

28 September 2010

The Manager
Company Announcements Office
ASX
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

2009-2010 FULL YEAR RESULT & PRELIMINARY FINAL REPORT

In accordance with ASX Listing Rule 4.3A, the following documents are attached for release to the market:

- Appendix 4E – Preliminary Final Report
- Directors' Comments on Preliminary Final Report
- Financial Statements and Accounting Policies
- Directors' Report
- Auditor's Independence Declaration
- Directors' Declaration
- Independent Audit Report

Yours faithfully



RODNEY HEATH
Company Secretary

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APPENDIX 4E

**NUFARM LIMITED
ABN 37 091 323 312**

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 JULY 2010

Results for announcement to the market

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Revenue from ordinary activities:	Down	19%	to	2,168,630
Profit/(loss) from ordinary activities after tax attributable to members:				
Excluding material items	down	63%	to	58,566
Including material items	down	130%	to	(23,990)
Net profit/(loss) attributable to members:				
Excluding material items	down	63%	to	58,566
Including material items	down	130%	to	(23,990)

Dividends				
	Amount per Security		Franked amount Per security	
	This year	Prior year	This year	Prior year
Final dividend	Nil	15¢	N/A	Nil
Record date: N/A				

	This year	Prior Year
Final Dividend		
Amount per security	\$ N/A	\$ 0.15
Total value of dividend	\$ N/A	\$32,709,180
Franked amount per security at 30%	N/A	Nil
Amount per security of Foreign Source Dividend	\$ N/A	\$ 0.15
Date payable	N/A	13/11/09
Record date for entitlement	N/A	16/10/09
Interim Dividend		
Amount per security	\$ N/A	\$ 0.12
Franked amount per security at 30%	N/A	Nil
Amount per security of Foreign Source Dividend	\$ N/A	\$ 0.12
Date paid	N/A	08/05/09
Total Dividends		
Amount per security	\$ N/A	\$ 0.27
Dividend Reinvestment Plans	No	No
Net Tangible assets per ordinary share	\$ 3.45	\$ 3.59
Control Gained Over Entities (refer note 14)		
Control Lost Over Entities	Nil	Nil

Audit Status

This Appendix 4E is based on accounts which have been audited, and the accounts, including the audit opinion, is attached.

Commentary

A commentary on the results for the year is attached.

D J Rathbone
Managing Director

28 September 2010

September 28, 2010

Preliminary announcement

Full year results for the period ending July 31, 2010

Headline results

- **Group revenues: \$2.17 billion** (down 19%)
- **Reported net profit/(loss): (\$22.6 million)** (down 128%)
- **Operating EBIT (excluding material items): \$135 million** (down 51%)
- **Net profit after tax (excluding material items): \$58.6 million** (down 63%)

The directors of Nufarm Limited announced today a tax paid operating profit, excluding material items, of \$58.6 million for the year ended July 31, 2010. The reported 'headline' result was a net loss of \$22.6 million, which includes the impact of material items totalling \$82.6 million.

Operating earnings before interest and tax (EBIT) - prior to the impact of material items - was \$135 million. This compares to \$278 million in the previous financial year.

Group revenues decreased by 19% to \$2.17 billion.

On a per share basis, the company lost 15 cents, compared with last year's earnings of 33.5 cents per share.

This result reflects difficult trading conditions in the global glyphosate segment; an extremely competitive pricing environment; and the negative impact of climatic conditions in various regional markets around the world.

Material items

The company recorded an \$82.6 million after tax loss associated with material items.

Of this amount, \$30.1 million was associated with glyphosate related losses and costs relating to pricing support, the majority of which pertained to higher cost inventory held at the end of the 2009 financial year (\$29.4 million of this total was recorded at the half year). These costs were mainly associated with inventory writedowns; losses on sales; and various measures of one-off support provided to distribution customers during the first six months of the financial year.



The company has resolved that any tax loss that cannot be recouped within eight years will no longer be recognised in the financial accounts, irrespective of the period in which the losses can be offset against taxable income in the tax returns of the individual jurisdiction.

Consistent with this policy, a loss of \$37.5 million was recorded for the non cash write off of previously recognised tax losses in Brazil.

After tax costs of \$10.7 million were associated with operational restructuring activities in the France, and in the UK where the company closed a manufacturing site at Belvedere. The majority of other material items were due diligence costs relating to the Sinochem takeover proposal, the Sumitomo Tender Offer and several seeds business acquisitions.

Final Dividend

Directors resolved not to declare a final dividend for the 2010 financial year.

Business review

A combination of continued pricing and margin pressure in the glyphosate segment; adverse climatic impacts; and a generally weaker demand and pricing environment contributed to very challenging operating conditions during the 2010 financial year and a disappointing profit result.

While Nufarm maintained its market shares in most key products and geographic markets, competition in many segments was intense and this limited Nufarm's ability to maintain margins in certain areas of the business.

Confidence in the early months of the financial period that the global glyphosate issues impacting the industry had stabilised was not realised and the continued instability and value erosion in this segment had a dramatic impact on the group result. While the glyphosate segment had begun to stabilise in some markets by the end of the financial year, the impact of high cost inventory and intense pricing competition during the year was significant.

Glyphosate represented 27% of total revenues in 2010, down from almost 32% in 2009 and 39% in 2008. Glyphosate sales were down by 31% (from \$868 million in 2009 to \$597 million in 2010), despite volumes increasing. The total gross margin contribution from glyphosate more than halved during the same period, with the average gross margin falling to 12% (2009:18%).

The gross profit impact of high cost opening glyphosate inventory and credits given in relation to prior year glyphosate sales was \$57.1 million. Of this amount, \$44.7 million was classified as relating to one-off items.

Revenues associated with products other than glyphosate fell by 13% during the year, although sales of those products increased in a number of markets when measured in local currency. Sales were impacted by both lower volume demand and pricing pressure. Sales declines were recorded in herbicides and insecticides, but fungicide sales were up by about 16% and seeds sales grew strongly.



Climatic conditions in many regional markets saw lower demand for a range of crop protection products, with the increased competition for fewer sales opportunities contributing to a weak pricing environment.

Importantly, sales of new products (those introduced by Nufarm within the previous five year period) increased from 2009 to 2010 by 20% to \$283 million. This increase reflects continued momentum in the development and introduction of products that will be important contributors to the company's profitable growth. As a group, these products generated average gross margins of just under 40%.

Australasia

The Australasian business generated \$799 million in sales, representing 37% of total revenues. This compares with 2009 sales of \$850 million (32% of total). Segment profit¹ fell from \$118.5 million in the 2009 financial year to \$89.2 million in 2010, a decline of 25%.

Revenues in Australia fell by 7% to \$602 million. Glyphosate sales were slightly up on the previous year, but on much stronger volumes.

Climatic conditions in Australia varied throughout the period, with the first half affected by reduced summer cropping activity and second half autumn and winter conditions being positive in the Eastern and Southern states and poor in Western Australia.

Volume demand over the full year was relatively strong, but pricing and margins were negatively impacted by strong competition. Nufarm's distribution customers also operated on lower than normal inventories and this impacted the working capital position.

Nufarm introduced a number of new horticultural products and performed strongly in this segment. High sugar prices also saw increased plantings in the cane growing regions and the company's Crop Care division benefited from those additional sales opportunities.

New Zealand sales declined by 2% in local currency, with the majority of this decrease attributable to lower value glyphosate sales. The New Zealand market was adversely impacted by drought in many regions, a cessation of dairy expansion and farmer focus on debt reduction through cautious spending. Retailers adopted ambitious inventory reduction plans which further limited opportunities to generate profitable sales.

In Asia, Nufarm expanded its sales activity into a number of markets. The Asian business contributed a stronger profit result on lower sales, with margin improvements in markets such as Indonesia and Japan driving that result. Indonesia performed particularly strongly, with higher than average rainfalls leading to strong herbicide demand and a broader product portfolio securing increased market share in the plantation segment.

¹ Segment earnings before interest and tax, excluding the impact of material items



North America

On a segment reporting basis, North American sales were down by almost 29% on the previous year (\$554 million v \$775 million). The region generated 25.6% of total revenues (2009: 29%). Segment profit was \$33.2 million (2009: \$112.2m).

Nufarm's USA sales declined by 10% in local currency to \$393 million. Glyphosate sales were down by 44% and comprised 28% of total sales.

A long and severe winter delayed cropping activity in the US, with spring rains also reducing the pre-seeding herbicide market in key regions. The glyphosate segment continued to experience price reductions and strong competition, with smaller traders discounting product offerings as they cleared remaining inventories in July. With prices beginning to stabilise at lower levels and major suppliers having worked through higher cost inventory positions, it is expected that a number of smaller glyphosate suppliers will now exit the market.

Non glyphosate sales increased by 15% (in USD) in the USA in the 2010 reporting period.

Hot and humid weather in some areas led to increased disease and insect pressure and Nufarm was able to capitalise on those conditions with its sales in the turf and ornamentals segment increasing by some 25%. An expanded portfolio of cotton products also saw growth in that segment.

US distribution began the year with relatively high stock positions but aggressively ran these down during the main selling season and finished the period with lower than normal inventories.

In Canada, very heavy rainfalls and flooding dramatically reduced cropping activity in the Western regions, with the total cropped area in Canada being the lowest in 10 years. This significantly reduced demand for crop protection products and led to increased competition in many segments. Nufarm's Canadian sales were down by 17% in local currency.

South America

South American segment sales in 2010 were \$342 million. The region recorded a segment loss of \$14.6 million. This compared to a segment loss in 2009 of nearly \$41 million.

In local currency, Brazil sales were down by 15% to 426 million reals. Glyphosate comprised 34% of total sales in Brazil (2009: 39%). Excluding glyphosate sales, revenues in Brazil declined by just under 4%.

New suppliers entering the Brazilian market over recent years have led to increased competition in a number of segments, impacting glyphosate and several other products. During the period of volatile glyphosate pricing, Nufarm provided various forms of support to its distribution customers in Brazil and this severely impacted profitability during the year.

Credit risk also remained a key issue for much of the year and this restricted Nufarm's selling opportunities.

Brazil generated a loss of R\$25.8m at the operating EBIT level versus a loss of R\$49.7 the previous year.



The company strengthened its position in insecticides with the launch of 'Nuprid' (imidacloprid) and continued to expand in the pasture segment. A number of other new product launches improved the balance of the portfolio between herbicides, insecticides and fungicides.

Nufarm appointed a new regional manager for South America in March, 2010, and commenced a review of its Brazilian business. A number of changes were implemented during the balance of the period, including a restructure and expansion of the company's sales force.

Sales in Argentina increased by some 16% in local currency with an improved product mix generating stronger margins and a better EBIT performance than in the previous year. Nufarm's businesses in both Chile and Colombia also generated improved performances.

Europe

European sales fell by 25% to \$475 million (21.9% of total revenues v 24% in 2009). Measured in Euros, sales declined by 9%. Segment profit, at \$53.4 million, was substantially down on the previous year (\$118.8m).

Climatic conditions in Europe had an adverse impact on demand for Nufarm's product range. The financial year commenced with a dry autumn and was followed by long and harsh winter conditions. A generally cool and dry spring also dampened demand in some markets. Grower purchases of crop protection inputs were down by between 10% and 20% in some of the larger European markets.

In Germany, the cereal herbicide market was down by about 9% and the potato fungicide market saw sales decline by almost 50%.

The reduced demand also impacted Nufarm's European based manufacturing operations with lower production volumes resulting in under-recoveries in those plants.

In past years European markets had been relatively protected from competition from Chinese sourced glyphosate and margins were strong. The increased competition in the glyphosate segment has resulted in a substantial drop in the profitability of this segment in Nufarm's European business. This is despite glyphosate being a comparatively small proportion of total sales in Europe (2010: 13%).

Nufarm experienced overall sales declines in most of its European markets, with the biggest falls recorded in France and Germany. Market shares, however, were maintained in most countries and there were some market share gains in markets such as the UK (where branded products increased year on year), Spain, the Nordics region, and Eastern Europe. These gains were driven by new product introductions and increased support from local distribution customers.

Nufarm launched its Ukraine business in October of 2009 and generated good first season sales. Sales in Romania were up by 20% in local currency and 10 new product registrations in Poland helped secure market share gains.



Seeds

While remaining a relatively small business within Nufarm, the Nuseed business expanded strongly during 2010. This expansion was driven by both organic growth – particularly in Australia – and by the additions of newly acquired operations in the USA and Argentina. The seeds business recorded total revenues of \$42.5 million and a gross margin of more than 40%.

Seasonal conditions in Australia were favourable to larger canola plantings. Nuseed launched three new Roundup Ready canola products, coinciding with the Western Australian government's decision to lift a moratorium on genetically modified canola. Total Australian Roundup Ready canola plantings increased from about 40,000 hectares in 2009 to approximately 140,000 hectares in the 2010 season. Nuseed increased its market share in this segment.

Nuseed now breeds and markets its core canola, sorghum and sunflower varieties in more than 25 countries from operational bases in Australia, the USA and Argentina.

Sumitomo investment and co-operation

On April 15, 2010, Sumitomo Chemical Company (Sumitomo) completed a Tender Offer to acquire 20% of the issued capital in Nufarm at a price of \$14 per share. In an associated agreement with Nufarm, Sumitomo has the right to appoint one Director to the Nufarm Board. That appointment has not yet been made as both companies continue to address certain regulatory approvals relating to the appointment.

The Sumitomo investment has also facilitated a number of commercial agreements between Nufarm and Sumitomo relating to product distribution and product development. Completed agreements include arrangements that result in Sumitomo products being distributed by Nufarm in markets including Brazil and Indonesia.

Treasury

The company generated nearly \$200 million in operating cash flow in 2010, compared to an operating cash outflow of \$50 million in 2009. This was despite the higher than expected receivables at year-end. The cash not collected from receivables prior to year end is being collected in the early months of the 2011 financial year, in accordance with the normal trading terms.

The improved cash flow was directly attributable to a reduction in net working capital of \$165 million, primarily from reduced inventory holdings.

An increase in cash from operations, combined with the proceeds of the April/May 2010 equity raising, facilitated a reduction in net debt (\$620 million at July 31, 2010 compared to \$938 million at July 31, 2009).

At year end, gearing (net debt to equity) was 35% compared to 58% at July 2009.



Subsequent events

Nufarm announced on September 27 that it has secured waivers on its banking covenants in respect of the periods ending July 31, 2010 and October 30, 2010. Nufarm's lenders have also agreed to provide a funding facility for the period through to mid December.

The waiver agreement has been finalised with banks that are a party to the Negative Pledge Deed (Nufarm's core financing document) and addresses all maturities falling due during the balance of this calendar year.

The funding facility is subject to satisfactory performance against interim milestones based on the company's own projections and objectives, as well as progress relating to strategy and management plans, as discussed with its lenders. The Nufarm Board is confident that the milestones and other requirements can be met. The facility is also subject to undertakings and covenants typical for a transaction of this nature and includes an undertaking by Nufarm to provide security over its assets.

These arrangements will incur additional costs relating to fees associated with the provision of waivers; additional interest costs; and associated advisory fees. It is estimated that these costs will total up to approximately \$10 million for the period through to mid December when the company intends to have in place a more efficient long-term banking structure. Approximately \$8 million of this total relates to one-off waiver and advisory costs.

Nufarm is now working with its lenders to establish the new financing structure and is confident of finalising new arrangements by mid December.

Strategic Review

On July 14, 2010, it was announced that a comprehensive strategic review is being undertaken to identify potential improvements to Nufarm's financial and reporting systems, and to confirm what business and strategic changes are required to ensure Nufarm can achieve sustainable and profitable growth.

