

## Appendix 4E

Nufarm Finance (NZ) Limited  
Incorporation number: 107147

### PRELIMINARY FINAL REPORT FOR THE 2 MONTHS ENDED 30 SEPTEMBER 2020

This statement includes the consolidated results for Nufarm Finance (NZ) group for the two months ended 30 September 2020 compared with the 12 months ended 31 July 2020.

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

TRADING RESULTS	Consolidated		increase /	increase /
	2 months to 30 Sep 2020 \$000	12 months to 31 Jul 2020 \$000	(decrease) \$000	(decrease) %
Revenue from ordinary activities	-	-	-	0.0%
Profit/(loss) from ordinary activities after tax attributable to members				
- Before material items	1,290,073	9,170,576	(7,880,503)	(85.9%)
- After material items	1,290,073	9,170,576	(7,880,503)	(85.9%)
Net profit/(loss) attributable to members				
- Before material items	1,290,073	9,170,576	(7,880,503)	(85.9%)
- After material items	1,290,073	9,170,576	(7,880,503)	(85.9%)
<b>DIVIDENDS AND DISTRIBUTIONS</b>			2 months to 30 Sep 2020 \$	12 months to 31 Jul 2020 \$

#### Final Distribution

Amount per NSS security	-	2.43
Total value of distribution	-	6,101,916
Franked amount per NSS security at 30%	nil	nil
Amount per NSS security of foreign source Distribution	-	2.43
Date payable	na	15/04/2020
Record date for entitlement	na	7/04/2020

#### Interim Distribution

Amount per NSS security	-	2.84
Franked amount per NSS security at 30%	nil	nil
Distribution rate	na	5.67%
Distribution Date paid	na	15/10/2019

#### Total Distributions

Amount per NSS security	na	5.28
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#### Dividend reinvestment plans

Net tangible assets per security (including ordinary shares)	No	No
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Control gained over entities	18.57	18.46
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Control lost over entities	nil	nil
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Associates and Joint Ventures	nil	nil
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#### AUDIT STATUS

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

#### COMMENTARY

Nufarm Finance (NZ) Limited acts as a financing company for the Nufarm Limited group, and as such does not earn any revenues from contracts with customers but rather primarily earns finance income from loans to group entities totalling \$2,057,252 for the two month period ended 30 September 2020 (\$14,478,921 for the year ended 31 July 2020).

During the two month period, there were no significant changes to the operations. The net profit after tax for the two month period ended 30 September 2020 of \$1,290,073 is proportionally consistent with the net profit after tax for the twelve month period ended 31 July 2020 of \$9,170,576.



T A Mangold  
Director

19 November 2020

**Nufarm Finance (NZ) Limited**

**Annual Report**

**For the 2 months ended 30 September 2020**



## **Nufarm Finance (NZ) Limited**

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### **List of abbreviations**

ASX	ASX Limited
FMC	Financial Markets Conduct Act 2013
IFRS	International Financial Reporting Standards
NSS	Nufarm Step-up Securities
Nufarm	Nufarm Limited
Nufarm Finance	Nufarm Finance (NZ) Limited
Nufarm Group	Nufarm Limited and subsidiaries
Nufarm Holdings	Nufarm Holdings (NZ) Limited
NZ GAAP	New Zealand Generally Accepted Accounting Practice
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZDX	NZX Debt Market
NZX	NZX Limited
The Company	Nufarm Finance (NZ) Limited
\$	AUD

Nufarm Finance (NZ) Limited

## **Directors' Report**

The directors of the Company have pleasure in submitting their report in respect of the two months ended 30 September 2020.

### **Principal Activities**

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

### **NZX Foreign Exempt Issuer**

Following the adoption by NZX of new NZX Listing Rules dated 1 January 2019, NZX confirmed the Company's eligibility to be listed as an NZX Foreign Exempt Issuer and to have the Step-up Securities quoted as an NZX Foreign Exempt Issuer. NZX was satisfied that the Company has ASX as its Home Exchange and is subject to the listing rules of ASX in respect to the Step-up Securities.

On 18 April 2019, the Company became an NZX Foreign Exempt Issuer. The listing of the Company as an NZX Foreign Exempt Issuer does not affect the trading of the Step-up Securities. The Step-up Securities continue to be quoted on both the NZDX and ASX.

The Company must comply with the NZX Listing Rules applicable to NZX Foreign Exempt Issuers. The NZX Listing Rules provide that, as an NZX Foreign Exempt Issuer, the Company will be deemed (subject to certain exceptions) to satisfy and comply with all the NZX Listing Rules so long as it remains listed on ASX and the Step-up Securities remain quoted on ASX.

### **Results**

The net profit attributable to members of the Company for the 2 months to 30 September 2020 is \$1,290,073.

For and on behalf of the Board



G. Kerr  
Director



T. A. Mangold  
Director

Date: 19 November 2020

## Company directory

**Nature of Business** To act as a financing company for the Nufarm Group.  
The Company has 2,510,000 Nufarm Step-up Securities issued, and is an NZX Foreign Exempt Issuer on the NZDX.

**Credit rating** Nufarm Limited has a credit rating of BB- issued by S&P.

**Registered Office** 6 Manu Street  
Otahuhu, AUCKLAND  
Telephone: 09 270 4150  
Facsimile: 09 270 4159

**Incorporation Number** 107147

**Directors** Dr W B Goodfellow (non-executive)  
Mr P A Binfield  
Mr G Kerr  
Mr T A Mangold (appointed 16 September 2020)

Directors' fees of NZD \$4,167 (31 July 2020 NZD \$25,000) are payable by the Company to Dr W B Goodfellow for the 2 months ended 30 September 2020. No Directors' fees are payable to Mr P A Binfield, Mr G Kerr or Mr T A Mangold for the 2 months ended 30 September 2020.

