	2,079	–	(2,051)
Intangible assets	(41,571)	(18,525)	–	6,500	–	(53,596)
Employee benefits	14,446	616	492	(1,776)	–	13,778
Provisions	9,641	2,135	–	(602)	–	11,174
Other items	34,292	7,714	(22)	(3,893)	(1,623)	36,468
Tax value of losses carried forward	99,188	(178)	–	(7,989)	8,810	99,831
	102,433	1,195	470	(5,681)	7,187	105,604

18. Tax assets and liabilities (continued)

Deferred tax assets and liabilities (continued)

The carrying value of deferred tax assets relating to tax losses and tax credits is largely dependent on the generation of sufficient future taxable income. The Brazilian business carries total deferred tax assets of $59.1 million (2011: $72.1 million).

Based on the group's accounting policy of recouping tax losses and tax credits within a maximum time frame of eight years, the carrying value of the deferred tax asset would be impaired if aggregate earnings over the eight year period are 12 per cent below management's forecasts. The carrying value of this asset will continue to be assessed at each reporting date.

Unrecognised deferred tax liability

At 31 July 2012, a deferred tax liability of $17,589,702 (2011: $21,060,570) 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 2012, there are unrecognised tax losses and timing differences of $30,805,379 (2011: $38,888,650). These losses do not have an expiry date.

19. Investments accounted for using the equity method

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

The group had the following significant investments in associates during the year:

		Country	Balance date of associate	Ownership and voting interest 2012	2011
Excel Crop Care Ltd	Agricultural chemicals manufacturer	India	31 March	14.69%	14.69%
F&N joint ventures	Agricultural chemicals distributor	Eastern Europe	31 December	50.00%	50.00%

The 14.69 per cent investment in Excel Crop Care Ltd is equity accounted as Nufarm has the ability to appoint two directors to the board and, together with an unrelated partner, has significant influence over nearly 34 per cent of the shares of the company. The relationship also extends to manufacturing and marketing collaborations.

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.

Financial summary of material associates (at reporting date)

	Revenues (100%) $000	Profit after-tax (100%) $000	Total assets (100%) $000	Total liabilities (100%) $000	Net assets as reported by associates (100%) $000	Share of associate's net assets equity accounted $000
2012						
Excel Crop Care Ltd	**130,561**	**2,766**	**97,755**	**58,151**	**39,604**	**5,818**
F&N joint ventures	**49,948**	**668**	**51,158**	**48,824**	**2,334**	**1,167**
	180,509	**3,434**	**148,913**	**106,975**	**41,938**	**6,985**
2011						
Excel Crop Care Ltd	157,320	9,294	101,359	56,468	44,891	6,594
F&N joint ventures	59,780	1,638	53,973	51,983	1,990	995
	217,100	10,932	155,332	108,451	46,881	7,589

The financial summary information is as per the latest management accounts.

19. Investments accounted for using the equity method (continued)

Financial summary of material associates (at reporting date) (continued)

	Consolidated 2012 $000	2011 $000
Carrying value by major associate		
Excel Crop Care Ltd	**2,658**	5,760
F&N joint ventures	**1,167**	995
Others	**301**	812
Carrying value of associates	**4,126**	7,567

At 31 July 2012, the carrying value of the Excel Crop Care Ltd investment was written down by $1.993 million (2011: $4.919 million). Refer note 6.

	2012 $000	2011 $000
Share of profit by major associate		
Excel Crop Care Ltd	**202**	1,398
F&N joint ventures	**254**	856
Others	**(78)**	123
Share of net profits of associates	**378**	2,377

The share of net profits has been derived from the latest management reports as at 31 July 2012 for the F&N joint ventures. The Excel Crop Care share of net profits is from the 30 June 2012 management accounts.

20. Other investments

	2012 $000	2011 $000
Investments – available-for-sale		
Balance at the beginning of the year	**5,324**	6,481
New investments during the year	**–**	–
Exchange adjustment	**244**	(1,157)
Balance at the end of the year	**5,568**	5,324
Other investments		
Other investments	**645**	645
Total other investments	**6,213**	5,969

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

21. Other non-current assets

	2012 $000	2011 $000
Derivative financial instruments	**–**	–
	–	–

22. Property, plant and equipment

Consolidated 2012	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 2011	192,698	554,660	9,644	18,202	775,204
Additions	2,328	22,075	6,048	17,124	47,575
Additions through business combinations	1,303	2,283	–	–	3,586
Disposals	(125)	(4,221)	–	(4)	(4,350)
Other transfers	3,677	11,329	(31)	(14,975)	–
Exchange adjustment	(10,899)	(17,997)	(20)	(923)	(29,839)
Balance at 31 July 2012	188,982	568,129	15,641	19,424	792,176
Depreciation and impairment losses					
Balance at 1 August 2011	(60,619)	(340,140)	(640)	–	(401,399)
Depreciation charge for the year	(4,763)	(33,056)	(215)	–	(38,034)
Additions through business combinations	(376)	(1,461)	–	–	(1,837)
Disposals	75	3,855	–	–	3,930
Other transfers	(78)	48	30	–	–
Exchange adjustment	3,842	12,097	5	–	15,944
Balance at 31 July 2012	(61,919)	(358,657)	(820)	–	(421,396)
Net property, plant and equipment at 31 July 2012	127,063	209,472	14,821	19,424	370,780

Consolidated 2011	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 2010	203,445	564,625	11,303	25,565	804,938
Additions	865	14,846	–	14,940	30,651
Disposals	(874)	(8,198)	–	–	(9,072)
Other transfers	2,936	17,438	(124)	(20,250)	–
Exchange adjustment	(13,674)	(34,051)	(1,535)	(2,053)	(51,313)
Balance at 31 July 2011	192,698	554,660	9,644	18,202	775,204
Depreciation and impairment losses					
Balance at 1 August 2010	(59,804)	(331,367)	(532)	–	(391,703)
Depreciation charge for the year	(6,895)	(33,558)	(233)	–	(40,686)
Disposals	707	7,405	–	–	8,112
Other transfers	64	(141)	77	–	–
Exchange adjustment	5,309	17,521	48	–	22,878
Balance at 31 July 2011	(60,619)	(340,140)	(640)	–	(401,399)
Net property, plant and equipment at 31 July 2011	132,079	214,520	9,004	18,202	373,805

Assets pledged as security for finance leases amount to $8.8 million (2011: $9.0 million).

23. Intangible assets

Consolidated 2012	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 2011	327,610	391,948	77,063	124,151	27,357	948,129
Additions	–	13	548	29,029	2,052	31,642
Additions through business combinations	19,355	28,724	8,563	1,857	22	58,521
Disposals and write-offs	–	(183)	–	(87)	(15)	(285)
Other transfers	(14,309)	(20,953)	25,730	(646)	–	(10,178)
Exchange adjustment	(32,203)	(30,800)	(1,219)	(8,338)	(717)	(73,277)
Balance at 31 July 2012	300,453	368,749	110,685	145,966	28,699	954,552
Amortisation and impairment losses						
Balance at 1 August 2011	(129,585)	(12,916)	(44,508)	(38,630)	(16,679)	(242,318)
Amortisation charge for the year	–	(3,708)	(10,422)	(10,272)	(3,053)	(27,455)
Impairment loss	–	–	–	–	–	–
Disposals and write-offs	–	–	–	(3)	–	(3)
Other transfers	–	–	(222)	10,314	86	10,178
Exchange adjustment	18,995	1,730	1,804	4,491	716	27,736
Balance at 31 July 2012	(110,590)	(14,894)	(53,348)	(34,100)	(18,930)	(231,862)
Intangibles carrying amount at 31 July 2012	189,863	353,855	57,337	111,866	9,769	722,690

Consolidated 2011	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 2010	358,610	434,749	85,840	114,696	23,187	1,017,082
Additions	–	7,684	557	20,840	5,943	35,024
Disposals	–	–	–	(136)	(21)	(157)
Other transfers	2,162	(5,485)	(103)	(2,490)	(131)	(6,047)
Exchange adjustment	(33,162)	(45,000)	(9,231)	(8,759)	(1,621)	(97,773)
Balance at 31 July 2011	327,610	391,948	77,063	124,151	27,357	948,129
Amortisation and impairment losses						
Balance at 1 August 2010	(67,102)	(9,296)	(43,814)	(34,996)	(15,115)	(170,323)
Amortisation charge for the year	–	(4,340)	(7,241)	(9,426)	(2,704)	(23,711)
Impairment loss	(70,004)	–	–	–	–	(70,004)
Other transfers	234	(54)	3,246	2,490	131	6,047
Exchange adjustment	7,287	774	3,301	3,302	1,009	15,673
Balance at 31 July 2011	(129,585)	(12,916)	(44,508)	(38,630)	(16,679)	(242,318)
Intangibles carrying amount at 31 July 2011	198,025	379,032	32,555	85,521	10,678	705,811

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.

The group has determined that operating unit by country 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 specific in nature. There is no allocation of goodwill between CGUs.

The major CGUs and their intangible value is as follows: Brazil $158 million (2011: $202 million), US $146 million (2011: $142 million), Seeds business $166 million (2011: $105 million), UK and Holland $76 million (2011: $82 million) and Australia $57 million (2011: $55 million). The balance of intangibles is spread across multiple CGUs, with no individual amount being material relative to the total intangibles at balance date.

Impairment testing for cash-generating units containing goodwill

For the impairment testing of these assets, the carrying amount of the asset is compared to its recoverable amount at a CGU level. The group uses the value-in-use method to estimate the recoverable amount. In assessing value-in-use, the estimated future cash flows are derived from the five year plan for each cash-generating unit with a growth factor applied to extrapolate a cash flow beyond year five. A perpetuity factor is then applied to the normalised cash flow beyond year five in order to include a terminal value in the value-in-use calculation. The terminal growth rate assumed for each CGU is generally a long term inflation estimate, ranging from 1.4 per cent to 5.0 per cent (2011: 0 per cent to 5 per cent). The cash flow is then discounted to a present value using a discount rate which is the company's weighted average cost of capital, but then adjusted for country risk and asset-specific risk associated with each CGU. The nominal post-tax discount rate applied to the group's CGUs ranges from 8.5 per cent to 12.8 per cent (2011: 9.8 per cent to 16.3 per cent).

Brazil cash-generating unit (CGU)

The Brazil CGU has the following intangible assets:

	2012 $000	2011 $000
Goodwill	**47,374**	60,959
Indefinite life intangibles	**102,908**	134,235
Capitalised development costs	**7,619**	6,434
Computer software	**397**	558
Total	**158,298**	202,186

The indefinite life intangibles relate to the product registrations and trade marks acquired in June 2007.

In 2012, the company has assessed the recoverable amount of the Brazil CGU and determined the CGU's recoverable amount exceeds its carrying value.