It has been confirmed that Deloitte and Gresham Advisory Partners are assisting the company with that review process.

The review will continue for several months, with an update planned to be given to shareholders at the Annual General Meeting on December 2, 2010.

Outlook

Following a difficult financial year in 2010, the company expects to benefit from increased stability and improved trading conditions in certain market segments in the 2011 reporting period.

The glyphosate segment will continue to be very competitive and Nufarm expects to generate margins on glyphosate sales that will be below the average margins achieved in the balance of the business. The company has commenced the year with a market



competitive cost position and no legacy issues associated with high cost glyphosate inventory. Glyphosate-related writedowns and other 'one-off' costs associated with the market volatility and inventory issues of 2010 are not expected to recur.

A return to more average seasonal conditions in key markets would result in increased demand and volume opportunities and would facilitate a more favourable pricing environment in a number of market segments.

Management and structural changes in Nufarm's Brazil business, coupled with any further recovery in Brazil's general credit environment and more rational market behavior, is likely to lead to an improvement in the profitability of that business in 2011. The addition of several new products will also improve the overall margins likely to be achieved in Brazil.

The company will continue to develop and introduce new products in various segments and geographic markets throughout 2011, with a much stronger focus on higher value opportunities in insecticides, fungicides, seed treatment and seeds.

These factors and initiatives provide strong confidence that the group will generate an improved profit outcome for the 2011 financial year.

A handwritten signature in black ink, appearing to read 'D J Rathbone'.

D J Rathbone
Managing Director

Nufarm Limited

Income statement

For the year ended 31 July 2010

	Note	Consolidated	
		2010	2009
		\$000	\$000
Continuing operations			
Revenue		2,168,630	2,677,083
Cost of sales		(1,698,717)	(2,121,446)
Gross profit		469,913	555,637
Other income	7	8,641	11,054
Sales, marketing and distribution expenses		(217,617)	(210,914)
General and administrative expenses		(156,285)	(162,018)
Research and development expenses		(38,529)	(45,375)
Share of net profits of associates	19	47	3,080
Operating result		66,170	151,464
Net non-cash revaluation profit/(loss) on proceeds from Nufarm step-up securities financing	6	3,323	(431)
Profit before net financing costs and income tax		69,493	151,033
Financial income	10	6,014	8,177
Financial expenses	10	(62,790)	(100,253)
Net financing costs		(56,776)	(92,076)
Profit before income tax		12,717	58,957
Income tax (expense)/benefit	11	(35,369)	21,585
Profit/(Loss) for the period from continuing operations		(22,652)	80,542
Attributable to:			
Equity holders of the Company		(23,990)	79,877
Non-controlling interest		1,338	665
Profit/(Loss) for the period		(22,652)	80,542
Earnings per share			
Basic earnings/(loss) per share	30	(15.0)	33.5
Diluted earnings/(loss) per share	30	(15.0)	33.5
Continuing operations			
Basic earnings/(loss) per share	30	(15.0)	33.5
Diluted earnings/(loss) per share	30	(15.0)	33.5

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

Nufarm Limited

Statement of comprehensive income

For the year ended 31 July 2010

	Note	Consolidated	
		2010 \$000	2009 \$000
Net profit/(loss) for the period		(22,652)	80,542
Other comprehensive income			
Foreign exchange translation differences for foreign operations		(58,698)	(19,788)
Actuarial gains/(losses) on defined benefit plans		(2,280)	(8,454)
Income tax on share issue costs recognised directly in equity		777	1,683
Other comprehensive income/(loss) for the period, net of income tax		(60,201)	(26,559)
Total comprehensive income/(loss) for the period		(82,853)	53,983
Attributable to:			
Equity holders of the Company		(82,875)	53,895
Non-controlling interest		22	88
Total comprehensive income/(loss) for the period		(82,853)	53,983

The amounts recognised directly in equity are disclosed net of tax - see note 11 for tax effect

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

Nufarm Limited

Balance sheet

As at 31 July 2010

	Note	Consolidated	
		2010 \$000	2009 \$000
Assets			
Cash and cash equivalents	15	188,741	84,312
Trade and other receivables	16	852,986	787,760
Inventories	17	553,432	797,383
Current tax assets	18	42,461	48,973
Assets held for sale	13	7,677	-
Total current assets		1,645,297	1,718,428
Non-current assets			
Trade and other receivables	16	19,342	33,125
Investments in equity accounted investees	19	11,964	12,468
Other investments	20	6,879	7,442
Deferred tax assets	18	150,323	194,960
Property, plant and equipment	22	413,235	435,468
Intangible assets	23	846,759	848,739
Other financial assets	21	43	967
Total non-current assets		1,448,545	1,533,169
TOTAL ASSETS		3,093,842	3,251,597
Current liabilities			
Bank overdraft	15	28,036	35,669
Trade and other payables	24	393,868	407,421
Loans and borrowings	25	766,128	584,692
Employee benefits	26	22,330	20,671
Current tax payable	18	5,565	17,772
Provisions	28	11,763	26,091
Total current liabilities		1,227,690	1,092,316
Non-current liabilities			
Payables	24	15,849	17,695
Loans and borrowings	25	13,633	402,327
Deferred tax liabilities	18	47,890	64,215
Employee benefits	26	38,889	43,105
Total non-current liabilities		116,261	527,342
TOTAL LIABILITIES		1,343,951	1,619,658
NET ASSETS		1,749,891	1,631,939
Equity			
Share capital		1,058,578	812,844
Reserves		(71,704)	(13,006)
Retained earnings		515,242	584,348
Equity attributable to equity holders of the company		1,502,116	1,384,186
Nufarm Step-up Securities		246,932	246,932
Non-controlling interests		843	821
TOTAL EQUITY		1,749,891	1,631,939

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

Nufarm Limited

Statement of cash flows

For the year ended 31 July 2010

	Note	Consolidated	
		2010	2009
		\$000	\$000
Cash flows from operating activities			
Cash receipts from customers		2,160,601	2,874,917
Cash paid to suppliers and employees		(1,894,590)	(2,799,092)
Cash generated from operations		266,011	75,825
Interest received		6,014	8,177
Dividends received		292	423
Interest paid		(62,790)	(100,252)
Income tax paid		(14,916)	(37,298)
Net cash from operating activities	38	194,611	(53,125)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,498	284
Proceeds from sale of businesses and investments		5,014	12,821
Payments for plant and equipment		(45,918)	(54,317)
Payment for investments		-	(8,321)
Purchase of businesses, net of cash acquired		(43,628)	(14,454)
Payments for acquired intangibles and major product development expenditure		(45,486)	(48,257)
Net investing cash flows		(128,520)	(112,244)
Cash flows from financing activities			
Shares issue proceeds (net of costs)		245,881	294,764
Shares issue proceeds under share purchase plan		-	35,691
Proceeds from borrowings		48,784	56,022
Repayment of borrowings		(201,930)	(43,799)
Repayment of receivables securitisation program		-	(94,728)
Distribution to Nufarm step-up security holders		(14,469)	(21,908)
Dividends paid		(34,025)	(53,208)
Net financing cash flows		44,241	172,834
Net increase (decrease) in cash and cash equivalents		110,332	7,465
Cash at the beginning of the year		48,643	38,302
Exchange rate fluctuations on foreign cash balances		1,730	2,876
Cash and cash equivalents at 31 July	15	160,705	48,643

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

Statement of changes in equity

For the year ended 31 July 2010

	Share capital \$000	Translation reserve \$000	Capital profit reserve \$000	Other reserve \$000	Retained earnings \$000	Nufarm step-up securities \$000	Total \$000	Non-controlling interest \$000	Total equity \$000
Consolidated									
Balance at 1 August 2008	453,824	(26,805)	33,627	3,046	593,558	246,932	1,304,182	1,036	1,305,218
Foreign exchange translation differences	-	(19,828)	-	-	-	-	(19,828)	40	(19,788)
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	(8,454)	-	(8,454)	-	(8,454)
Shares issued to employees	3,078	-	-	-	-	-	3,078	-	3,078
Accrual and issue of shares under global share plan	784	-	-	(706)	-	-	78	-	78
Shares issued under private placement (net of costs)	294,764	-	-	-	-	-	294,764	-	294,764
Shares issued under share purchase plan	35,691	-	-	-	-	-	35,691	-	35,691
Shares issued as consideration for business acquisition	7,975	-	-	-	-	-	7,975	-	7,975
Dividend reinvestment plan	12,705	-	-	-	-	-	12,705	-	12,705
Tax benefit on share issue costs	1,683	-	-	-	-	-	1,683	-	1,683
Profit for the period	-	-	-	-	79,877	-	79,877	48	79,925
Dividends paid to shareholders	-	-	-	-	(65,297)	-	(65,297)	-	(65,297)
Distributions to Nufarm Step-up Security holders	-	-	-	-	(15,336)	-	(15,336)	-	(15,336)
Non-controlling interest acquired	-	-	-	-	-	-	-	(303)	(303)
Balance at 31 July 2009	810,504	(46,633)	33,627	2,340	584,348	246,932	1,631,118	821	1,631,939
Balance at 1 August 2009	810,504	(46,633)	33,627	2,340	584,348	246,932	1,631,118	821	1,631,939
Foreign exchange translation differences	-	(58,698)	-	-	-	-	(58,698)	-	(58,698)
Actuarial gains/(losses) on defined benefit plans	-	-	-	-	(2,280)	-	(2,280)	-	(2,280)
Shares issued to employees	699	-	-	-	-	-	699	-	699
Accrual and issue of shares under global share plan	-	-	-	(1,623)	-	-	(1,623)	-	(1,623)
Shares issued under institutional offer (net of costs)	140,951	-	-	-	-	-	140,951	-	140,951
Shares issued under retail offer (net of costs)	104,930	-	-	-	-	-	104,930	-	104,930
Tax benefit on share issue costs	777	-	-	-	-	-	777	-	777
Profit/(Loss) for the period	-	-	-	-	(23,990)	-	(23,990)	22	(23,968)
Dividends paid to shareholders	-	-	-	-	(32,709)	-	(32,709)	-	(32,709)
Distributions to Nufarm Step-up Security holders	-	-	-	-	(10,127)	-	(10,127)	-	(10,127)
Balance at 31 July 2010	1,057,861	(105,331)	33,627	717	515,242	246,932	1,749,048	843	1,749,891

Notes to the financial statements

1 Reporting entity

Nufarm Limited (the 'company') is domiciled in Australia. 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 2010 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 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 financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the group complies with International Financial Reporting Standards (AIFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 28 September 2010.

(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 main bilateral bankers to the group are parties to a Deed of Negative Pledge dated 24 October 1996 (the 'Deed') (last amendment 30 January 2009) which contains the covenants and other terms common to all bankers. These covenants include an interest cover covenant, a net debt to EBITDA covenant and a gearing covenant. At 31 July 2010, the group was not in compliance with the first two covenants.

Despite there being a breach of certain banking covenants that were applicable at 31 July 2010, the group has prepared its financial report on a going concern basis, which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business, as the directors and management are confident that there will be sufficient funds available to meet the group's financial obligations until new longer term banking arrangements are established.

As a consequence of these covenant breaches, the main bankers to the group had the right, but not the obligation, to request immediate repayment of all amounts borrowed under the Deed which as at 31 July 2010 totalled \$701 million. Accordingly, all borrowings have been classified as current in the balance sheet.

Subsequent to 31 July 2010, the group obtained written waivers from all parties to the Deed in respect to these covenant breaches. At the same time, the parties to the Deed confirmed that any undrawn facility amounts under the Deed were no longer available to the group.

Subsequent to 31 July, the group has contractually obtained additional secured funding totalling \$176 million for the period through to 15 December 2010. Of this amount, \$55 million is immediately available, with the balance available on satisfaction of normal terms and conditions, and also the following:

- Provision by the group of a Strategic Plan and a Management Plan;
- Provision of a Financial Advisor's Report that is satisfactory to the lenders;
- Providing security to the lenders within an acceptable time period;
- The achievement of forecast profitability and cash flow targets will be subject to regular review by the Financial Advisor. Variances outside agreed levels have to be approved by a majority of lenders (by value); and
- The adherence to newly established covenant levels.

The agreements provide the lenders with certain rights and impose certain obligations and restrictions on the group, with the exception of where a majority of lenders (by value) otherwise provide their consent. These obligations and restrictions include:

- Restrictions on the disposal of assets; and
- Progress against the Strategic Plan and the Management Plan to be reported in writing.

The directors and management are confident that the group can comply with the above obligations and restrictions.

Notes to the financial statements

2 Basis of preparation (continued)

(b) Basis of measurement (continued)

The agreements provide each individual lender with the ability to revoke its waiver and request immediate repayment of total indebtedness to that lender in certain circumstances, including in the event that adverse variances between actual and forecast EBIT and cash flows exceed specified limits. Based on current forecasts, the directors and management are confident that these limits will not be breached for the duration of the agreements.

The agreements provide a majority of lenders (by value) with the right to revoke their waivers and request immediate repayment of total indebtedness to that lender in certain circumstances, including:

- If certain ratio requirements in respect of interest coverage and cash flow are not satisfied;
- If the lenders are not satisfied with the Strategic Plan or the Management Plan prepared by the group, or are not satisfied with the progress in implementing the plans; and
- If adverse findings are reported by the Financial Advisor as part of the conditions precedent to drawing down new loans.

Based on current forecasts, intended actioning of the Plans referred to above and the anticipated findings of the lenders' Financial Advisor, the directors and management are confident that such events are not expected to occur for the duration of the agreement.

The group is currently evaluating its options regarding the nature and term of a new financing facility beyond 15 December 2010. This facility may take the form of a secured syndicated facility or a similar arrangement. Management and the directors are confident that new banking arrangements on mutually agreeable terms and conditions can be established prior to this date.

(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 estimate is 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. 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 estimates and judgements 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.

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 at the time the product is expected to be sold.

(vi) *Valuation of receivables*

Nufarm and a major supplier are currently in dispute with respect to a claim that the supplier is liable for a relevant share of losses attributable to the sale of product during the 2009 and 2010 financial years.

The parties entered into an Agreement in 2002 that provides for the sharing of costs and proceeds associated with Nufarm's sale of products. Nufarm's claim, for approximately \$52.7 million (2009: \$39.9 million), is being contested by the supplier. This matter is currently subject to arbitration proceedings. Nufarm is confident it will recover all of this amount and will vigorously pursue its claim.

(e) Changes in accounting policies

Overview

Starting as of 1 August 2009, the group has changed its accounting policies in the following areas:

- * Accounting for business combinations;
- * Accounting for acquisitions of non-controlling interests;
- * Accounting for borrowing costs;
- * Determination and presentation of operating segments; and
- * Presentation of financial statements.

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.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

(i) *Business combinations*

Change in accounting policy

The group has adopted revised AASB 3 *Business Combinations* (2008) and amended AASB 127 *Consolidated and Separate Financial Statements* (2008) for business combinations occurring in the financial year starting 1 August 2009. All business combinations occurring on or after 1 August 2009 are accounted for by applying the acquisition method. The group has applied the acquisition method for the business combinations disclosed in note 14. The change in accounting policy is applied prospectively and had no material impact on earnings per share.