At the date of this report there are 4 male directors (31 July 2020: 4 male directors)

**Directors Interest** Mr P A Binfield - Nil  
Dr W B Goodfellow held a beneficial interest in 700 Nufarm Step-up Securities at balance date.  
Mr G Kerr - Nil  
Mr T A Mangold - Nil

**Parent Company** Nufarm Limited

**Auditor** KPMG

**Bank** ANZ Bank

**Solicitor** Dawson Harford Limited

### Distribution of Nufarm Step-up Securities Holders and Nufarm Step-up Securities as at 30 September 2020

#### Size of Holding

	<u>Number of Security Holders</u>		<u>Number of Securities</u>	
1 - 499	1,920	71.0%	409,632	16.3%
500 - 999	448	16.6%	285,103	11.4%
1,000 - 4,999	297	11.0%	506,778	20.2%
5,000 - 9,999	16	0.6%	104,471	4.2%
10,000+	25	0.9%	1,204,016	48.0%
	<u>2,706</u>	<u>100.0%</u>	<u>2,510,000</u>	<u>100.0%</u>

#### Geographic distribution:

New Zealand	970	35.8%	499,403	19.9%
Australia	1,722	63.7%	2,003,015	79.8%
Rest of World	14	0.5%	7,582	0.3%
	<u>2,706</u>	<u>100.0%</u>	<u>2,510,000</u>	<u>100.0%</u>

Nufarm Finance (NZ) Limited

## **Corporate Governance**

The Company recognises its responsibilities to comply with appropriate corporate governance standards and guidelines, including those set out by ASX and, to the extent applicable, NZX.

As a wholly owned subsidiary of Nufarm Limited a company registered in Australia and listed on the ASX, the Company fully complies with the corporate governance practices of Nufarm. Nufarm discloses its compliance with the ASX corporate governance principles and recommendations annually to the ASX. A copy of Nufarm's corporate governance statement and its policies are available to Nufarm Step-up Securities Holders on Nufarm's website at

<https://nufarm.com/investor-centre/corporate-governance/>



# Independent Auditor's Report

To the shareholder of Nufarm Finance (NZ) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, the accompanying financial statements of Nufarm Finance (NZ) Limited (the 'company') on pages 8 to 26:

- i. present fairly in all material respects the company's financial position as at 30 September 2020 and its financial performance and cash flows for the two month period ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 30 September 2020;
- the statements of comprehensive income, changes in equity and cash flows for the two month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements in the current period. We have determined that there are no key audit matters to communicate in our report.

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## Other Information

The Directors, on behalf of the company, are responsible for the other information included in the Annual Report. Other information includes the Director's report, Corporate Governance and Company Directory.

Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

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

The engagement partner on the audit resulting in this independent auditor's report is Geoff Lewis.

For and on behalf of

A handwritten signature of 'KPMG' in blue ink, written in a cursive style.

KPMG  
Auckland  
19 November 2020

## Statement of comprehensive income

For the 2 months ended 30 September 2020

	Note	2 months to 30 Sep 2020 \$AUD	12 months to 31 Jul 2020 \$AUD
Operating expenses		(72,568)	(335,049)
Finance income	5	2,057,252	14,478,964
Finance expense	6	(221,002)	(1,607,189)
Net finance income		1,836,250	12,871,775
<b>Profit before income tax</b>		<b>1,763,682</b>	<b>12,536,726</b>
Income tax expense	7	(473,609)	(3,366,150)
<b>Profit for the period</b>		<b>1,290,073</b>	<b>9,170,576</b>
<b>Total comprehensive income for the period attributable to the parent</b>		<b>1,290,073</b>	<b>9,170,576</b>
<b>Earnings per share</b>			
Basic & Diluted earnings per share (cents)	12	12.90	91.70

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

**Statement of financial position**

As at 30 September 2020

		<b>30 September 2020 \$AUD</b>	<b>31 July 2020 \$AUD</b>
	<b>Note</b>		
<b>Assets</b>			
Related parties - receivables	<b>9</b>	256,418,949	256,469,093
Deferred tax asset	<b>8</b>	44,537	367,601
<b>Total non-current assets</b>		<u>256,463,486</u>	<u>256,836,694</u>
Cash and cash equivalents	<b>10</b>	3,373,777	1,460,664
Prepayments		-	-
Related parties - receivables	<b>9</b>	1,010,769	1,044,523
Income tax receivable		-	10
<b>Total current assets</b>		<u>4,384,546</u>	<u>2,505,197</u>
<b>Total assets</b>		<u>260,848,032</u>	<u>259,341,891</u>
<b>Equity</b>			
Share capital	<b>11</b>	9,984,530	9,984,530
Retained earnings		(24,640,451)	(25,930,524)
<b>Total equity attributable to ordinary shareholders</b>		<u>(14,655,921)</u>	<u>(15,945,994)</u>
Nufarm Step-up Securities	<b>11</b>	246,932,148	246,932,148
<b>Total equity</b>		<u>232,276,227</u>	<u>230,986,154</u>
<b>Liabilities</b>			
Related parties - payables	<b>9</b>	28,000,000	28,000,000
<b>Total non-current liabilities</b>		<u>28,000,000</u>	<u>28,000,000</u>
Payables - other		157,421	106,183
Related parties - payables	<b>9</b>	263,849	249,554
Income tax payable		150,535	-
<b>Total current liabilities</b>		<u>571,805</u>	<u>355,737</u>
<b>Total liabilities</b>		<u>28,571,805</u>	<u>28,355,737</u>
<b>Total equity and liabilities</b>		<u>260,848,032</u>	<u>259,341,891</u>

