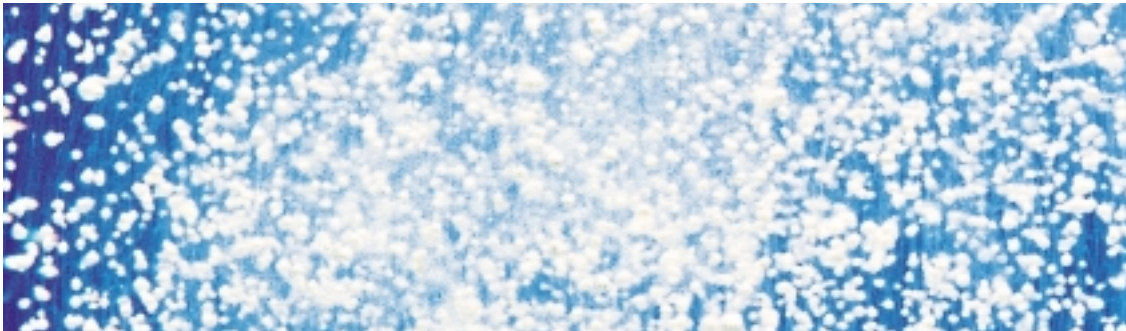
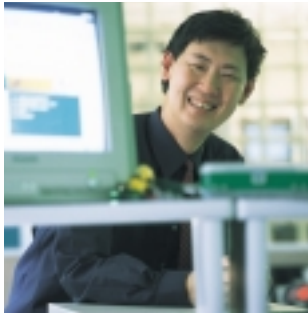
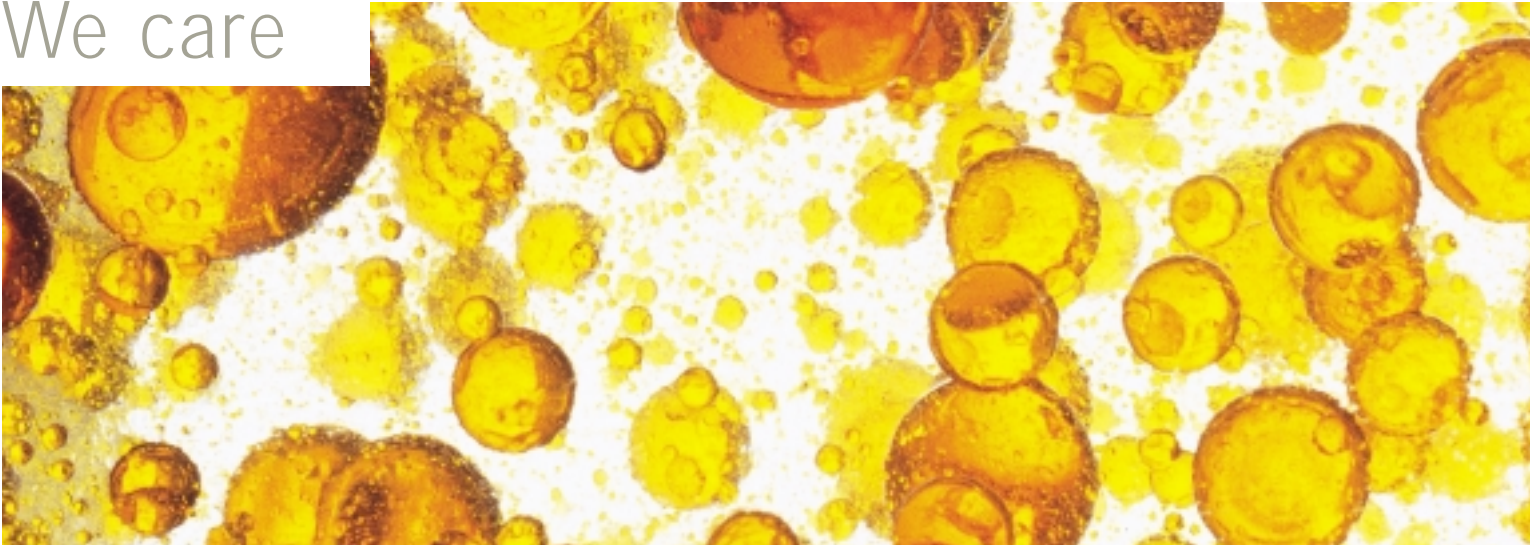


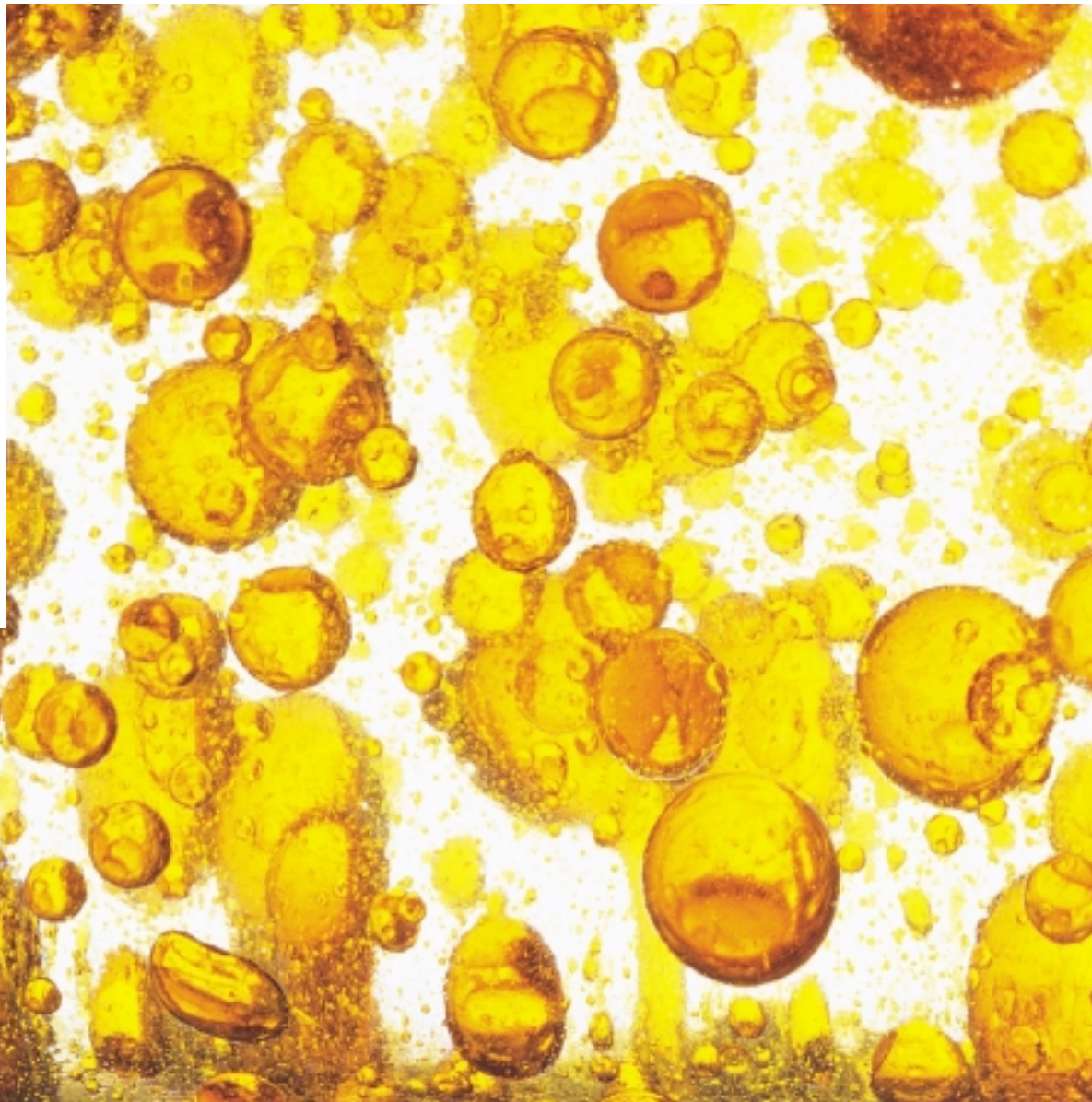
Nufarm Limited 2000 Annual Report



We care



Nufarm Limited manufactures and markets a wide range of quality crop protection, industrial, fine and performance chemicals. Our mission is to meet the interests of all stakeholders in a manner that shows we care • about the growth and success of the business • about the wellbeing of our employees • about the environment and the communities in which we operate • about our customers and suppliers and • about the reputation and performance of our products and service.