For every business combination, the group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. 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. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

(i) Business combinations (continued)

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably

Non-controlling interest

The group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree

Transaction costs

Transaction costs that the group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred

(ii) Accounting for acquisitions of non-controlling interests

The group has adopted AASB 3 *Business Combinations* (2008) and AASB 127 *Consolidated and Separate Financial Statements* (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 August 2009.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Previously, goodwill was recognised on the acquisition of a non-controlling interest in a subsidiary; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange. The change in accounting policy was applied prospectively and had no impact on earnings per share

(iii) 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

(iv) Investments in associates and jointly controlled entities (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 percent 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 (equity accounted investments) 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 payment on behalf of the investee.

(v) Transactions eliminated on consolidation

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

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investee or, if not consumed or sold by the equity accounted investee, when the group's interest in such entities is disposed of

3 Significant accounting policies (continued)

(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 cost of sales as they mostly relate to the purchase of raw materials from overseas suppliers.

(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 or payable to a foreign operation is neither planned or 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 and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

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

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

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

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the group manages such investments and makes 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.

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.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables (continued)

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.

(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 expire. 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 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 and after-tax distributions thereon are recognised as distributions within equity.

(iii) 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 (see below). 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.

3 Significant accounting policies (continued)**(d) Property, plant and equipment (continued)***(i) Recognition and measurement (continued)**Change in accounting policy*

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 August 2009, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of AASB 123 *Borrowing Costs* (2007) and in accordance with the transitional provisions of that standard, comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share.

(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**Change in accounting policy*

As from 1 August 2009, the group has adopted the revised AASB 3 *Business Combinations* (2008) and the amended AASB 127 *Consolidated and Separate Financial Statements* (2008). Revised AASB 3 and amended AASB 127 have been applied prospectively to business combinations with an acquisition date on or after 1 August 2009.

The change in accounting policy had no material impact on earnings per share. For details on the initial recognition and measurement of goodwill related to business combinations that occurred during the financial year ended 31 July 2010, see note 14.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

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 asset. For those intangibles with a finite life, amortisation is recognised in profit or loss on a straight-line basis 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 years
* intellectual property - finite life	over the useful life in accordance with the acquisition agreement terms
* computer software	3 to 7 years

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

(f) Leased assets

Leases in terms of which 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.

Notes to the financial statements (continued)

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) 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.

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.

(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 each year at 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 flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit¹). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

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

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

(i) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost 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

Notes to the financial statements (continued)

3 Significant accounting policies (continued)**(i) Non-current assets held for sale (continued)**

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.

(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.

(iii) Other long-term employee benefits

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

(iv) Termination benefits

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

(v) Short-term benefits

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

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

3 Significant accounting policies (continued)**(j) Employee benefits (continued)****(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.

(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 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***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 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.

(m) Lease payments

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

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

Determining whether an arrangement contains a lease

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

(n) Finance income and expense

Finance income comprises interest income on funds invested, dividend income, 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. Dividend income is recognised in profit or loss on the date that the group's right to receive payment is established.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

(n) Finance income and expense (continued)

Finance expense comprises interest expense on borrowings, 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. The group will not recognise deferred tax assets related to tax losses where the estimated recovery period extends beyond eight years, even if there is no statutory time limit on the recoupment of these losses. The effect of this change is identified in note 6. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(i) Tax consolidation

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

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.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

(o) Income tax (continued)

(i) Tax consolidation (continued)

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) Discontinued operations

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

(r) 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.

(s) Segment reporting

Determination and presentation of operating segments

As of 1 August 2009, the group determines and presents operating segments based on the information that internally is provided to the CEO, who is the group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously, operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*. The new accounting policy in respect of segment reporting disclosures is presented as follows.

Notes to the financial statements (continued)

3 Significant accounting policies (continued)

(s) Segment reporting (continued)

Determination and presentation of operating segments (continued)

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

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

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.

(t) Presentation of financial statements

The group applies revised AASB 101 *Presentation of Financial Statements* (2007), which became effective for the financial year beginning after 1 January 2009. As a result, the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(u) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 31 July 2010, but have not been applied in preparing this financial report:

- * AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the group's 31 July 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 31 July 2012 or earlier. The group has not yet determined the potential effect of the standard.
- * AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the group's 31 July 2012 financial statements, are not expected to have any impact on the financial statements.
- * AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the group's 31 July 2011 financial statements, are not expected to have a significant impact on the financial statements.
- * AASB 2009-8 *Amendments to Australian Accounting Standard - Group Cash-settled Share-based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 *Scope of AASB 2* and AI *AASB 2 - Group and Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the group's 31 July 2011 financial statements, are not expected to have a significant impact on the financial statements.

3 Significant accounting policies (continued)

(t) New standards and interpretations not yet adopted (continued)

* AASB 2009-10 *Amendments to Australian Accounting Standard - Clarification of Rights Issue* [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the group's 31 July 2011 financial statements, are not expected to have a significant impact on the financial statements.

* AASB 2009-14 *Amendments to Australian Accounting Standard - Prepayments of a Minimum Funding Requirement - AASB 14* make amendments to Interpretation 14 AASB 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements* removing an unintended consequence arising from the treatment of the prepayments of future contributions in some circumstances when there is a minimum funding requirement. The amendments will become mandatory for the group's 31 July 2012 financial statements, with retrospective application required. The amendments are not expected to have any impact on the financial statements.

* IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the group's 31 July 2011 financial statements. The group has not yet determined the potential effect of the amendment.

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.

(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).

Notes to the financial statements (continued)

4 Determination of fair values (continued)

(v) Derivatives (continued)

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(vi) Non-derivative financial liabilities

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

Notes to the financial statements

5 Operating segments

Segment information is presented in respect of the group's business and geographic segments. The primary format, geographic segments, is based on the group's management and internal reporting structure.

The group operates predominantly in one business segment, being the crop protection industry. The business is managed on a worldwide basis, with the major geographic segments for reporting being Australasia, 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 and the Andean countries.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit as included in the internal management reports that are reviewed by the group's CEO. Segment profit 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.

Comparative segment information has been presented in conformity with the requirement of AASB 8 *Operating Segments*.

Geographic segments - 2010	Australasia \$000	Europe \$000	North America \$000	South America \$000	Corporate \$000	Consolidated \$000
Revenue						
Total segment revenue	798,875	474,590	553,653	341,512	-	2,168,630
Results						
Operating earnings	92,248	54,422	34,468	(15,658)	(26,055)	139,425
Exchange gains/(losses)	(4,516)	408	(1,244)	1,051	8	(4,293)
Share of net profit/(losses) of associates	1,476	(1,449)	20	-	-	47
Segment result	89,208	53,381	33,244	(14,607)	(26,047)	135,179
Material items of income/ (expense) (note 6)	(11,446)	(26,217)	(30,970)	(376)	-	(69,009)
Net non-cash revaluation profit/(loss) on proceeds from Nufarm step-up securities financing (note 6)	-	-	-	-	3,323	3,323
Segment result including material items	77,762	27,164	2,274	(14,983)	(22,724)	69,493
Net financing costs						(56,776)
Income tax benefit/(expense)						(35,369)
Profit/(loss) for the period						(22,652)
Assets						
Segment assets	739,492	717,133	483,768	687,515	453,970	3,081,878
Investment in associates	11,496	180	288	-	-	11,964
Total assets						<u>3,093,842</u>
Liabilities						
Segment liabilities	155,381	156,270	41,865	99,501	890,934	1,343,951
Total liabilities						<u>1,343,951</u>
Other segment information						
Capital expenditure	16,238	14,703	32,047	4,740	-	67,728
Depreciation	18,025	15,232	5,632	3,204	-	42,093
Amortisation	4,415	6,289	2,878	1,873	-	15,455

Notes to the financial statements

5 Segment reporting (continued)

	Australasia \$000	Europe \$000	North America \$000	South America \$000	Corporate \$000	Consolidated \$000
Geographic segments - 2009						
Revenue						
Total segment revenue	850,211	636,928	775,375	414,569	-	2,677,083
Results						
Operating earnings	103,852	125,939	109,664	(5,118)	(31,226)	303,111
Exchange gains/(losses)	13,514	(9,028)	2,465	(35,009)	530	(27,528)
Share of net profit/(losses) of associates	1,100	1,934	46	-	-	3,080
Segment result	118,466	118,845	112,175	(40,127)	(30,696)	278,663
Material items of income/ (expense) (note 6)	-	(18,259)	(103,824)	(753)	(4,363)	(127,199)
Net non-cash revaluation profit/(loss) on proceeds from Nufarm step-up securities financing	-	-	-	-	(431)	(431)
Segment result including material items	118,466	100,586	8,351	(40,880)	(35,490)	151,033
Net financing costs						(92,076)
Income tax benefit/(expense)						21,585
Profit/(loss) for the period						80,542
Assets						
Segment assets	808,444	852,219	580,115	653,988	344,363	3,239,129
Investment in associates	10,656	1,812	-	-	-	12,468
Total assets						<u>3,251,597</u>
Liabilities						
Segment liabilities	162,760	221,321	55,593	75,310	1,104,674	1,619,658
Total liabilities						<u>1,619,658</u>
Other segment information						
Capital expenditure	32,408	45,163	21,570	6,541	-	105,682
Depreciation	18,960	21,177	5,841	2,434	-	48,412
Amortisation	5,360	8,338	2,558	1,294	-	17,550

6 Items of material income and expense

	Consolidated		Consolidated	
	2010	2010	2009	2009
	\$000	\$000	\$000	\$000
	Pre-tax	After-tax	Pre-tax	After-tax
The following material items of income/(expense) were included in the period result:				
Cost of sales items				
Net realisable value adjustment - year end inventories	-	-	(67,611)	(40,794)
Net realisable value adjustment - product sold	(44,654)	(30,074)	(37,770)	(22,662)
Restructuring costs	(15,323)	(10,713)	(16,421)	(10,989)
	(59,977)	(40,787)	(121,802)	(74,445)
General & administrative expense items				
Competition inquiries (AH Marks)	(569)	(432)	(10,567)	(10,182)
Provision for non-collectability of sale proceeds	(2,521)	(1,690)	(2,564)	(1,709)
Due diligence costs	(5,464)	(4,116)	(1,859)	(1,364)
Restructuring costs and sale of equity investment	(478)	(321)	9,593	8,247
	(9,032)	(6,559)	(5,397)	(5,008)
Material items included in operating result	(69,009)	(47,346)	(127,199)	(79,453)
Disclosed on face of income statement				
Net non-cash revaluation profit/(loss) on proceeds from Nufarm Step-up Securities financing	3,323	2,326	(431)	(302)
Income tax expense				
Derecognition of tax losses	-	(37,536)	-	-
Items of material income and expense	(65,686)	(82,556)	(127,630)	(79,755)

Notes to the financial statements

7 Other income	Consolidated	
	2010	2009
	\$000	\$000
Dividends received	52	-
Rental income	236	383
Sundry income	8,353	10,671
Total other income	8,641	11,054

8 Other expenses

The following expenses were included in the period result:

Depreciation and amortisation	(57,548)	(65,962)
Impairment gain/(loss) on trade receivables ¹	(375)	(4,241)
Movement in stock obsolescence provision	(453)	(648)
Exchange gains/(losses)	(4,293)	(27,528)

¹ Excludes items set out in Note 6

9 Personnel expenses

Wages and salaries	(179,411)	(203,969)
Other associated personnel expenses	(31,146)	(37,214)
Contributions to defined contribution superannuation funds	(10,567)	(10,847)
Expenses related to defined benefit superannuation funds	(3,106)	(457)
Annual leave expense	(6,451)	(6,319)
Long-service leave expense	(1,690)	(1,886)
Restructuring expense - Europe	(7,937)	(23,403)
Personnel expenses	(240,308)	(284,095)

The restructuring expense in Europe represents the redundancy costs associated with the shut down of the Belvedere UK site and two manufacturing units at the Gaillon plant in France. The restructuring costs are included in the material items in note 6.

10 Finance income and expense

Interest income - external	6,014	8,177
Financial income	6,014	8,177
Interest expense - external	(61,225)	(98,796)
Lease expense - finance charges	(1,565)	(1,887)
Costs of securitisation program	-	430
Financial expenses	(62,790)	(100,253)
Net financing costs	(56,776)	(92,076)

Notes to the financial statements

	Consolidated	
	2010	2009
	\$000	\$000
11 Income tax expense/(benefit)		
Recognised in the income statement		
Current tax expense		
Current period	(2,680)	6,161
Adjustments for prior periods	163	(247)
Current tax expense	(2,517)	5,914
Deferred tax expense		
Origination and reversal of temporary differences	30,303	(10,228)
Reduction in tax rates	124	2,604
Benefit of tax losses recognised	(30,077)	(19,875)
Derecognition of tax losses	37,536	-
Deferred tax expense	37,886	(27,499)
Total income tax expense/(benefit) in income statement	35,369	(21,585)
Attributable to:		
Continuing operations	35,369	(21,585)
Total income tax expense/(benefit) in income statement	35,369	(21,585)

Numerical reconciliation between tax expense/(benefit) and pre-tax net profit

	Consolidated	
	2010	2009
	\$000	\$000
Profit before tax - continuing operations	12,717	58,957
Profit before tax	12,717	58,957
Income tax using the local corporate tax rate of 30%	3,815	17,687
<i>Increase in income tax expense due to:</i>		
Non-deductible expenses	3,222	3,175
Other taxable income	689	1,383
Effect of changes in the tax rate	124	2,604
Effect of tax losses derecognised/(recognised)	37,574	1,015
<i>Decrease in income tax expense due to:</i>		
Effect on tax rate in foreign jurisdictions	(6,508)	(38,850)
Tax exempt income	(347)	(1,225)
Tax incentives not recognised in the income statement	(3,363)	(7,127)
	35,206	(21,338)
Under/(over) provided in prior years	163	(247)
Income tax expense/(benefit) on pre-tax net profit	35,369	(21,585)

	Consolidated	
	2010	2009
	\$000	\$000
Income tax recognised directly in equity		
Relating to cost of issuing equity	(777)	(1,683)
Nufarm step-up securities distribution	(3,795)	(6,572)
Income tax recognised directly in equity	(4,572)	(8,255)
Income tax recognised in other comprehensive income		
Relating to actuarial gains on defined benefit plans	(835)	(3,363)
Income tax recognised in other comprehensive income	(835)	(3,363)

Notes to the financial statements

12 Discontinued operation

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

13 Non-current assets held for sale

The Belvedere, UK manufacturing site has been shutdown and is currently being prepared for sale.

A sale agreement for the site has been executed with sales proceeds of £6.1 million. The site demolition has been completed, however, title cannot pass until remediation is complete and the necessary regulatory approvals are received. This is expected to occur before 31 December 2010.

The following assets and liabilities related to the site are classified as assets held for sale.

Assets classified as held for sale	Consolidated	
	2010	2009
	\$000	\$000
Property, plant and equipment including costs incurred in preparing site for sale	7,677	-
Total assets held for sale	7,677	-

14 Acquisition of businesses

On 3 August 2009, the group acquired the shares in Richardson Seeds Pty Ltd and MMR genetics. Richardson Seeds is a leading producer of sorghum seed hybrids and MMR Genetics is a global leader in the development of elite sorghum germplasm. Both businesses are based in Texas, USA. On 30 March 2010, the group acquired the Druetto seed business based in Argentina. Druetto is focused on the breeding development, production, processing and sales of hybrid sorghum into the South American market. On 19 May 2010, the group acquired the oilseed and confection sunflower assets of California based Flower Genetics LLC. Flower Genetics is involved in the breeding, production and marketing of elite sunflower hybrids.

In the period to 31 July 2010, these businesses contributed profit of \$1,624,800 to the consolidated group after tax profit. If the above acquisition had occurred on 1 August 2009, the full-year contribution to group revenues would have been \$45.093 million and to the consolidated entity's profit after tax would have been \$4.962 million.

