

# Annual Report

Fifty Seven Weeks

Period Ended 31 July 2008

Nufarm Limited  
Wyke Lane, Wyke, Bradford, BD12 9EJ

Registered No 87911

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# Nufarm Limited

## Annual Report

Fifty Seven Weeks Ended 31 July 2008

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# **Nufarm Limited**

## **Directors' Report**

### **For The Fifty Seven Weeks Ended 31 July 2008**

The Directors present their report and the audited financial statements for the period of fifty seven weeks ended 31 July 2008. The comparative period is the fifty two weeks ended 1 July 2007.

On 28 April 2008 the company changed its name from A H Marks & Company Limited to Nufarm Limited ('the Company'). This followed a change in control of the immediate parent company on 5 March 2008, and the Company is now a subsidiary within a group of companies ('the Group') headed by Nufarm Limited, a company incorporated in the state of Victoria, Australia (the 'Ultimate Parent Undertaking'). The extended period of fifty seven weeks aligns the end of the Company's financial period with that of other Group entities.

### **1 Business Review**

#### **1.1 Principal Activities and Results**

The principal activity of the Company continues to be the production of chemicals for use in agriculture.

The results for the Company show a pre-tax deficit of £3,673,000 (2007: £662,000 deficit) for the period and sales of £69,326,000 (2007: £61,803,000).

#### **1.2 Research and Development**

The Company continues to invest in both the development of new products as well as the improvement of existing processes. The Directors regard the investment in research and development as integral to the continuing success of the business.

#### **1.3 Future Outlook**

The Directors are confident that progress will be made in improving the Company's performance.

#### **1.4 Principal Risks and Uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks affecting the Company are considered to relate to competitors' activities, increased energy costs, adverse movements in currency exchange rates and regulatory requirements arising from both national and super-national bodies.

#### **1.5 Key Performance Indicators**

Given the close involvement of the shareholder in the management of the Company, key performance indicators are not considered to be necessary to supplement the information contained in the financial statements.

# **Nufarm Limited**

## **Directors' Report**

**For The Fifty Seven Weeks Ended 31 July 2008**

### **2 Directors**

The directors who held office during the period are given below:

I J McClelland (resigned 4 March 2008)  
G Collinson (resigned 4 March 2008)  
M E Goddard (resigned 4 March 2008)  
A W Stocker (resigned 4 March 2008)  
J R Waterhouse (resigned 4 March 2008)  
K P Martin (appointed 5 March 2008)  
D A Pullan (appointed 5 March 2008)  
P A Williams (appointed 1 June 2008)

Mr Collinson resigned as company secretary on 4 March 2008. Mr Williams was appointed company secretary on 5 March 2008.

### **3 Directors' Indemnities**

Qualifying third-party indemnity provisions (as defined by the Companies Act 1985) were in force during the course of the financial period ended 31 July 2008 and as at the date of this report for the benefit of the Directors in relation to certain losses and liabilities that they may occur in connection with their duties, powers and offices.

### **4 Statement of Directors' Responsibilities**

Company law requires the Directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The Directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used in the period as explained on pages 8 to 10 under note 1 'Accounting Policies' and have been applied consistently, apart from as detailed under note 1.2 'Intangible Fixed Assets and Amortisation'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 July 2008 and that applicable accounting standards have been followed.

# **Nufarm Limited**

## **Directors' Report**

**For The Fifty Seven Weeks Ended 31 July 2008**

### **4 Statement of Directors' Responsibilities** continued

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **5 Employees**

The Company's policy is to give fair consideration to all applications for employment made by disabled persons, commensurate with their abilities and aptitudes and to ensure that they are trained and developed according to their needs. Employees becoming disabled during their employment will, where appropriate, receive training to enable them to continue their employment.

For many years the Directors have recognised the importance of good consultations and relations with employees. It is the Company's policy to ensure that effective communication takes place on a regular basis with regard to the performance and future prospects of the Company's operations.