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

## Statement of cash flows

For the 2 months ended 30 September 2020

	Note	2 months to 30 Sep 2020 \$AUD	12 months to 31 Jul 2020 \$AUD
<b>Cash flows from operating activities</b>			
Payments to suppliers		(3,356)	(274,747)
Interest received		2,091,006	14,814,606
Interest paid		(224,681)	(1,643,507)
Taxation paid		-	(270,075)
<b>Net cash from operating activities</b>	<b>15</b>	<b>1,862,969</b>	<b>12,626,277</b>
<b>Cash flows from financing activities</b>			
Nufarm Step Securities distribution		-	(13,240,282)
Related Party Loans - repaid/(advanced)		50,144	1,655,750
<b>Net cash used in financing activities</b>		<b>50,144</b>	<b>(11,584,532)</b>
Net increase/(decrease) in cash and cash equivalents		1,913,113	1,041,745
Opening cash and cash equivalents		1,460,664	418,919
<b>Cash and cash equivalents at 30 September</b>	<b>10</b>	<b>3,373,777</b>	<b>1,460,664</b>

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

**Statement of changes in equity**

For the 2 months ended 30 September 2020

	<b>Share capital</b>	<b>Accumulated Loss</b>	<b>Total equity attributable to ordinary shareholders</b>	<b>Nufarm Step-up securities</b>	<b>Total equity</b>
	<b>\$AUD</b>	<b>\$AUD</b>	<b>\$AUD</b>	<b>\$AUD</b>	<b>\$AUD</b>
<b>30 September 2020</b>					
Balance at 1 August 2020	9,984,530	(25,930,524)	(15,945,994)	246,932,148	230,986,154
<b>Comprehensive income for the year</b>					
Profit or loss	-	1,290,073	1,290,073	-	1,290,073
<b>Other comprehensive income</b>					
	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	1,290,073	1,290,073	-	1,290,073
Nufarm Step-up Securities distribution	-	-	-	-	-
Tax effect of Nufarm Step-up Securities distribution	-	-	-	-	-
Balance at 30 September 2020	<u>9,984,530</u>	<u>(24,640,451)</u>	<u>(14,655,921)</u>	<u>246,932,148</u>	<u>232,276,227</u>
<b>31 July 2020</b>					
Balance at 1 August 2019	9,984,530	(25,315,341)	(15,330,811)	246,932,148	231,601,337
<b>Comprehensive income for the year</b>					
Profit or loss	-	9,170,576	9,170,576	-	9,170,576
<b>Other comprehensive income</b>					
	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	9,170,576	9,170,576	-	9,170,576
Nufarm Step-up Securities distribution	-	(13,240,282)	(13,240,282)	-	(13,240,282)
Tax effect of Nufarm Step-up Securities distribution	-	3,454,523	3,454,523	-	3,454,523
Balance at 31 July 2020	<u>9,984,530</u>	<u>(25,930,524)</u>	<u>(15,945,994)</u>	<u>246,932,148</u>	<u>230,986,154</u>

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

## Notes to the financial statements

For the 2 months ended 30 September 2020

### 1 Reporting entity

The Company is a company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993. Its Nufarm Step-up Securities are quoted on ASX Limited (ASX) and on the NZX Debt Market (NZDX). The Company is an FMC Reporting Entity as defined in the Financial Markets Conduct Act 2013, and the financial statements have been prepared in accordance with the requirements of that Act and the Financial Reporting Act 2013.

The financial statements of the Company are for the 2 month period ended 30 September 2020 and the comparative balances are for the year ended 31 July 2020.

The Company acts as a financing company for the Nufarm Group. The parent and ultimate parent is Nufarm Limited, an Australian registered and listed company.

### 2 Basis of Preparation

#### (a) Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalent International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for Tier 1 for-profit entities. The financial statements also comply with IFRS.

The financial statements were authorised for issue by the directors on 19 November 2020

#### (b) Basis of measurement

The financial statements are prepared on the historical cost basis.

This financial report of the Company have been prepared on a going concern basis, which assumes the realisation of assets and extinguishment of liabilities in the ordinary course of business. Nufarm Limited, the parent company, has provided the letter of support stating that they will continue to provide ongoing financial support to enable the company to meet it's liabilities as and when they fall due for a period of not less than 12 months from the date of signing the financial statements for the two month period ended 30 September 2020. The going concern basis is considered appropriate by the Directors having regard to the Company's, and Nufarm Limited's, access to appropriate lines of credit to support its working capital and general corporate financing requirements. Refer to note 14 for further discussion regarding liquidity risk.

The company and parent company, Nufarm Limited has carefully considered the effect of the Covid-19 pandemic in preparing the financial statements for the two month period ended 30 September 2020. The company and the parent did not identify any material financial effects, including on the application of critical estimates and judgements.

This financial report has been prepared for the two month period ended 30 September 2020 to reflect the Company's change in financial year end from 31 July to 30 September. The comparatives in this financial report reflect the prior financial reporting period being the 12 month period to 31 July 2020.

#### (c) Functional currency and presentation currency

The financial statements are presented in Australian dollars (AUD), which is the Company's functional currency.



## Notes to the financial statement

For the 2 months ended 30 September 2020

### 2 Basis of preparation (continued)

#### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant impact on the amount recognised in the financial statements are described below.

##### (i) Financial Instruments

Impairment of non-derivative financial assets.

The company's sole operations consist of acting as a group finance company for the Nufarm Group. As such the company has made loans to two subsidiary companies within the Nufarm Group. The company has exercised judgements in the application of the policy for the impairment of non-derivative financial assets. The company considers the recoverability of non-derivative financial assets using assumptions, projected cashflows and an assessment of Nufarm Limited's liquidity and financial resources which underlie its support of intercompany loans within the group.