Acquiree's net assets at acquisition date

	Pre-acquisition carrying amounts	2010	Recognised values on acquisition
		Preliminary fair value adjustments	
	\$000	\$000	\$000
Cash and cash equivalents	345	-	345
Receivables	5,997	-	5,997
Inventory	11,911	496	12,407
Property, plant and equipment	3,982	2,799	6,781
Other assets	1,099	81	1,180
Trade and other payables	(1,871)	-	(1,871)
Interest bearing loans and borrowings	(7,480)	-	(7,480)
Other liabilities	(5,054)	-	(5,054)
Net identifiable assets and liabilities	8,929	3,376	12,305
Intangibles acquired on acquisition			13,707
Goodwill on acquisition			17,961
Consideration paid			43,973
Cash acquired			(345)
Net cash outflow			43,628

Pre-acquisition carrying values were determined based on applicable AASBs immediately before the acquisition. The value of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values (see note 4 for methods used in determining fair values).

Goodwill has arisen on the acquisitions above, mainly resulting from the technical expertise and know-how included in the acquired businesses and from the synergies that the acquisitions bring to the Nufarm group.

Notes to the financial statements

14 Acquisition of subsidiaries (continued)

On 1 October 2008, the group acquired the shares in Lefroy Seeds Pty Ltd. Lefroy Seeds specialises in hybrid breeding, production and commercialisation activities in sunflower and sorghum with facilities located in Toowoomba, Queensland, Australia.

Acquiree's net assets at acquisition date

	Recognised values \$000	2009 Fair value adjustments \$000	Carrying amounts \$000
Cash and cash equivalents	175	-	175
Receivables	353	-	353
Inventory	236	102	338
Property, plant and equipment	167	-	167
Intangibles	8	(8)	-
Other assets	621	-	621
Trade and other payables	(113)	-	(113)
Employee benefits	(21)	(85)	(106)
Other liabilities	(68)	-	(68)
Net identifiable assets and liabilities	1,358	9	1,367
Acquisition costs			(46)
Identifiable intangibles acquired on acquisition			5,074
Goodwill on acquisition			5,075
Consideration paid			11,470
Cash acquired			(175)
Consideration satisfied by issue of shares			(7,975)
Net cash outflow			3,320

15 Cash and cash equivalents

	Consolidated 2010 \$000	2009 \$000
Bank balances	113,922	48,502
Call deposits	74,819	35,810
Cash and cash equivalents	188,741	84,312
Bank overdrafts repayable on demand	(28,036)	(35,669)
Cash and cash equivalents in the statement of cash flows	160,705	48,643

Notes to the financial statements

	Consolidated	
	2010	2009
	\$000	\$000
16 Trade and other receivables		
Current		
Trade receivables	755,475	680,573
Provision for impairment losses	(26,677)	(25,087)
	<u>728,798</u>	<u>655,486</u>
Receivables due from associates	473	475
Derivative financial instruments	43,801	16,118
Proceeds receivable from sale of businesses	9,233	6,230
Other receivables and prepayments	70,681	109,451
Current receivables	<u>852,986</u>	<u>787,760</u>
Non-current		
Receivables due from associates	38	38
Other receivables	9,569	9,319
Proceeds receivable from sale of businesses	9,735	27,101
Provision for non-collectability of sale proceeds	-	(3,333)
Non-current receivables	<u>19,342</u>	<u>33,125</u>
Total trade and other receivables	<u>872,328</u>	<u>820,885</u>

Nufarm and a major supplier are currently in dispute with respect to a claim that the supplier is liable for a relevant share of losses attributable to the sale of product during the 2009 and 2010 financial years.

The parties entered into an Agreement in 2002 that provides for the sharing of costs and proceeds associated with Nufarm's sale of products. Nufarm's claim, for approximately \$52.7 million (2009: \$39.9 million), is being contested by the supplier. This matter is currently subject to arbitration proceedings. Nufarm is confident it will recover all of this amount and will vigorously pursue its claim. The claim is included in trade receivables.

	Consolidated	
	2010	2009
	\$000	\$000
17 Inventories		
Raw materials	155,707	223,461
Work in progress	9,849	7,932
Finished goods	391,119	571,003
	<u>556,675</u>	<u>802,396</u>
Provision for obsolescence of finished goods	(3,243)	(5,013)
Total inventories	<u>553,432</u>	<u>797,383</u>

The finished goods and raw material values above are net of the net realisable value adjustments referred to in note 6.

18 Tax assets and liabilities**Current tax assets and liabilities**

The current tax asset for the group of \$42,460,651 (2009: \$48,973,455) represents the amount of income taxes recoverable in respect of prior periods and that arise from the payment of tax in excess of the amounts due to the relevant tax authority. The current tax liability for the group of \$5,564,530 (2009: \$17,771,673) represents the amount of income taxes payable in respect of current and prior financial periods.

Notes to the financial statements

18 Tax assets and liabilities (continued)

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated						
Property, plant and equipment	8,625	9,467	(22,188)	(12,338)	(13,563)	(2,871)
Intangibles assets	6,629	6,545	(48,200)	(52,275)	(41,571)	(45,730)
Employee benefits	14,446	14,889	-	-	14,446	14,889
Provisions	9,641	14,500	-	-	9,641	14,500
Other items	44,324	35,541	(10,032)	(8,578)	34,292	26,963
Tax value of losses carried forward	99,188	122,994	-	-	99,188	122,994
Tax assets/(liabilities)	182,853	203,936	(80,420)	(73,191)	102,433	130,745
Set off of tax	(32,530)	(8,976)	32,530	8,976	-	-
Net tax assets/(liabilities)	150,323	194,960	(47,890)	(64,215)	102,433	130,745

Movement in temporary differences during the year

Consolidated 2010	Balance	Recognised	Recognised	Currency	Other	Balance
	31.07.09	in income	in equity	adjustment	movement	31.07.10
	\$000	\$000	\$000	\$000	\$000	\$000
Property, plant and equipment	(2,871)	(27,563)	-	1,187	15,684	(13,563)
Intangibles assets	(45,730)	(10,840)	-	3,615	11,384	(41,571)
Employee benefits	14,889	1,993	835	(1,131)	(2,140)	14,446
Provisions	14,500	(4,005)	-	(854)	-	9,641
Other items	26,963	9,988	777	(2,327)	(1,109)	34,292
Tax value of losses carried forward	122,994	(7,459)	-	(8,329)	(8,018)	99,188
	130,745	(37,886)	1,612	(7,839)	15,801	102,433

Consolidated 2009	Balance	Recognised	Recognised	Currency	Other	Balance
	31.07.08	in income	in equity	adjustment	movement	31.07.09
	\$000	\$000	\$000	\$000	\$000	\$000
Property, plant and equipment	(5,532)	4,429	-	78	(1,846)	(2,871)
Intangibles assets	(33,100)	(12,202)	-	(428)	-	(45,730)
Employee benefits	11,956	(2,601)	3,363	(293)	2,464	14,889
Provisions	5,044	9,654	-	(198)	-	14,500
Other items	9,095	14,517	1,683	1,624	44	26,963
Tax value of losses carried forward	48,568	24,750	-	(2,092)	51,768	122,994
	36,031	38,547	5,046	(1,309)	52,430	130,745

Notes to the financial statements

18 Tax assets and liabilities (continued)**Deferred tax assets and liabilities****Unrecognised deferred tax liability**

At 31 July 2010, a deferred tax liability of \$17,551,281 (2009: \$18,450,432) relating to investments in subsidiaries has not been recognised because the company controls whether the liability will be incurred 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 2010, there are unrecognised tax losses of \$37,535,877 (2009: Nil). 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	2010	2009
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% investment in Excel Crop Care Ltd is equity accounted as Nufarm has two directors on the board and, together with an unrelated partner, has significant influence over nearly 35% 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%)	Profit after tax (100%)	Total assets (100%)	Total liabilities (100%)	Net assets as reported by associates (100%)	Share of associate's net assets equity accounted
2010						
Excel Crop Care Ltd	151,540	9,001	117,203	74,328	42,875	6,298
F&N joint ventures	61,568	(2,942)	61,973	61,613	360	180
	213,108	6,059	179,176	135,941	43,235	6,478
2009						
Excel Crop Care Ltd	196,112	9,558	110,292	72,306	37,986	5,580
F&N joint ventures	77,347	649	70,070	66,429	3,641	1,821
	273,459	10,207	180,362	138,735	41,627	7,401

The financial summary information is from the financial statements as per the balance dates above.

Notes to the financial statements

19 Investments accounted for using the equity method (continued)**Financial summary of material associates (at reporting date)**

	Consolidated	
	2010	2009
	\$000	\$000
Carrying value by major associate		
Excel Crop Care Ltd	10,610	9,803
F&N joint ventures	180	1,812
Others	1,174	853
Carrying value of associates	11,964	12,468
Share of profit by major associate		
Bayer CropSciences Nufarm Ltd	-	1,837
Excel Crop Care Ltd	1,447	1,090
F&N joint ventures	(1,449)	97
Others	49	56
Share of net profits of associates	47	3,080

The share of net profits has been derived from the latest management reports as at 31 July 2010 for the F&N joint ventures. The Excel Crop Care share of net profits is from the 30 June 2010 management accounts. Nufarm sold its 25 per cent share in Bayer CropSciences Nufarm Limited to Bayer CropSciences Limited at 31 July 2009.

20 Other investments

	Consolidated	
	2010	2009
	\$000	\$000
Investments - available-for-sale		
Balance at the beginning of the year	7,008	-
New investments during the year	-	6,829
Exchange valuation adjustment	(527)	179
Balance at the end of the year	6,481	7,008
Other investments		
Other investments	398	434
Total other investments	6,879	7,442

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

21 Other non-current assets

	Consolidated	
	2010	2009
	\$000	\$000
Derivative financial instrument	43	967
	43	967

The derivative financial instrument is the market value of the interest rate cap relating to the NSS distribution base rate.

Notes to the financial statements

22 Property, plant and equipment

	Consolidated				
	Land and buildings \$000	Plant and machinery \$000	Leased plant and machinery \$000	Capital work in progress \$000	Total \$000
2010					
Cost					
Balance at 1 August 2009	207,393	663,878	14,469	35,876	921,616
Additions	2,079	8,281	41	41,935	52,336
Additions through business combinations	6,382	5,413	-	-	11,795
Disposals	(3,639)	(87,201)	(963)	(13)	(91,816)
Transfer to assets held for sale	(7,040)	(6,431)	-	-	(13,471)
Other transfers	11,444	38,684	(505)	(49,623)	-
Exchange adjustment	(13,174)	(57,999)	(1,739)	(2,610)	(75,522)
Balance at 31 July 2010	203,445	564,625	11,303	25,565	804,938
Depreciation and impairment losses					
Balance at 1 August 2009	(65,103)	(419,596)	(1,449)	-	(486,148)
Depreciation charge for the year	(6,971)	(34,791)	(331)	-	(42,093)
Additions through business combinations	(1,328)	(3,686)	-	-	(5,014)
Disposals	3,317	84,537	963	-	88,817
Transfer to assets held for sale	3,972	3,082	-	-	7,054
Other transfers	15	(205)	190	-	-
Exchange adjustment	6,294	39,292	95	-	45,681
Balance at 31 July 2010	(59,804)	(331,367)	(532)	-	(391,703)
Net property, plant and equipment at 31 July 2010	143,641	233,258	10,771	25,565	413,235
2009					
Cost					
Balance at 1 August 2008	201,006	646,118	15,156	30,395	892,675
Additions	3,039	12,196	166	44,437	59,838
Additions through business combinations	-	280	-	-	280
Disposals	(4,030)	(28,022)	(80)	(1,380)	(33,512)
Other transfers	4,795	32,684	(104)	(37,375)	-
Exchange adjustment	2,583	622	(669)	(201)	2,335
Balance at 31 July 2009	207,393	663,878	14,469	35,876	921,616
Depreciation and impairment losses					
Balance at 1 August 2008	(58,689)	(399,701)	(1,173)	-	(459,563)
Depreciation charge for the year	(7,460)	(40,525)	(427)	-	(48,412)
Additions through business combinations	-	(113)	-	-	(113)
Disposals	2,223	20,591	55	-	22,869
Other transfers	(33)	(7)	40	-	-
Exchange adjustment	(1,144)	159	56	-	(929)
Balance at 31 July 2009	(65,103)	(419,596)	(1,449)	-	(486,148)
Net property, plant and equipment at 31 July 2009	142,290	244,282	13,020	35,876	435,468

Assets pledged as security for finance leases totalled \$10.77 million (2009: \$13.02 million).

There were no impairment losses in the consolidated entity in the current financial year or the comparative year.

Notes to the financial statements

23 Intangible assets

Consolidated

Goodwill \$000	Intellectual Property		Capitalised development costs \$000	Computer software \$000	Total \$000
	indefinite life \$000	definite life \$000			

2010

Cost

Balance at 1 August 2009	358,570	454,582	84,547	98,142	21,745	1,017,586
Additions	-	3,731	1,110	25,693	2,773	33,307
Additions through business combinations	17,961	9,201	4,506	-	-	31,668
Disposals	-	(1,365)	(48)	(1,125)	-	(2,538)
Other transfers	-	(2,956)	2,956	-	-	-
Exchange adjustment	(17,921)	(28,444)	(7,231)	(8,014)	(1,331)	(62,941)
Balance at 31 July 2010	358,610	434,749	85,840	114,696	23,187	1,017,082

Amortisation and impairment losses

Balance at 1 August 2009	(72,262)	(10,468)	(39,964)	(32,008)	(14,145)	(168,847)
Amortisation charge for the year	-	-	(7,133)	(6,218)	(2,104)	(15,455)
Exchange adjustment	5,160	1,172	3,283	3,230	1,134	13,979
Balance at 31 July 2010	(67,102)	(9,296)	(43,814)	(34,996)	(15,115)	(170,323)

Intangibles carrying amount at 31 July 2010	291,508	425,453	42,026	79,700	8,072	846,759
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2009

Cost

Balance at 1 August 2008	360,327	441,333	75,941	75,586	18,164	971,351
Additions	9,109	10,339	818	24,847	3,565	48,678
Additions through business combinations	5,075	5,074	-	-	-	10,149
Disposals	(10,824)	(13,467)	(35)	(3,425)	(4)	(27,755)
Exchange adjustment	(5,117)	11,303	7,823	1,134	20	15,163
Balance at 31 July 2009	358,570	454,582	84,547	98,142	21,745	1,017,586

Amortisation and impairment losses

Balance at 1 August 2008	(73,303)	(10,207)	(29,354)	(25,243)	(11,744)	(149,851)
Amortisation charge for the year	-	-	(8,776)	(6,386)	(2,388)	(17,550)
Exchange adjustment	1,041	(261)	(1,834)	(379)	(13)	(1,446)
Balance at 31 July 2009	(72,262)	(10,468)	(39,964)	(32,008)	(14,145)	(168,847)

Intangibles carrying amount at 31 July 2009	286,308	444,114	44,583	66,134	7,600	848,739
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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 and 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 legal entity 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 intangible are country specific in nature. There is no allocation of goodwill between CGUs.

The major CGUs and their intangible value is as follows: Brazil \$294 million, USA \$165 million, seeds business \$102 million, UK and Holland \$56 million, AH Marks business \$37 million, Australia \$53 million and France \$24 million. The balance of intangibles is spread across multiple CGUs, with no individual amount being material relative to the total intangibles at balance date.