### **6 Audit Information**

So far as each of the Directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the Directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

By order of the Board



P A Williams  
Secretary

11 September 2008

# Nufarm Limited

## Independent Auditors' Report to the Members of Nufarm Limited

We have audited the financial statements of Nufarm Limited for the 57 weeks ended 31 July 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the statement of historical cost profits and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

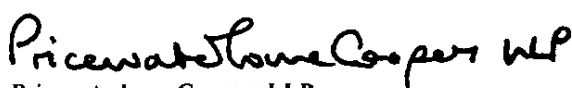
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2008 and of its results for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Leeds

16 September 2008

# Nufarm Limited

## Profit And Loss Account

**Fifty Seven Weeks Ended 31 July 2008** (comparative period fifty two weeks)

		<b>2008</b>	<b>2007</b>
	<b>Note</b>	<b>£'000</b>	<b>Restated £'000</b>
<b>Turnover</b>	3	<b>69,326</b>	61,803
Change in stocks of finished goods and work in progress		1,903	(312)
Own work capitalised		371	377
Net other operating (expenditure)/income		(117)	438
Raw materials and consumables		(36,812)	(28,304)
Other external charges		(19,121)	(16,442)
Staff costs	4	(12,552)	(11,439)
Depreciation and amortisation		(4,186)	(4,237)
<b>Operating (loss)/ profit</b>	4	<b>(1,188)</b>	1,884
Operating (loss)/profit before exceptional items		(1,188)	1,417
Exceptional items	5	-	467
Operating (loss)/profit after exceptional items		(1,188)	1,884
Interest receivable and similar income		58	52
Interest payable and similar charges	8	(2,948)	(2,847)
Other finance income	22.1	405	249
<b>Loss on ordinary activities before taxation</b>		<b>(3,673)</b>	(662)
Tax (charge)/credit on loss on ordinary activities	9	(930)	630
<b>Retained loss for the financial period</b>	19,20	<b>(4,603)</b>	(32)

All of the results in the profit and loss account relate to continuing activities.

# Nufarm Limited

## Statement of Total Recognised Gains and Losses

**Fifty Seven Weeks Ended 31 July 2008** (comparative period fifty two weeks)

		2008	2007
	Note	£'000	Restated £'000
Loss for the financial period		(4,603)	(32)
Actuarial (loss)/gain on pension scheme	19,20,22.1	(3,325)	654
Movement on deferred tax relating to pension liability/asset	17,19,20	931	(183)
Total recognised (losses)/gains relating to the financial period		(6,997)	439
Prior year adjustment - change in accounting policy regarding regulatory approvals intangible assets	1.2	(1,528)	
Total gains and losses recognised since last annual report		(8,525)	

## Statement of Historical Cost Profits And Losses

**Fifty Seven Weeks Ended 31 July 2008** (comparative period fifty two weeks)

	2008	2007
	£'000	Restated £'000
Reported loss on ordinary activities before taxation	(3,673)	(662)
Difference between historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	172	213
Historical cost loss on ordinary activities before taxation	(3,501)	(449)
Historical cost (loss)/profit for the financial period	(4,431)	181



# Nufarm Limited

## Balance Sheet

Balance Sheet as at 31 July 2008

		31 July 2008	1 July 2007 Restated
	Note	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	10	521	349
Tangible assets	11	40,735	42,945
Investments	12	-	-
		<b>41,256</b>	<b>43,294</b>
<b>Current assets</b>			
Stock and work in progress	13	12,133	9,859
Debtors falling due within one year	14	8,760	8,327
Debtors falling due after more than one year	14	969	969
Cash at bank and in hand		4	6
		<b>21,866</b>	<b>19,161</b>
<b>Creditors - amounts falling due within one year</b>	15	<b>(19,468)</b>	<b>(14,852)</b>
<b>Net current assets</b>		<b>2,398</b>	<b>4,309</b>
<b>Total assets less current liabilities</b>		<b>43,654</b>	<b>47,603</b>
<b>Creditors - amounts falling due after more than one year</b>	15	<b>(17,660)</b>	<b>(17,288)</b>
<b>Provisions for liabilities and charges</b>	17	<b>(1,833)</b>	<b>(1,084)</b>
<b>Net assets excluding pension (liability)/asset</b>		<b>24,161</b>	<b>29,231</b>
Pension (liability)/asset	22.1	(1,703)	224
<b>Net assets including pension (liability)/asset</b>		<b>22,458</b>	<b>29,455</b>
<b>Capital and reserves</b>			
Called up share capital	18	12	12
Capital contribution		400	400
Share premium account		98	98
Revaluation reserve	19	8,132	8,304
Capital redemption reserve		4	4
Profit and loss reserve	19	13,812	20,637
<b>Equity shareholders' funds</b>	20	<b>22,458</b>	<b>29,455</b>

The financial statements on pages 5 to 24 were approved by the Board of Directors on 5 September 2008 and were signed on its behalf by:



P A Williams  
Director

# Nufarm Limited

## Notes to the Financial Statements

**Fifty Seven Weeks Ended 31 July 2008**

### **1 Accounting Policies**

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below.