The judgements exercised are subject to risk and uncertainty that may be beyond the control of the company, hence there is a possibility that changes in circumstances will materially impact the recoverability of non-derivative financial assets.

### 3 Significant accounting policies

The company's accounting policies have been applied consistently to all periods presented in these financial statements.

#### **New Standards and Interpretations not yet adopted.**

A number of new standards are effective for periods beginning after 1 August 2020 and earlier application is permitted, however the Company has not early adopted the new or amended standards in preparing these financial statements as none of these standards are expected to have a significant impact on the Company's financial statements.

#### (a) Foreign currency

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the profit or loss.

#### (b) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

## Notes to the financial statement

For the 2 months ended 30 September 2020

### 3 Significant accounting policies (continued)

#### (b) Financial Instruments (continued)

##### (i) Non-derivative financial assets (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The company initially measures a financial asset at its fair value plus transaction costs on trade date at which the company becomes a party to the contractual provisions of the instrument.

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

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

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Amortised cost
- Fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Fair value through profit or loss

##### *Financial assets at amortised cost*

This category is the most relevant to the company. Financial assets are measured at amortised cost if both of the following conditions are met and the asset is not designated as FVTPL:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method (EIR) and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes related party receivables.

The company does not currently have any financial assets classified as FVOCI or FVTPL.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances.

##### (ii) Non-derivative financial liabilities

At initial recognition, financial liabilities are classified as measured at amortised cost or FVTPL.

The Company initially recognises debt securities and subordinated liabilities on the date they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the company has the legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. This includes trade payables that represent liabilities for goods and services provided to the company prior to the end of the year which are unpaid.

The Company has the following non-derivative financial liabilities: trade and other payables and related party loans.



## Notes to the financial statement

For the 2 months ended 30 September 2020

### 3 Significant accounting policies (continued)

#### (b) Financial Instruments (continued)

##### (iii) Share capital

###### Ordinary shares

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

###### Hybrid securities

The NSS are classified as equity instruments. After-tax distributions thereon are recognised as distributions within equity.

The NSS are perpetual step up securities. Distributions on the NSS are at the discretion of the directors and are at a floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are restricted if distributions to NSS holders are not made, until such time that Nufarm Finance (NZ) Limited makes up the arrears. Further details can be found in note 11(b) Nufarm Step-up Securities.

#### (c) Impairment

##### (i) Non-derivative financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets at amortised cost and debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Objective evidence of impairment includes default or delinquency by a debtor, indications that a debtor will enter bankruptcy.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Directors do not expect any ECL on related party receivables due to no history of defaults and financial strength and liquidity of the parent entity.

#### (d) Finance income and finance costs

The company's finance income and finance costs include the following: interest income and interest expense.

Interest income or expense is recognised using the effective interest method.

Finance costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets.

## Notes to the financial statement

For the 2 months ended 30 September 2020

### 3 Significant accounting policies (continued)

#### (e) 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 measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

#### (f) Earnings per share

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

### 4 Segment reporting

The Company acts as a financing company for the Nufarm Limited Group. It operates solely within the financing industry in New Zealand. It is listed in both Australia and New Zealand as the Nufarm Step-up Securities were issued to holders in both countries.

The Directors have considered the application of NZ IFRS 8 Operating segments and are of the opinion that the operations of the Company are substantially similar to one another and that the risks and returns of these operations are likewise similar. Resource allocation and the management of the operation is performed on an aggregated basis as reported to the CODM (being the Board of Directors) and as such the company is considered to be a single aggregated business and therefore there is no additional segments information is presented. Refer to Note 9 for details of reliance on customers and geographical locations.

**Notes to the financial statements (continued)**

For the 2 months ended 30 September 2020

		<b>2 months to 30 Sep 2020 \$AUD</b>	<b>12 months to 31 Jul 2020 \$AUD</b>
<b>5 Finance income</b>			
Interest income from loans to Nufarm group entities	<b>9</b>	2,055,292	14,478,921
Other interest income		-	43
Unrealised foreign exchange gain		1,960	-
		<u>2,057,252</u>	<u>14,478,964</u>
<b>6 Finance expense</b>			
Realised foreign exchange loss		3,387	(27,892)
Interest expense from loans from Nufarm group entities	<b>9</b>	(224,389)	(1,579,297)
		<u>(221,002)</u>	<u>(1,607,189)</u>
<b>7 Income tax</b>			
<b>Current tax expense</b>			
Current tax expense		150,545	-
		<u>150,545</u>	<u>-</u>
<b>Deferred tax expense</b>			
Origination and reversal of temporary differences		323,064	3,366,150
		<u>323,064</u>	<u>3,366,150</u>
Income tax expense recognised in statement of comprehensive income		<u>473,609</u>	<u>3,366,150</u>
<b>Tax expense/(benefit) recognised directly in equity</b>			
Tax benefit of NSS distribution		-	(3,454,523)
		<u>-</u>	<u>(3,454,523)</u>
<b>Reconciliation of effective tax rate</b>			
Profit before tax		1,763,682	12,536,726
Income tax at company rate 28%		493,831	3,510,283
Adjustments for prior years			(2,636)
Other adjustments		(20,222)	(141,497)
Income tax expense recognised in statement of comprehensive income		<u>473,609</u>	<u>3,366,150</u>

The Company has imputation credits available for use in subsequent reporting periods of \$1,372,124 at 30 September 2020

**Notes to the financial statements (continued)**

For the 2 months ended 30 September 2020

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

The Company has no deferred tax liabilities.