In 2011, the company recognised an impairment of goodwill of the Brazil CGU due to a number of market, product and economic factors that have impacted the business. Whilst the business did record a strong earnings recovery in the 2011 year relative to the 2010 year, after discussions with advisors, it was determined that a higher discount rate should be applied to the business projections in recognition of the risks attached to the achievement of the forecast. A total impairment charge of $70.004 million was recognised in the year ended 31 July 2011.

Considering the 2011 impairment of the Brazil CGU, the amount by which the CGU recoverable amount exceeds the carrying value in 2012 is minimal.

Should the Brazil CGU fail to meet its forecast operating result going forward, this may necessitate a revision to the future forecasts or alternatively a further increase in the discount rate used in the value-in-use modelling. By way of sensitivity and all other things being equal: (a) a one per cent increase in the discount rate would result in a reduction in recoverable amount of approximately $61 million; or (b) a five per cent decrease in EBITDA compared to budget for all years in the forecast period and also in the terminal value calculation would result in a reduction in recoverable amount of approximately $41 million.

24. Trade and other payables

	Consolidated 2012 $000	Consolidated 2011 $000
Current payables – unsecured		
Trade creditors and accruals – unsecured	**467,121**	389,507
Payables due to associated entities	**–**	535
Derivative financial instruments	**2,129**	629
Payables – acquisitions	**5,741**	3,351
Current payables	**474,991**	394,022
Non-current payables – unsecured		
Creditors and accruals	**8,343**	8,289
Payables – acquisitions	**1,903**	4,742
Non-current payables	**10,246**	13,031

25. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings.

	2012 $000	2011 $000
Current liabilities		
Bank loans – secured	**215,321**	579,746
Bank loans – unsecured	**82,268**	119,839
Deferred debt establishment costs	**(5,995)**	–
Other loans – unsecured	**557**	998
Finance lease liabilities – secured	**172**	88
Current liabilities	**292,323**	700,671
Non-current liabilities		
Bank loans – secured	**359,441**	–
Bank loans – unsecured	**4,134**	–
Deferred debt establishment costs	**(7,993)**	–
Other loans – unsecured	**816**	1,136
Finance lease liabilities – secured	**10,400**	10,238
Non-current liabilities	**366,798**	11,374

Financing facilities

On 22 November 2011, the company executed a $625 million senior secured syndicated bank facility (SFA) with a term of three years. As at 31 July 2012, the amount of funding drawn under the syndicated bank facility was $336 million with loans being advanced in multiple currencies.

On 23 August 2011, Nufarm executed a $300 million trade receivables securitisation facility. Subsequent to execution, the facility size has been reduced to $250 million to reflect the current value of trade receivables being used to secure funding under this program. As at 31 July 2012, the amount of funding drawn under the securitised facility by the participating Nufarm entities was $202 million. Funding from the securitisation facility and the syndicated bank facility was used to repay the amount outstanding under the previous 12 month $900 million bank facility that had been established on 15 December 2010.

The syndicated bank facility and trade receivables securitisation facility provide access to committed lines of credit to support the group's seasonal working capital demands and general corporate financing requirements. 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 majority of debt facilities that reside outside the SFA and the trade receivables securitisation facility are regional working capital facilities, primarily located in Brazil and Europe, totalling $152 million (2011: $178 million).

Total net debt (interest bearing liabilities net of cash) at 31 July 2012 of $467.8 million (2011: $465.2 million) includes the draw down of an additional US$55 million of debt funding for the Seeds 2000 acquisition.

25. Interest-bearing loans and borrowings (continued)

	Consolidated Accessible $000	Consolidated Utilised $000
2012		
Bank loan facilities	**1,027,218**	661,164
Other facilities	**1,373**	1,373
Total financing facilities	**1,028,591**	662,537
2011		
Bank loan facilities	**1,075,867**	710,466
Other facilities	**2,134**	2,134
Total financing facilities	**1,078,001**	712,600

Financing arrangements

Bank loans

Repayment of borrowings (excluding finance leases)	Consolidated 2012 $000	Consolidated 2011 $000
Period ending 31 July 2012	**–**	700,583
Period ending 31 July 2013	**298,146**	1,136
Period ending 31 July 2014	**816**	–
Period ending 31 July 2015 or later	**363,575**	–

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:

	2012	2011
Not later than one year	**1,382**	1,260
Later than one year but not later than two years	**1,493**	1,276
Later than two years but not later than five years	**3,696**	3,557
Later than five years	**80,587**	82,078
	87,158	88,171
Less future finance charges	**(76,586)**	(77,845)
Finance lease liabilities	**10,572**	10,326

Finance lease liabilities are secured over the relevant leased plant.

Average interest rates	Consolidated 2012 %	Consolidated 2011 %
Nufarm step-up securities	**7.60**	6.83
Bank loans	**4.28**	5.76
Other loans	**11.33**	6.82
Finance lease liabilities – secured	**12.13**	11.71

26. Employee benefits

	Consolidated 2012 $000	2011 $000
Current		
Liability for short term employee benefits	**15,066**	15,646
Liability for current portion of other long term employee benefits	**3,101**	6,456
Current employee benefits	**18,167**	22,102
Non-current		
Defined benefit fund obligations		
Present value of unfunded obligations	**4,768**	4,713
Present value of funded obligations	**112,005**	104,104
Fair value of fund assets – funded	**(84,971)**	(80,630)
Recognised liability for defined benefit fund obligations	**31,802**	28,187
Liability for other long term employee benefits	**12,740**	8,998
Non-current employee benefits	**44,542**	37,185
Total employee benefits	**62,709**	59,287

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

	Consolidated				
Historical information	**2012 $000**	**2011 $000**	**2010 $000**	**2009 $000**	**2008 $000**
Present value of defined benefit obligation	**(116,773)**	(108,817)	(117,766)	(121,657)	(118,688)
Fair value of plan assets	**84,971**	80,630	87,900	89,829	93,786
Surplus/(deficit)	**(31,802)**	(28,187)	(29,866)	(31,828)	(24,902)
Experience adjustments arising on plan liabilities	**(1,541)**	(550)	1,103	(1,223)	700
Experience adjustments arising on plan assets	**(1,191)**	3,591	6,013	(8,058)	(10,088)

26. Employee benefits (continued)

	Consolidated 2012 $000	2011 $000
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	**108,817**	117,766
Service cost	**2,260**	2,817
Interest cost	**5,858**	5,672
Actuarial loss	**8,391**	3,462
Past service cost	**25**	(16)
Losses/(gains) on curtailment	**(1,066)**	–
Contributions	**172**	182
Benefits paid	**(5,067)**	(5,235)
Exchange differences on foreign funds	**(2,617)**	(15,831)
Closing defined benefit obligation	**116,773**	108,817
Changes in the fair value of fund assets are as follows:		
Opening fair value of fund assets	**80,630**	87,900
Expected return	**5,264**	4,945
Actuarial gains/(losses)	**1,492**	3,465
Surplus taken to retained earnings	**(191)**	(2,057)
Contributions by employer	**4,632**	2,961
Distributions	**(4,876)**	(4,720)
Exchange differences on foreign funds	**(1,980)**	(11,864)
Closing fair value of fund assets	**84,971**	80,630

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

	2012 $000	2011 $000
Expense recognised in profit or loss		
Current service costs	**2,260**	2,817
Interest on obligation	**5,858**	5,672
Expected return on fund assets	**(5,264)**	(4,945)
Past service cost	**25**	(16)
Losses/(gains) on curtailment	**(1,066)**	–
Expense recognised in profit or loss	**1,813**	3,528
The expense is recognised in the following line items in the income statement:		
Cost of sales	**1,436**	2,007
Sales, marketing and distribution expenses	**263**	551
General and administrative expenses	**36**	747
Research and development expenses	**78**	223
Expense recognised in profit or loss	**1,813**	3,528
Actuarial gains/(losses) recognised in other comprehensive income (net of tax)		
Cumulative amount at 1 August	**(11,504)**	(9,805)
Recognised during the period	**(5,494)**	(1,699)
Cumulative amount at 31 July	**(16,998)**	(11,504)

26. Employee benefits (continued)

The major categories of fund assets as a percentage of total fund assets are as follows:	Consolidated 2012 %	2011 %
European equities	**48.0**	62.8
European bonds	**46.6**	34.9
Property	**1.5**	1.6
Cash	**3.9**	0.7
Principal actuarial assumptions at the reporting date (expressed as weighted averages):		
Discount rate at 31 July	**4.2**	5.4
Expected return on fund assets at 31 July	**6.3**	6.4
Future salary increases	**2.8**	3.6
Future pension increases	**2.2**	2.8

The overall expected long term rate of return on assets is 6.3 per cent. The expected rate of return on plan assets reflects the average rate of earnings expected on the funds invested to provide for the benefits included in the projected benefit obligation.

The group expects to pay $3,609,000 in contributions to defined benefit plans in 2013.

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 given 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 2012 there were 61 participants (2011: 70 participants) in the scheme and 989,830 shares (2011: 1,127,034) 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 will be issued at the end of the current financial year. The STI is measured as follows:

- 80 per cent of the potential is based on budget measures of EBIT and return on operating assets (ROA).
- 20 per cent of the potential is based on strategic and business improvement objectives.

A predetermined percentage of the STI is paid in cash at the time of performance testing and the balance is deferred into shares in the company for nil consideration. The number of shares granted is based on the volume weighted average price (VWAP) of Nufarm Limited shares in the five days subsequent to the results announcement. Vesting will occur after a two year period, although for the first year 50 per cent of the shares will vest on the first anniversary and 50 per cent of the shares will vest on the second anniversary.

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 initial awards were granted to executives (excluding the managing director) on 9 February 2012. The performance and vesting period for the awards will be three years. Awards will vest in two equal tranches as follows:

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

27. Share-based payments (continued)

Global Share Plan (2001)

The Global Share Plan commenced in 2001, and is available to all permanent employees. Participants contribute a proportion of their salary to purchase shares. The company will contribute an amount equal to 10 per cent of the number of ordinary shares acquired with a participant's contribution in the form of additional ordinary shares. Amounts over 10 per cent of the participant's salary can be contributed but will not be matched. For each year the shares are held, up to a maximum of five years, the company contributes a further 10 per cent of the value of the shares acquired with the participant's contribution. An independent trustee holds the shares on behalf of the participants. At 31 July 2012 there were 722 participants (2011: 756 participants) in the scheme and 1,783,289 shares (2011: 1,602,481) 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.