Notes to the financial statements

23 Intangible assets (continued)

For the impairment testing of these assets, the carrying amount of relevant assets is compared to their 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 CGU with a growth factor applied to extrapolate cash flows over a maximum period of 20 years. The 20 year time limit has been used on the basis that this period most closely aligns with the product registration life in most geographies. The revenue and margin assumptions contained in the five year plans are based on a return to normal pricing and volume conditions within the relevant market from 2011, particularly in relation to sales of Glyphosate which contributes significantly to forecast profitability in a number of CGU's including Australia, the USA, Brazil and certain European countries. The growth rate assumed for each CGU is based on an assessment of historical and expected growth over the period, ranging from 0% to 10%. The cash flows are then discounted to a present value using a discount rate of 10.9%, which is the group's weighted average cost of capital. At 31 July 2010, the recoverable amount exceeded the carrying amount for all CGUs.

Sensitivity analysis on the impairment testing was performed on management's valuation calculations using a zero growth rate for all CGUs. There were no impairment issues under this scenario. Sensitivity analysis was also done around the discount rate, assuming a 1% increase and 1% decrease in the discount rate. Again, no impairment issues arose.

Further impairment analysis was undertaken in relation to the Brazilian CGU, where a significant amount of the value-in-use supporting the CGU's assets is expected to be derived outside of the five year plan period. The five year plan assumes a return to trading profitability in 2011, with significant annual growth in EBITDA over the five year period. A growth rate of 5% was applied to years after 2015 based on observable market forecasts relevant to the country and the industry sector. A future impairment charge against the Brazilian CGU assets could arise should forecast profitability and/or growth rate assumptions not be achieved.

	Consolidated	
	2010	2009
	\$000	\$000
24 Trade and other payables		
Current payables - unsecured		
Trade creditors and accruals - unsecured	383,332	376,432
Payables due to associated entities	583	608
Derivative financial instruments	306	9,250
Payables - acquisitions	9,647	21,131
Current payables	393,868	407,421
Non-current payables - unsecured		
Creditors and accruals	9,523	9,452
Payables - acquisitions	6,326	8,243
Non-current payables	15,849	17,695

Notes to the financial statements

25 Interest-bearing loans and borrowings

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

Consolidated
2010
\$000

2009
\$000

Current liabilities

Bank loans - unsecured	765,277	583,961
Other loans - unsecured	669	314
Finance lease liabilities - secured	182	417
Current liabilities	766,128	584,692

Non-current liabilities

Bank loans - unsecured	117	387,048
Other loans - unsecured	1,684	1,522
Finance lease liabilities - secured	11,832	13,757
Non-current liabilities	13,633	402,327

Financing facilities

Consolidated
Accessible
\$000

Utilised
\$000

At 31 July 2010, the group had access to facilities of \$1.247 billion under the Deed of Negative Pledge (dated 24 October 1996). However, at that date the group was in breach of certain covenants under the Deed and the parties to the Deed have subsequently confirmed that any undrawn facility amounts are no longer available to the group. The group has obtained its required funding through to 15 December 2010 on a secured basis. See note 2(b) for further details.

2010

Bank loan facilities	1,449,865	793,430
Other facilities	2,353	2,353
Total financing facilities	1,452,218	795,783

2009

Bank loan facilities	1,773,580	1,006,678
Other facilities	1,836	1,836
Total financing facilities	1,775,416	1,008,514

Financing arrangements**Bank loans****Repayment of borrowings (excluding finance leases)**

Consolidated
2010
\$000

2009
\$000

Period ending 31 July, 2010	-	619,944
Period ending 31 July, 2011	793,982	172,191
Period ending 31 July, 2012	1,034	137,571
Period ending 31 July, 2013	745	78,808
Period ending 31 July, 2014 or later	22	-

Notes to the financial statements

25 Interest-bearing loans and borrowings (continued)

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:

	Consolidated	
	2010	2009
	\$000	\$000
Not later than one year	1,500	1,854
Later than one year but not later than two years	1,389	1,704
Later than two years but not later than five years	4,017	4,618
Later than five years	96,856	113,111
	103,762	121,287
Less future finance charges	(91,748)	(107,113)
Finance lease liabilities	12,014	14,174

Finance lease liabilities are secured over the relevant leased plant.

	Consolidated	
	2010	2009
	%	%
Average interest rates		
Nufarm Step-up Securities	5.55	8.73
Bank loans	5.05	5.03
Other loans	6.00	6.00
Finance lease liabilities - secured	11.58	11.69

26 Employee benefits

	Consolidated	
	2010	2009
	\$000	\$000
Current		
Liability for annual leave	15,950	13,069
Liability for long service leave	6,380	7,602
Current employee benefits	22,330	20,671
Non-current		
Present value of unfunded obligations	5,328	5,114
Present value of funded obligations	112,438	116,543
Fair value of fund assets - funded	(87,900)	(89,829)
Recognised liability for defined benefit fund obligations	29,866	31,828
Liability for annual leave	-	4,046
Liability for long service leave	9,023	7,231
Non-current employee benefits	38,889	43,105
Total employee benefits	61,219	63,776

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

Notes to the financial statements

26 Employee benefits (continued)

Historical information	Consolidated				
	2010 \$000	2009 \$000	2008 \$000	2007 \$000	2006 \$000
Present value of defined benefit obligation	(117,766)	(121,657)	(118,688)	(59,287)	(62,587)
Fair value of plan assets	87,900	89,829	93,786	39,732	35,477
Surplus/(deficit)	(29,866)	(31,828)	(24,902)	(19,555)	(27,110)
Experience adjustments arising on plan liabilities	1,103	(1,223)	700	321	961
Experience adjustments arising on plan assets	6,013	(8,058)	(10,088)	1,687	586

Changes in the present value of the defined benefit obligation are as follows:	Consolidated	
	2010 \$000	2009 \$000
Opening defined benefit obligation	121,657	118,688
Service cost	2,865	3,692
Interest cost	6,297	7,768
Actuarial loss	10,934	5,516
Past service cost	11	5
Losses/(gains) on curtailment	(799)	(4,301)
Contributions	261	414
Benefits paid	(6,660)	(5,901)
Exchange differences on foreign funds	(16,800)	(4,224)
Closing defined benefit obligation	117,766	121,657

Changes in the fair value of fund assets are as follows:	Consolidated	
	2010 \$000	2009 \$000
Opening fair value of fund assets	89,829	93,786
Expected return	5,268	6,707
Actuarial gains/(losses)	8,382	(7,017)
Surplus taken to retained earnings	(333)	-
Contributions by employer	3,813	4,928
Distributions	(6,499)	(5,126)
Exchange differences on foreign funds	(12,560)	(3,449)
Closing fair value of fund assets	87,900	89,829

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

Expense recognised in profit or loss	Consolidated	
	2010 \$000	2009 \$000
Current service costs	2,865	3,692
Interest on obligation	6,297	7,768
Expected return on fund assets	(5,268)	(6,707)
Past service cost	11	5
Losses/(gains) on curtailment	(799)	(4,301)
Expense recognised in profit or loss	3,106	457

The expense is recognised in the following line items in the income statement:

Cost of sales	1,784	(1,134)
Sales, marketing and distribution expenses	712	754
General and administrative expenses	323	449
Research and development expenses	287	388
Expense recognised in profit or loss	3,106	457

Notes to the financial statements

26 Employee benefits (continued)

Actuarial gains/(losses) recognised in other comprehensive income (net of tax)

Cumulative amount at 1 August	(7,525)	929
Recognised during the period	(2,280)	(8,454)
Cumulative amount at 31 July	(9,805)	(7,525)

	Consolidated	
	2010	2009
as follows:	%	%
European equities	60.6%	58.7%
European bonds	37.5%	39.3%
Property	1.6%	1.6%
Cash	0.3%	0.4%
Principal actuarial assumptions at the reporting date (expressed as weighted averages):		
Discount rate at 31 July	5.3%	6.0%
Expected return on fund assets at 31 July	6.7%	6.6%
Future salary increases	3.3%	3.5%
Future pension increases	2.9%	3.1%

The overall expected long-term rate of return on assets is 6.7%. 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 \$3,299,000 in contributions to defined benefit plans in 2011.

27 Share-based payments

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 ten years without board approval. An independent trustee holds the shares and options on behalf of the executives. At 31 July 2010 there were 72 participants (2009: 77 participants) in the scheme and 1,237,872 shares (2009: 1,714,045) were allocated and held by the trustee on behalf of the participants. The cost of issuing shares is expensed in the year of issue.

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% of the number of ordinary shares acquired with a participant's contribution in the form of additional ordinary shares. Amounts over 10% 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% 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 2010 there were 747 participants (2009: 763 participants) in the scheme and 1,356,706 shares (2009: 1,710,550) were allocated and held by the trustee on behalf of the participants. The impact of the Global Share Plan for the year ended 31 July 2010 was a reduction of expenses by \$755,007. The reduction results from the lower share price at 31 July 2010 compared to 31 July 2009. For 2009, the cost of the Global Share Plan was an expense of \$306,865.

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

Notes to the financial statements

28 Provisions	Consolidated	
	2010	2009
	\$000	\$000
Current		
Restructuring	7,698	21,958
Other	4,065	4,133
Current provisions	11,763	26,091

Movement in provisions	Consolidated		Total
	Restructuring	Other	
	\$000	\$000	\$000
Balance at 1 August 2009	21,958	4,133	26,091
Provisions made during the year	3,821	-	3,821
Provisions used during the year	(15,189)	-	(15,189)
Exchange adjustment	(2,892)	(68)	(2,960)
Balance at 31 July 2010	7,698	4,065	11,763

The provision for restructuring is mainly relating to the shutdown of two French manufacturing units and the associated redundancy costs. The other provision consists of contingent liabilities recognised with the Agripec acquisition.

29 Capital and reserves	Parent Company	
	Number of ordinary shares	Number of ordinary shares
	2010	2009
Share capital		
Balance at 1 August	218,061,199	185,882,333
Issue of shares	43,714,532	32,178,866
Balance at 31 July	261,775,731	218,061,199

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

On 17 December 2009, 65,519 shares at \$10.67 were issued under the global share plan. On 6 May 2010, 25,019,852 shares at a price of \$5.75 were issued under the institutional component of the company's 1 for 5 renounceable rights offer. The retail component of the offer was completed on 28 May 2010, under which 18,629,161 shares were issued at the same price of \$5.75.

On 1 October 2008, 527,585 shares at \$15.12 were issued as part of the acquisition cost of Lefroy Seeds Pty Ltd. On 20 October 2008, 198,450 shares at a price of \$15.51 were issued under the executive share plan. On 17 November 2008, 805,960 shares at a price of \$10.35 were issued under the dividend reinvestment plan. On 19 December 2008, 82,000 shares at a price of \$9.56 were issued under the global share plan. On 8 May 2009, 358,866 shares at a price of \$12.16 were issued under the dividend reinvestment plan. On 21 May 2009, 26,700,000 shares were issued at a price of \$11.25 under an institutional placement to provide the group with enhanced financial flexibility and to strengthen the balance sheet. On 30 June 2009, 3,506,005 shares were issued at \$10.18 under a share purchase plan to existing shareholders.

Notes to the financial statements

29 Capital and reserves (continued)

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, have been 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 1.90%. The step-up date is five years from issue date, and provides the issuer with the following options: (a) keep the NSS on issue whereby the margin will be reset or stepped up by the step-up margin; or (b) redeem the NSS for face value, or (c) change them for a number of ordinary shares in Nufarm Limited. The exchange ratio is calculated based on the average market price of Nufarm ordinary shares for 20 business days prior to exchange date less a 2.5% discount.

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 to the presentation currency of the reporting entity.

Capital profit reserve

This reserve is used to accumulate realised capital profits.

Dividends

Dividends recognised in the current year by the company are:	Cents per share	Total amount \$000	Franked/unfranked	Payment date
2010				
Interim 2010 ordinary	0.0	-		
Final 2009 ordinary	15.0	32,709	Unfranked	13-Nov-09
Total amount		32,709		
2009				
Interim 2009 ordinary	12.0	22,469	Unfranked	8-May-09
Final 2008 ordinary	23.0	42,828	Franked	17-Nov-08
Total amount		65,297		
Distributions recognised in the current year by Nufarm Finance (NZ) Ltd on the Nufarm Step-up Securities are:				
2010				
Distribution	6.08%	7,609		15-Apr-10
Distribution	5.02%	6,313		15-Oct-09
		13,922		
2009				
Distribution	7.48%	9,361		15-Apr-09
Distribution	9.97%	12,547		15-Oct-08
		21,908		

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 \$10.127 million (2009: \$15.336 million).

Notes to the financial statements

29 Capital and reserves (continued)

	Consolidated	
	2010	2009
Franking credit/(debit) balance		
The amount of franking credits available for the subsequent financial year are:	\$000	\$000
Franking account balance as at the end of the year at 30% (2009: 30%)	18,871	(1,374)
Franking credits/(debits) that will arise from the payment of income tax payable/(refund) as at the end of the year	(2,939)	6,452
Balance at 31 July	15,932	5,078

The impact on the dividend franking account of dividends proposed after the balance sheet date is zero as there is no dividend proposed for 2010. In accordance with the tax consolidation legislation, the company as the head entity in the tax-consolidated group has also assumed the benefit of \$15,931,794 (2009: \$5,078,270) franking credits.

30 Earnings per share

	Consolidated	
	2010	2009
	\$000	\$000
Net profit/(loss) for the year	(22,652)	80,542
Net profit/(loss) attributable to minority interest	(1,338)	(665)
Net profit/(loss) attributable to equity holders of the parent	(23,990)	79,877
Nufarm Step-up Securities distribution	(10,127)	(15,336)
Earnings/(loss) used in the calculations of basic and diluted earnings per share	(34,117)	64,541
Earnings/(loss) from continuing operations	(34,117)	64,541
	(34,117)	64,541
Subtract items of material income/(expense) (refer note 6)	(82,556)	(79,755)
Earnings excluding items of material income/(expense) used in the calculation of earnings per share excluding material items	48,439	144,296

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	
	2010	2009
Weighted average number of ordinary shares used in calculation of basic earnings per share	227,263,338	192,664,368
Weighted average number of ordinary shares used in calculation of diluted earnings per share	227,263,338	192,664,368

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	
	2010	2009
Earnings per share for continuing and discontinued operations		
Basic earnings/(loss) per share		
From continuing operations	(15.0)	33.5
	(15.0)	33.5
Diluted earnings/(loss) per share		
From continuing operations	(15.0)	33.5
	(15.0)	33.5
Earnings per share (excluding items of material income/expense - see note 6)		
Basic earnings per share	21.3	74.9
Diluted earnings per share	21.3	74.9

Notes to the financial statements

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 type of the above risks, their 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 chief executive officer and 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:

Carrying amount	Consolidated	
	2010	2009
	\$000	\$000
Trade and other receivables	828,527	804,767
Cash and cash equivalents	188,741	84,312
Interest rate cap:		
Assets	43	967
Forward exchange contracts:		
Assets	43,801	16,118
	<u>1,061,112</u>	<u>906,164</u>

Notes to the financial statements

31 Financial risk management and financial instruments (continued)

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

Carrying amount	Consolidated	
	2010	2009
	\$000	\$000
Australasia	276,515	276,653
Europe	253,224	238,432
North America	48,815	44,284
South America	249,973	245,398
Trade and other receivables	828,527	804,767

The group's top five customers account for \$174.5 million of the trade receivables carrying amount at 31 July 2010 (2009: \$139.4 million). These top five customer represents 22 percent (2009: 19 percent) of the total receivables.