**Movement in temporary differences during the year**

	<b>Balance</b>	<b>Recognised</b>	<b>Transfers</b>	<b>Tax Losses</b>	<b>Recognised</b>	<b>Balance</b>
	<b>1-Aug-20</b>	<b>in profit</b>	<b>to group</b>	<b>Utilised</b>	<b>in</b>	<b>30-Sep-20</b>
	<b>\$AUD</b>	<b>or loss</b>	<b>companies</b>	<b>to NZD Tax</b>	<b>equity</b>	<b>\$AUD</b>
		<b>\$AUD</b>	<b>\$AUD</b>	<b>Benefit</b>	<b>\$AUD</b>	
				<b>\$AUD</b>		
NSS Interest	-	-	-	-	-	-
Tax loss carry-forwards	367,601	-	-	(323,064)	-	44,537
Deferred tax assets	<u>367,601</u>	<u>-</u>	<u>-</u>	<u>(323,064)</u>	<u>-</u>	<u>44,537</u>

  

	<b>Balance</b>	<b>Recognised</b>	<b>Transfers</b>	<b>Adjustments</b>	<b>Recognised</b>	<b>Balance</b>
	<b>1-Aug-19</b>	<b>in profit</b>	<b>to group</b>	<b>to NZD Tax</b>	<b>in</b>	<b>31-Jul-20</b>
	<b>\$AUD</b>	<b>or loss</b>	<b>companies</b>	<b>Benefit</b>	<b>equity</b>	<b>\$AUD</b>
		<b>\$AUD</b>	<b>\$AUD</b>	<b>\$AUD</b>	<b>\$AUD</b>	
				<b>\$AUD</b>		
NSS Interest	-	(3,454,523)	-	-	3,454,523	-
Tax loss carry-forwards	46,120	88,373	-	233,108	-	367,601
Deferred tax assets	<u>46,120</u>	<u>(3,366,150)</u>	<u>-</u>	<u>233,108</u>	<u>3,454,523</u>	<u>367,601</u>

**9 Related parties**

Nufarm Limited, an Australian registered and listed company, is the Company's ultimate parent. The company had the following related party transactions during, and as at, the two month period ended 30 September 2020:

<b>Name of related party</b>	<b>Type of transaction</b>	<b>30-Sep 2020 \$AUD</b>	<b>31-Jul 2020 \$AUD</b>
Nufarm Limited (NZ Branch)#	Management Fee / expenses	(19,255)	(159,500)
Nufarm Holdings (NZ) Ltd^	Interest Income	566,748	4,002,239
Nufarm Holdings (SAS) Ltd^	Interest Income	1,488,544	10,476,682
Nufarm NZ Ltd^	Interest Expense	(224,389)	(1,579,297)
		<b>30-Sep 2020 \$AUD</b>	<b>31-Jul 2020 \$AUD</b>
<b>Related party receivables</b>	<b>Relationship of party</b>		
<i>Non current</i>			
Nufarm Holdings (NZ) Ltd^	Subsidiary of Nufarm	70,673,579	70,723,723
Nufarm Holdings (SAS) Ltd^	Subsidiary of Nufarm	185,745,370	185,745,370
		<u>256,418,949</u>	<u>256,469,093</u>

Nufarm Finance ( NZ ) Limited

## Notes to the financial statements (continued)

For the 2 months ended 30 September 2020

### 9 Related parties (continued)

		<b>30 September 2020 \$AUD</b>	<b>31 July 2020 \$AUD</b>
	<b>Relationship of party</b>		
<i>Current</i>			
Nufarm Holdings (NZ) Ltd^	Subsidiary of Nufarm	278,698	288,050
Nufarm Holdings (SAS) Ltd^	Subsidiary of Nufarm	732,071	756,473
		<u>1,010,769</u>	<u>1,044,523</u>

The loan to Nufarm Holdings (NZ) Ltd is repayable by the following: \$28,000,000 on 29 July 2022, \$21,335,919 on 23 November 2023 and \$21,387,804 on 30 July 2053. The loan to Nufarm Holdings (SAS) Ltd is repayable on 24 November 2025 and the borrower has the contractual right to repay the loan by giving no less than 5 days' notice.

Both loans attract an interest rate of 4.7952% (2019: 6.3224%). The interest rate is floating and calculated based on the average mid-rate for Australian denominated bills with a term of six months plus a margin of 4.55% (2019: 4.55%).

Nufarm Limited, the parent company, has provided the letter of support stating that they will continue to provide ongoing financial support to Nufarm Holdings (NZ) Ltd and Nufarm Holdings (SAS) Ltd to ensure that they have sufficient funds to pay principal and interest as and when required.

#### Related party payable

##### *Non current*

Nufarm (NZ) Ltd^	Subsidiary of Nufarm Holdings	(28,000,000)	(28,000,000)
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##### *Current*

Nufarm (NZ) Ltd^	Subsidiary of Nufarm Holdings	(110,355)	(114,034)
Nufarm Limited (NZ Branch)#	Branch office of Nufarm	(153,494)	(135,520)
		<u>(263,849)</u>	<u>(249,554)</u>

The loan from Nufarm (NZ) Ltd is repayable on 29 July 2022. It attracts an interest rate of 4.7952%. The interest rate is floating and calculated based on the average mid-rate for Australian denominated bills with a term of six months plus a margin of 4.55%.

The nature of the relationship with the related parties is they are other group companies controlled by Nufarm Limited Group.