	2012 $000	2011 $000
Employee expenses		
Total expense arising from share-based payment transactions	**2,829**	457

Measurement of fair values

Nufarm STI Plan

The grant date of the shares awarded under the STI Plan was subsequent to 31 July 2012. As the services received in consideration for these shares commenced on 1 August 2011, an estimate of the fair value of the awards has been recognised as an expense in the year ended 31 July 2012. The weighted average fair value and associated fair value assumptions of the awards granted subsequent to 31 July 2012 will be disclosed in the 2013 annual report.

Nufarm LTI Plan

The fair value of the rights granted through the LTI Plan was measured as follows:

Award type	Vesting conditions	Valuation methodology
Performance rights	Relative TSR	Monte Carlo simulation
	ROFE performance condition	Binomial Tree

Vesting condition	Relative TSR	ROFE performance condition
Fair value at grant date	$2.91	$4.51
Share price at grant date	$4.86	$4.86
Grant date	9.2.2012	9.2.2012
Earliest vesting date	31.7.2014	31.7.2014
Exercise price	–	–
Expected life	2.5 years	2.5 years
Volatility	35%	35%
Risk free interest rate	3.59%	3.59%
Dividend yield	3.0%	3.0%

Reconciliation of outstanding performance rights	Number of performance rights 2012 000	Weighted average exercise price 2012 $000	Number of performance rights 2011 000	Weighted average exercise price 2011 $000
Outstanding at 1 August	**–**	**–**	–	–
Forfeited during the year	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Expired during the year	**–**	**–**	–	–
Granted during the year	**465,677**	**$nil**	–	–
Outstanding at 31 July	**465,677**	**$nil**	–	–
Exercisable at 31 July	**–**	**–**	–	–

The performance rights outstanding at 31 July 2012 have a $nil exercise price and a weighted average contractual life of 2.5 years.

28. Provisions

	Consolidated 2012 $000	Consolidated 2011 $000
Current		
Restructuring	**3,747**	1,477
Other	**2,995**	3,779
Current provisions	**6,742**	5,256

Consolidated	Restructuring $000	Other provisions $000	Total $000
Movement in provisions			
Balance at 1 August 2011	1,477	3,779	5,256
Provisions made during the year	**2,487**	**–**	**2,487**
Provisions used during the year	**(114)**	**–**	**(114)**
Exchange adjustment	**(103)**	**(784)**	**(887)**
Balance at 31 July 2012	**3,747**	**2,995**	**6,742**

The provision for restructuring is mainly relating to the restructuring of the European operations. The restructuring provision primarily consists of unpaid redundancy costs. The other provision consists of liabilities recognised with the Agripec acquisition.

29. Capital and reserves

Share capital	Parent company Number of ordinary shares 2012	Parent company Number of ordinary shares 2011
Balance at 1 August	**261,833,005**	261,775,731
Issue of shares	**309,242**	57,274
Balance at 31 July	**262,142,247**	261,833,005

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

On 23 November 2011, 114,560 shares at $4.15 were issued under the executive share plan. On 3 January 2012, 70,492 shares at $4.16 were issued under the global share plan. On 30 April 2012, 124,190 shares at $4.85 were issued under the dividend reinvestment program.

On 5 January 2011, 57,274 shares at $5.44 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.

Nufarm step-up securities

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

Distributions on the NSS are at the discretion of the directors and are floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are curtailed if distributions to NSS holders are not made, until such time that Nufarm Finance (NZ) Limited makes up the arrears. The first distribution date for the NSS was 16 April 2007 and on a six-monthly basis after this date. The floating rate is the average mid-rate for bills with a term of six months plus a margin of 3.9 per cent (2011: 1.9 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.

29. Capital and reserves (continued)

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.

Dividends

An interim dividend of three cents per share, totalling $7,864,874 was declared on 27 March 2012 and was paid on 30 April 2012 (2011: Nil).

Distributions

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

	Consolidated		
	Distribution rate %	Total amount $000	Payment date
2012			
Distribution	**6.61% and 8.61***	**10,253**	16 April 2012
Distribution	**6.94**	**8,829**	17 October 2011
		19,082	
2011			
Distribution	6.94	8,686	15 April 2011
Distribution	6.71	8,444	15 October 2010
		17,130	

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

The distribution on the Nufarm step-up securities reported on the equity movement schedule has been reduced by the tax benefit on the gross distribution, giving an after-tax amount of $14.044 million (2011: $12.220 million).

	2012 $000	2011 $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 per cent (2011: 30 per cent)	**30,421**	25,746
Franking credits/(debits) that will arise from the payment of income tax payable/(refund) as at the end of the year	**(4,923)**	(9,971)
Balance at 31 July	**25,498**	15,775

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the company as the head entity in the tax-consolidated group has also assumed the benefit of $25,498,018 (2011: $15,775,833) franking credits.

30. Earnings per share

	Consolidated 2012 $000	Consolidated 2011 $000
Net profit for the year	**72,822**	(49,529)
Net profit attributable to minority interest	**(228)**	(322)
Net profit attributable to equity holders of the parent	**72,594**	(49,851)
Nufarm step-up securities distribution	**(14,044)**	(12,220)
Earnings used in the calculations of basic and diluted earnings per share	**58,550**	(62,071)
Earnings from continuing operations	**58,550**	(62,071)
	58,550	(62,071)
Subtract items of material income/(expense) (refer note 6)	**(42,846)**	(148,130)
Earnings excluding items of material income/(expense) used in the calculation of earnings per share excluding material items	**101,396**	86,059

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 2012	Number of shares 2011
Weighted average number of ordinary shares used in calculation of basic earnings per share	**261,983,233**	261,808,212
Weighted average number of ordinary shares used in calculation of diluted earnings per share	**262,203,348**	261,808,212

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

	Cents per share 2012	Cents per share 2011
Earnings per share for continuing and discontinued operations		
Basic earnings per share	**22.3**	(23.7)
From continuing operations	**22.3**	(23.7)
Diluted earnings per share		
From continuing operations	**22.3**	(23.7)
	22.3	(23.7)
Earnings per share (excluding items of material income/expense – see note 6)		
Basic earnings per share	**38.7**	32.9
Diluted earnings per share	**38.7**	32.9

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 continual 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.

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	
	2012 $000	2011 $000
Carrying amount		
Trade and other receivables	**764,395**	713,234
Cash and cash equivalents	**191,317**	257,706
Forward exchange contracts:		
Assets	**7,196**	74
	962,908	971,014

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

Carrying amount		
Australia/New Zealand	**199,740**	173,917
Asia	**22,476**	22,825
Europe	**192,943**	223,998
North America	**122,663**	52,513
South America	**226,573**	239,981
Trade and other receivables	**764,395**	713,234

The group's top five customers account for $150.6 million of the trade receivables carrying amount at 31 July 2012 (2011: $110.1 million). These top five customers represents 22 per cent (2011: 17 per cent) of the total receivables.

31. Financial risk management and financial instruments (continued)

Credit risk (continued)

Impairment losses

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

Receivables ageing	Consolidated 2012 $000	2011 $000
Current	**578,876**	511,303
Past due – 0 to 90 days	**85,681**	58,280
Past due – 90 to 180 days	**1,801**	8,906
Past due – 180 to 360 days	**4,809**	6,145
Past due – more than one year	**16,892**	30,176
	688,059	614,810
Provision for impairment	**(22,278)**	(26,587)
Trade receivables	**665,781**	588,223

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 0.03 per cent of sales, with no greater than 0.11 per cent of sales written off in any one year.

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

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

	Consolidated 2012 $000	2011 $000
Balance at 1 August	**26,587**	26,677
Provisions made during the year	**410**	2,413
Provisions used during the year	**(410)**	(346)
Provisions acquired through business combinations	**–**	–
Exchange adjustment	**(4,309)**	(2,157)
Balance at 31 July	**22,278**	26,587

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 not be able to meet its financial obligations as they fall due. 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 $300 million trade receivables securitisation facility. Subsequent to execution, the facility size has been reduced to $250 million to reflect the current value of trade receivables being used to secure funding under this program. The facility provides funding that aligns with the working capital cycle of the company.

In November 2011, the group finalised a three year $625 million syndicated bank facility. The amount drawn down under the facility at 31 July 2012 is $336 million.

At 31 July 2012, the group had access to facilities of $1,029 million (2011: $1,078 million) under the SFA, trade receivables securitisation facility and with other lenders.

The majority of debt facilities that reside outside the SFA and the trade receivables securitisation facility are regional working capital facilities, primarily located in Brazil and Europe, totalling $152 million (2011: $178 million).

The SFA is secured by assets in the primary geographies in which Nufarm operates including Australia, United States, Canada, United Kingdom and France. A parent guarantee is provided to support working capital facilities in Brazil. Total net debt (net of cash) at 31 July 2012 was $467.8 million (2011: $465.2 million). The Senior Facility Agreement (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.

31. Financial risk management and financial instruments (continued)

Liquidity risk (continued)

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

	Carrying amount $000	Contractual cash flows $000	Less than 1 year $000	1–2 years $000	More than 2 years $000
Consolidated 2012					
Non-derivative financial liabilities					
Bank overdrafts	–	–	–	–	–
Trade and other payables	483,108	483,108	472,862	1,903	8,343
Bank loans – secured	574,762	604,435	228,038	12,717	363,680
Bank loans – unsecured	86,402	86,402	82,268	–	4,134
Other loans – unsecured	1,373	1,373	557	816	–
Finance lease liabilities – secured	10,572	87,158	1,382	1,493	84,283
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	2,129	179,158	179,158	–	–
Inflow	–	(177,029)	(177,029)	–	–
Derivative financial assets					
Forward exchange contracts:					
Outflow	–	183,880	183,880	–	–
Inflow	(7,196)	(191,076)	(191,076)	–	–
	1,151,150	1,257,409	780,040	16,929	460,440
Consolidated 2011					
Non-derivative financial liabilities					
Bank overdrafts	10,881	10,881	10,881	–	–
Trade and other payables	406,424	406,978	393,393	4,742	8,289
Bank loans – secured	579,746	579,746	579,746	–	–
Bank loans – unsecured	119,839	119,839	119,839	–	–
Other loans – unsecured	2,134	2,134	998	1,136	–
Finance lease liabilities – secured	10,326	88,171	1,260	1,276	85,635
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	629	12,439	12,439	–	–
Inflow	–	(11,810)	(11,810)	–	–
Derivative financial assets					
Forward exchange contracts:					
Outflow	–	4,005	4,005	–	–
Inflow	(74)	(4,079)	(4,079)	–	–
	1,129,905	1,208,304	1,106,672	7,154	93,924

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.

31. Financial risk management and financial instruments (continued)

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 are primarily the US dollar, the Euro, the British pound and the Brazilian real. The group uses forward exchange contracts and options to hedge its foreign currency risk.