Nufarm is

Nufarm Limited is an Australian-based company with core capabilities in chemical synthesis and marketing. Through a global network of manufacturing and formulation facilities, the company operates in two key areas of business activity:

- crop protection; and
- industrial, fine and performance chemicals.

Nufarm employs more than 2,000 people at its various locations in Australia, New Zealand, Asia, Africa, Europe and North America.

Products manufactured and supplied by the company are used to help farmers protect crops from damage caused by weeds, insects and disease, as well as in a variety of other industries such as manufacturing, pharmaceuticals and consumer products.

Nufarm has a primary listing on the Australian Stock Exchange (symbol NUF). Its head office is located in Melbourne.



Nufarm Limited

ACN 091 323 312

103-105 Pipe Road Laverton North Victoria 3026 Australia

Telephone: 61 3 9282 1000 Facsimile: 61 3 9282 1001

Website: <http://www.nufarm.com>

Contents

Mission statement	IFC
Nufarm is	1
Proud history	2
Key events and comparative data	3
Managing Director and Chief Executive's review	5
The board of directors	8
The global organisation	10
The global management team	12
Corporate governance	14
Business review	
Crop protection	19
Industrial, fine and performance chemicals	21
Research and development and new technologies	23
Health, safety and environment	25
Measuring corporate performance	28
Directors' report	30
Financial statements	34
Supplementary information	68
Shareholder and statutory information	73
Directory	76

Cover: Nufarm has developed a strong capability in formulation technology. Crop protection products formulated as water soluble granules provide ease of use and safety benefits for farmers.

Nufarm encourages innovation in all aspects of its operations, and is supported in this objective by a capable and committed group of employees throughout the world.

Proud history in New Zealand, an exciting future around the world

After more than 80 years of trading as a New Zealand-based company, the directors decided during the 2000 financial year to relocate the head office of the group to Australia.

The migration was completed on 27 January 2000 and included a change in the company's name from Fernz Corporation Limited to Nufarm Limited. This name change reflects the strong, global branding of Nufarm's crop protection business and will be adopted progressively across all relevant business subsidiaries.

The company was originally incorporated and listed on the New Zealand Stock Exchange in 1916. It has a long and proud history of trading, particularly in the fertiliser business which has been sold.

The trans-Tasman and later international expansion began with the initial investment in Nufarm Limited in 1983.

The migration to Australia will deliver important long-term benefits to shareholders.

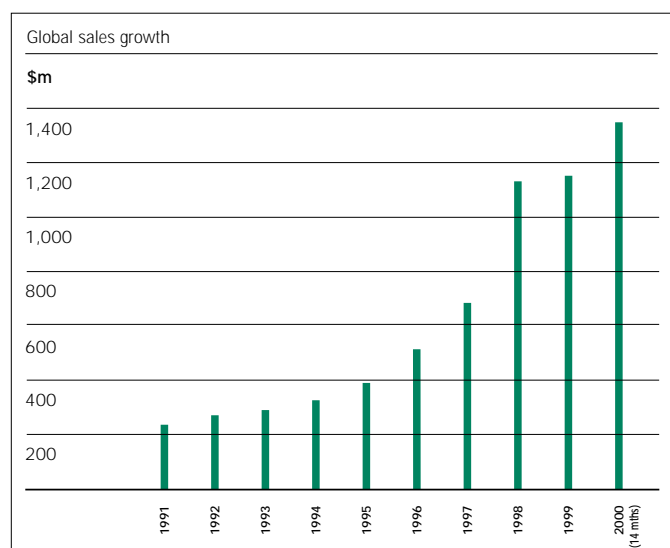
It recognises that the business base of the company's operations is centred on Australia and in other international markets.

The move also provides access to a larger capital market to better support continued growth of the company and shareholder value.

The company's head office and global management are based now at Laverton in Melbourne's western suburbs, the site of Nufarm's largest manufacturing facility.

In association with the migration, the former Managing Director of Fernz, Kerry Hoggard, retired as Chief Executive Officer (CEO) and was appointed Chairman of Nufarm Limited. Kerry contributed 43 years of dedicated service to the company, the last 12 as CEO. Management, staff and shareholders acknowledge the major contribution made by Kerry to the success and growth of the company.

Douglas Rathbone, previously Managing Director of Nufarm Limited, was appointed Chief Executive Officer. Doug has been an executive director of the company since 1987.



Facts in brief

	2000	1999
	\$000	\$000

Trading results

Operating profit after tax (12 months to 31 July)	51,984	43,949
Net profit attributable to members of the parent entity (14 months to 31 July 2000/ 12 months to 31 May 1999)	52,834	54,493
Sales revenue	1,369,974	1,148,144

Ratios

Earnings per ordinary share (weighted average, excluding non-operating and extraordinary items) for 12 months to 31 July 2000 and 12 months to 31 July 1999	34.4	29.9
Operating profit after tax (12 months to 31 July) to average shareholders' equity	14.0%	13.2%
Net tangible assets per ordinary share	\$1.81	\$1.62