The above related party transactions and balances at year end are denominated in the following currencies:

^=AUD, #=NZD

The Company has completed the following transactions with Nufarm Limited (NZ Branch):

- Legal Expenses of \$3,014 were paid on behalf of the Company
- Management fees of \$7,856 (NZD \$8,500)

The Company did not incur any expenses in relation to key management personnel (except for directors fees paid of NZD \$4,167 (31 July 2020 NZD \$25,000)). Those expenses are incurred by Nufarm Limited and disclosed in full in the Nufarm Limited financial statements which are publicly available. There were no other transactions with related parties other than disclosed.



## Notes to the financial statements (continued)

For the 2 months ended 30 September 2020

### 10 Cash and cash equivalents

	<b>30 September 2020</b>	<b>31 July 2020</b>
	<b>\$AUD</b>	<b>\$AUD</b>
Bank balances	<u>3,373,777</u>	<u>1,460,664</u>
	<u>3,373,777</u>	<u>1,460,664</u>

\$53,829 of the above balance is denominated in NZD.

The Company NZD bank account is grouped under the ANZ Bank Set-Off Arrangement. Under this arrangement the NZD bank accounts of subsidiaries and branches of Nufarm Limited Group (including Nufarm Ltd (NZ Branch), Croplands Equipment Ltd, Nufarm Holdings (NZ) Ltd and Nufarm Finance) are offset with the net funds being placed on call. The Company's AUD bank account interest rate is dependent on the daily account balance. At 30 September 2020 the rate was 0% on \$3,238,497. The ANZ distribution account was 0% on \$81,450.

### 11 Equity

	<b>Number of Ordinary shares</b>	<b>30 September 2020</b>	<b>31 July 2020</b>
	<b>2020</b>	<b>\$AUD</b>	<b>\$AUD</b>
<b>(a) Share capital</b>			
On issue and fully paid at 30 September	10,000,000	9,984,530	9,984,530

All shares are fully paid and have no par value.

Nufarm Limited holds 100% of the shares of the company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time. All shares on winding up, share equally in both dividends and surplus or deficit.

No dividends to the ordinary shareholders were declared in the current year (2020: Nil).

### (b) Nufarm Step-up Securities

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

Distributions on the NSS are at the discretion of the directors and are at a floating rate, unfranked, non-cumulative and subordinated. However, distributions of profits and capital by Nufarm Limited are curtailed if distributions to NSS holders are not made, until such time that Nufarm Finance (NZ) Limited makes up the arrears. The first distribution date for the NSS was 16 April 2007 and on a six-monthly basis after this date. The floating rate is the average mid-rate for Australian denominated bills with a term of six months plus a margin of 3.9% (2020: 3.9%). On 23 September 2011, Nufarm announced that it would 'step-up' the NSS. This resulted in the interest margin attached to the NSS being stepped up by 2.0 per cent, with the new interest margin being set at 3.9 per cent as at 24 November 2011. No other terms were adjusted and there are no further step-up dates. Nufarm retains the right to redeem or exchange (for Nufarm Limited ordinary shares) the NSS on future distribution dates.

## Notes to the financial statements (continued)

For the 2 months ended 30 September 2020

### 11 Equity (continued)

#### (b) Nufarm Step-up Securities (continued)

The NSS are considered an equity instrument as the Company has no present contractual obligation to deliver cash or another financial asset to the holder of the security. The step up feature does not of itself establish a contractual obligation to pay the distributions or to call the security.

#### Distributions

No Distributions have been paid in the 2 month period covered by these financial statements. The next distribution payment date is 15 October 2020.

### 12 Earnings per share

#### Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 30 September 2020 was based on the profit attributable to ordinary shareholders of \$1,290,073 and a weighted number of ordinary shares outstanding of 10,000,000, calculated as follows:

#### Profit attributable to ordinary shareholders

	<b>2 months to 30 Sep 2020 \$AUD</b>	<b>12 months to 31 Jul 2020 \$AUD</b>
Net profit for the period	<u>1,290,073</u>	<u>9,170,576</u>
Net profit attributable to ordinary shareholders	<u>1,290,073</u>	<u>9,170,576</u>

#### Weighted number of ordinary shares

	<b>Ordinary shares</b>	
	<b>30-Sep 2020</b>	<b>31-Jul 2020</b>
On issue and fully paid at 30 September	10,000,000	10,000,000

The company may elect to redeem the NSS for a number of ordinary shares in Nufarm Limited, the parent company, an Australian registered and listed company. This election would therefore not result in a dilutive impact on the number of ordinary shares issued in the Company.

	<b>30-Sep 2020</b>	<b>31-Jul 2020</b>
<b>Earnings per share</b>		
Basic & Diluted earnings per share (cents)	12.90	91.70

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

## Notes to the financial statements (continued)

For the 2 months ended 30 September 2020

### 13 Contingent liabilities

The Company is one of the guarantors of Nufarm Limited's AUD\$555 million senior secured syndicated bank facility (SFA) and would be obliged, along with other guarantors, to make payment on the SFA in the unlikely event of a default by one of the borrowers.

In May 2018 the Nufarm Group successfully executed the offer of US\$475 million senior unsecured notes due in April 2026. The company is one of the guarantors of the senior unsecured notes.

Further details about the SFA and the Notes can be found in note 14(c) Financial instruments - liquidity risk.

### 14 Financial instruments

The Company's activities expose it to a variety of financial risks:

- (a) Market risk
- (b) Credit risk
- (c) Liquidity risk.

#### Risk Management Framework

Nufarm Finance, as a 100% subsidiary of Nufarm Limited, operates within Nufarm Limited's risk management frameworks. Nufarm Limited's board of directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Nufarm Limited's board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee assists in its oversight role through internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### (a) Market Risks

Market risk is the risk that changes in market prices, particularly interest rates, that will affect the company's financial position. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

##### (i) Interest Rate Risk

The distribution rate on the NSS is based on a floating rate of the average mid-rate for bills with a term of six months plus a margin of 3.90%.