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

For accounting purposes, the group has not designated any 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 used as economic hedges of forecast transactions at 31 July 2012 was a $5,067,000 asset (2011: $555,080 liability) comprising assets of $7,196,000 (2011: $74,300) and liabilities of $2,129,000 (2011: $629,380) that were recognised as derivatives measured at fair value.

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 2012	**AUD $000**	**USD $000**	**Euro $000**	**GBP $000**
Functional currency of group operation				
Australian dollars	**–**	**(24,448)**	**(12,396)**	**(24,665)**
US dollars	**39,618**	**–**	**(1,715)**	**–**
Euro	**336**	**38,132**	**–**	**(9,498)**
UK pounds sterling	**–**	**56,172**	**(5,682)**	**–**
	39,954	**69,856**	**(19,793)**	**(34,163)**

Consolidated 2011	**AUD $000**	**USD $000**	**Euro $000**	**GBP $000**
Functional currency of group operation				
Australian dollars	–	130,473	14,156	8,435
US dollars	–	–	–	–
Euro	–	(11,557)	–	(639)
UK pounds sterling	–	22,770	5,584	–
	–	141,686	19,740	7,796

Sensitivity analysis

Based on the aforementioned group's net financial assets/(liabilities) at 31 July, a one per cent strengthening or weakening of the following currencies at 31 July would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes all other variables, including interest rates, remain constant. The analysis is performed on the same basis for 2011.

31. Financial risk management and financial instruments (continued)

Market risk (continued)

Sensitivity analysis (continued)

	Strengthening	Weakening	Strengthening	Weakening
	Profit or (loss) after-tax 2012 $000	Profit or (loss) after-tax 2012 $000	Profit or (loss) after-tax 2011 $000	Profit or (loss) after-tax 2011 $000
Currency movement				
1 per cent change in the Australian dollar exchange rate	**185**	**(189)**	(1,061)	1,082
1 per cent change in the US dollar exchange rate	**(728)**	**743**	(992)	1,012
1 per cent change in the Euro exchange rate	**(54)**	**55**	(58)	59
1 per cent change in the GBP exchange rate	**(139)**	**142**	(259)	264

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	2012	2011	2012	2011
US dollar	**1.033**	1.017	**1.051**	1.099
Euro	**0.783**	0.733	**0.854**	0.763
GBP	**0.654**	0.634	**0.671**	0.669
BRL	**1.900**	1.669	**2.151**	1.704

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. However, at 31 July 2012 and at 31 July 2011, there were no interest rate swaps in place.

Cash flow risk on Nufarm step-up securities

The group uses interest rate caps to protect the cash flow impact of a movement in the distribution base rate. 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.

Profile

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

	Consolidated carrying amount	
	2012 $000	2011 $000
Variable rate instruments		
Financial assets	**87,795**	128,686
Financial liabilities	**(673,109)**	(722,926)
	(585,314)	(594,240)

There were no fixed interest rate instruments during the year ended 31 July 2012 (2011: nil).

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The sensitivity is calculated on the debt at 31 July. 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 2011.

31. Financial risk management and financial instruments (continued)

Market risk (continued)

Sensitivity analysis for variable rate instruments (continued)

	Profit or loss 100bp increase $000	Profit or loss 100bp decrease $000
2012		
Variable rate instruments	**(5,853)**	**5,853**
Total sensitivity	**(5,853)**	**5,853**
2011		
Variable rate instruments	(5,942)	5,942
Total sensitivity	(5,942)	5,942

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	Note	Carrying amount 2012 $000	Fair value 2012 $000	Carrying amount 2011 $000	Fair value 2011 $000
Cash and cash equivalents	15	**191,317**	**191,317**	257,706	257,706
Trade and other receivables	16	**764,395**	**764,395**	713,234	713,234
Forward exchange contracts:					
Assets	16	**7,196**	**7,196**	74	74
Liabilities	24	**(2,129)**	**(2,129)**	(629)	(629)
Trade and other payables	24	**(483,108)**	**(483,108)**	(406,424)	(406,424)
Bank overdraft	15	**–**	**–**	(10,881)	(10,881)
Secured bank loans	25	**(574,762)**	**(574,762)**	(579,746)	(579,746)
Unsecured bank loans	25	**(86,402)**	**(86,402)**	(119,839)	(119,839)
Other loans	25	**(1,373)**	**(1,373)**	(2,134)	(2,134)
Finance leases	25	**(10,572)**	**(10,572)**	(10,326)	(10,326)
		(195,438)	**(195,438)**	(158,965)	(158,965)

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).

31. Financial risk management and financial instruments (continued)

Fair values (continued)

Fair value hierarchy (continued)

	Consolidated			
2012	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Derivative financial assets	–	7,196	–	7,196
	–	7,196	–	7,196
Derivative financial liabilities	–	(2,129)	–	(2,129)
	–	5,067	–	5,067

	Consolidated			
2011	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Derivative financial assets	–	74	–	74
	–	74	–	74
Derivative financial liabilities	–	(629)	–	(629)
	–	(555)	–	(555)

There have been no transfers between levels in either 2012 or 2011.

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 be based on the budget and growth strategy. The ROFE return for the year ended 31 July 2012 was 10.4 per cent (2011: 8.5 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	
	2012 $000	2011 $000
Not later than one year	8,569	10,474
Later than one year but not later than two years	9,429	9,797
Later than two years but not later than five years	17,956	13,955
Later than five years	127,427	127,234
	163,381	161,460

Operating leases are generally entered into 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 $8.253 million at 31 July 2012 (2011: $10.828 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	
	2012 $000	2011 $000
Shareholder class action proceedings (refer to note 41).	**N/A**	–
Guarantee facility for Eastern European joint ventures with FMC Corporation.	**6,983**	6,279
Environmental guarantee given to the purchaser of land and buildings at Genneviliers for EUR 8.5 million. The guarantee expires in 2014, 18 months after the expiry of the business tenancy contract.	**9,953**	11,136
Insurance bond for EUR 2.717 million established to make certain capital expenditures at Gaillon plant in France. The insurance bond is for a three year term and expires in December 2013.	**3,182**	3,560
Brazilian taxation proceedings[a]	**86,163**	60,312
Contingent liabilities	**106,281**	81,287

(a) The group has a contingent liability for an amount of $86.163 million (July 2011: $60.312 million) in respect of arbitration proceedings against the previous owner of the Brazil business (acquired in 2007). The arbitration is in regard to potential pre-acquisition related tax liabilities and seeks to confirm that the tax indemnification clauses contained in the initial Investment Agreement are effective in allowing Nufarm to recover amounts from the previous owner.

Based on indemnification clauses in the agreement together with related legal advice, management is confident that the Arbitration Tribunal will find the previous owner responsible for indemnifying Nufarm in respect of the potential liabilities. The Arbitration Tribunal hearing has been completed and the outcome is expected to be known within the calendar year. The contingent liability comprises potential primary tax liabilities, inflation and interest adjustments.

Advice obtained by the company to date indicates that there is a high likelihood of successfully defending the claims made by the tax authorities. Nufarm will only be liable to the extent that the tax authorities are ultimately successful in pursuing the claims for primary tax and related interest and inflation adjustments, and the company is unsuccessful in enforcing the tax indemnities provided by the former owner.

35. Group entities

	Notes	Place of incorporation	Percentage of shares held 2012	2011
Parent entity				
Nufarm Limited – ultimate controlling entity				
Subsidiaries				
Access Genetics Pty Ltd		Australia	**100**	100
ACN000425927 Pty Ltd	(a)	Australia	**100**	100
Agcare Biotech Pty Ltd		Australia	**70**	70
Agchem Receivables Corporation		USA	**100**	100
Agryl Holdings Limited	(a)	Australia	**100**	100
Ag-seed Research Pty Ltd		Australia	**100**	100
Agturf Inc		USA	**100**	100
AH Marks (New Zealand) Limited		New Zealand	**100**	100

35. Group entities (continued)

	Notes	Place of incorporation	Percentage of shares held 2012	2011
AH Marks Australia Pty Ltd		Australia	**100**	100
AH Marks Holdings Limited		United Kingdom	**100**	100
Artfern Pty Ltd	(a)	Australia	**100**	100
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		Australia	**100**	100
Edgehill Investments Pty Ltd		Australia	**100**	100
Fchem (Aust) Limited	(a)	Australia	**100**	100
Fernz Canada Limited		Canada	**100**	100
Fernz Singapore Pte Ltd		Singapore	**100**	100
Fidene Limited		New Zealand	**100**	100
First Classic Pty Ltd		Australia	**100**	100
Framchem SA		Egypt	**100**	100
Frost Technology Corporation		USA	**100**	100
Greenfarm Hellas Chemicals SA		Greece	**100**	100
Growell Limited		United Kingdom	**100**	100
Grupo Corporativo Nufarm SA		Guatemala	**100**	100
Laboratoire European de Biotechnologie s.a.s		France	**100**	100
Le Moulin des Ecluses s.a		France	**100**	100
Lefroy Seeds Pty Ltd		Australia	**100**	100
Les Ecluses de la Garenne s.a.s		France	**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
Mastra Corporation Pty Ltd		Australia	**70**	70
Mastra Corporation Sdn Bhd		Malaysia	**70**	70
Mastra Corporation USA Pty Ltd		Australia	**70**	70
Mastra Holdings Sdn Bhd		Malaysia	**70**	70
Mastra Industries Sdn Bhd		Malaysia	**70**	70
Medisup International NV		N. Antillies	**100**	100
Medisup Securities Limited	(a)	Australia	**100**	100
Midstates Agri Services de Mexico		Mexico	**100**	100
Midstates Agri Services Inc		USA	**100**	100
MMR Genetics Ltd		USA	**100**	100
Nufarm (Asia) Pte Ltd		Singapore	**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 Inc (USA)		USA	**100**	100
Nufarm Agriculture Zimbabwe (Pvt) Ltd		Zimbabwe	**100**	100
Nufarm Americas Holding Company		USA	**100**	100