Impairment losses

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

Receivables ageing	Consolidated	
	2010	2009
	\$000	\$000
Current	568,843	504,313
Past due - 0 to 90 days	53,941	130,284
Past due - 90 to 180 days	23,237	6,405
Past due - 180 to 360 days	72,610	11,877
Past due - more than one year	36,844	27,694
	755,475	680,573
Provision for impairment	(26,677)	(25,087)
Trade receivables	728,798	655,486

Some of the past due receivables are secured by collateral 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 seven years, the bad debt write-off amount has averaged 0.02 percent of sales, with no greater than 0.50 percent 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	
	2010	2009
	\$000	\$000
Balance at 1 August	25,087	23,339
Provisions made during the year	3,007	12,201
Provisions used during the year	(536)	(9,139)
Provisions acquired through business combinations	114	-
Exchange adjustment	(995)	(1,314)
Balance at 31 July	26,677	25,087

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.

Notes to the financial statements

31 Financial risk management and financial instruments (continued)

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.

Most group entities have entered into a deed of negative pledge dated 24 October 1996 (last amendment dated 30 January 2009) with the group lenders 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. See note 35 for listing of entities who are a party to the deed. The deed of negative pledge allows all borrowings with group lenders to be on an unsecured basis.

At 31 July 2010, the group had access to facilities of \$1.247 billion under the Deed of Negative Pledge (dated 24 October 1996). However, at that date the group was in breach of certain covenants under the Deed and the parties to the Deed have subsequently confirmed that any undrawn facility amounts are no longer available to the group. The group has obtained its required funding through to 15 December 2010 on a secured basis. See note 2(b) for further details.

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					
2010					
Non-derivative financial liabilities					
Bank overdrafts	28,036	28,036	28,036	-	-
Trade and other payables	409,411	409,411	393,562	6,326	9,523
Bank loans - unsecured	765,394	765,394	765,277	95	22
Other loans - unsecured	2,353	2,353	669	1,012	672
Finance lease liabilities - secured	12,014	12,014	182	49	11,783
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	306	18,674	18,674	-	-
Inflow	-	(18,368)	(18,368)	-	-
Derivative financial assets					
Forward exchange contracts:					
Outflow	-	232,151	8,160	223,991	-
Inflow	(43,801)	(275,952)	(8,472)	(267,480)	-
	1,173,713	1,173,713	1,187,720	(36,007)	22,000
2009					
Non-derivative financial liabilities					
Bank overdrafts	35,669	35,669	35,669	-	-
Trade and other payables	415,866	415,866	398,171	8,243	9,452
Bank loans - unsecured	971,009	971,009	583,961	171,605	215,443
Other loans - unsecured	1,836	1,836	314	586	936
Finance lease liabilities - secured	14,174	14,174	417	186	13,571
Derivative financial liabilities					
Forward exchange contracts:					
Outflow	9,250	111,290	111,290	-	-
Inflow	-	(102,040)	(102,040)	-	-
Derivative financial assets					
Forward exchange contracts:					
Outflow	-	295,046	40,021	-	255,025
Inflow	(16,118)	(311,164)	(40,488)	-	(270,676)
	1,431,686	1,431,686	1,027,315	180,620	223,751

Notes to the financial statements

31 Financial risk management and financial instruments (continued)

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 entered into.

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 consolidated entity uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than three months after reporting date.

The group uses foreign exchange contracts 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. The foreign exchange contracts primarily cover the exposure on the principal advanced to group companies in US Dollars, the Euro and the British Pound.

The group does not have any cash flow hedges with all movements in fair value 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 2010 was \$43,495,711 (2009: \$6,867,549) comprising assets of \$43,801,271 (2009: \$16,118,071) and liabilities of \$305,560 (2009: \$9,250,522) that were recognised as derivatives measured at fair value.

Exposure to currency risk

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

Consolidated	AUD	USD	Euro	GBP
31-Jul-10	\$000	\$000	\$000	\$000
Cash and cash equivalents	74	30,531	964	13,767
Trade and other receivables	404	66,279	8,017	35
Bank overdraft	-	(5,777)	-	(341)
Trade and other payables	(267)	(86,797)	(12,039)	-
Loans and borrowings	-	(7)	(2,828)	-
Gross balance sheet exposure	211	4,229	(5,886)	13,461
Forward exchange contracts	-	(14,441)	2,636	-
Net exposure	211	(10,212)	(3,250)	13,461

Consolidated	AUD	USD	Euro	GBP
31-Jul-09	\$000	\$000	\$000	\$000
Cash and cash equivalents	80	7,328	2,263	-
Trade and other receivables	275	88,947	4,477	194
Bank overdraft	-	(4,431)	-	(64)
Trade and other payables	(1,122)	(28,936)	(10,408)	(435)
Loans and borrowings	-	(86,521)	(5,914)	-
Gross balance sheet exposure	(767)	(23,613)	(9,582)	(305)
Forward exchange contracts	(558)	84,577	(17,732)	-
Net exposure	(1,325)	60,964	(27,314)	(305)

Notes to the financial statements

31 Financial risk management and financial instruments (continued)**Currency risk (continued)**

The following significant exchange rates applied during the year:

AUD	Average rate		Reporting date	
	2010	2009	2010	2009
US Dollar	0.888	0.737	0.903	0.835
Euro	0.649	0.541	0.693	0.585
GBP	0.568	0.465	0.576	0.500
BRL	1.592	1.524	1.584	1.558

Sensitivity analysis

A 10 percent strengthening or weakening of the Australian dollar against 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 also assumes that any increases in raw material costs arising from changes in exchange rates are not passed on to customers by way of selling prices. In the market place, nearly all raw material cost increases are passed onto customers and therefore, the profit or loss impact below is not truly reflective of the full profit or loss impact of changes in exchange rates. The analysis is performed on the same basis for 2009.

	Consolidated profit or loss	Consolidated profit or loss
	10% strengthening	10% weakening
31-Jul-10	\$000	\$000
US Dollar	1,028	(1,131)
Euro	426	(469)
GBP	(2,125)	2,337
31-Jul-09		
US Dollar	(6,637)	7,301
Euro	4,245	(4,669)
GBP	55	(61)

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 2010 and at 31 July 2009, 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 1.90%.

Profile

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

	Consolidated Carrying amount	
	2010	2009
Variable rate instruments		
Financial assets	74,819	35,810
Financial liabilities	(807,797)	(1,022,688)
	(732,978)	(986,878)

Notes to the financial statements

31 Financial risk management and financial instruments (continued)

There were no fixed interest rate instruments during the year ended 31 July 2010 (2009: 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 2009.

	Profit or loss	
	100bp increase	100bp decrease
	\$000	\$000
31-Jul-10		
Variable rate instruments	(7,330)	7,330
Total sensitivity	(7,330)	7,330
31-Jul-09		
Variable rate instruments	(9,869)	9,869
Total sensitivity	(9,869)	9,869

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	Fair	Carrying	Fair
		amount 2010	value 2010	amount 2009	value 2009
		\$000	\$000	\$000	\$000
Cash and cash equivalents	15	188,741	188,741	84,312	84,312
Trade and other receivables	16	828,527	828,527	804,767	804,767
Interest rate cap:					
Payable maturities - one to five years	21	43	43	967	967
Forward exchange contracts:					
Assets	16	43,801	43,801	16,118	16,118
Liabilities	24	(306)	(306)	(9,250)	(9,250)
Bank overdraft	15	(28,036)	(28,036)	(35,669)	(35,669)
Unsecured bank loans	25	(765,394)	(765,394)	(971,009)	(971,009)
Other loans	25	(2,353)	(2,353)	(1,836)	(1,836)
Finance leases	25	(12,014)	(12,014)	(14,174)	(14,174)
		253,009	253,009	(125,774)	(125,774)

Notes to the financial statements

31 Financial risk management and financial instruments (continued)**Fair value hierarchy**

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

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

31 July 2010	Consolidated			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
Derivative financial assets	-	43,844	-	43,844
	-	43,844	-	43,844
Derivative financial liabilities	-	(306)	-	(306)
	-	43,538	-	43,538

31 July 2009	Consolidated			Total \$000
	Level 1 \$000	Level 2 \$000	Level 3 \$000	
Derivative financial assets	-	17,085	-	17,085
	-	17,085	-	17,085
Derivative financial liabilities	-	(9,250)	-	(9,250)
	-	7,835	-	7,835

There have been no transfers between levels in either 2010 or 2009.

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 non-operating 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. The Board also reviews the group's total shareholder return with relevant comparator 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. The group's target ROFE is 17.25 percent; during the year ended 31 July 2010 the return was 5.5 percent (2009: 11.7 percent).

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

Notes to the financial statements

32 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Consolidated	
	2010	2009
	\$000	\$000
Not later than one year	9,873	10,793
Later than one year but not later than two years	9,139	9,479
Later than two years but not later than five years	17,713	20,290
Later than five years	151,579	180,300
	<u>188,304</u>	<u>220,862</u>

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

33 Capital commitments

	Consolidated	
	2010	2009
	\$000	\$000
Capital expenditure commitments		
Plant and equipment		
<i>Contracted but not provided for and payable:</i>		
Within one year	11,274	12,021

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.

The parent entity together with all the material wholly owned controlled entities have entered into a negative pledge deed with the group's lenders whereby all group entities, which are a party to the deed, have guaranteed repayment of all liabilities in the event that any of these companies are wound up.

	Consolidated	
	2010	2009
	\$000	\$000
Guarantee facility for Eastern European joint ventures with FMC Corporation.	6,076	10,276
Environmental guarantee given to the purchaser of land and buildings at Gennevilliers for EUR 8.5 million. The guarantee expires in 2014, 18 months after the expiry of the business tenancy contract.	12,265	14,530
Guarantee upon sale of a business limited to EUR 2.29 million on account of possible remediation costs for soil and groundwater contamination. This guarantee decreases from 2004 progressively to nil in 2011.	3,304	3,915
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.	3,921	4,644
Bank guarantee for Holland defined benefit pension plan to ensure coverage ratios.	-	342
Contingent liabilities	<u>25,566</u>	<u>33,707</u>

Notes to the financial statements

35 Group entities

	Notes	Place of incorporation	Percentage of shares held	
			2010	2009
Parent entity				
Nufarm Limited - ultimate controlling entity				
Subsidiaries				
Access Genetics Pty Ltd		Australia	100	100
ACN000425927 Pty Ltd	(a),(b)	Australia	100	100
Agcare Biotech Pty Ltd		Australia	70	70
Agchem Receivables Corporation		USA	100	100
Agryl Holdings Limited	(a),(b)	Australia	100	100
Ag-seed Research Pty Ltd		Australia	100	100
Agturf Inc		USA	100	-
AH Marks (New Zealand) Limited		New Zealand	100	100
AH Marks Australia Pty Ltd		Australia	100	100
AH Marks Holdings Limited	(b)	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),(b)	Australia	100	100
Crop Care Holdings Limited		New Zealand	100	100
Croplands Equipment Limited	(b)	New Zealand	100	100
Croplands Equipment Pty Ltd	(a),(b)	Australia	100	100
Danestoke Pty Ltd		Australia	100	100
Edgehill Investments Pty Ltd		Australia	100	100
Fchem (Aust) Limited	(a),(b)	Australia	100	100
Fernz Canada Limited	(b)	Canada	100	100
Fernz Singapore Pte Ltd	(b)	Singapore	100	100
Fidene Limited		New Zealand	100	100
Finotech BV (Liquidated)	(b)	Netherlands	-	100
First Classic Pty Ltd		Australia	100	100
Framchem SA	(b)	Egypt	100	100
Frost Technology Corporation		USA	100	100
Greenfarm Hellas Chemicals SA	(b)	Greece	100	100
Growell Limited		United Kingdom	50	50
Grupo Corporativo Nufarm SA		Guatemala	100	-
Laboratoire European de Biotechnologie s.a.s		France	100	100
Le Moulin des Ecluses s.a	(b)	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	(b)	Malaysia	100	100
Marman (Nufarm) Inc		USA	100	100
Marman de Guatemala Sociedad Anonima		Guatemala	100	100
Marman de Mexico Sociedad Anonima De Capital Variable		Mexico	100	100
Marman Holdings LLC		USA	100	100
Mastra Corporation Pty Ltd	(b)	Australia	70	70
Mastra Corporation Sdn Bhd	(b)	Malaysia	70	70
Mastra Corporation USA Pty Ltd		Australia	70	70
Mastra Holdings Sdn Bhd	(b)	Malaysia	70	70
Mastra Industries Sdn Bhd	(b)	Malaysia	70	70
Medisup International NV		N. Antillies	100	100
Medisup Securities Limited	(a),(b)	Australia	100	100
Midstates Agri Services de Mexico		Mexico	100	-
Midstates Agri Services Inc		USA	100	-
MMR Genetics Ltd		USA	100	-
Nufarm (Asia) Pte Ltd	(b)	Singapore	100	100

Notes to the financial statements

35 Consolidated entities (continued)

	Notes	Place of incorporation	Percentage of shares held	
			2010	2009
Nufarm Africa SARL AU		Morocco	100	-
Nufarm Agriculture (Pty) Ltd		South Africa	100	100
Nufarm Agriculture Inc	(b)	Canada	100	100
Nufarm Agriculture Inc (USA)		USA	100	100
Nufarm Agriculture Zimbabwe (Pvt) Ltd		Zimbabwe	100	100
Nufarm Americas Holding Company	(b)	USA	100	100
Nufarm Americas Inc	(b)	USA	100	100
Nufarm Asia Sdn Bhd		Malaysia	100	100
Nufarm Australia Limited	(a),(b)	Australia	100	100
Nufarm BV	(b)	Netherlands	100	100
Nufarm Canada Receivables Partnership		Canada	100	100
Nufarm Chemical (Shanghai) Co Ltd		China	100	100
Nufarm Chile Limitada	(b)	Chile	100	100
Nufarm Colombia S.A.	(b)	Colombia	100	100
Nufarm Crop Products UK Limited	(b)	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	(b)	Germany	100	100
Nufarm do Brazil LTDA		Brazil	100	100
Nufarm Espana SA	(b)	Spain	100	100
Nufarm Finance (NZ) Limited	(b)	New Zealand	100	100
Nufarm GmbH	(b)	Austria	100	100
Nufarm GmbH & Co KG	(b)	Austria	100	100
Nufarm GmbH (liquidated)	(b)	Germany	-	100
Nufarm Grupo Mexico		Mexico	100	-
Nufarm Holdings (NZ) Limited	(b)	New Zealand	100	100
Nufarm Holdings BV	(b)	Netherlands	100	100
Nufarm Holdings s.a.s	(b)	France	100	100
Nufarm Hong Kong Investments Ltd		Hong Kong	100	100
Nufarm Hungaria Kft	(b)	Hungary	100	100
Nufarm Inc.	(b)	USA	100	100
Nufarm Industria Quimica e Farmaceutica SA	(b)	Brazil	100	100
Nufarm Insurance Pte Ltd		Singapore	100	100
Nufarm Investments Cooperatie WA	(b)	Netherlands	100	100
Nufarm Italia srl	(b)	Italy	100	100
Nufarm KK		Japan	100	100
Nufarm Labuan Pte Ltd	(b)	Malaysia	100	100
Nufarm Limited	(b)	United Kingdom	100	100
Nufarm Malaysia Sdn Bhd	(b)	Malaysia	100	100
Nufarm Materials Limited	(a),(b)	Australia	100	100
Nufarm NZ Limited	(b)	New Zealand	100	100
Nufarm Peru SAC		Peru	100	100
Nufarm Platte Pty Ltd		Australia	100	100
Nufarm Portugal LDA	(b)	Portugal	100	100
Nufarm Romania SRL	(b)	Romania	100	100
Nufarm s.a.s	(b)	France	100	100
Nufarm SA	(b)	Argentina	100	100
Nufarm Suisse Sarl	(b)	Switzerland	100	100
Nufarm Technologies (M) Sdn Bhd		Malaysia	51	51
Nufarm Technologies USA		New Zealand	100	100
Nufarm Technologies USA Pty Ltd		Australia	100	100
Nufarm Treasury Pty Ltd	(a),(b)	Australia	100	100

Notes to the financial statements

35 Consolidated entities (continued)

	Notes	Place of incorporation	Percentage of shares held	
			2010	2009
Nufarm UK Limited	(b)	United Kingdom	100	100
Nufarm Ukraine LLC		Ukraine	100	-
Nufarm USA Inc		USA	100	100
Nugrain Pty Ltd		Australia	100	100
Nuseed Americas Inc		USA	100	-
Nuseed Holding Company		USA	100	-
Nuseed Pty Ltd		Australia	100	100
Nuseed SA		Argentina	100	-
Nutrihealth Grains Pty Ltd		Australia	100	100
Nutrihealth Pty Ltd		Australia	100	100
Opti-Crop Systems Pty Ltd	(b)	Australia	75	75
Pharma Pacific Pty Ltd	(a)	Australia	100	100
PT Crop Care		Indonesia	100	100
PT Nufarm Indonesia	(b)	Indonesia	100	100
Richardson Seeds Ltd		USA	100	-
Selchem Pty Ltd	(a)	Australia	100	100

Note (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.