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

#### Variable rate instruments

	<b>30-Sep 2020</b>	<b>31-Jul 2020</b>
Related Party Receivable	257,429,718	257,513,616
Nufarm Step-up Securities	(251,000,000)	(251,000,000)
Related Party Payable	(28,000,000)	(28,000,000)
	<u>(21,570,282)</u>	<u>(21,486,384)</u>





**Notes to the financial statements (continued)**

For the 2 months ended 30 September 2020

**14 Financial instruments (continued)**

**(a) Market Risks (continued)**

**Sensitivity analysis for variable rate instruments**

The company does not hedge the exposures to interest rate risk on the cash and loan receivable balances. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The sensitivity is calculated on the debt at 30 September 2020. This analysis is performed on the same basis for 31 July 2020.

Due to the seasonality of the crop protection business, debt levels can vary during the year. However, the Directors of the Company do not expect the interest to vary by more than 100 points.

	<b>Profit or loss</b>	
	<u>100 bp increase</u>	<u>100 bp decrease</u>
September 2020 Variable rate instruments	<u>(143,177)</u>	<u>143,176</u>
July 2020 Variable rate instruments	<u>(156,569)</u>	<u>156,569</u>

**(b) Credit Risk**

Credit risk arises from cash, as well as loans and outstanding receivables to related parties. The related parties and the Company have Nufarm Limited, an Australian registered company, as their parent entity. The Company has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet. The carrying amounts of the Company's assets are reviewed at each balance date to determine whether there is any indication of impairment. The company has assessed that there was no expected credit loss on related party loans receivable.

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

	<b>Carrying Amount</b>	
	<b>30-Sep 2020</b>	<b>31-Jul 2020</b>
	<b>\$AUD</b>	<b>\$AUD</b>
Loans receivable-related parties (non-current)	<u>256,418,949</u>	<u>256,469,093</u>
Receivables-related parties (current)	<u>1,010,769</u>	<u>1,044,523</u>
Cash and cash equivalents	<u>3,373,777</u>	<u>1,460,664</u>
	<u>260,803,495</u>	<u>258,974,280</u>

**(c) Liquidity Risk**

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

The company's liquidity is considered in the context of the Nufarm Group's liquidity. Refer to the Nufarm 30 September 2020 financial statements dated 19 November 2020 and lodged with the ASX for further detail.

Sales and operating profit are seasonal and are weighted towards the first half of the calendar year in Australia/New Zealand, North America and Europe, reflecting the planting and growing cycle in these regions while in Latin America the sales and operating profit is weighted towards the second half of the calendar year. This seasonal operating activity results in seasonal working capital requirements.

## Notes to the financial statements (continued)

For the 2 months ended 30 September 2020

### 14 Financial instruments (continued)

#### (c) Liquidity Risk (continued)

Principally, the group sources liquidity from cash generated from operations, and where required, external bank facilities. Working capital fluctuations due to seasonality of the business are supported by the short-term funding available from the group's trade receivable securitisation facility.

#### Debt facilities

As at 30 September 2020, the key group facilities include a group trade receivables securitisation facility, a US\$475 million senior unsecured notes offering due in April 2026 (31 July 2020: US\$475 million), and a senior secured bank facility of \$555 million (31 July 2020: \$555 million).

On 26 April 2018 the group completed the refinancing of the US\$325m senior unsecured notes due in October 2019. The 2019 notes were redeemed from investors in May 2018 through the issuance of US\$475m senior unsecured notes due in April 2026 with a fixed coupon component of 5.75% ("2026 notes"). The 2026 notes were issued under a dual tranche structure by Nufarm Australia Ltd (US\$266 million) and Nufarm Americas Inc (US\$209 million).

Upon completion of the sale of the South American business, the group's senior secured bank facility (SFA) reduced to \$555 million (31 July 2020: \$555 million). \$85 million and \$470 million expires in January 2021 and January 2022 respectively (31 July 2020: \$85 million expires in January 2021, \$470 million expires in January 2022). The SFA includes covenants of a type normally associated with facilities of this kind, and the group was in compliance with these covenants. The facility was undrawn at 30 September 2020 (31 July 2020: undrawn).

On 23 August 2011, Nufarm executed a group trade receivables securitisation facility. The facility provides funding that aligns with the working capital cycle of the group. The facility limit varies on a monthly basis to reflect the cyclical nature of the trade receivables being used to secure funding under the program. The monthly facility limit is set at \$500 million for three months of the financial year, \$400 million for one month of the financial year, \$350 million for four months of the financial year, \$300 million for two months of the financial year and \$250 million for two months of the financial year (31 July 2020: facility limit is set to \$500 million for three months of the financial year, \$400 million for one month of the financial year, \$350 million for four months of the financial year, \$300 million for two months of the financial year and \$250 million for two months of the financial year).

The majority of debt facilities that reside outside the notes, SFA and the group trade receivables securitisation facility are regional working capital facilities, primarily located in Europe, which at 30 September 2020 totalled \$129.299 million (31 July 2020: \$128.512 million).

At 30 September 2020, the group had access to debt of \$1,541 million (31 July 2020: \$1,632 million) under the notes, SFA, group trade receivables securitisation facility and with other lenders.