35. Group entities (continued)

	Notes	Place of incorporation	Percentage of shares held 2012	2011
Nufarm Americas Inc		USA	**100**	100
Nufarm Asia Sdn Bhd		Malaysia	**100**	100
Nufarm Australia Limited	(a)	Australia	**100**	100
Nufarm BV		Netherlands	**100**	100
Nufarm Canada Receivables Partnership		Canada	**100**	100
Nufarm Chemical (Shanghai) Co Ltd		China	**100**	100
Nufarm Chile Limitada		Chile	**100**	100
Nufarm Colombia SA		Colombia	**100**	100
Nufarm Crop Products UK Limited		United Kingdom	**100**	100
Nufarm de Costa Rica		Costa Rica	**100**	100
Nufarm de Guatemala SA		Guatemala	**100**	100
Nufarm de Mexico Sa de CV		Mexico	**100**	100
Nufarm de Panama SA		Panama	**100**	100
Nufarm de Venezuela SA		Venezuela	**100**	100
Nufarm del Ecuador SA		Ecuador	**100**	100
Nufarm Deutschland GmbH		Germany	**100**	100
Nufarm do Brazil LTDA		Brazil	**100**	100
Nufarm Espana SA		Spain	**100**	100
Nufarm Finance BV		Netherlands	**–**	–
Nufarm Finance (NZ) Limited		New Zealand	**100**	100
Nufarm GmbH		Austria	**100**	100
Nufarm GmbH & Co KG		Austria	**100**	100
Nufarm Grupo Mexico		Mexico	**100**	100
Nufarm Holdings (NZ) Limited		New Zealand	**100**	100
Nufarm Holdings BV		Netherlands	**100**	100
Nufarm Holdings s.a.s		France	**100**	100
Nufarm Hong Kong Investments Ltd		Hong Kong	**100**	100
Nufarm Hungaria Kft		Hungary	**100**	100
Nufarm Inc.		USA	**100**	100
Nufarm Industria Quimica e Farmaceutica SA		Brazil	**100**	100
Nufarm Insurance Pte Ltd		Singapore	**100**	100
Nufarm Investments Cooperatie WA		Netherlands	**100**	100
Nufarm Italia srl		Italy	**100**	100
Nufarm KK		Japan	**100**	100
Nufarm 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 Peru SAC		Peru	**100**	100
Nufarm Platte Pty Ltd		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 Suisse Sarl		Switzerland	**100**	100
Nufarm Technologies (M) Sdn Bhd		Malaysia	**100**	51
Nufarm Technologies USA		New Zealand	**100**	100
Nufarm Technologies USA Pty Ltd		Australia	**100**	100

35. Group entities (continued)

	Notes	Place of incorporation	Percentage of shares held 2012	2011
Nufarm Treasury Pty Ltd	(a)	Australia	**100**	100
Nufarm UK Limited		United Kingdom	**100**	100
Nufarm Ukraine LLC		Ukraine	**100**	100
Nufarm USA Inc		USA	**100**	100
Nugrain Pty Ltd		Australia	**100**	100
Nuseed Americas Inc		USA	**100**	100
Nuseed Holding Company		USA	**100**	100
Nuseed Pty Ltd		Australia	**100**	100
Nuseed SA		Argentina	**100**	100
Nutrihealth Grains Pty Ltd		Australia	**100**	100
Nutrihealth Pty Ltd		Australia	**100**	100
Opti-Crop Systems Pty Ltd		Australia	**75**	75
Pharma Pacific Pty Ltd	(a)	Australia	**100**	100
PT Crop Care		Indonesia	**100**	100
PT Nufarm Indonesia		Indonesia	**100**	100
Richardson Seeds Ltd		USA	**100**	100
Seeds 2000 Inc		USA	**100**	–
Seeds 2000 Argentina SRL		Argentina	**100**	–
Selchem Pty Ltd	(a)	Australia	**100**	100

(a) These entities have entered into a deed of cross guarantee dated 10 July 2000 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.

36. Deed of cross guarantee

Under ASIC Class Order 98/1418, the Australian wholly-owned subsidiaries referred to in note 35 are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the class order that the company and each of the subsidiaries enter into a deed of cross guarantee. The parent entity and all the Australian controlled entities have entered into a deed of cross guarantee dated 10 July 2000 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 2012 is set out as follows:

36. Deed of cross guarantee (continued)

	Consolidated 2012 $000	Consolidated 2011 $000
Summarised income statement and retained profits		
Loss before income tax expense	**(32,368)**	(87,425)
Income tax expense	**(3,039)**	3,253
Net loss attributable to members of the closed group	**(35,407)**	(84,172)
Retained profits at the beginning of the period	**169,628**	253,800
Dividends paid	**(7,865)**	–
Retained profits at the end of the period	**126,356**	169,628
Statement of financial position		
Current assets		
Cash and cash equivalents	**29,073**	66,771
Trade and other receivables	**407,800**	514,894
Inventories	**159,509**	174,514
Current tax assets	**13,327**	19,625
Total current assets	**609,709**	775,804
Non-current assets		
Equity accounted investments	**2,658**	6,237
Other investments	**1,120,632**	930,856
Deferred tax assets	**38,019**	24,347
Property, plant and equipment	**159,337**	157,879
Intangible assets	**23,806**	25,158
Total non-current assets	**1,344,452**	1,144,477
TOTAL ASSETS	**1,954,161**	1,920,281
Current liabilities		
Trade and other payables	**512,574**	216,939
Interest bearing loans and borrowings	**–**	365,505
Employee benefits	**11,656**	10,167
Current tax payable	**–**	–
Total current liabilities	**524,230**	592,611
Non-current liabilities		
Interest bearing loans and borrowings	**131,914**	–
Deferred tax liabilities	**7,126**	4,390
Employee benefits	**9,464**	8,998
Provisions	**–**	–
Total non-current liabilities	**148,504**	13,388
TOTAL LIABILITIES	**672,734**	605,999
NET ASSETS	**1,281,427**	1,314,282
Equity		
Share capital	**1,059,522**	1,058,151
Reserves	**95,549**	86,503
Retained earnings	**126,356**	169,628
TOTAL EQUITY	**1,281,427**	1,314,282

37. Parent entity disclosures

	Company 2012 $000	Company 2011 $000
Result of the parent entity		
Profit/(loss) for the period	**(30,344)**	25,597
Other comprehensive income	**(1,205)**	(930)
Total comprehensive profit/(loss) for the period	**(31,549)**	24,667
Financial position of the parent entity at year end		
Current assets	**1,096,826**	1,104,438
Total assets	**1,432,484**	1,430,798
Current liabilities	**173,448**	135,980
Total liabilities	**173,714**	136,138
Total equity of the parent entity comprising of:		
Share capital	**1,059,522**	1,058,151
Reserves	**36,355**	35,407
Accumulated losses	**(30,344)**	–
Retained earnings	**193,237**	201,102
Total equity	**1,258,770**	1,294,660

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 corporate guarantees to support several of the regional working capital facilities located in Brazil and Europe.

In the prior year, the parent entity had a contingent liability as a result of the class action proceedings.

On 1 August 2012, Nufarm Limited entered into a conditional settlement agreement in relation to the class action proceedings. Subject to court approval, Nufarm has agreed to pay $43.5 million, which has been recorded as a expense at 31 July 2012. Refer note 6.

Parent entity capital commitments for acquisition of property, plant and equipment

There are no capital commitments for the parent entity in 2012 or 2011.

Restatement of prior year comparatives

The prior year parent entity comparatives have been restated as a result of the omission of the AUD 4.919 million impairment in Excel Crop Care Ltd, an equity investment held by the parent. This has resulted in a restatement of total comprehensive income from $29.586 million to $24.667 million and total assets from $1,435.717 million to $1,430.798 million.

38. Reconciliation of cash flows from operating activities

	Consolidated 2012 $000	Consolidated 2011 $000
Cash flows from operating activities		
Profit/(loss) for the period	**72,822**	(49,529)
Adjustments for:		
Dividend from associated company	**151**	234
Amortisation of intangibles	**27,455**	23,711
Depreciation	**38,034**	40,686
Impairment loss – Brazil	**–**	70,004
Investment in associates write down	**1,993**	4,919
Gain on disposal of non-current assets	**(333)**	(273)
Share of profits of associates net of tax	**(378)**	(2,377)
Financial expense	**61,796**	67,210
Interest paid	**(48,824)**	(56,372)
Tax expense	**37,501**	16,981
Taxes paid	**(28,127)**	(25,434)
	162,090	89,760
Movements in working capital items:		
(Increase)/decrease in receivables	**(61,231)**	152,935
(Increase)/decrease in inventories	**39,607**	11,754
Increase/(decrease) in payables	**84,830**	(10,942)
Exchange rate change on foreign controlled entities working capital items	**(58,791)**	(78,274)
	4,415	75,473
Net operating cash flows	**166,505**	165,233

39. Key management personnel disclosures

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

Non-executive directors	Executives	Title
DG McGauchie AO (Chairman)	BF Benson	Group general manager agriculture
AB Brennan	P Binfield[(1)]	Chief financial officer
GR Davis	BJ Croft	Group executive human resources and organisation development
Dr RJ Edgar (retired 27 March 2012)	R Heath	Group general manager corporate services and company secretary
Dr WB Goodfellow	G Hunt[(2)]	Group general manager global marketing and business development
GA Hounsell	DA Mellody[(3)]	Group general manager supply chain and strategic procurement
PM Margin (appointed 3 October 2011)	RF Ooms[(4)]	Group general manager chemicals
Dr JW Stocker AO (retired 1 December 2011)	MJ Pointon	Group general manager innovation and development
	DA Pullan	Group general manager operations
	RG Reis	Group general manager corporate strategy and external affairs

Executive director

DJ Rathbone AM – Managing director and chief executive

1. P Binfield was appointed as CFO with effect from 7 November 2011.
2. G Hunt was appointed as group general manager of global marketing and business development with effect from 6 February 2012.
3. DA Mellody, formerly the group general manager global marketing, moved into a new executive role of group general manager supply chain and strategic procurement with effect from 1 February 2012.
4. RF Ooms resigned as group general manager chemicals with effect from 29 February 2012.

Key management personnel compensation

The key management personnel compensation included in personnel expenses (see note 9) are as follows:

	Consolidated 2012 $	Consolidated 2011 $
Short term employee benefits	**10,051,964**	7,049,406
Post employment benefits	**483,344**	480,384
Equity compensation benefits	**1,141,807**	720,000
Termination benefits	**1,525,000**	2,026,238
Other long term benefits	**267,505**	256,927
	13,469,620	10,532,955

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation is provided in the remuneration report section of the director's report.

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.

Loans to key management personnel and their related parties

There were no loans to key management personnel at 31 July 2012 (2011: nil).

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

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 arms-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.

39. Key management personnel disclosures (continued)

Options and rights over equity instruments granted as compensation

The movement during the reporting period in the number of rights over ordinary shares in Nufarm Limited held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows

Options/rights over ordinary shares in Nufarm Ltd	Balance at 1 August 2011	Granted as remuneration	Exercised	Net change other	Balance at 31 July 2012
2012					
Directors					
DJ Rathbone	–	180,749	–	–	180,749
Executives					
BF Benson	–	34,740	–	–	34,740
P Binfield	–	54,710	–	–	54,710
BJ Croft	–	16,040	–	–	16,040
R Heath	–	15,790	–	–	15,790
G Hunt	–	52,588	–	–	52,588
DA Mellody	–	26,320	–	–	26,320
MJ Pointon	–	18,340	–	–	18,340
DA Pullan	–	36,320	–	–	36,320
RG Reis	–	30,080	–	–	30,080
Total	–	465,677	–	–	465,677

No options held by key management personnel vested during the year, nor were they vested and exercisable or vested but not exercisable as at 31 July 2012.