Note (b). These entities have entered into a deed of negative pledge dated 24 October 1996 (last amendment dated 30 January 2009) with group lenders 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.

36 Deed of cross guarantee

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

It is a condition of the class order that the company and each of the subsidiaries enter into a deed of cross guarantee. The parent entity and all the Australian controlled entities have entered into a deed of cross guarantee dated 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 2010 is set out as follows:

Notes to the financial statements

36 Deed of cross guarantee (continued)

	Consolidated	
	2010	2009
	\$000	\$000
Summarised income statement and retained profits		
Profit before income tax expense	31,517	60,239
Income tax expense	(12,239)	(16,149)
Net profit attributable to members of the closed group	19,278	44,090
Retained profits at the beginning of the period	267,222	286,307
Amendments to the closed group	8	2,122
Dividends paid	(32,708)	(65,297)
Retained profits at the end of the period	253,800	267,222
Statement of financial position		
Current assets		
Cash and cash equivalents	87,326	4,326
Trade and other receivables	459,622	470,871
Inventories	139,347	192,403
Current tax assets	10,759	1,823
Total current assets	697,054	669,423
Non-current assets		
Equity accounted investments	11,174	10,365
Other investments	793,934	588,586
Deferred tax assets	26,558	23,274
Property, plant and equipment	160,756	162,553
Intangible assets	53,346	43,909
Total non-current assets	1,045,768	828,687
TOTAL ASSETS	1,742,822	1,498,110
Current liabilities		
Trade and other payables	310,476	195,705
Interest bearing loans and borrowings	4,800	105,875
Employee benefits	8,278	3,471
Current tax payable	8,497	7,130
Total current liabilities	332,051	312,181
Non-current liabilities		
Interest bearing loans and borrowings	47,350	32,350
Deferred tax liabilities	4,261	4,185
Employee benefits	1,952	2,863
Provisions	-	11,277
Total non-current liabilities	53,563	50,675
TOTAL LIABILITIES	385,614	362,856
NET ASSETS	1,357,208	1,135,254
Equity		
Share capital	1,058,578	812,844
Reserves	44,830	55,188
Retained earnings	253,800	267,222
TOTAL EQUITY	1,357,208	1,135,254

Notes to the financial statements

37 Parent entity disclosures

	Company	
	2010	2009
	\$000	\$000
Result of the parent entity		
Profit for the period	35,993	55,349
Other comprehensive income	346	355
Total comprehensive income for the period	36,339	55,704
Financial position of the parent entity at year end		
Current assets	1,053,216	810,007
Total assets	1,382,006	1,134,897
Current liabilities	112,024	113,633
Total liabilities	112,163	113,633
Total equity of the parent entity comprising of:		
Share capital	1,058,578	812,844
Reserves	35,590	36,027
Retained earnings	175,675	172,393
Total equity	1,269,843	1,021,264

Parent entity contingencies

There are no contingent liabilities for the parent entity in 2010 or 2009.

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

There are no capital commitments for the parent entity in 2010 or 2009.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity together with all the material wholly owned controlled entities have entered into a negative pledge deed with the group's lenders whereby all group entities, which are a party to the deed, have guaranteed repayment of all liabilities in the event that any of these companies are wound up.

Notes to the financial statements

38 Reconciliation of cash flows from operating activities

	Consolidated	
	2010	2009
	\$000	\$000
Cash flows from operating activities		
Profit for the period	(22,652)	80,542
Dividend from associated company	241	423
Non-cash items:		
Amortisation	15,455	16,361
Depreciation	42,093	48,412
Loss on sale of investment	-	3,813
Gain on disposal of non current assets	1,303	(284)
Net realisable value inventory adjustment	-	67,611
Share of profits of associates net of tax	(47)	(3,080)
Movement in provisions for:		
Deferred tax	(16,325)	6,976
Tax assets	51,149	(78,655)
Exchange rate change on foreign controlled entities provisions	(8,504)	2,511
Operating profit before changes in working capital and provisions	62,713	144,630
Movements in working capital items:		
(Increase)/decrease in receivables	(50,450)	58,862
(Increase)/decrease in inventories	256,358	46,499
Increase/(decrease) in payables	(6,664)	(349,585)
Increase/(decrease) in income tax payable	(7,866)	11,883
Exchange rate change on foreign controlled entities working capital items	(59,480)	34,586
	131,898	(197,755)
Net operating cash flows	194,611	(53,125)

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

DG McGauchie (Chairman)
GDW Curlewis
Dr RJ Edgar
Dr WB Goodfellow
GA Hounsell
KM Hoggard (retired 13 July 2010)
Dr JW Stocker

Executives

BF Benson Group general manager agriculture
R Heath Group general manager corporate services and company secretary
KP Martin Chief financial officer
DA Mellody Group general manager global marketing
RF Ooms Group general manager chemicals
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

Managing director and chief executive

Notes to the financial statements

39 Key management personnel disclosures (continued)

Key management personnel compensation

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

	Consolidated 2010	2009
	\$	\$
Short term employee benefits	8,688,922	6,320,665
Post employment benefits	472,036	698,981
Equity compensation benefits	-	77,250
Other long term benefits	219,630	262,368
	9,380,588	7,359,264

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 the consolidated entity since the end of the previous financial year and there were no material contracts involving director's interest existing at year-end.

Loans to key management personnel and their related parties

There were no loans to key management personnel at July 31 2010 (2009: 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.

Options and rights over equity instruments granted as compensation

No options or other equity instruments were granted to key management personnel during the current or prior year reporting period as compensation.

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:

Notes to the financial statements

39 Key management personnel disclosures (continued)

Movements in shares (continued)

Shares held in Nufarm Ltd		Balance at 1 August 2009	Granted as remun- eration	2010 Exercise of options	Net change other	Balance at 31 July 2010
Directors						
DG McGauchie (Chairman)	1	20,038	-	-	11,201	31,239
DJ Rathbone		24,162,610	-	-	(8,017,720)	16,144,890
GDW Curlewis		48,280	-	-	(2,367)	45,913
Dr WB Goodfellow	1 2	708,018	-	-	412,533	1,120,551
Dr RJ Edgar		-	-	-	-	-
KM Hoggard (retired 13 July 2010)	1 3	2,383,614	-	-	(2,383,614)	-
GA Hounsell	1	46,720	-	-	(2,997)	43,723
Dr JW Stocker	1	43,780	-	-	(2,259)	41,521
Executives						
BF Benson		74,501	-	-	(11,339)	63,162
R Heath		215,234	-	-	(8,984)	206,250
KP Martin		415,632	-	-	(21,497)	394,135
DA Mellody		20,966	-	-	(838)	20,128
RF Ooms		343,298	-	-	(9,889)	333,409
MJ Pointon		17,583	-	-	1,634	19,217
DA Pullan		151,616	-	-	7,911	159,527
RG Reis		119,315	-	-	(15,219)	104,096
Total		28,771,205	-	-	(10,043,444)	18,727,761

Shares held in Nufarm Ltd		Balance at 1 August 2008	Granted as remun- eration	2009 Exercise of options	Net change other	Balance at 31 July 2009
Directors						
KM Hoggard	1	2,383,614	-	-	-	2,383,614
DJ Rathbone		25,912,610	-	-	(1,750,000)	24,162,610
GDW Curlewis		44,533	2,293	-	1,454	48,280
Dr WB Goodfellow	1 2	665,846	1,550	-	40,622	708,018
GA Hounsell	1	45,170	1,550	-	-	46,720
DG McGauchie	1	17,038	-	-	3,000	20,038
Dr JW Stocker	1	41,522	1,550	-	708	43,780
Executives						
BF Benson		149,760	12,895	-	(88,154)	74,501
R Heath		209,001	6,233	-	-	215,234
KP Martin		402,673	12,895	-	64	415,632
DA Mellody		16,491	9,671	-	(5,196)	20,966
RF Ooms		331,155	12,143	-	-	343,298
MJ Pointon		32,756	4,827	-	(20,000)	17,583
DA Pullan		138,184	13,432	-	-	151,616
RG Reis		128,569	10,746	-	(20,000)	119,315
Total		30,518,922	89,785	-	(1,837,502)	28,771,205

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.

Notes to the financial statements

39 Key management personnel disclosures (continued)

- 1 The shareholdings of GDW Curlewis, 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 Trust Board and does not have a beneficial interest in these shares or step-up securities.
- 3 The shareholding of KM Hoggard has been removed under the net change other column due to his retirement as Chairman on 13 July 2010.

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	
		2010	2009
		\$000	\$000
Excel Crop Care Ltd	purchases from	291	978
F&N joint ventures	sales to	47,754	68,450
	trade payable	(247)	-
	trade receivable	36,608	36,028
Sumitomo Chemical Company Ltd	sales to	1,001	-
	purchases from	2,029	-
	trade receivable	251	-
	trade payable	564	-
Bayer CropScience Nufarm Limited	sales to	-	17,069
	purchases from	-	18,938
SRFA LLC	sales to	-	3,682
	commissions received	-	57
	interest received	-	3

The Bayer CropScience equity investment and the SRFA LLC joint venture were disposed of at July 2009.

These transactions were undertaken on commercial terms and conditions.

41 Subsequent events

At 31 July 2010, the group was in breach of certain covenants under the Deed of Negative Pledge (dated 24 October 1996), which contains the covenants and other terms common to all bankers. By 27 September 2010, the group obtained written waivers from all parties to the Deed in respect to these covenant breaches.

In the agreements signed 27 September 2010, the parties to those agreements confirmed that any undrawn facility amounts are no longer available to the group. In the same agreements, the group has obtained its required funding through to 15 December 2010 on a secured basis, subject to certain conditions and obligations. The group is currently evaluating its options regarding the nature and terms of a new financing facility beyond 15 December 2010. Refer to note 2(b) for further details.

Notes to the financial statements

42 Auditors' remuneration

	Consolidated	
	2010	2009
	\$000	\$000
Audit services		
<i>KPMG Australia</i>		
Audit and review of group financial report	469	409
<i>Overseas KPMG firms</i>		
Audit and review of group financial report	1,143	947
Audit and review of local statutory reports	212	286
	<hr/> 1,824	<hr/> 1,642
<i>Other auditors</i>		
Audit and review of financial reports	150	122
Audit services remuneration	<hr/> 1,974	<hr/> 1,764
Other services		
<i>KPMG Australia</i>		
Transaction due diligence services	69	15
<i>Overseas KPMG firms</i>		
Other assurance services	27	48
Other services remuneration	<hr/> 96	<hr/> 63

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 2010 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:

KM Hoggard¹ (Chairman) (retired 13 July 2010)
DG McGauchie AO¹ (Chairman) (appointed 13 July 2010)
GDW Curlewis (Deputy Chairman)
DJ Rathbone AM (Managing Director)
Dr RJ Edgar
Dr WB Goodfellow
GA Hounsell
Dr JW Stocker AO

¹ Mr KM Hoggard retired as chairman and a director of the Company on 13 July 2010. Mr DG McGauchie was appointed chairman on 13 July 2010.

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 in the company's 2010 annual report.

Company secretary

The company secretary is Mr R Heath.

Details of the qualifications and experience of the company secretary are set out in the company's 2010 annual report.

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 Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, as follows:

	Nufarm Ltd Ordinary shares	Nufarm Finance (NZ) Ltd Step-up securities
GDW Curlewis ₁	45,913	-
DJ Rathbone	16,144,890	-
Dr RJ Edgar	-	-
Dr WB Goodfellow _{1,2}	1,120,551	47,723
G A Hounsell ₁	43,723	-
DG Mc Gauchie ₁	31,239	-
Dr JW Stocker ₁	41,521	-

- 1 The shareholdings of GDW Curlewis, Dr WB Goodfellow, GA Hounsell, DG McGauchie and Dr JW Stocker 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 Trust Board and does not have a beneficial interest in these shares or step-up securities.

Directors' meetings

During the financial period numerous Board Meetings were convened at short notice to consider issues related to the Sinochem takeover proposal, the Sumitomo proposal to acquire 20% of the shareholding of Nufarm, the Extraordinary General Meeting held on 2 March 2010, the Sumitomo Tender Offer and the Accelerated Rights Entitlement Offer. Some directors were unable to attend some of these meetings due to prior commitments.

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:

Director	Committees							
	Board		Audit		Remuneration		Nomination	
	A	B	A	B	A	B	A	B
KM Hoggard ^{1,2,3}	16	15	1	3	2	2	-	2
GDW Curlewis	19	18	3	3	2	2	2	2
DJ Rathbone ³	19	19	-	2	-	2	-	2
Dr RJ Edgar ²	19	18	2	2	-	-	-	-
Dr WB Goodfellow ³	19	19	-	1	-	2	2	2
GA Hounsell ³	19	19	3	3	-	2	-	2
DG McGauchie	19	16	-	-	2	1	2	1
Dr JW Stocker ³	19	18	3	3	-	-	-	-

Column A: indicates the number of meetings held during the period the director was a member of the board and/or committee.

Column B: indicates the number of meetings attended during the period the director was a member of the board and/or committee.

Other meetings of committees of directors are convened as required to discuss specific issues or projects.

- 1 KM Hoggard retired as a director on 13 July 2010.
- 2 Dr RJ Edgar was appointed a member of the Audit Committee in September 2009. KM Hoggard retired as a member of the Audit Committee in September 2009.
- 3 Attended meeting although not a member of the Committee. All directors are entitled to attend any committee meetings.

Principal activities and changes

Nufarm manufactures and supplies a range of agricultural chemicals used by farmers to protect crops from damage caused by weeds, pests and disease. The company has production and marketing operations throughout the world and sells products in more than 100 countries. Nufarm's crop protection products enjoy a reputation for high quality and reliability and are supported by strong brands, a commitment to innovation and a focus on close customer relationships.

Nufarm employs in excess of 3,000 people at its various locations in Australasia, Africa, the Americas and Europe. The company is listed on the Australian Stock Exchange (symbol NUF). Its head office is located at Laverton in Melbourne.