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

#### Trade finance

The liquidity of the group is influenced by the terms suppliers extend in respect of purchases of goods and services. The determination of terms provided by suppliers is influenced by a variety of factors including supplier's liquidity. Suppliers may engage financial institutions to facilitate the receipt of payments for goods and services from the group, which are often referred to as supplier financing arrangements. The group is aware that trade payables of \$198.139 million at 30 September 2020 (31 July 2020: \$143.128 million) are to be settled via such arrangements in future periods. In the event suppliers or financial institutions cease such arrangements the liquidity of the group's suppliers may be affected. If suppliers subsequently seek to reduce terms on group's purchases of goods and services in the future, the group's liquidity will be affected. Details of the group's trade and other payables are disclosed in note 20 of the Nufarm Limited Group Financial Statements.

To support the liquidity of the group and reduce the credit risk relating to specific customers, trade receivables held by the group are sold to third parties. The sales (or factoring) of receivables to third parties is primarily done on a non-recourse basis, and the group incurs a financing expense at the time of the sale. The group derecognises trade receivables where the terms of the sale allows for derecognition. At 30 September 2020 the group estimates \$10.639 million (31 July 2020: \$8.286 million) of derecognised trade receivables were being held by third parties. For clarity, the group trade receivables securitisation facility, noted above, has terms which does not allow the group to derecognise these trade receivables.

**Notes to the financial statements (continued)**

For the 2 months ended 30 September 2020

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

The Company's largest liquidity exposure relates to the NSS security which is classified as equity. The liquidity risk is immaterial because it is largely offset by the related party receivables and distributions on the NSS security are at the discretion of the issuer. Refer to Note 11 for details.

All amounts relating to Other payables are due within the next six months.

The tables below present the Company's cash flows by remaining contractual maturities as at balance date.

<b>30 September 2020</b>	<b>Within 6 months</b>	<b>More than 12 months</b>	<b>Total Contractual Cash Flows</b>
	<b>\$AUD</b>	<b>\$AUD</b>	<b>\$AUD</b>
<b>Non-derivative financial assets</b>			
Cash and cash equivalents	3,373,777	-	3,373,777
Receivables - related parties	1,010,769	-	1,010,769
Loan receivable - related parties	-	256,418,949	256,418,949
<b>Non-derivative financial liabilities</b>			
Payables - other	(157,421)	-	(157,421)
Payables - related parties	(263,849)	-	(263,849)
Loan payable - related parties	-	(28,000,000)	(28,000,000)
	<u>3,963,276</u>	<u>228,418,949</u>	<u>232,382,225</u>

The Company has Nufarm Step up Securities of \$251 million (refer to note 11).

<b>31 July 2020</b>	<b>Within 6 months</b>	<b>More than 12 months</b>	<b>Total Contractual Cash Flows</b>
	<b>\$AUD</b>	<b>\$AUD</b>	<b>\$AUD</b>
<b>Non-derivative financial assets</b>			
Cash and cash equivalents	1,460,664	-	1,460,664
Receivables - related parties	1,044,523	-	1,044,523
Loan receivable - related parties	-	256,469,093	256,469,093
<b>Non-derivative financial liabilities</b>			
Payables - other	(106,183)	-	(106,183)
Payables - related parties	(249,554)	-	(249,554)
Loan payable - related parties	-	(28,000,000)	(28,000,000)
	<u>2,149,450</u>	<u>228,469,093</u>	<u>230,618,543</u>

There were no financial assets or liabilities with remaining contractual maturities between the 6-12 months bracket at balance date.

The contractual cash flows included in the note do not include interest payments. Management does not believe that this is a significant risk because the all the incoming cash flows are from related parties and all the outflows are related party and NSS distributions. The interest rate used is based on Bank Bill Swap Rate (BBSW) which is similar on cash received and paid.

The carrying value of financial assets and liabilities approximate their fair value.

## Notes to the financial statements (continued)

For the 2 months ended 30 September 2020

### 14 Financial instruments (continued)

#### Capital Management

The Company's capital includes share capital, reserves, retained earnings and the Nufarm Step-up Securities. The Company is part of the Nufarm group, which is an Australian listed company. Nufarm's group policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company's capital management policies are reviewed regularly by the Directors. There have been no material changes in the Company's management of capital during the period.

### 15 Reconciliation of the profit for the period with the net cash flow from operating activities

	<b>2 months to 30 Sep 2020 \$AUD</b>	<b>12 months to 31 Jul 2020 \$AUD</b>
Profit for the period	1,290,073	9,170,576
Adjustments for:		
Income tax expense	473,609	3,366,150
	<u>1,763,682</u>	<u>12,536,726</u>
Change in other payables	51,238	(83,685)
Change in related party current receivable	33,754	335,642
Change in related party current payable	14,295	78,307
<b>Net cash from operating activities</b>	<u>1,862,969</u>	<u>12,626,277</u>

### 16 Commitments

There were no commitments as at 30 September 2020.

### 17 Subsequent Events

The Company has evaluated the period after the balance date to 19 November 2020, which is the date that the financial statements were issued, and determined that there were subsequent events or transactions that required disclosure in the financial statements as noted below:

The company paid a distribution on the NSS of \$5,216,479 on 15 October and set the interest rate of 4.0052% for the next distribution (scheduled 15 April 2021).

Other than the above, there were no other subsequent event.

Nufarm Finance (NZ) Limited

## Directors' declaration

In the opinion of the directors of Nufarm Finance (NZ) Limited, the financial statements and notes, on pages 8 to 26:

- (a) comply with New Zealand generally accepted accounting principles and NZ IFRS and give a true and fair view of the Company's financial position as at 30 September 2020 and the results of its operations and cash flows for the two month period ended on that date; and
- (b) have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of Nufarm Finance (NZ) Limited for the 2 month period ended 30 September 2020.

For and on behalf of the Board of Directors:

Dated at Auckland this 19<sup>th</sup> day of November 2020



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G. Kerr  
Director



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T. A. Mangold  
Director