No options/rights over the ordinary shares of Nufarm Limited were granted or held, directly, indirectly or beneficially by key management persons during 2011 or as at 31 July 2011.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Nufarm Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Shares held in Nufarm Ltd	Balance at 1 August 2011	Granted as remuneration	Exercise of options	Net change other	Balance at 31 July 2012
2012					
Directors					
DG McGauchie[1]	31,239	–	–	–	31,239
DJ Rathbone[4]	11,676,031	–	–	–	11,676,031
AB Brennan	10,000	–	–	–	10,000
GR Davis	20,000	–	–	20,000	40,000
Dr RJ Edgar (resigned 27 March 2012)	13,000	–	–	(13,000)	–
Dr WB Goodfellow[1,2]	1,120,551	–	–	20,940	1,141,491
GA Hounsell[1]	43,723	–	–	–	43,723
PM Margin (appointed 3 October 2011)	–	–	–	2,458	2,458
Dr JW Stocker (retired 1 December 2011)[1,3]	41,521	–	–	(41,521)	–
Executives					
BF Benson	33,068	27,715	–	10,000	70,783
P Binfield (appointed 7 November 2012)	–	–	–	30,000	30,000
BJ Croft	19,990	12,050	–	4,000	36,040
R Heath	206,250	12,050	–	–	218,300
G Hunt (appointed 6 February 2012)	–	–	–	10,000	10,000
DA Mellody	16,773	18,075	–	–	34,848
RF Ooms (retired 27 March 2012)	333,409	18,075	–	(351,484)	–
MJ Pointon	19,217	18,075	–	–	37,292
DA Pullan	159,527	27,715	–	–	187,242
RG Reis	104,096	27,715	–	–	131,811
Total	13,848,395	161,470	–	(308,607)	13,701,258

39. Key management personnel disclosures (continued)

Movements in shares (continued)

Shares held in Nufarm Ltd	Balance at 1 August 2010	Granted as remuneration	Exercise of options	Net change other	Balance at 31 July 2011
2011					
Directors					
DG McGauchie[1]	31,239	–	–	–	31,239
DJ Rathbone	16,144,890	–	–	(4,468,859)	11,676,031
AB Brennan (appointed 10 February 2011)	–	–	–	10,000	10,000
GDW Curlewis (retired 2 December 2010)[3]	45,913	–	–	(45,913)	–
GR Davis (appointed 31 May 2011)	–	–	–	20,000	20,000
Dr RJ Edgar	–	–	–	13,000	13,000
Dr WB Goodfellow[1,2]	1,120,551	–	–	–	1,120,551
GA Hounsell[1]	43,723	–	–	–	43,723
Dr JW Stocker[1]	41,521	–	–	–	41,521
Executives					
BF Benson	63,162	–	–	(30,094)	33,068
BJ Croft	–	10,990	–	9,000	19,990
R Heath	206,250	–	–	–	206,250
KP Martin[3]	394,135	–	–	(394,135)	–
DA Mellody	20,128	–	–	(3,355)	16,773
RF Ooms	333,409	–	–	–	333,409
MJ Pointon	19,217	–	–	–	19,217
DA Pullan	159,527	–	–	–	159,527
RG Reis	104,096	–	–	–	104,096
Total	18,727,761	10,990	–	(4,890,356)	13,848,395

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.

1. The shareholdings of Dr WB Goodfellow, GA Hounsell, DG McGauchie and Dr JW Stocker include shares issued under the company's non-executive director share plan and are held by Pacific Custodians Pty Ltd as trustee of the plan.
2. The shareholding of Dr WB Goodfellow includes his relevant interest in:
   (i) St Kentigern Trust Board (430,434 shares and 19,727 Nufarm step-up securities) – Dr Goodfellow is chairman of the Trust Board. Dr Goodfellow does not have a beneficial interest in these shares or step-up securities.
   (ii) Sulkem Company Limited (120,000 shares).
   (iii) 531 Trust (400,861 shares). Dr Goodfellow and EW Preston are trustees of 531 Trust.
   (iv) Auckland Medical Research Foundation (26,558 step-up securities). Dr Goodfellow does not have a beneficial interest in these step-up securities.
   (v) Trustees of the Goodfellow Foundation (33,854 shares and 1,338 step-up securities). Dr Goodfellow is chairman of the Foundation Board and does not have a beneficial interest in these shares or step-up securities.
   (vi) Archem Trading (NZ) Ltd (700 step up securities)
3. The shareholding of Dr JW Stocker, Dr RJ Edgar and GDW Curlewis has been removed under the 'net change other' column due to their retirement as a director on 1 December 2011, 27 March 2012 and 2 December 2010 respectively. The shareholding of KP Martin has been removed under the 'net change other' column due to his resignation from the company on 30 June 2011.
4. DJ Rathbone holds 1,500 step-up securities at 31 July 2012 (2011: nil).

40. Non-key management personnel disclosures

(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 2012 $000	Consolidated 2011 $000
Excel Crop Care Ltd	Purchases from	–	2,860
	Trade payable	–	99
F&N joint ventures	Sales to	32,454	43,376
	Trade payable	99	118
	Trade receivable	25,554	31,696
Sumitomo Chemical Company Ltd	Sales to	15,737	9,885
	Purchases from	27,545	28,542
	Trade receivable	5,868	1,435
	Trade payable	14,675	13,507

These transactions were undertaken on commercial terms and conditions.

41. Subsequent events

On 1 August 2012 the company announced that it had entered into a conditional settlement agreement in relation to the class action proceedings originally issued in January 2011 by Maurice Blackburn and Slater & Gordon.

In accordance with Accounting Standards the class action settlement amount, along with related legal costs, has been provided for in the financial statements and is reported in the items of material income and expense (refer to note 6 for further information).

On 21 September 2012, Nufarm announced that it intended to offer, subject to market and other conditions, US$300 million aggregate principal amount of senior unsecured notes. If successful, the net proceeds would be used to repay existing indebtedness outstanding under the $625 million senior Secured Syndicated Bank Facility (SFA) entered into in November 2011. Concurrent with this, US$250 million of the commitments under the $625 million SFA would be cancelled.

42. Auditors' remuneration

	Consolidated	
	2012 $000	2011 $000
Audit services		
KPMG Australia		
Audit and review of group financial report	**615**	592
Overseas KPMG firms		
Audit and review of group financial report	**617**	675
Audit and review of local statutory reports	**405**	386
	1,637	1,653
Other auditors		
Audit and review of financial reports	**259**	81
Audit services remuneration	**1,896**	1,734
Other services		
KPMG Australia		
Other assurance services	**356**	–
Other advisory services	**41**	36
Overseas KPMG firms		
Other assurance services	**2**	36
Other services remuneration	**399**	72

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 2012 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 2012.
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 24th day of September 2012

DG McGauchie
Director

DJ Rathbone
Director

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NUFARM LIMITED

KPMG

Report on the financial report

We have audited the accompanying financial report of Nufarm Limited (the company), which comprises the consolidated balance sheet as at 31 July 2012, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 42 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.

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 2012 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 2012. 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 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
24 September 2012

SHAREHOLDER AND STATUTORY INFORMATION

Details of shareholders, shareholdings and top 20 shareholders

Listed securities – 24 September 2012	Number of holders	Number of securities	Percentage held by top 20
Fully paid ordinary shares	11,343	262,142,247	83.13

Twenty largest shareholders	Ordinary shares as at 24.09.12	Percentage of issued capital as at 24.09.12
Sumitomo Chemical Company Limited	60,210,136	22.97
HSBC Custody Nominees (Australia) Limited	37,200,613	14.19
National Nominees Limited	33,694,962	12.85
J P Morgan Nominees Australia Limited	25,869,356	9.87
Amalgamated Dairies Limited	14,430,798	5.50
Falls Creek No 2 Pty Ltd	10,763,092	4.11
Citicorp Nominees Pty Limited	8,428,822	3.22
JP Morgan Nominees Australia Limited <Cash Income A/C>	7,785,729	2.97
Challenge Investment Company Limited	3,130,282	1.19
Mr Edgar William Preston + Mr Paul Gerard Keeling <Avalon A/C>	2,364,282	0.90
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	2,076,566	0.79
GBH Trustee Services Limited + Mr Aaron Craig Quintal	1,900,000	0.72
Pacific Custodians Pty Limited <Global Share Plan TST A/C>	1,766,552	0.67
BNP Paribas Noms Pty Ltd <Master Cust DRP>	1,503,289	0.57
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	1,295,212	0.49
QIC Limited	1,263,419	0.48
Douglas Industries Limited	1,170,866	0.45
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	1,169,289	0.45
Moturua Properties Ltd	964,455	0.37
UBS Wealth Management Australia Nominees Pty Ltd	930,944	0.36

Distribution of shareholders	Number of holders as at 24.09.12	Ordinary shares held as at 24.09.12
Size of holding		
1 – 1,000	5,218	2,334,632
1,001 – 5,000	4,738	11,231,857
5,001 – 10,000	849	5,971,321
10,001 – 100,000	470	10,269,254
100,001 and over	68	232,335,183

Of these, 851 shareholders held less than a marketable parcel of shares of $500 worth of shares (87 shares). In accordance with the ASX Listing Rules, the last sale price of the company's shares on the ASX on 24 September 2012 was used to determine the number of shares in a marketable parcel.

Stock exchanges on which securities are listed

Ordinary shares: Australian Securities Exchange Limited.

Substantial shareholders

In accordance with section 671B of the Corporations Act, as at 24 September 2012, 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 %
MFS Investment Management on behalf of Sun Life Financial Inc	14 October 2011	13,112,345	5.01
Sumitomo Chemical Company	10 June 2011	60,210,136	23
Nufarm Limited[1]	10 June 2011	60,210,136	23
Amalgamated Dairies Ltd Co	31 May 2010	14,330,798	5.47
The Khyber Pass Investment 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 Khyber Pass Investment Co Ltd amalgamated to become The Khyber 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 6 December 2012 at 10.00am in Bourke Rooms 1 & 2, 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

Step 1 Go to www.computershare.com/au/investors
Step 2 Select 'Holding Enquiry'
Step 3 Enter NUF or Nufarm Limited
Step 4 Enter your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), postcode or country if outside Australia
Step 5 Enter the security code that appears and agree to the terms and conditions
Step 6 Select 'Submit'
Step 7 You will be asked to choose a User ID and password. Please keep this information confidential.