The accounting policies have been consistently applied with the exception of a change in accounting policy regarding regulatory approvals which has been adopted by way of a prior-year adjustment. The comparative figures have been restated accordingly, and the details of the change are set out in note 1.2 below.

#### **1.1 Tangible Fixed Assets and Depreciation**

With the exception of land and tenanted properties, all classes of tangible fixed assets are included at historical cost, which as permitted by the provisions of FRS 15 includes revalued amounts pre-dating the adoption of that standard.

Land and tenanted properties are subject to a full valuation every five years by a member of the Royal Institute of Chartered Surveyors, with an interim valuation carried out in the third year following the full valuation.

Depreciation on tangible fixed assets is calculated to write-off their cost or valuation on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold land	2%
Industrial buildings	5% to 50%
Plant and machinery	5% to 50%
Fixtures and fittings	6% to 10%
Computers	20% to 33%

Accelerated depreciation on tangible fixed assets is calculated to write-down the remaining net book amount of tangible fixed assets, where the Directors feel that the useful economic life remaining of these assets requires revision to £nil.

Plant and machinery additions are depreciated from the period of commissioning.

Freehold land is not depreciated.

# **Nufarm Limited**

## **Notes to the Financial Statements**

**Fifty Seven Weeks Ended 31 July 2008**

### **1.2 Intangible Fixed Assets and Amortisation**

Expenditure on the development of specific new products, where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility, is capitalised and amortised over a period not longer than ten years commencing the period in which sales of the product are first made.

Expenditure on general research and development is charged to the profit and loss account in the period in which it is incurred.

Expenditure incurred to obtain regulatory approvals was previously capitalised and amortised over its estimated useful life, not exceeding ten years. This accounting policy has been changed to be consistent with policies adopted by controlling entities, and amounts expended are now charged to the profit and loss account as incurred. The effect of this change is to reduce shareholders funds at 1 July 2008 by £1,528,000 and increase net charges included in the restated profit and loss account for 2007 by £221,000 with the previously reported retained profit for that financial period of £189,000 now shown as a loss of £32,000.

### **1.3 Stocks**

Stocks are stated at the lower of cost and net realisable value using the first in first out method. Cost comprises the direct cost of production and the attributable proportion of production overheads appropriate to location and condition. Net realisable value is the estimated selling price reduced by all costs of completion, marketing, selling and distribution.

### **1.4 Foreign Currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling by applying where applicable, the exchange rates obtained on forward currency contracts taken out prior to the period end. Other foreign currency assets and liabilities are translated into sterling at the exchange rate ruling at the balance sheet date. Differences arising on translation and on the conversion of ordinary foreign currency transactions during the period are dealt with as part of the profit or loss on ordinary activities.

### **1.5 Turnover**

Turnover represents sales at invoice value net of trade discounts allowed and excluding value added tax and is recognised in accordance with sales terms of trade.

# **Nufarm Limited**

## **Notes to the Financial Statements**

**Fifty Seven Weeks Ended 31 July 2008**

### **1.6 Post Retirement Benefits**

The Company's net obligation in respect of defined benefit pension plans is calculated 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 and the fair value of any plan assets is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity rates approximating to the terms of the Company's obligations. The calculation is performed by a qualified actuary using the projected unit valuation method for past service and the attained age method for future service.

Actuarial gains and losses are recognised in full in the period in which they occur directly into equity through the statement of total recognised gains and losses. Current and past service cost, gains on any settlements and curtailments and finance charges are recognised in the profit and loss account.

Obligations for contributions to defined contribution pension plans are recognised in the profit and loss account as incurred.