Distribution to shareholders

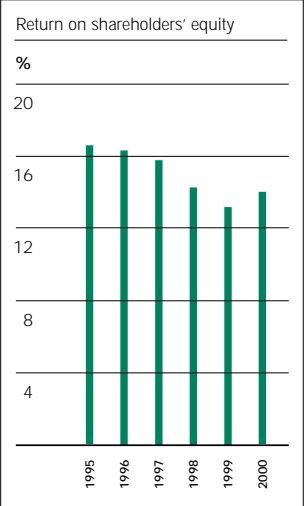
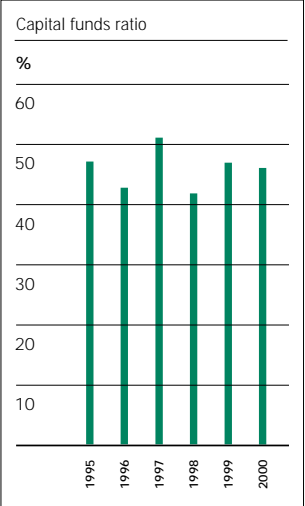
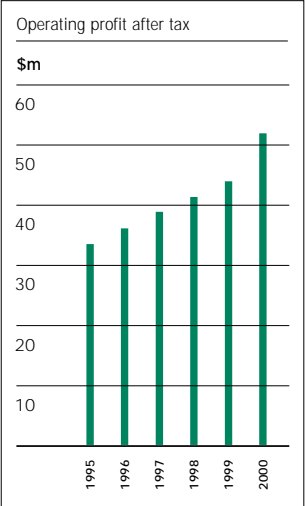
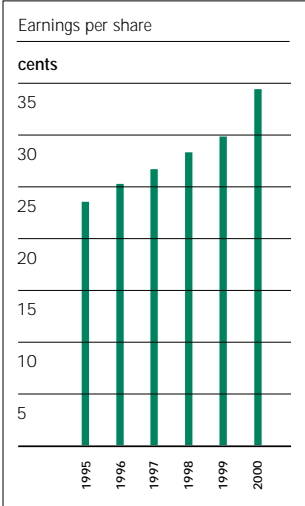
Dividend per ordinary share	17c	14c
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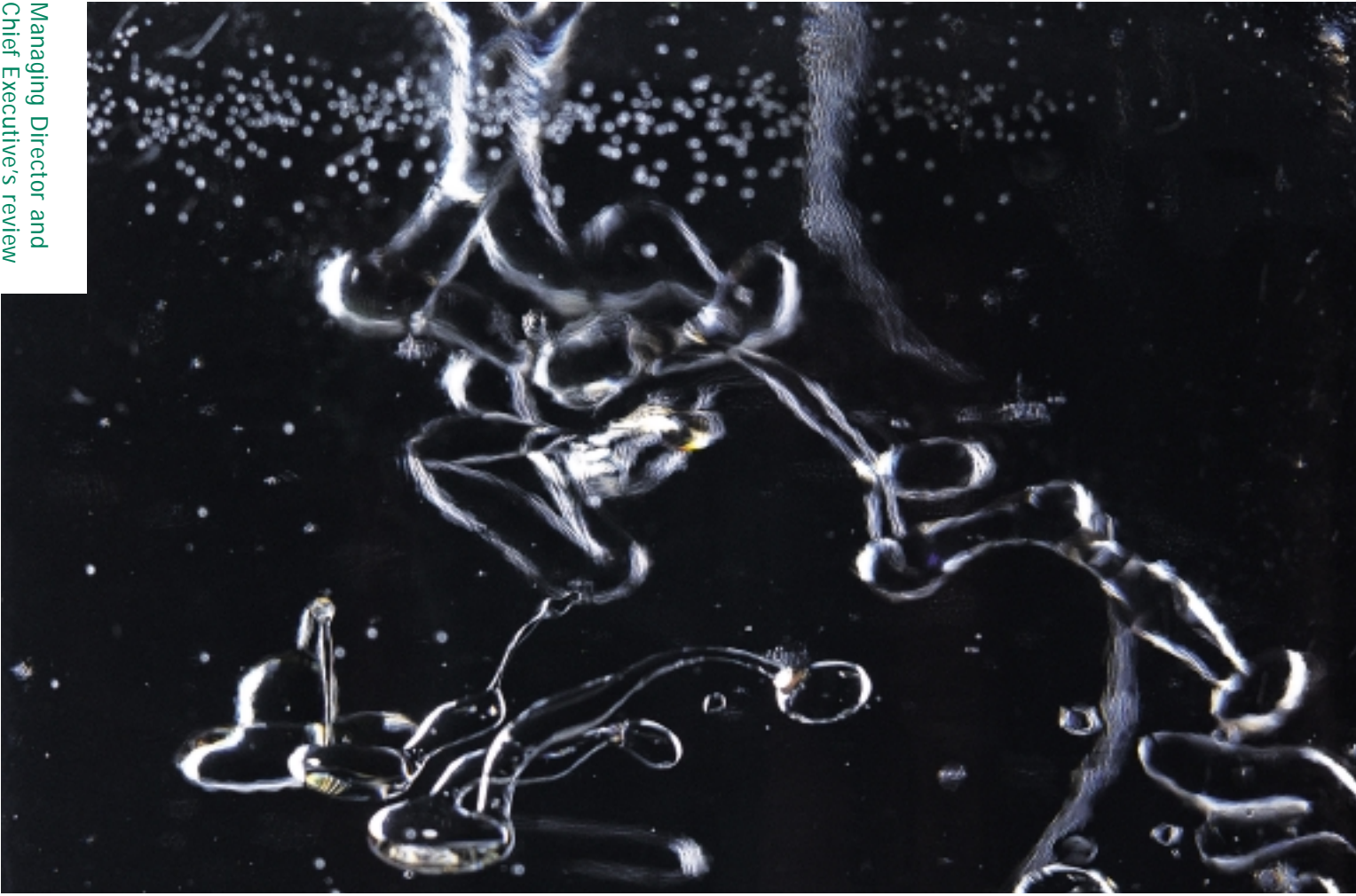
Staff employed

	2,215	2,137
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Key events and comparative data

- Record operating profit of \$51.98 million for 12 months to 31 July 2000
- Total revenue increased 2.7 per cent on previous 12 months
- First full year contribution from Riverdale Chemical Company (USA)
- Acquisition of Florigene Limited
- Migration of the company from New Zealand to Australia
- Primary listing on ASX
- Change of balance date to 31 July
- Completion of social plan in France





Nufarm is well positioned to maintain business growth and now has established international market positions in most of the important geographical areas. We have excellent manufacturing facilities with good synthesis and formulation capabilities and a wide product range. The experienced management team is well coordinated and focussed and the opportunities from increased research and development should provide important new products for the market.



Managing Director and Chief Executive's review



An excellent result built on strong organic growth

The reporting period ended 31 July 2000 has produced a very good result for Nufarm in what has been an eventful 14 months. The migration of the company from New Zealand to Australia was completed in January 2000. At the same time, the company changed its name to Nufarm Limited (formerly Fernz Corporation Limited) and achieved a primary listing on the Australian Stock Exchange.

On completion of the migration of the company's head office, the balance date was changed to 31 July to achieve a more equal spread of profit between the two halves of the full year reporting period.

The company's statutory accounts included in this report therefore reflect a 14 month period compared to 12 months in the previous period.

The reconciliation on page 6 has been included so shareholders can directly compare the trading performance of the company in the two 12 month periods ended 31 July. It also highlights the non-operating gains achieved after-tax in each of the periods and shows the migration costs incurred as an extraordinary item.

Shareholders are also directed to the supplementary financial information on pages 68 to 72, which provides additional 12 month to 31 July comparisons.

Included in the net non-operating gain in the current period is the residual profit on the sale of the company's construction chemicals business.

This business was operating very strongly but was non-core to the Nufarm group and the sale to the French-based Lafarge Group was perceived to be at the top of the business cycle.

The costs associated with relocation of the United States-based formulation facilities from St Joseph to Chicago and the write-off of certain intangible assets relating to various research projects, including Pharma Pacific and Biological Wool Harvesting, have been deducted from this gain.

The Auckland-based manufacturing facilities for Pharma Pacific's low dose interferon product have also been written off. In the previous period, the majority of the gain reflected the sale of the company's investment in BOP Fertiliser Ltd.

The comments that follow specifically relate to the trading performance of the company in the two 12 month periods to 31 July and the statement of financial position as at 31 July 2000.

The tax paid operating profit from trading in the 12 months ended 31 July 2000 of \$51.98 million represents an increase of 18.3 per cent on the previous comparable 12 months and was achieved on total revenue of \$1.268 billion (up 2.7 per cent on the previous 12 months).

Of the total group turnover in the 2000 period, 55 per cent was generated in Australasia, 20 per cent in North America, and 25 per cent in Europe. This reflects the fact that Nufarm is now firmly established as a global player in the markets where it operates.

Managing Director and Chief Executive's review continued

	2000 \$000	1999 \$000
Group tax paid result as discussed in this annual report	52,834	54,493
	(14 months)	(12 months)
Adjustment June-July 1999	3,356	(3,356)
Adjustment June-July 1998	-	1,590
12 month comparison 31 July years	56,190	52,727
Net non-operating profit after taxation	(5,075)	(12,939)
Extraordinary items after taxation	869	4,161
Net profit after taxation from trading in the 12 months ended 31 July	51,984	43,949
Statistics on the same 12 month comparisons		
Net operating cash flows	88,690	64,194
Earnings before interest, tax, depreciation and amortisation (EBITDA)	162,900	142,600
Industry segments		
Crop protection		
Sales to outside customers	762,839	687,366
Operating profit	57,728	36,124
Value of assets employed	802,489	640,666
Chemicals		
Sales to outside customers	450,118	431,274
Operating profit	24,767	21,473
Value of assets employed	262,436	361,666
Corporate		
Sales to outside customers	91	3,957
Operating profit	586	8,826
Value of assets employed	74,011	55,033
Group		
Sales to outside customers	1,213,048	1,122,597
Operating profit	83,081	66,423
Value of assets employed	1,138,936	1,057,365

The financial position of the company strengthened in the period and, post balance date, has improved further from the receipt of business sale proceeds of \$20 million included in Receivables as at 31 July 2000.

Operations outlook for growth under global management

A commentary on the various operating divisions of the company is included as a separate section in this annual report. In overall terms, the period saw strong organic growth across the key divisions and business activities.

While the current trading period should see further growth, any improvement in earnings will again be affected by losses associated with the Fernz SulFer Works project and difficult climatic conditions in parts of Australia (particularly northern NSW and Queensland), which will constrain crop protection sales in those regions.