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 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

30 October 2012*	Annual report sent to shareholders
6 December 2012	Annual general meeting
28 March 2013*	Announcement of profit result for half year ending 31 January 2013
31 July 2013	End of financial year

* Subject to confirmation.

For enquiries relating to the operations of the company, please contact the Nufarm Corporate Affairs Office on:

Telephone: +61 3 9282 1177
Facsimile: +61 3 9282 1111
Email: robert.reis@au.nufarm.com

Written correspondence should be directed to:

Corporate Affairs Office
Nufarm Limited
PO Box 103
Laverton Victoria 3028 Australia

DIRECTORY

Directors

DG McGauchie AO – Chairman
DJ Rathbone AM – Managing director
AB Brennan
GR Davis
Dr WB Goodfellow
GA Hounsell
PM Margin

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

Permanent Trustee Company Ltd
35 Clarence 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
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Telephone: +64 9 488 8700

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www.nufarm.com

Nufarm Limited
ACN 091 323 312

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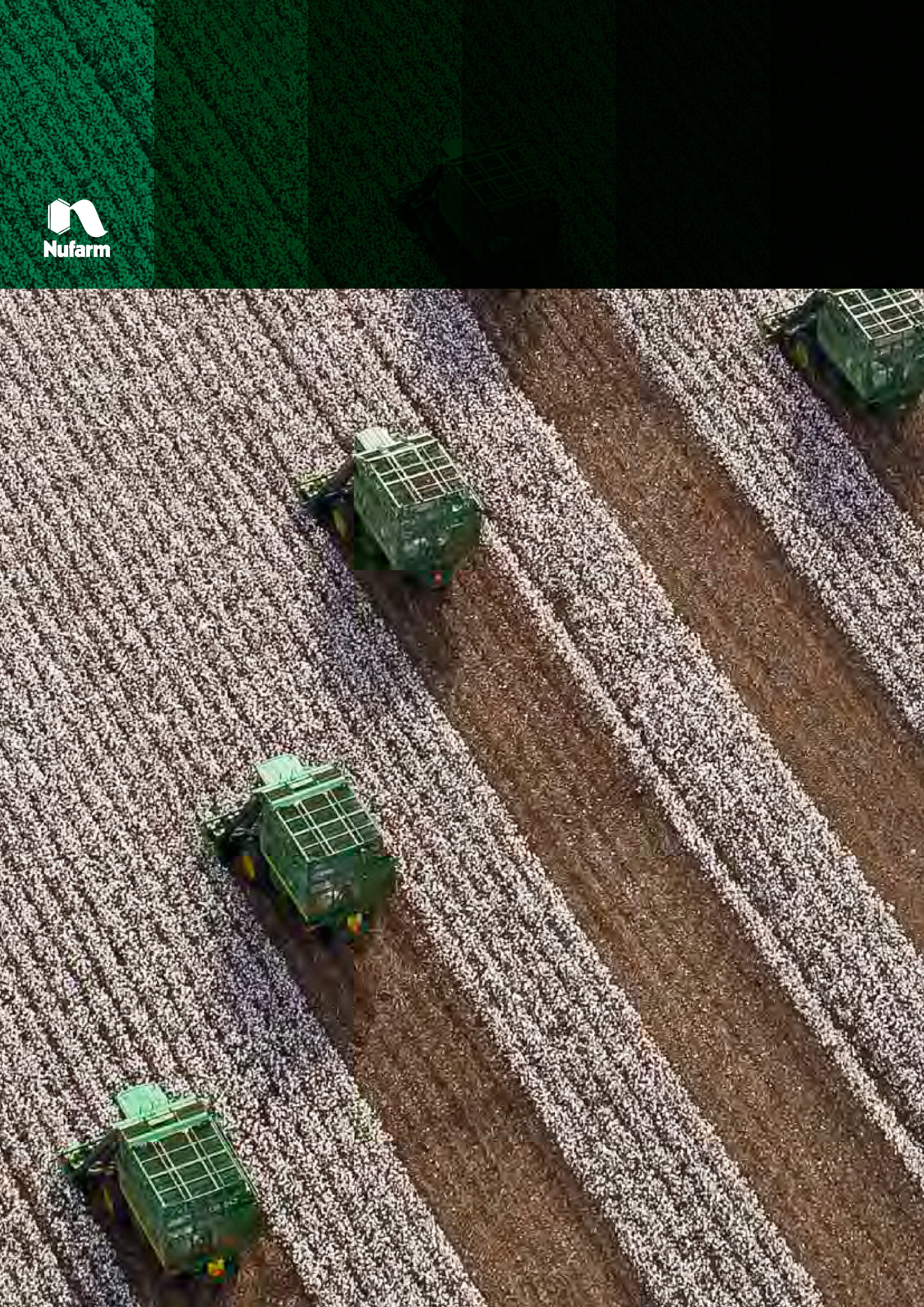

Notice is given that the 96th Annual General Meeting ('AGM') of Shareholders of Nufarm Limited (the 'Company') will be held in Victoria at the RACV Club, Bourke Rooms 1 & 2, Level 2, 501 Bourke Street, Melbourne on Thursday, 6 December 2012 at 10.00am AEDT.

Nufarm

NOTICE OF ANNUAL GENERAL MEETING

NUFARM LIMITED

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 2012.

2. Remuneration Report

To receive, consider and adopt the Remuneration Report for the year ended 31 July 2012.

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 was appointed as a Director of the Company on 10 October 2012 and in accordance with the Company's constitution and ASX Listing Rule 14.4 being eligible, offers himself for re-election, be re-elected as a Director of the Company.

Special Business

4. Issue of Performance Rights to Managing Director/CEO – Mr Doug Rathbone

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 134,282 Performance Rights to the Company's Managing Director and Chief Executive Officer, Mr Doug Rathbone, and on vesting of the Performance Rights, the issue of Ordinary Shares in accordance with the terms of the Company's LTI Plan as set out in the Explanatory Notes which accompany the Notice of AGM."

By Order of the Board

Rodney Heath
Company Secretary
10 October 2012

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, 3(a), 3(b) and 4 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 whose remuneration is included in the Remuneration Report ('KMP'), 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 such a KMP or a closely related party of the KMP and the person:

(i) votes as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(ii) is the Chairman of the AGM appointed as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides even though this resolution is 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 Doug Rathbone, and his associates and any other Director and their respective associates (except if ineligible to participate in any employee incentive scheme in relation to the Company). However, the Company will not disregard a vote if it is cast by:

(i) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(ii) the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

As Mr Doug Rathbone is a member of the Company's KMP, in accordance with the Corporations Act, a vote must not be cast on this resolution by him or any other KMP, or a closely related party of Mr Doug Rathbone 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 Doug Rathbone.

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, 4 December 2012 ('Effective Time').

6. Proxies and Representatives

(a) All Shareholders at the Effective Time who are entitled to attend at the AGM may appoint a proxy for that purpose.

(b) A proxy need not be a Shareholder of the Company.

(c) The Proxy Form sent to you with this Notice should be used for the AGM unless you appoint your proxy online as set out in clause 6(g) below.

(d) Each Shareholder who is entitled to cast 2 or more votes at the AGM, may appoint up to 2 proxies and may specify the proportion or number of votes that each proxy is entitled to exercise. If a Shareholder does not specify the proportion or number of that Shareholder's votes each proxy may exercise, each proxy will be entitled to exercise half of the votes. An additional Proxy Form will be supplied by the Company on request.

(e) Any Shareholder may appoint an attorney to act on behalf of the Shareholder at the AGM. The power of attorney, or a certified copy of it, must be received by the Company as set out in clause 6(g) below.

(f) Any corporation which is a Shareholder of the Company may appoint a representative to act on its behalf. Appointments of representatives must be received by the Company as set out in clause 6(g) below at any time before the time of the meeting, or adjourned meeting, or at the meeting.

(g) Proxies and powers of attorney granted by Shareholders must be received by the Company by no later than 10.00am AEDT on Tuesday, 4 December 2012:

(i) electronically, by visiting www.investorvote.com.au and following the instructions provided but a proxy cannot be appointed online if appointed under power of attorney or similar authority; or

(ii) at the Company's share registry in Australia – Computershare Investor Services Pty. Limited, GPO Box 242, Melbourne, Victoria, 3001; or

(iii) by fax at the Company's share registry – fax number 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or

(iv) for Intermediary Online subscribers only (custodians) – electronically by visiting www.intermediaryonline.com

Please refer to the Proxy Form accompanying this Notice for more information.

EXPLANATORY NOTES

1. General

(a) These Explanatory Notes contain information relevant to the business referred to in the Notice of AGM of Nufarm Limited (the 'Company'), which they accompany. These Explanatory Notes should be read carefully by Shareholders prior to the AGM.

(b) All capitalised terms used in these Explanatory Notes have the meanings set out in the Glossary of Terms located at the end of this document.

(c) Further details relating to each item in the Notice of AGM is set out below.

2. Business

(a) Item 1 – Financial Reports and Statements

The Financial Report, Directors' Report and Auditor's Report of the Nufarm Group, prepared on a consolidated single entity basis for the most recent financial year, will be laid before the AGM as required by the Corporations Act. This item does not require a formal resolution to be put to the meeting.

The Chairman will give Shareholders a reasonable opportunity to ask the Auditor questions relevant to the Auditor's Report or conduct of the audit. If a Shareholder prefers to put written questions to the Auditor, the Shareholder is 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 the questions on 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 for Shareholders to access and download 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.

As required under section 250R(2) of the Corporations Act, a resolution will be put to Shareholders to adopt the Remuneration Report. Shareholders should note that the vote on this resolution is advisory only and is not binding on the Board.

Under reforms to the Corporations Act, 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 KMP's 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.

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

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

Dr WB (Bruce) Goodfellow, 60, joined the Board representing the holders of the 'C' shares in 1991. Following the conversion of the 'C' shares into Ordinary Shares, he was elected a Director in 1999. He has a doctorate in chemical engineering and experience in the chemical trading business and financial and commercial business management experience. Dr Goodfellow is a director of Sanford Ltd, a public company registered in New Zealand and listed on NZX Limited, chairman of Refrigeration Engineering Co Ltd and a director of Sulkem Co Ltd and Cambridge Clothing Co Ltd., all privately owned companies.

Dr Goodfellow is a member of the Nomination Committee.

Further information about Dr Goodfellow can be found in the Directors' Report which accompanies, and forms part of, the Financial Report.

Mr Francis Anthony Ford, 66, 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. Mr Ford has over 37 years in practice with Deloitte becoming National Managing Partner Tax Services in 2006.

Mr Ford is a director of Toll Holdings Limited where he is a member of the Audit Committee. He is also a director of Citibank Australia and the Tarrawarra Museum of Art.