### **1.7 Taxation**

The charge for taxation is based on the result for the period. In accordance with FRS 19, deferred taxation has been recognised as a liability or an asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. Deferred tax liabilities recognised have not been discounted.

### **1.8 Assets Acquired under Lease Contracts**

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at the end of each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

### **1.9 Government Grants**

Government grants are recognised as income over the periods necessary to match them with the related costs for which they are intended to compensate.

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 2 Cash Flow Statement and Related Party Disclosures

The Company is included in the consolidated financial statements of the Ultimate Parent Undertaking, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Group or investees of the Group.

### 3 Segmental Reporting

In the opinion of the Directors the disclosure of an analysis of turnover and profit before taxation by geographical market would be seriously prejudicial to the Company's interests.

### 4 Operating (Loss)/Profit

	2008	2007
	£'000	Restated £'000
<b>Operating (loss)/profit is stated after charging/(crediting)</b>		
Wages and salaries	10,477	9,785
Social security costs	960	890
Other pension costs (note 22)	1,115	764
<b>Staff costs</b>	<b>12,552</b>	<b>11,439</b>
Depreciation of tangible fixed assets (note 11)	4,109	4,195
Amortisation of intangible fixed assets (note 10)	76	276
Operating lease charges - hire of plant and machinery	178	136
Operating lease charges - other	-	1
<b>Services provided by the Company's auditor</b>		
Fees payable for the audit	46	38
Fees payable for other services - tax compliance	15	11
Fees payable for other services - other	1	7

### 5 Exceptional Items

There are no exceptional items included within the results for the period. The exceptional credit of £467,000 in 2007 arose from the completion of the programme of changes to pension arrangements that was instigated in 2006.

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 6 Directors' Emoluments

	2008	2007
	£'000	£'000
Aggregate emoluments	311	411
Compensation for loss of office	7	-
Company pension contributions to money purchase schemes	82	170

Since 5 March 2008 the costs associated with the services of directors has been borne by other entities within the Group.

Retirement benefits are accruing to no directors (2007: four) under money purchase pension schemes.

The highest-paid director's emoluments were:

	2008	2007
	£'000	£'000
Total amount of emoluments	119	127
Company pension contributions to money purchase schemes	27	93

### 7 Employee Information

The average number of persons (including executive and non-executive directors) employed by the Company during the period was:

	2008	2007
	Number	Number
Production	272	288
Sales and distribution	31	26
Administration	27	40
	330	354

### 8 Interest Payable and Similar Charges

	2008	2007
	£'000	£'000
Interest payable on overdrafts and bank loans	704	809
Interest payable on other loans	17	13
Finance leases	2,227	2,025
	2,948	2,847

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 9 Taxation on the Loss for the Period

	2008 £'000	2007 £'000
<b>Current tax:</b>		
UK corporation tax on losses for the period	-	-
Total current tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences (ACA and other) (note 17)	930	(630)
Total deferred tax charge/(credit)	930	(630)
<b>Tax charge/(credit) on loss on ordinary activities</b>	<b>930</b>	<b>(630)</b>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (29.4% weighted average for the period, with the nine months July 2007 to March 2008 at 30% and four months from April to July 2008 at 28%). The differences are explained below:

	2008 £'000	2007 Restated £'000
Loss on ordinary activities	(3,673)	(441)
Loss on ordinary activities multiplied by standard rate in the UK 29.4% (2007: 30%)	(1,080)	(132)
Effects of:		
Expenses not deductible for tax purposes	41	40
Accelerated capital allowances and other timing differences	1,039	92
<b>Current tax for the period</b>	<b>-</b>	<b>-</b>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would only become payable if the property was sold without it being possible to claim rollover relief. The total amount unprovided for is £159,000 (2007: £159,000).

Deferred tax liabilities have not been discounted.

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 10 Intangible Fixed Assets

	Product Development £'000
<b>Cost</b>	
At 2 July 2007	461
Additions	248
<b>At 31 July 2008</b>	<b>709</b>
<b>Accumulated amortisation</b>	
At 2 July 2007	112
Charge for the period	76
<b>At 31 July 2008</b>	<b>188</b>
<b>Net book amount</b>	
At 1 July 2007	349
<b>At 31 July 2008</b>	<b>521</b>

The amounts shown above at 2 July 2007 have been restated to exclude 'regulatory approvals' as detailed in note 1.2.