The outlook in North America and Europe is generally positive for the crop protection business and a continuation of growth in the fine and performance chemicals area will be achieved as this division expands under a global management focus.

The nature of Nufarm's business remains seasonal and, in spite of the change of balance date, the profit generated in the 2001 year is expected to be weighted in the order of 30 per cent for the first half and 70 per cent in the second half.

Final dividend with full franking credits

The directors have approved a final dividend for the 2000 trading period of 11 cents per share. This dividend, which will carry full franking credits for the benefit of Australian resident shareholders, will be paid on Friday 3 November 2000 to the holders of all fully paid ordinary shares in the company at the close of business on Friday 20 October 2000.

It is anticipated that all future dividends will carry full franking credits for the benefit of Australian resident shareholders.

The company paid a dividend of NZ 8 cents per share in January 2000 just prior to migration and the full year dividend in the previous year was NZ 18 cents per share. Expressed in Australian dollars, the 2000 full year dividend is 21 per cent higher than the dividend paid in the previous period.

Share buy back part of overall capital management

At the time of the preliminary announcement, the company also advised the market of a limited on-market share buy back program. This program may see the company purchase up to five per cent of its issued capital over a six month period, ending in March 2001.

The company's share price has fluctuated since the migration to Australia but – in the view of directors – remains significantly below the level which reflects the value of the business and the strong growth prospects for Nufarm. The buy back initiative is consistent with this view and was implemented as part of an overall capital management program.

Major contribution by management and staff

In association with the migration to Australia, the Melbourne-based global management team was increased to include Bob Ooms, who will manage the industrial, fine and performance chemicals division. Bob brings significant senior management experience to the group in these areas.

Effective 1 October 2000, Brian Benson joined the company as Group General Manager Marketing.

As in past years, the company's staff has made a major contribution to the strong results. Across all areas of the business our staff has continued to set high standards in every aspect of our production, sales and administration activities. A number of employees have taken advantage of the opportunity to take up positions in different geographic locations and this will continue to be encouraged.

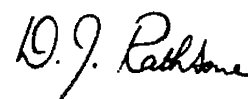
Excellent prospects and confidence for sustained growth

The company has reviewed its medium and long-term strategic direction and has reaffirmed its objective to continue the global expansion of both its crop protection and fine and performance chemicals divisions.

Nufarm is well positioned to maintain business growth and now has established international market positions in most of the important geographical areas. We have excellent manufacturing facilities with good synthesis and formulation capabilities and a wide product range. The experienced management team is well coordinated and focussed and the opportunities from increased research and development should provide important new products for the market.

It is anticipated that an additional reduction in working capital employed in the business can be achieved in 2001.

The future prospects for the company are excellent and there is confidence that the growth experienced in recent years will be sustained.



DJ Rathbone
Managing Director
and Chief Executive

The board of directors

Following the company's migration to Australia, Doug Curlewis and Graeme McGregor joined the board in January 2000.



Kerry Hoggard Chairman

Kerry Hoggard, 59, joined the board in 1987. He has a financial background, beginning his career with the company in 1957 as office junior and rising, through a number of accounting, financial and commercial promotions to be Chief Executive Officer in 1987. On his retirement in October 1999, he was appointed Chairman of the board.



Doug Rathbone Managing Director and Chief Executive

Doug Rathbone, 54, joined the board in 1987. His background is chemical engineering and commerce and he has worked for Nufarm Australia Limited for over 25 years. Doug was appointed Managing Director of Nufarm Australia in 1982 and Managing Director of Nufarm Limited in October 1999.



Doug Curlewis

Doug Curlewis, 59, joined the board in January 2000. He has a Master of Business Administration and was formerly Managing Director of National Consolidated Ltd. He is also a director of Pacifica Group Ltd, Hamilton Island Limited, National Foods Ltd, Remunerator Australia Pty Ltd and IAMA Ltd.



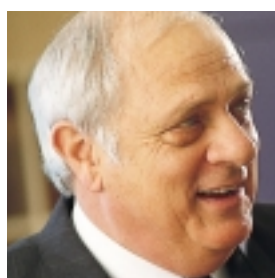
Dr Bruce Goodfellow

Bruce Goodfellow, 48, joined the board, representing the holders of the "C" shares, in 1991. Following the conversion of the "C" shares into ordinary shares, he was elected a director in 1999. He has a Doctorate in Chemical Engineering and experience in the chemical trading business. He is a director of Sulkem Co Ltd (Group) and Refrigeration Engineering Co Ltd (Group).



Graeme McGregor AO

Graeme McGregor, 61, joined the board in January 2000. He is a Bachelor of Economics and was formerly an Executive Director of The BHP Co Ltd. He is a director of Foster's Brewing Group Ltd, Santos Ltd and Were Securities Ltd. Graeme is also on the board of Community Foundation Network Ltd, is National Treasurer of the Australian Institute of Company Directors and a member of the Financial Reporting Council.



Sir Dryden Spring

Sir Dryden Spring, 60, joined the board in 1981. He has a farming background and is Chairman of Wel Energy Ltd and Ericsson Communications (NZ) Ltd, and Deputy Chairman of Goodman Fielder Ltd. He is a director of Fletcher Challenge Ltd, Maersk New Zealand Ltd and The National Bank of New Zealand Ltd. Sir Dryden is also on the New Zealand Advisory Board of PA Consulting Group Ltd.



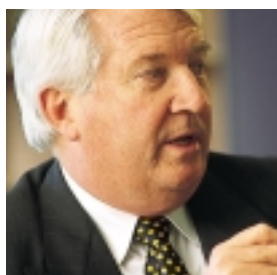
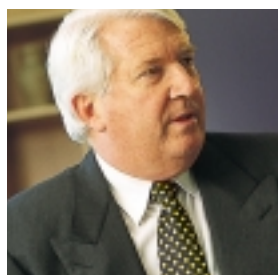
Dr John Stocker AO

Dr John Stocker, 55, joined the board in 1998. He has a medical, scientific and management background and was formerly Chief Scientist of the Commonwealth of Australia. He is a Principal of Foursight Associates Pty Ltd and Chairman of Sigma Company Ltd and the Grape and Wine Research and Development Corporation. He is a director of Telstra Corporation Limited, Cambridge Antibody Technology Group plc and Circadian Technologies Ltd.



John Storey

John Storey, 61, joined the board in 1980. He has a farming background and is Past Chairman of the New Zealand Dairy Board, a director of Bank of New Zealand and New Zealand Dairy Foods Limited, as well as Past President of The New Zealand Institute of Directors.



Richard Warburton

Richard Warburton, 59, joined the board in 1993. He has a business management background and is a member of the board of the Reserve Bank of Australia. He is also Chairman of David Jones Ltd and Goldfields Ltd, as well as a director of Southcorp Ltd, Caltex Australia Ltd, IAMA Ltd and Tabcorp Holdings Ltd. He is National President of the Australian Institute of Company Directors and Chairman of the Board of Taxation.

The global organisation

Nufarm's global operations employ more than 2,000 people in Australia, New Zealand, Asia, Africa, Europe and North America.

The manufacturing and formulation facilities leverage Nufarm's core capabilities of chemical synthesis and manufacturing.