Further information about Mr Ford can be found on the Company's website at www.nufarm.com/Directors

Directors' Recommendation

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

(d) Item 4: Issue of Performance Rights to Managing Director/CEO – Mr Doug Rathbone

Background

Item 4 set out in the Notice of AGM seeks approval to the proposed issue of Performance Rights to the value of $787,500 to Mr Doug Rathbone , the Company's Managing Director and Chief Executive Officer, in accordance with the terms of the Company's LTI Plan.

As mentioned at last year's annual general meeting, the Board reviewed and adopted a set of revised remuneration principles and, as a result, established the LTI Plan following consultation with, and receiving advice from, independent remuneration consultants, Ernst & Young, and consideration of recommendations made by the Company's Human Resources Committee ('HR Committee').

As part of the Board's annual review of senior executive remuneration, the remuneration package for Mr Doug Rathbone for the 2013 financial year will comprise three components, fixed remuneration ('TEC'), a short term incentive opportunity each of which are described in the Remuneration Report, and a long term incentive award of $787,500 ('LTI Value').

The Directors (excluding Mr Doug Rathbone) have taken into consideration the nature of Mr Rathbone's position, the purpose of the long term component of the Company's remuneration strategy, benchmarking against the practices of a selected comparator group comprising companies of a similar size and complexity to the Nufarm Group and other relevant information provided by the independent remuneration consultants and the HR Committee.

The Board will again invite Mr Doug Rathbone to participate in the LTI Plan and will offer him Performance Rights to the value of $787,500 which, if certain pre-determined performance conditions are achieved, will entitle him to acquire Ordinary Shares. The issue of the Performance Rights to Mr Doug Rathbone is conditional on Shareholder approval.

Level of participation by Mr Doug Rathbone

If Shareholders approve this resolution, the issue of the Performance Rights will equate to 50% of Mr Doug Rathbone's TEC, with the number of Performance Rights calculated by dividing the LTI Value by the volume weighted average market price of Ordinary Shares traded on the ASX in the five trading days following (and including) 25 September 2012.

Mr Doug Rathbone currently holds, directly or indirectly through associated entities, 11,676,031 Ordinary Shares. At the date of the Notice, on a fully diluted basis (excluding all the Performance Rights issued following the Company's 2011 annual general meeting), Mr Doug Rathbone has a 4.454% relevant interest in the total voting rights in the Company. If Shareholders approve the issue of these Performance Rights to Mr Doug Rathbone and all the issued Performance Rights vest, Mr Doug Rathbone's relevant interest in the Company will increase by 134,282 to 4.574% on a fully diluted basis, based on the issued capital of the Company as at the date of these Explanatory Notes.

Key terms of the Performance Rights

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

(b) The Performance Rights will vest in two equal tranches, only if the performance conditions set out below ('Conditions') over the period of three years commencing on 1 August 2012 and ending 31 July 2015 ('Performance Period') have been satisfied.

(c) The two tranches will be tested independently of each other and vest as follows:

(i) 50% of the Performance Rights will vest subject to achieving a relative total shareholder return ('TSR') performance hurdle measured against a selected comparator group referred to in paragraph (e) below; and

(ii) the remaining 50% of the Performance Rights will vest subject to an absolute return of funds employed ('ROFE') target.

(d) The Performance Rights will be performance tested as soon as practicable following 31 July 2015 ('Testing Date').

(e) The TSR will be determined by measuring and ranking the Company's TSR relative to a comparator group comprising constituents of the S&P ASX 200 (excluding companies classified in the financial, materials and energy sectors) over the Performance Period. This comparator group has been selected because it provides a group which is large enough for sound measurement with exclusions that reduce the volatility by removing companies that are in significantly different industries. For the purpose of this performance measurement, each company's share price will be measured using the average closing price over a period of 60 days up to (but excluding) the first day of the Performance Period and the average closing price over an equal period of time up to and including the last day of the Performance Period. Dividends will be assumed to have been reinvested on the ex-dividend date and tax and franking credits or equivalent, if any, will be ignored.

(f) The number of Performance Rights that may vest if the Company's TSR relative to the comparator group over the Performance Period is ranked at or above the 50th percentile is set out in the table below.

(g) The comparator group will be adjusted to exclude companies which are delisted due to merger or sale but companies which have been removed from the S&P ASX 200 due to share price performance but remain listed on ASX will remain and companies which are delisted for corporate failure will be retained but given a total shareholder return of -100% to reflect the negative shareholder value.

(h) The ROFE performance hurdle will be set by the Board for the 2013 year at both a target ('Target') and a stretch ('Stretch') hurdle level. The Board will determine a Target and Stretch ROFE target at the beginning of each year during the Performance Period with a focus on the budget and growth strategy. The ROFE performance will then be averaged over the Performance Period. Details of how the Nufarm Group performed against the Target and Stretch hurdles will be disclosed following the end of the Performance Period.

(i) The ROFE will be calculated on the Nufarm Group's earnings before interest and taxation and adjusted for any non-operating items. Funds employed are represented by Shareholders' funds (equity) plus total interest bearing debt.

TSR of Nufarm Group relative to TSR of comparator group	**Portion of Performance Rights that vest**
Less than the 50th percentile	0%
50th percentile	50%
Between 51st percentile and 75th percentile	Between 50% and 100% increasing on a straight line basis
75th percentile	100%

(j) The number of Performance Rights that may vest if the Company's ROFE target is achieved will be averaged over the Performance Period as set out in the table below.

(k) Following the end of the Performance Period and the Testing Date, the Company will notify Mr Doug Rathbone of the level of vesting.

(l) The Conditions applying to the Performance Rights will be tested only once and to the extent the Conditions have not been met at the end of the Performance Period, the relevant Performance Rights will not be re-tested.

(m) Performance Rights which have not vested will automatically lapse if:

- Mr Doug Rathbone ceases to be employed by the Company, for any reason, before the first anniversary of the grant date of the Rights (unless the Board determines otherwise);
- Mr Doug Rathbone ceases to be employed by the Company in circumstances other than death, total and permanent disability or retirement over the age of 60 years or such other reason determined by the Board ('Qualifying Reason'); or
- the Conditions have not been fully satisfied.

(n) Performance Rights 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 (subject to an assessment of the Conditions on cessation of employment) on terms determined by the Board.

(o) Performance Rights are not transferable except with the consent of the Board and do not carry voting or dividend rights.

(p) On vesting of a Performance Right, Mr Doug Rathbone will be entitled to receive one Ordinary Share for no consideration and until conversion into an Ordinary Share, the Performance Right will be held on trust by the trustee for the time being of the LTI Plan, on the terms of the rules of the LTI Plan.

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

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

Average absolute ROFE	Portion of Performance Rights that vest
Less than Target ROFE	0%
Target ROFE	50%
Between Target ROFE and Stretch	Straight line vesting between 50% and 100%
Stretch	100%

Additional information

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

As at the date of the Notice of AGM, 180,749 Performance Rights have been issued under the Company's LTI Plan to Mr Doug Rathbone as approved by Shareholders at the Company's 2011 annual general meeting. No other Director or associate of a Director is eligible to participate in the LTI Plan and no other person who requires approval to participate in the LTI Plan under ASX Listing Rule 10.14 will be issued with Performance Rights unless Shareholder approval is obtained. No loans have been, or will be, granted to Mr Doug Rathbone in relation to his participation in the LTI Plan and Mr Doug Rathbone is prohibited from entering into hedging transactions or arrangements in respect of these Performance Rights.

Details of Performance Rights issued under the LTI Plan in any financial year will be published in the Company's annual report and that approval to the issue was obtained under ASX Listing Rule 10.14.

Shareholder approval

Shareholders are asked to approve the issue of the Performance Rights to Mr Doug Rathbone in accordance with, and for the purpose of, ASX Listing Rule 10.14.

Recommendation

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

As stated in the Notice of AGM, Mr Doug Rathbone, 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, 6 December 2012 at 10.00 am AEDT.

ASX means ASX Limited ACN 008 624 691.

Auditor means the auditor of the Nufarm Group.

Auditor's Report means the report of the Auditor regarding its audit of the Nufarm Group which accompanies the Notice of AGM.

Board means the board of Directors of the Company.

Chairman means the individual acting as chairman of the AGM.

Company means Nufarm Limited ABN 37 091 323 312.

Corporations Act means the *Corporations Act 2001 (Cth).*

Director means a director of the Company.

Directors' Report means the report of the Directors, which accompanies the Notice of AGM.

Effective Time means 7.00pm AEDT on Tuesday, 4 December 2012.

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 2012 that accompanies the Notice of AGM.

Key Management Personnel has the meaning given to that term in the Financial Report.

Listing Rules means the listing rules of the ASX, as amended from time to time.

LTI Plan means the Nufarm Limited 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 Limited

ABN 37 091 323 312

MR JOHN SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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 online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

☑ **Cast your proxy vote**

☑ **Access the annual report**

☑ **Review and update your securityholding**

Your secure access information is:

Control Number: 123456

SRN/HIN: I1234567890 **PIN:** 123456

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 4 December 2012

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 as they choose. 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 information tab, "Downloadable 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 →

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MR JOHN SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 1234567890 IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Nufarm Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ______

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Nufarm Limited to be held at the RACV Club, Bourke Rooms 1 & 2, Level 2, 501 Bourke Street, Melbourne, Victoria on Thursday, 6 December 2012 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 and even though the Chairman is a member of the key management personnel.

Important Note: For Item 4, this express authority is also subject to you marking the box in the section below.

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.

Important for Item 4: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Item 4 in step 2 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Item 4, the Chairman of the Meeting will not cast your votes on Item 4 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of Item 4 of business.

☐ I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Item 4 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

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.

ORDINARY BUSINESS

		For	Against	Abstain
Item 2	Adoption of the Remuneration Report	☐	☐	☐
Item 3a	Re-election of Dr W B (Bruce) Goodfellow as a Director	☐	☐	☐
Item 3b	Re-election of Mr F A (Frank) Ford as a Director	☐	☐	☐
Item 4	Issue of Performance Rights to Managing Director/CEO - Mr Doug Rathbone	☐	☐	☐

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______ Contact Daytime Telephone ______ Date ___ / ___ / ___

Nufarm
Nufarm Limited
ABN 37 091 323 312

All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 652 479
(outside Australia) 61 3 9415 4360
Facsimile 61 3 9473 2555
www.computershare.com

000001
000
SAM
MR JOHN SAMPLE
FLAT 123
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN VIC 3030

Reference Number

IND

Dear Shareholder

I have pleasure in inviting you to attend our Annual General Meeting and have enclosed the Notice of Meeting, which sets out the items of business. The meeting will be held at the RACV Club, Bourke Rooms 1 & 2, Level 2, 501 Bourke Street, Melbourne, Victoria on Thursday, 6 December 2012 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, 4 December 2012. 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.