### 11 Tangible Fixed Assets

Tangible fixed assets have been re-classified. The changes to the previously reported figures as at 1 July 2007 are:

	Land and Tenanted Properties £'000	Industrial Buildings £'000	Plant and Machinery £'000	Computing Equipment £'000	Motor Vehicles £'000	Total £'000
<b>Cost or valuation</b>						
As previously reported	10,270	2,975	65,426	3,422	488	82,581
Re-classification	-	(12)	498	2	(488)	-
<b>As reclassified</b>	<b>10,270</b>	<b>2,963</b>	<b>65,924</b>	<b>3,424</b>	<b>-</b>	<b>82,581</b>
<b>Accumulated depreciation</b>						
As previously reported	407	1,674	34,177	2,982	396	39,636
Re-classification	-	-	396	-	(396)	-
<b>As reclassified</b>	<b>407</b>	<b>1,674</b>	<b>34,573</b>	<b>2,982</b>	<b>-</b>	<b>39,636</b>
<b>Net book amount</b>						
As previously reported	9,863	1,301	31,249	440	92	42,945
<b>As reclassified</b>	<b>9,863</b>	<b>1,289</b>	<b>31,351</b>	<b>442</b>	<b>-</b>	<b>42,945</b>



# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 11 Tangible Fixed Assets continued

	Land and Tenanted Properties £'000	Industrial Buildings £'000	Plant and Machinery £'000	Computing Equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 2 July 2007 reclassified	10,270	2,963	65,924	3,424	82,581
Additions	-	43	1,630	226	1,899
Disposals	-	-	(1,842)	-	(1,842)
<b>At 31 July 2008</b>	<b>10,270</b>	<b>3,006</b>	<b>65,712</b>	<b>3,650</b>	<b>82,638</b>
<b>Accumulated depreciation</b>					
At 2 July 2007 reclassified	407	1,674	34,573	2,982	39,636
Charge for the period	221	87	3,608	193	4,109
Disposals	-	-	(1,842)	-	(1,842)
<b>At 31 July 2008</b>	<b>628</b>	<b>1,761</b>	<b>36,339</b>	<b>3,175</b>	<b>41,903</b>
<b>Net book amount</b>					
At 1 July 2007 reclassified	9,863	1,289	31,351	442	42,945
<b>At 31 July 2008</b>	<b>9,642</b>	<b>1,245</b>	<b>29,373</b>	<b>475</b>	<b>40,735</b>

The Company has assets in the course of construction included within plant and machinery and computing equipment whose cost and net book amount at 31 July 2008 was £814,000 (2007: £220,000 within plant and machinery). Assets in the course of construction are initially depreciated in the period when commissioning has been completed.

As at 1 July 2007 the Company revised the estimated remaining life of certain items of plant and machinery. The effect of this revision is a decrease in the depreciation charge for the financial period of £1,020,000. The Directors believe that this revision more appropriately reflects the remaining economic life of the assets.

The Company's major fixed assets were revalued on 30 June 1996 by Eddisons Commercial Ltd. This valuation was carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

Land was revalued by Eddisons Commercial Ltd as at 1 July 2005. Tenanted properties were valued during the period ended 2 July 2006 by Heaton Surveyors in accordance with the RICS Appraisal and Valuation Manual.

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 11 Tangible Fixed Assets continued

An analysis of the assets included at cost or valuation and the valuation basis used is given below:

	Valuation basis used	2008 £'000	2007 £'000
Land and tenanted properties	Prevailing market values	10,250	10,250
Industrial buildings	Depreciated replacement cost	1,240	1,240
Plant and machinery	Value to the business	14,412	14,874
Plant and machinery	Depreciated replacement cost	947	947
Computers	Value to the business	238	238
Total assets included at valuation		27,087	27,549
Total assets included at cost		55,551	55,032
Gross book amount		82,638	82,581

If the assets (including freehold land and properties, industrial buildings and plant and machinery and computers) had not been revalued, they would have been included at the following amounts:

	2008 £'000	2007 £'000
At cost	39,361	39,804
Aggregate depreciation	(32,413)	(32,056)
Net book amount based on historic cost	6,948	7,748

The net book amount of assets held under finance lease contracts was £10,128,000 at 31 July 2008 (2007: £11,023,000). The depreciation charge for the period on those assets was £332,000 (2007: £430,000).