- Crop protection
- Industrial chemicals
- Fine and performance chemicals

● Nufarm's crop protection business operates through a network of locations in:

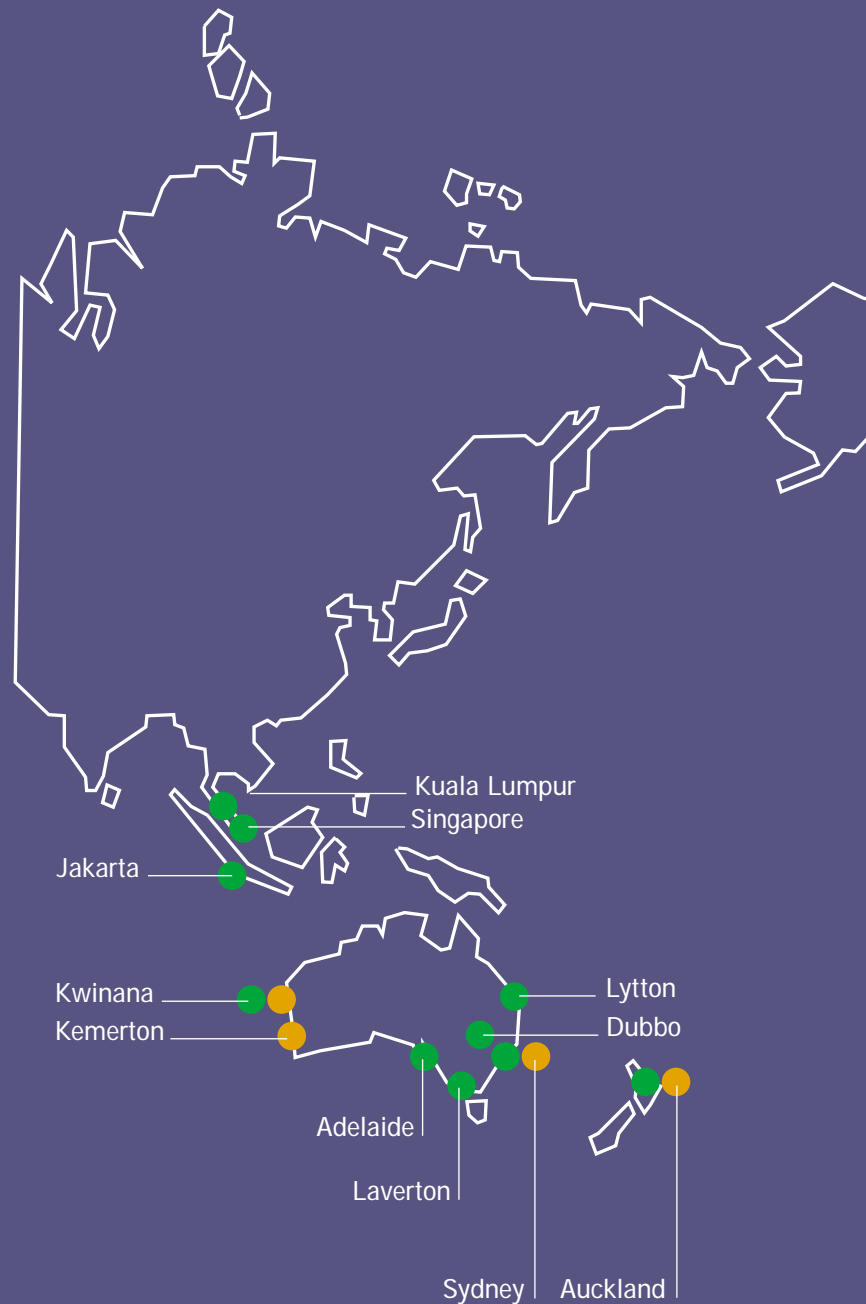
<p>Australia</p> <ul style="list-style-type: none"> • Adelaide • Dubbo • Kwinana • Laverton • Lytton • Sydney <p>New Zealand</p> <ul style="list-style-type: none"> • Auckland <p>Asia</p> <ul style="list-style-type: none"> • Jakarta, Indonesia • Kuala Lumpur, Malaysia • Singapore 	<p>Africa</p> <ul style="list-style-type: none"> • Cairo, Egypt • Durban, South Africa <p>Europe</p> <ul style="list-style-type: none"> • Barcelona, Spain • Belvedere, UK • Botlek, Netherlands • Gaillon, France • Linz, Austria • Paris, France <p>North America</p> <ul style="list-style-type: none"> • Calgary, Canada • Chicago, USA • Lobeco, USA • St Joseph, USA
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● Nufarm's industrial chemicals business has operations in:

<p>Australia</p> <ul style="list-style-type: none"> • Kemerton • Kwinana • Sydney <p>New Zealand</p> <ul style="list-style-type: none"> • Auckland 	<p>Europe</p> <ul style="list-style-type: none"> • Paris, France <p>North America</p> <ul style="list-style-type: none"> • Calgary, Canada
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● Nufarm's fine & performance chemicals businesses are in:

<p>Europe</p> <ul style="list-style-type: none"> • Beuvry-la-Forêt, France • Gaillon, France • Mulhouse, France • Paris, France 	<p>North America</p> <ul style="list-style-type: none"> • Lobeco, USA
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The global management team

The Nufarm operations are coordinated by an Australian-based global management team with extensive experience in the business. Doug Rathbone, Managing Director and Chief Executive, and the team have the support of a strongly committed group of managers and staff across all its business activities.



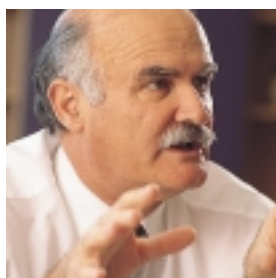
John Allen

Group General Manager Crop Protection
Joined 1984



Brian Benson

Group General Manager Marketing
Joined 2000



Dr Mike Dalling

Group General Manager Research and Development
Joined 1999



Rodney Heath

Group General Manager Corporate Services
and Company Secretary
Joined 1980



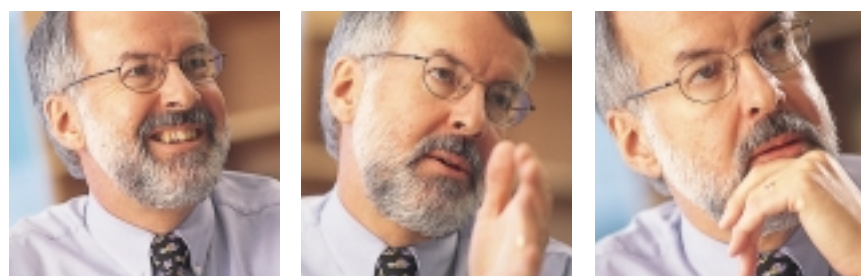
Kevin Martin

Chief Financial Officer
Joined 1994



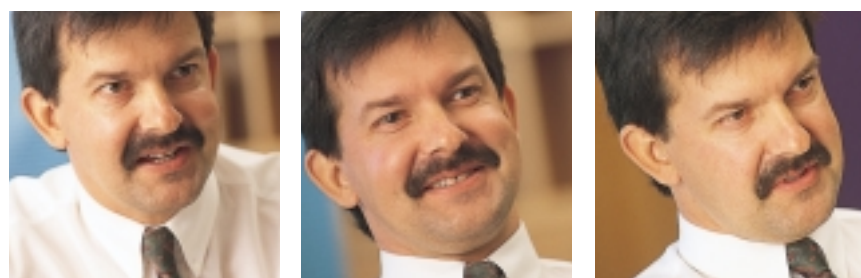
Bob Ooms

Group General Manager Chemicals
Joined 1999



David Pullan

Group General Manager Operations
Joined 1985



Robert Reis

Group General Manager Corporate Affairs
Joined 1991

Corporate governance

The Board of Directors of Nufarm Limited has adopted the following set of principles for the corporate governance of the company. These principles, together with the following committees, establish the framework of how the board carries out its duties and obligations on behalf of the shareholders.

Board of directors

The board is the governing body of the company with primary responsibility to oversee all corporate governance matters. It has clearly defined policies detailing its individual and collective responsibilities and describing those responsibilities delegated to management.

The general principles are to ensure that the business of Nufarm Limited is carried out in the best interests of all shareholders and with proper regard to corporate responsibility to other stakeholders.

The board has specific responsibility for adopting all business plans and budgets, approving strategic plans for the company and its business units and approving major capital expenditure, acquisitions, divestments and corporate funding, as well as overseeing audit and compliance.

The board also is responsible for the appointment and remuneration of the Managing Director and Chief Executive and for remuneration policy of senior executives.

Review of the performance of the board and individual directors is completed regularly.

The board is comprised of individuals with an appropriate range of proficiencies, experience and skills to ensure that all governance

responsibilities are completed in a manner consistent with the best possible management of the business.