Results

The net loss attributable to members of the Group for the 12 months to 31 July 2010 is \$22.6 million. The comparable figure for the 12 months to 31 July 2009 was a profit of \$79.9 million.

Dividends

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

	\$000
The final dividend for 2008–09 of 15 cents paid 13 November 2009	32,709

Nufarm Step-up Securities distribution payment

The following Nufarm Step-up Securities distribution payment has been paid since the end of the preceding financial year:

Distribution payment for the period 15 April 2009 – 15 October 2009 at the rate of 5.0167 per cent per annum paid 15 October 2009	6,313
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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 and the business review in the company's 2010 annual report.

State of affairs

The state of the company's affairs are set out in the managing director's review and business review in the company's 2010 annual report.

Operations, financial position, business strategies and prospects

The directors believe that information on the company, 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

At 31 July 2010, the group was in breach of certain covenants under the Deed of Negative Pledge, which contains the covenants and other terms common to all bankers. On 27 September 2010, the group obtained written waivers from all parties to the Deed in respect of these covenant breaches. At the same time, the parties to the Deed confirmed that any undrawn facility amounts are no longer available to the group. The group has contractually obtained additional secured funding through to 15 December 2010, subject to certain conditions and obligations. The group is currently evaluating its options regarding the nature and terms of a new financing facility beyond 15 December 2010. Further details are set out in Note 2(b) of the financial report.

Likely developments

The directors believe that likely developments in the company'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 in the company's 2010 annual report. The company did not incur any prosecutions or fines in the financial period relating to environmental performance. The company publishes annually a health, safety and environment report. This report can be viewed on the company'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 41 of the financial report. The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the audit 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 - audited

Remuneration committee

The remuneration committee reviews and makes recommendations to the board on remuneration policies and packages applicable to key management personnel and directors and ensures that remuneration policies and packages retain and motivate high calibre executives and that remuneration policies demonstrate a clear relationship between executive remuneration and company performance.

For the financial year ended 31 July 2010, the Board has resolved:

- the Company did not achieve the performance conditions for the cash component of the Incentive Programme and therefore no cash bonuses were paid to executives for the period ended 31 July 2010. Certain key executives were paid a “retention” payment in the financial period. This retention payment was made as a consequence of the Sinochem proposal to acquire Nufarm. Whilst the Sinochem proposal did not ultimately proceed it was a fundamental condition of the proposal that all key executives were retained. It was a condition of the retention payment that the executive remain in employment as at 30 August 2010, failing which the payment be repaid;
- the Company did not achieve the performance condition for the share component of the Incentive program and therefore no shares will be delivered to executives for the period ended 31 July 2010;
- there will be no increase in directors’ fees for the period ending 31 July 2011.

Key management personnel include the five most highly remunerated executives in accordance with S300A of the Corporations Act.

The remuneration levels of the managing director and key management personnel are recommended by the remuneration committee and approved by the board, having taken advice from independent external advisors.

Principles of compensation

Executives

The Nufarm remuneration policy has been developed to ensure the company attracts and retains the highly skilled people required to successfully manage and create shareholder value from a large diversified internationally-based company.

The company has adopted a remuneration policy based on total target reward (TTR), which comprises two components:

- fixed reward (TEC) – cash and benefits that reflect local market conditions and individual contribution. The reward level is set relative to pertinent and prevailing executive employment market conditions for high calibre talent in the geographies where Nufarm operates. The company's policy position for TEC for Australian executives, is benchmarked with reference to the 62nd percentile of similar sized companies within Mercer’s executive remuneration database; and
- an incentive program – Upon achievement of the performance condition over 6 monthly periods, 50% of the Incentive will be paid in cash. Upon achievement of the performance condition for the full year, 50% of the Incentive will be delivered by way of shares, which, for the key management personnel, ensures a longer-term focus to achieve benefits consistent with the delivery of sustained growth of shareholder value. The exception is the current managing director who is paid in cash because of the very substantial shareholding he currently controls in the company.

Management personnel are not permitted to hedge any shares issued to them under the incentive program whilst they remain held in trust.

If the company’s financial objectives are achieved and the Incentive program is paid at 100 per cent, the TTR will meet the company’s TTR policy position of the upper quartile of similar sized companies within Mercer’s executive remuneration database. Set out below are details of the maximum payment for of the Incentive program where there has been above target achievement of the Incentive program performance condition.

The performance condition for the Incentive program is based on return on funds employed (ROFE) in the business. *Return* is calculated on the group’s earnings before interest and taxation and adjusted for any non-operating items. *Funds employed* are represented by shareholders’ funds plus total interest bearing debt.

The company believes ROFE is an appropriate performance condition for the following reasons:

- for many years the board has measured the company’s performance using an ‘economic value added’ methodology. It is believed that if the company can consistently add economic value (a satisfactory margin above the cost of capital), then this will be recognized in share value; and
- ROFE 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.

The remuneration committee and the board review the level of the performance condition on an annual basis.

Whilst it believes ROFE is an appropriate performance condition for the company's Incentive program, the board also reviews the company's total shareholder return (TSR) with relevant comparator groups.

Each year, the board reviews and establishes the performance hurdle for the Incentive program. The hurdle reflects targets for specific objectives and increasing company value, consistent with the company's business and investment strategies.

The target ROFE hurdle for the Incentive program for the financial period was 17.25 per cent.

At the end of each half year and financial year the board assesses company performance against Target ROFE to determine the percentage of any offer to be made under the cash component of the Incentive program.

At the end of each financial year, the board:

- assesses company performance against the target ROFE hurdle to determine the percentage of any offer to be made under the share component of the Incentive program; and
- reviews target ROFE for the Incentive program for the following financial period.

For the Incentive program, 25 per cent of the Incentive will be payable on achievement of 90 per cent of target ROFE with a linear progression to 100 per cent of the Incentive on achievement of target ROFE and a maximum of 175 per cent of the Incentive on achievement of 110 per cent of target ROFE.

If less than 90 per cent of target ROFE is achieved, no Incentive will be paid. The following table shows the proportion of Incentive as a percentage of TTR.

	% target ROFE achieved			
	<90	90	100	110
Managing director	0	20	50	64
Key management personnel other than non-executive directors	0	14	40	54

Consequences of performance on shareholders' wealth

The executive remuneration policy is designed to align remuneration with the creation of shareholder wealth. The Incentive program links executive reward with company performance.

Target ROFE for the Incentive program was not achieved for the year ended 31 July 2010 and therefore executives received no bonuses under the cash component of the Incentive program and no shares under the share component of the Incentive program. As set out above, key executives received a "retention" payment related to the Sinochem takeover proposal.

Set out below is a table which summarises the company's performance and shareholder wealth statistics over the last 5 years.

In considering the consolidated entity's performance and benefits for shareholders' wealth, the remuneration committee and the board have regard to the following indices in respect of the current financial year and the previous four financial years.

	OPERATING EBIT	ROFE achieved	EPS	Dividend rate	Dividends paid	Change in share price*	Share price 31 July	Total shareholder return**
	\$M	%	cents per share		\$000	\$		%
2006	211.2	17.8	60.3	27	45,879	(1.37)	8.80	(2.3)
2007	217.8	16.6	59.2	31	53,145	4.31	13.10	40
2008	311.2	17.2	69.7	33	58,332	4.05	16.85	17
2009	280.3	11.7	33.5	35	65,297	(5.86)	10.84	(41)
2010	135.2	5.5	(15.0)	15	32,709	(7.04)	3.82	(37.8)

- * This column reflects the change in share price from 1 August to 31 July in the relevant financial year.
 ** Source: Goldman Sachs JB Were – Total Shareholder Return as at 30 June.

Service contracts

The company has employment contracts with the managing director and the key management personnel. These contracts formalise the terms and conditions of employment. The contracts are for an indefinite term. The company may terminate the contracts upon, in the case of the managing director, 12 months, and in the case of key management personnel, 6 months notice, in which case a termination payment equivalent to, in the case of the managing director, 24 months, and in the case of key management personnel, 12 months, total employment cost (base salary plus value of benefits such as motor vehicle and superannuation and any fringe benefits tax in relation to those benefits,) will be paid. The company may terminate the employment contracts immediately for serious misconduct. The contracts for the managing director and key management personnel named in this report were entered into prior to the announcement of legislation to change termination payment limits for executives.

Non-executive directors (NED)

The board's policy with regard to NED remuneration is to position board remuneration at the market median with comparable sized listed entities. The board determines the fees payable to non-executive directors within the aggregate amount approved from time to time by shareholders. At the company's 2009 AGM, shareholders approved an aggregate of \$1,600,000 per year (including superannuation costs). Set out below are details of the annual fees payable at 31 July 2010 (excluding superannuation costs).

Chairman ¹	\$290,000
Deputy chairman ¹	\$170,000
Director board fees	\$ 115,000
Chairman audit committee	\$ 25,000
Chairman other board committees	\$10,000
Member audit committee	\$5,000
Member other board committees ²	\$2,500

The Board has resolved that there will be no increases in these fees for the period ending 31 July 2011.

- 1 The chairman and the deputy chairman receive no fees as members of any committee.
 2 There is some common membership on the remuneration committee and nomination committee. Only one fee is paid where a director is a member of both committees.

Remuneration of directors and executives

Details of the nature and amount of each major element of remuneration in respect of key management personnel, which includes each director of the company and each of the five most highly remunerated executives and relevant group executives who receive the highest remuneration are:

In AUD		Salary and fees \$	Short term			Post-employment	Share based payments	Other long term	Total
			Cash bonus (vested ²) \$	Non-monetary benefits \$	Total \$	Superannuation \$	Equity settled \$	\$	Total Remuneration ¹ \$
Directors Non-executive									
	2010	275,967	–	–	275,967	27,596	–	–	303,563
	2009	290,000	–	–	290,000	29,000	–	–	319,000
	2010	170,000	–	–	170,000	17,000	–	–	187,000
	2009	116,500	–	–	116,500	45,000	25,500	–	187,000
	2010	119,264	–	–	119,264	11,926	–	–	131,190
	2009	–	–	–	–	–	–	–	–
	2010	117,500	–	–	117,500	11,750	–	–	129,250
	2009	100,250	–	–	100,250	11,750	17,250	–	129,250
	2010	140,000	–	–	140,000	14,000	–	–	154,000
	2009	122,750	–	–	122,750	14,000	17,250	–	154,000
	2010	125,846	–	–	125,846	12,584	–	–	138,430
	2009	117,500	–	–	117,500	11,750	–	–	129,250
	2010	120,000	–	–	120,000	12,000	–	–	132,000
	2009	102,750	–	–	102,750	12,000	17,250	–	132,000
Executive Director									
	2010	1,339,490	843,000	34,432	2,216,922	24,102	–	80,247	2,321,271
	2009	1,251,350	923,000	64,029	2,238,379	18,332	–	114,567	2,371,278
Executive Officers									
	2010	628,936	230,000	27,454	886,390	48,150	–	19,554	954,094
	2009	539,456	57,500	25,890	622,846	94,104	208,333	23,943	949,226
	2010	595,120	215,000	28,594	838,714	48,000	–	22,155	908,869
	2009	508,708	55,000	27,063	590,771	94,006	200,000	27,007	911,784
	2010	594,236	220,000	24,339	838,575	48,900	–	19,594	907,069
	2009	511,820	55,000	29,859	596,679	94,866	200,000	19,813	911,358

RF Ooms (Group general manager chemicals)	2010	529,141	198,333	12,064	739,538	49,600	–	14,952	804,090
	2009	470,017	49,583	13,595	533,195	90,010	188,333	15,865	827,403
RG Reis (Group general manager corporate strategy and external affairs)	2010	521,288	178,333	34,877	734,498	24,219	–	28,941	787,658
	2009	452,278	45,833	39,401	537,512	46,897	166,667	21,282	772,358
DA Mellody (Group general manager global marketing)	2010	408,801	166,667	–	575,468	26,325	–	14,510	616,303
	2009	482,846	38,922	–	521,768	47,430	150,000	15,074	734,272
MJ Pointon Group general manager innovation and development	2010	283,703	116,667	26,691	427,061	49,100	–	9,209	485,370
	2009	246,643	53,534	28,761	328,938	44,853	74,866	15,409	464,066
R Heath (Company secretary)	2010	236,018	101,667	25,495	363,180	46,784	–	10,468	420,432
	2009	228,780	25,417	26,630	280,827	44,983	96,667	9,408	431,885

¹ Represents total remuneration paid in the financial year.

² The “retention” payment made to key executives arising from the Sinochem takeover proposal is included in this item of cash bonus. It was a condition of the “retention” payment that the key executives remain in employment until 30 August 2010 prior to it vesting. If an executive ceased employment prior to 30 August 2010 then the retention payment was to be repaid in full. All executives remained in employment as at 30 August 2010 and therefore all cash bonuses were fully vested.

³ Mr KM Hoggard retired as chairman and a director on 13 July 2010.

⁴ Dr RJ Edgar was appointed a director on 1 July 2009.

Remuneration options: granted and vested during the year

During the year there were no options granted to directors or executives, nor were any options vested or 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 in the company's annual report and forms part of the directors' report for the financial year ended 31 July 2010.

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
28 September 2010



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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 2010 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

28 September 2010

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 2010 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 2010.
- 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 28th day of September 2010



DM McGauchie
Director



DJ Rathbone
Director



Independent auditor's report to the members of Nufarm Limited

Report on the financial report

We have audited the accompanying financial report of the Group comprising Nufarm Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated balance sheet as at 31 July 2010, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 42 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2a, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a 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 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2a.

Material Uncertainty Regarding Group Debt Refinancing

Without qualification to the opinion set out above, we draw attention to note 2(b) in the financial report which details the status and terms of the Group's debt financing arrangements.

As a consequence of breaching certain debt covenant requirements at 31 July 2010, the Group has subsequently obtained written confirmation from its lenders that rights to call for immediate repayment of amounts outstanding will be waived until 15 December 2010, by which time the Group expects to secure a revised longer-term financing arrangement under new terms and conditions. As part of providing waivers certain lenders to the Group have agreed to provide short term funding to 15 December 2010 pursuant to agreements entered into on 27 September 2010. The provision of such funding and/or continuation of waivers is subject to a number of conditions and obligations as contained in the agreements, the details of which are set out in note 2(b).

The ability of the Group to meet the conditions and obligations as set out in the agreements, and to secure a longer-term revised debt financing arrangement by 15 December 2010 on mutually acceptable terms and conditions, cannot presently be determined with certainty. These conditions, along with other matters as set out in note 2(b), indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern, and therefore, whether it will realise its assets and extinguish its liabilities at the amounts stated in the financial report.



Material uncertainty regarding revenue recognised and valuation of accounts receivable relating to a claim made on a supplier

Without qualification to the opinion expressed above, attention is drawn to the following matter. As stated in Note 2(d)(vi), the Group and a major supplier are in dispute relating to liability for a share of losses pursuant to an Exclusive Distribution Agreement. During the year the Group recorded an additional receivable of \$12.8 million in relation to these losses and as at 31 July 2010 has recorded a total receivable owing by the supplier in relation to these losses of \$52.7 million (31 July 2009: \$39.9 million). The matter is the subject of a commercial dispute between the parties and is currently subject to arbitration proceedings, the outcome of which cannot be predicted with certainty. No provision has been made for any shortfall in recovery of the amount.

Report on the remuneration report

We have audited the Remuneration Report included under the heading 'remuneration report' in the directors' report for the year ended 31 July 2010. 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 2010, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne

28 September 2010