### 12 Fixed Asset Investments

The Company holds unlisted investments with a cost of £100 (2007: £100).

Name of Undertaking	Country of Registration	Issued Share Capital	Percentage Owned	Description
A H Marks Australia Pty Limited	Australia	A\$100	100%	Wholly owned subsidiary
Growell Limited	England	£100	50%	Joint venture
A H Marks New Zealand Limited	New Zealand	NZ\$1	100%	Wholly owned subsidiary

All three companies are not intended to enter into either trading or investment activities.

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 13 Stock

	2008	2007
	£'000	£'000
Raw materials and consumables	2,615	2,244
Work in progress and finished goods for resale	9,518	7,615
	<u>12,133</u>	<u>9,859</u>

### 14 Debtors

	2008	2007
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade debtors	5,569	7,006
Trade debtors - amounts owed by group undertakings	1,806	-
Other debtors	596	325
Prepayments and accrued income	789	996
	<u>8,760</u>	<u>8,327</u>
<b>Amounts falling due after more than one year</b>		
Other debtors	969	969

Amounts owed by group undertakings have arisen through normal trading activities and are unsecured and interest free.

### 15 Creditors

	2008	2007
	£'000	£'000
<b>Amounts falling due within one year</b>		
Bank loans and overdrafts	4,608	5,961
Trade creditors	11,771	7,105
Trade creditors - amounts due to group undertakings	468	-
Finance leases	54	67
Taxation and social security	255	286
Other creditors	373	219
Accruals and deferred income	1,939	1,214
	<u>19,468</u>	<u>14,852</u>
<b>Amounts falling due after more than one year</b>		
Accruals and deferred income	1,146	716
Finance leases	16,514	16,572
	<u>17,660</u>	<u>17,288</u>

Amounts due to group undertakings have arisen through normal trading activities and are unsecured and interest free.

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 16 Loans and Other Borrowings

	2008 £'000	2007 £'000
Bank loans and overdraft	4,608	5,961
Finance leases	16,568	16,639
	<b>21,176</b>	<b>22,600</b>
<b>Maturity of financial liabilities</b>		
Bank loans and overdrafts repayable in one year or less	4,608	5,961
Finance leases repayable in one year or less	54	67
Finance leases repayable between one and five years	14	72
Finance leases repayable in more than five years	16,500	16,500
	<b>21,176</b>	<b>22,600</b>

The Company has an asset based lending facility secured against its trade debtors and inventory. The total amount outstanding as at 31 July 2008 amounted to £4,608,000 (2007: £5,894,000) and this is included within bank loans and overdraft repayable in one year or less. The loan bears a variable rate of interest.

### 17 Provision for Liabilities and Charges

The provision relates entirely to deferred taxation. The total (assets)/liabilities including the amounts unprovided is as follows:

	2008 Amount Provided £'000	2007 Amount Provided £'000	2008 Amount Unprovided £'000	2007 Amount Unprovided £'000
Accelerated capital allowances	1,687	2,831	-	-
Short term timing differences	(24)	(34)	-	-
Losses	(1,001)	(2,885)	(3,273)	(1,332)
Capital gains	1,171	1,172	-	-
Potential taxation on revaluation of freehold land and properties	-	-	159	159
Deferred tax excluding that relating to pension asset/liability	1,833	1,084	(3,114)	(1,173)
Pension liability/asset (note 22.1)	(662)	88	-	-
<b>Total provision for deferred tax</b>	<b>1,171</b>	<b>1,172</b>	<b>(3,114)</b>	<b>(1,173)</b>
2 July 2007	1,172			
Deferred tax charged in the profit and loss account	930			
Deferred tax credit in the STRGL	(931)			
<b>31 July 2008</b>	<b>1,171</b>			

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 18 Called Up Share Capital

There has been no change in share capital during the year:

	Authorised 2008 and 2007		Allotted, called up and fully paid 2008 and 2007	
	Number	£'000	Number	£'000
Ordinary shares of 5p each	400,000	20	237,000	12