Profiles of each board member are set out on pages 8 and 9 of this report.

The company's constitution specifies that:

- the number of directors may be not less than three, nor more than 11. At present there are eight non-executive directors and one executive director;

- at each annual general meeting, one third of directors (other than the Managing Director and Chief Executive and directors who have been appointed to fill casual vacancies since the previous annual general meeting) are required to retire and may stand for re-election; and

- directors who have filled casual vacancies are required to be elected at the first annual general meeting following their appointment by the board.

The board supports the concept of the separation of the roles of Chairman and Managing Director and Chief Executive.

The processes by which the board operates and aims to achieve best practice in matters of governance, include:

- monthly reports by senior executives covering the financial standing, operating results and business risks of the group;

- a continuous disclosure protocol to ensure that the company complies with current legislative requirements. The reporting and review procedure is monitored periodically by the audit committee;

- formal policies and charters on issues such as:
 - treasury activities;
 - dealing in company securities;
- board committees.

Board committees

The board has three sub-committees: the audit committee, the remuneration committee and the scientific review committee.

All directors are entitled to attend any meetings of the sub-committees.

Details of the attendance at meetings of board and committees of the board are detailed on page 30 of this report.

Audit committee

The audit committee operates under a formal charter from the board and primarily it aims to:

- act as an objective body to review the financial information presented by management to shareholders, the stock exchanges, regulators and the general public and to ensure compliance with statutory responsibilities;

- review corporate risk assessment and the adequacy of accounting and financial controls;
- enable the external auditors to communicate any concerns to the board via the committee;
- review the quality and cost of the audits carried out by the company's external auditors; and
- provide written reports on a regular basis to the full board.

Messrs GW McGregor (Chairman), KM Hoggard, DJ Rathbone, HM Titter (adviser to the board) and W Wilson (adviser to the board) are members of the audit committee.

Remuneration committee

The functions of the remuneration committee are:

- definition of the levels at which the Managing Director and Chief Executive must make recommendations to the committee on proposed changes to remuneration and employee benefit policies; and
- remuneration (including incentive schemes and any other forms of reward) for the Managing Director and Chief Executive and his direct reports and annual review of those arrangements.

The committee reports to the board on all matters and all decisions are made by the board, except when power to act is delegated expressly to the committee.

Messrs RFE Warburton (Chairman), GDW Curlewis, KM Hoggard, DJ Rathbone and W Wilson (adviser to the board) are members of the remuneration committee.

Scientific review committee

The scientific review committee reviews all research and development programs testing each project for scientific application, progress against objectives and potential commercial viability.

Dr JW Stocker (Chairman) and Messrs KM Hoggard and DJ Rathbone are members of the scientific review committee.

Remuneration of non-executive directors

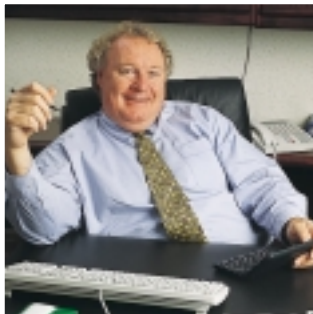
The fees payable to non-executive directors are determined by the board within the aggregate amount approved by shareholders. Shareholder approval will be sought at the 2000 annual general meeting to increase the aggregate to \$750,000 per annum. Fees paid to a director are \$50,000 per annum and for the Chairman, \$150,000 per annum. Non-executive directors are entitled to retirement benefits, with an escalating scale of benefits up to a maximum, after ten years of service, of three times average annual emolument in the three years preceding retirement.

Remuneration of directors and executives

A key feature of the past 12 months is the work the board remuneration committee has undertaken to develop a new approach to reward management. The board engaged external human resource consultants to assist in the design of strategies and frameworks that would reflect and support Nufarm's values and business direction.



Corporate governance continued



This work has resulted in a fully integrated global reward strategy which establishes specific frameworks and principles to apply in deciding individual reward levels across all reward components. This ensures Nufarm is well positioned, from a reward perspective, to attract and retain the talent needed for the achievement of business objectives.

Reward is structured in three components being:

- fixed reward – comprising cash and benefits reflecting local market conditions and individual contribution.

The level of reward for the role is set relative to relevant and prevailing executive employment market conditions for high calibre talent in the respective geographies in which the company operates;

- short-term variable reward – reflecting performance over specific business outcomes over six to 12 month periods and paid in cash. Variable reward opportunity levels are set with reference to relevant market conditions;

- long-term variable reward – reflecting increases in the returns on funds employed in the business in excess of the cost of those funds over a three year time frame. This reward is delivered through shares, or a mixture of shares and options.

The remuneration levels of the Managing Director and Chief Executive and other senior executives are recommended by the remuneration committee and approved by the board, having taken advice from independent external advisers.

Each year the board will establish performance hurdles for the short-term and long-term variable reward programs. These hurdles reflect targets for specific objectives and increasing company value consistent with the business and investment strategies.

The board has also recently decided to introduce various employee share plans.

An employee share plan will apply to all staff globally. A bonus match plan will allow nominated participants to receive all or part of any bonus entitlement in the form of shares in the company and where this decision is made the company will provide an additional 30 per cent of the number of shares taken as a bonus.

The new executive share plan will provide for annual offers of shares or a mixture of shares and options to senior executives including the Managing Director and Chief Executive. Such shares or options will vest subject to performance indicators linked to the company's financial targets being met.

The purpose of Nufarm's reward strategies and philosophies is to more closely align individual rewards with corporate performance and increased shareholder value. This purpose is achieved through the sharing of rewards from good commercial performance with the Nufarm executive managers and staff who created that performance.

Risk identification and management

The company is committed to identifying, monitoring and managing risks associated with its business activities. It has a number of management procedures to deal with risks including financial, business, interest rate, foreign exchange, regulatory and environmental. Nufarm also closely monitors international risks associated with its global activities.

Management limits of authority

The board has set specific limits to management's ability to incur expenditure, enter contracts or acquire or dispose of assets or businesses without full board approval. Reporting procedures ensure that there is monthly review by the full board of these limits.

Treasury policy

Exposure to foreign exchange and interest rate risks is managed in accordance with a comprehensive board-approved treasury policy which sets limits of management authority. Derivative instruments are used by the company to manage specific business risk. They are not used for speculative purposes.

Environment, health and safety

The board receives management reports covering compliance with environmental policy and health and safety issues. Any variance with legislative or corporate policy is reported immediately to the board. Audit of corporate policy and compliance is completed regularly and is reported fully to the board.

Ethical standards

All Nufarm directors and employees are required to adopt standards of business conduct which are ethical and comply with all legislative requirements. Where there are no legislative requirements, the company endeavours to ensure appropriate standards through policy statements as they relate to stakeholders in the business and by careful selection and promotion of employees.

The board has endorsed the principles of the Code of Conduct for Directors issued by the Australian Institute of Company Directors.

Conflicts of interest

Board members are required to identify any conflict of interest they may have in dealing with the company's affairs and subsequently to refrain from participating in any discussion or voting on these matters. Directors and senior executives are required to disclose in writing any related party transactions.

Executives are obliged to disclose to the Managing Director and Chief Executive any activities in which they are involved that might be in conflict with the company's activities or interests.

Purchase and sale of company shares

The company has a share trading policy that prohibits directors and management from dealing in the company's shares at any time the directors or management are aware of unpublished, price-sensitive information.

In addition, directors and senior management may only buy or sell shares during the six week period commencing 48 hours after the respective release of the company's half-year and annual results to the Australian Stock Exchange.

Political activities

The company maintains a position of political impartiality except in circumstances where there is deemed to be an obligation to make a statement because of major impact on the company's stakeholders. Nufarm operates in accordance with the social and cultural beliefs appropriate in each country of operation. It does not fund any political group.

Directors' access to independent advice

Directors have the right, with the approval of the Chairman or by resolution of the board, to seek independent legal or financial advice at the expense of the company.

Shareholder relations

The company's shareholders are responsible for voting on the appointment of directors. The board seeks to inform shareholders of all major developments affecting the company by:

- preparing half-yearly financial reports and making these available to all shareholders;
- advising shareholders of the key issues affecting the company;
- submitting proposed major changes in the company's affairs to a vote of shareholders, as required by the Corporations Law; and
- holding an annual general meeting each year to enable shareholders to receive reports by the board of the company's activities. All shareholders who are unable to attend these meetings are encouraged to communicate issues or ask questions by writing to the company.



Crop protection

Nufarm is a major producer of agricultural chemicals used by farmers to protect their crops from damage caused by weeds, insects and disease. The company is a global leader in the manufacture, supply and marketing of 'phenoxies', a class of herbicides used to control and eradicate broad-leafed weeds. These products are manufactured in plants in Australia (Melbourne), England (Belvedere), Austria (Linz) and the Netherlands (Botlek). A range of other crop protection products is produced at facilities in Western Australia and France where the CFPI Nufarm subsidiary is based. Nufarm also has manufacturing facilities in Australia, New Zealand, Asia, South Africa, Europe and North America. The Riverdale operations in Chicago produce a range of agricultural chemicals that are sold into non-crop markets such as lawn care, golf courses, railways and municipal parks, as well as the North American crop protection market which is serviced by Nufarm Inc. Nufarm is an industry leader in crop protection in Australia, where it began operations in Melbourne some 45 years ago.



Nufarm's crop protection business produced an excellent result with turnover increasing by 11 per cent to \$763.5 million (over the comparable 12 month period) and operating profit before taxation increasing to \$57.7 million. The Australasian-based business performed particularly well, capitalising on favourable climatic conditions and aggressive marketing of the company's key products.

The North American-based operations also performed well and showed solid growth in crop protection sales. The first full year of results from Riverdale Chemical Company (Chicago) produced an above budget profit and substantial growth in sales into high margin non-crop markets including golf courses, railways, rights-of-way and municipal parks.

Glyphosate sales into this market were modest as Nufarm established a presence for its branded product and looked to expand its customer base in key cropping regions. Sales of Nufarm branded product into Canada were strong and this market represents a key growth opportunity for the North American business. Also, the establishment of an expanded sales force in this region will assist in the expansion of the business and a stronger focus on sales and marketing activity.

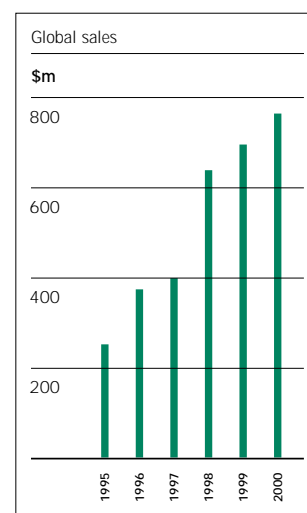
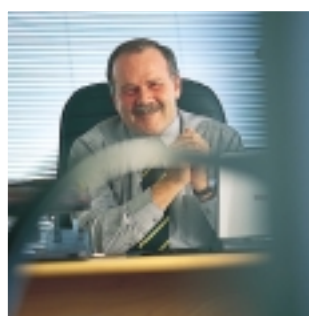
The European crop protection operations achieved satisfactory results, although short of forecast overall. The completion of the social plan in France was a significant milestone in the integration and restructuring of the CFPI Nufarm operations and a new sales and marketing joint venture, formed in the United Kingdom with the Whytes organisation, will strengthen our position in that market.

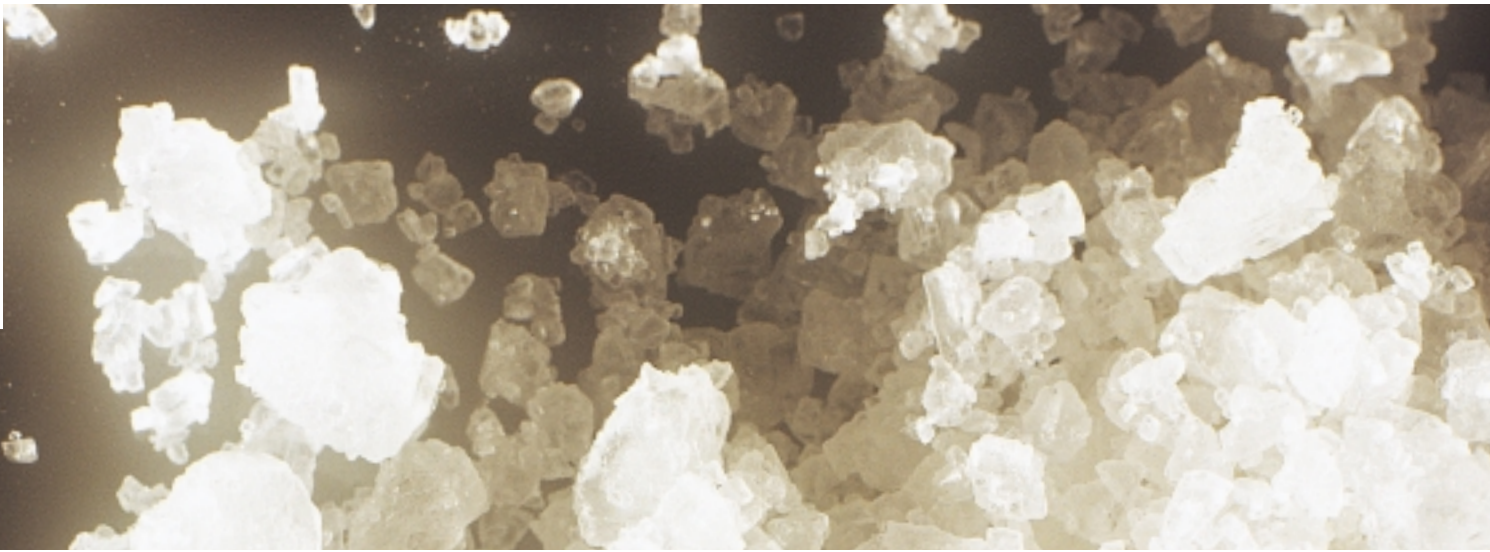
Important supply agreements were also finalised with several other major crop protection companies for key products that are produced at the company's European-based manufacturing plants.

The trading conditions in Europe were, and remain, very competitive, and the 13 week closure of the Austrian plant in the first half, to complete productivity and quality improvements, adversely affected European overhead recoveries.

Sales into Asia were ahead of budget and the acquisition of 40 per cent of Mastra Corporation will help our continuing push into the region's growth markets. Mastra operates formulation plants in Australia and Malaysia and Nufarm has leveraged its stake in Mastra to access new customers for Nufarm products. Assisted by the general recovery of most regional economies during the period, both PT Nufarm Indonesia and Nufarm Malaysia Sdn Bhd experienced sales growth and the further establishment of branded product in the local markets.

Nufarm acquired a substantial shareholding in the listed Australian-based rural merchandising and distribution company, IAMA Ltd. The distribution sector is in need of some rationalisation and Nufarm's position in IAMA will allow the company to help influence change in the sector.





Industrial, fine and performance chemicals

Building on its core capabilities in chemical manufacture and synthesis, Nufarm produces a range of intermediate and finished products that are used in a wide variety of industries. The company operates two chlor alkali plants in Western Australia, feeding chlorine to titanium dioxide producers. The Lobeco operations in North America (South Carolina) and the SEAC subsidiary in France (Beuvry-la-Forêt) produce a variety of fine and performance chemicals used by, among others, pigment manufacturers, the explosives and fertiliser industries, the construction business and pharmaceutical companies. This division of the company has multi-step synthesis capabilities and meets customers' needs from bench top and pilot batch scale through to full scale commercial production.



Industrial, fine and performance chemicals

Industrial, fine and performance chemicals also improved its performance compared to the previous year with a four per cent increase in turnover. Good results were generated by the West Australian chlor alkali plants, the timber protection business and construction chemicals.

The fine and performance chemicals results, especially in the United States of America, were excellent. The South Carolina-based Lobeco operations, which produces chemical intermediates, returned a very good result and a capital development program was approved to allow this business to further expand.