### 19 Reserves

	Revaluation Reserve £'000	Profit and Loss Reserve £'000
2 July 2007 as previously reported	8,304	22,165
Prior year adjustment (note 1.2)	-	(1,528)
2 July 2007 as restated	8,304	20,637
Retained loss for the period	-	(4,603)
Actuarial loss on pension scheme	-	(3,325)
Movement on deferred tax relating to pension scheme	-	931
Transfer to profit and loss reserve	(172)	172
<b>31 July 2008</b>	<b>8,132</b>	<b>13,812</b>
Pension deficit		(1,703)
Profit and loss reserve excluding pension deficit		15,515

### 20 Reconciliation of Movements in Shareholders' Funds

	2008	2007 Restated
	£'000	£'000
Opening shareholders' funds as previously reported	30,983	30,323
Prior year adjustment (note 1.2)	(1,528)	(1,307)
Opening shareholders' funds as restated	29,455	29,016
Retained loss for the period	(4,603)	(32)
Actuarial (loss)/ gain on pension scheme	(3,325)	654
Movement on deferred tax relating to pension scheme	931	(183)
Closing shareholders' funds	22,458	29,455

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 21 Contingent Liabilities

On 25 April 2008 the Company entered into a supplemental deed to become a guarantor to the Negative Pledge Deed dated 3 October 2004 entered into by the Ultimate Parent Undertaking and certain of its subsidiaries as guarantors in favour of certain lenders. All parties to the deed will guarantee to each specified lender payment in full of any amount owed to such lender by any guarantor party upon winding-up of that party.

There are contingent liabilities of £32,000 in respect of indemnities to HM Revenue and Customs (2007: £32,000).

### 22 Pension Commitments

#### 22.1 Defined Benefit Scheme

The Company operates a defined benefit pension scheme with assets held in a separately administered fund. The scheme is closed for new members. An actuarial valuation of the scheme was carried out as at 1 April 2007 by HSBC Actuaries and Consultants Limited. The valuation methods used were the projected unit method for past service and the attained age method for future service costs. The liabilities of the scheme on the FRS 17 assumptions as at 31 July 2008 have been estimated based on those results using approximate actuarial techniques.

The amounts recognised in the balance sheet are as follows:

	31 July 2008	1 July 2007
	£'000	£'000
Present value of funded obligations	30,120	28,384
Fair value of scheme assets	(27,755)	(28,696)
Deficit/(surplus)	2,365	(312)
Related deferred tax (asset)/liability	(662)	88
Net liability/(asset)	1,703	(224)

# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 22.1 Defined Benefit Scheme continued

	31 July 2008 £'000	1 July 2007 £'000
Amounts charged to operating profit		
Current service cost	725	717
Curtailment gain	-	(467)
	725	250
Amounts credited to other finance income		
Interest cost on obligation	1,809	1,479
Expected return on scheme assets	(2,214)	(1,728)
	(405)	(249)
Total amounts recognised in profit and loss	320	1

The actual return on scheme assets was a loss of £544,000 (2007: £2,631,000 gain)

Changes in the present value of the defined benefit obligation are as follows:

	31 July 2008 £'000	1 July 2007 £'000
Opening defined benefit obligation	28,384	29,036
Current service cost	725	717
Interest cost	1,809	1,479
Gains on curtailments	-	(467)
Actuarial losses (recognised in the STRGL)	567	249
Benefits paid	(1,365)	(2,630)
Closing defined benefit obligation	30,120	28,384

Changes in the fair value of the defined benefit scheme assets are as follows:

	31 July 2008 £'000	1 July 2007 £'000
Opening fair value of scheme assets	28,696	27,535
Expected return on scheme assets	2,214	1,728
Actuarial (losses) and gains (recognised in the STRGL)	(2,758)	903
Contributions by employer	968	1,160
Benefits paid	(1,365)	(2,630)
Closing fair value of scheme assets	27,755	28,696

Total actuarial losses recognised directly into equity through the statement of total recognised gains and losses (STRGL) are £3,325,000 (2007: £654,000 gain). Cumulative losses of £5,975,000 have been so recognised.

# Nufarm Limited

## Notes to the Financial Statements

**Fifty Seven Weeks Ended 31 July 2008**

### **22.1 Defined Benefit Scheme** continued

Scheme assets do not include any of the Company's own financial instruments, or any property occupied by the Company.

The Company expects to contribute £864,000 to the defined benefit scheme in the twelve months ending 31 July 2009.

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

	<b>31 July 2008</b>	<b>1 July 2007</b>
	<b>%</b>	<b>%</b>
Fixed interest bonds	<b>10</b>	<b>9</b>
Index-linked bonds	<b>24</b>	<b>20</b>
Equities	<b>66</b>	<b>70</b>
Cash	<b>-</b>	<b>1</b>
	<b>100</b>	<b>100</b>

The major assumptions used by the actuary were:

	<b>31 July 2008</b>	<b>1 July 2007</b>
	<b>%</b>	<b>%</b>
Discount rate	<b>6.50</b>	<b>5.95</b>
Expected rate of return on scheme assets as at the start of each period	<b>7.17</b>	<b>6.45</b>
Rate of increase in salaries	<b>3.40</b>	<b>2.75</b>
Rate of increase of pensions:		
Post 05/04/88 GMP	<b>2.75</b>	<b>2.50</b>
Subject to LPI - pre 01/04/2006	<b>3.25</b>	<b>2.60</b>
Subject to LPI - post 01/04/2006	<b>2.25</b>	<b>2.25</b>
Rate of revaluation of deferred pensions in excess of GMP	<b>3.40</b>	<b>2.75</b>
Rate of inflation	<b>3.40</b>	<b>2.75</b>

<b>Mortality Assumptions</b>	<b>31 July 2008</b>	<b>1 July 2007</b>
	<b>Years</b>	<b>Years</b>
Longevity at age 65 for current pensioners		
-Men	<b>19.4</b>	<b>19.4</b>
-Women	<b>22.2</b>	<b>22.2</b>
Longevity at age 65 for future pensioners		
-Men	<b>19.6</b>	<b>19.6</b>
-Women	<b>22.4</b>	<b>22.4</b>



# Nufarm Limited

## Notes to the Financial Statements

Fifty Seven Weeks Ended 31 July 2008

### 22.1 Defined Benefit Scheme continued

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Amounts for the current and previous four periods are as follows:

	2008	2007	2006	2005	2004
	£000's	£000's	£000's	£000's	£000's
Defined benefit obligation	(30,120)	(28,384)	(29,036)	(31,303)	(27,659)
Plan assets	27,755	28,696	27,535	25,131	21,278
Surplus/(deficit)	(2,365)	312	(1,501)	(6,172)	(6,381)
Experience adjustments on plan liabilities	(6)	(2,415)	388	(890)	(355)
Experience adjustments on plan assets	(2,758)	903	1,561	1,810	705

### 22.2 Defined Contribution Schemes

The contributions payable by the Company to defined contribution plans in the year were £390,000 (2007: £515,000) of which £16,000 was outstanding (2007: £31,000).

## 23 Capital Commitments

	2008	2007
	£'000	£'000
Contracted for but not provided in the financial statements	389	26

## 24 Financial Commitments

At 31 July 2008 the Company had annual commitments under non-cancellable operating leases all relating to plant and machinery expiring as follows:

	2008	2007
	£'000	£'000
Within one year	23	5
Within two to five years	111	150
	134	155

# **Nufarm Limited**

## **Notes to the Financial Statements**

**Fifty Seven Weeks Ended 31 July 2008**

### **24 Financial Commitments** continued

The Company has entered into a significant take or pay contract for the purchase of combined utilities that commenced in January 1996 for 20 years. The non-discounted value of the remaining commitment is estimated at £5,818,000 (2007: £6,370,000).

### **25 Financial Instruments**

The Company held outstanding forward foreign currency contracts with an asset fair value of £126,000 (2007: £142,000).

### **26 Ultimate Parent Undertaking**

The immediate parent undertaking is A H Marks Holdings Limited.

The Ultimate Parent Undertaking is also the controlling party, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements can be obtained from the Company Secretary at Nufarm Limited, 103-105 Pipe Road, Laverton North, Victoria 3026, Australia or the website [nufarm.com](http://nufarm.com).