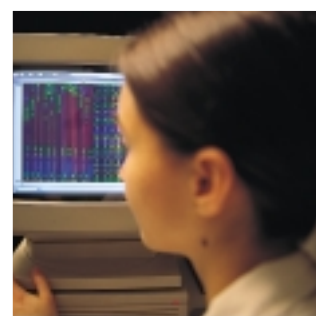
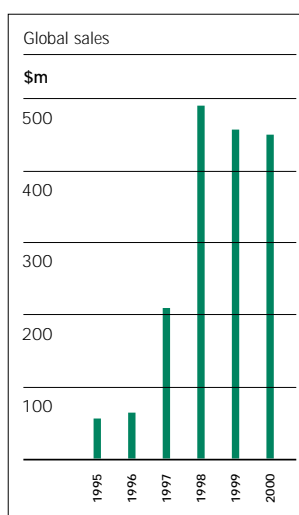
The strong US economy drove unexpected increases in toll manufacturing of pigments, contributing to both product expansion and earnings growth in fine chemicals. Four new performance chemical products were introduced successfully and we secured new customers – especially in South America – for existing products. Performance chemicals has built a strong foundation and will continue to grow as the business is managed on a global basis.

The SEAC subsidiary in France also made progress on securing new customers and product opportunities. A lower than forecast off-take, relating to a high margin pharmaceutical intermediate, had an impact on the results but the company is confident that this business can be replaced.

The chemical trading division result in New Zealand was unsatisfactory and that operation has been restructured and, in future, will be coordinated as part of the Australian trading business.

Fernz SulFer Works in Canada had a disappointing result in its first full year of operation and generated a tax paid loss of \$5.7 million, \$4.0 million higher than forecast.

The domestic and international sales from the plant were well short of budget. Progress has been made in resolving manufacturing and quality related issues but the operation is capital intensive and needs a substantial volume lift in sales to achieve acceptable returns. This will be the emphasis in 2001.





The principal focus of Nufarm's research and development (R&D) effort is on new product development and improving manufacturing efficiencies. Nufarm has strong capabilities in formulation technology and innovative packaging design and the company successfully leverages these skills to add value to existing products.



Research and development and new technologies

Nufarm released more than 20 new products during the reporting year. This was supported by some 100 new registrations around the world.

One of these was a unique glyphosate formulation, trademarked as "Credit", and based on proprietary technology developed by our Australian R&D team. The product was released in Australia in March and it is undergoing extensive trials in North America and Europe to achieve registrations in those important markets.

New technologies are having a major impact on many of the major markets where we do business. Farmers, particularly in North America, are embracing the genetic enhancement of crops to resist insects and disease and to tolerate the application of herbicides. The second generation of agricultural biotechnology will produce food crops with improved levels of nutrition and other features to enhance health and provide tangible benefits to both farmers and consumers.

During the year, Nufarm acquired Florigene Ltd, an unlisted biotechnology company with expertise in the genetic modification of flowers and other plants. The acquisition, costing some \$2 million, provides Nufarm with a strong technology platform that will help secure our participation in these developments.

The Nugrain project, a joint venture between Nufarm and Australia's major grain handling organisations, has made considerable progress. The alliance was expanded to include Wesfarmers Dalgety. There are now national systems in place to ensure quality assurance and provide storage systems that underpin identity preservation between genetically modified (GM) and non-GM crops.

E-commerce opportunities were also evaluated, with a decision to incorporate appropriate business to business and business to consumer initiatives across various parts of the business in due course.

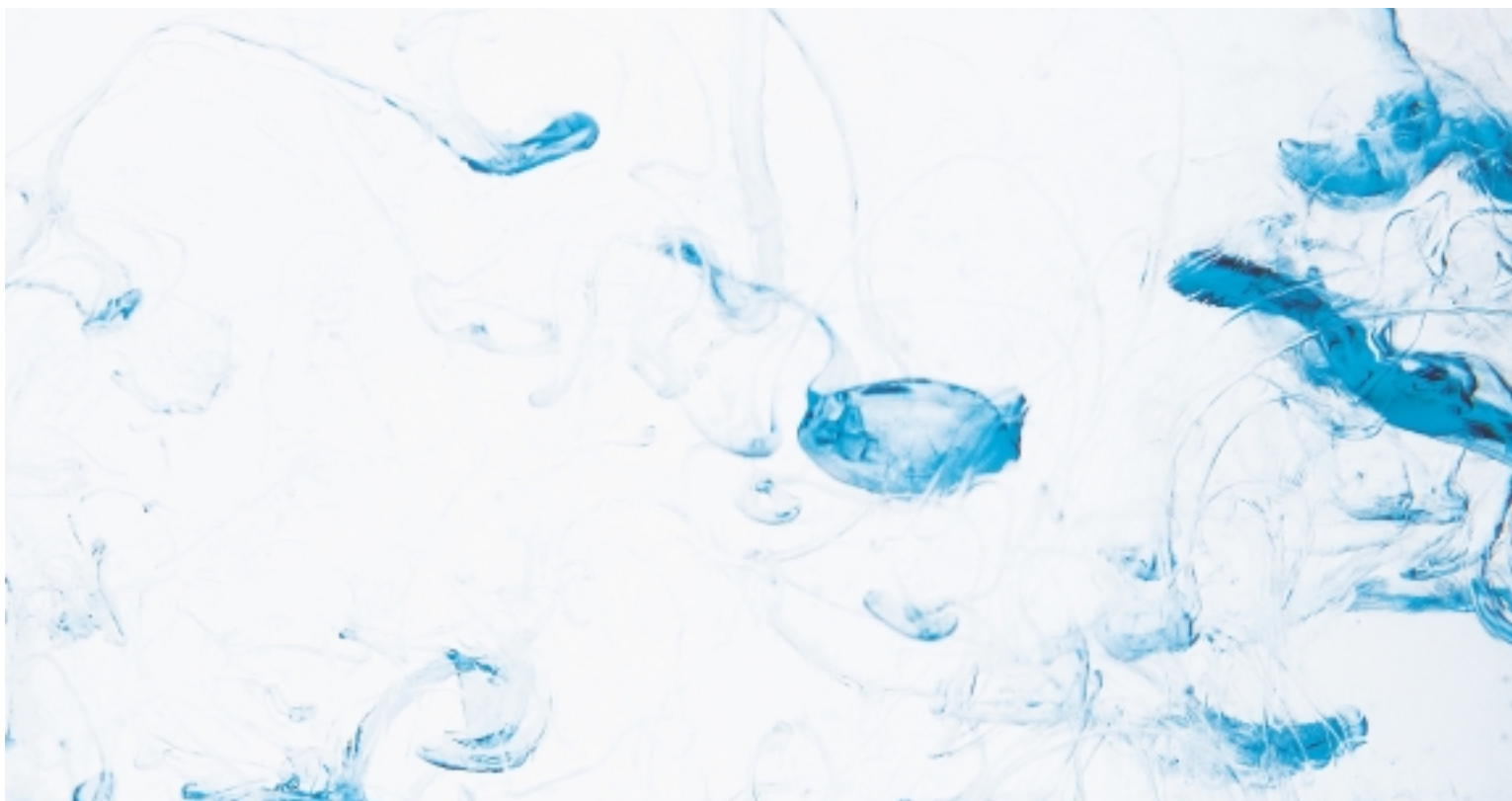
The Pharma Pacific (human health) operations were wound back and the directors confirmed Nufarm's intention to exit this area of biotech activity through licensing or collaborative arrangements that should provide an acceptable return on capital currently employed in this business.





Health, safety and environment policy

Nufarm Limited is committed to ensure that its activities present a high level of protection for the health and safety of its employees, customers, the public and the environment. A personal commitment from all employees is essential in promoting and achieving this objective. The company will ensure it has safe working conditions, define safe work practices, train its employees and provide the information necessary for the control of hazards in the workplace and for protection of the environment. Supervisors and managers will be held accountable for the safety and occupational health of their people and for the environmental protection measures in activities over which they have control. The company's objective is to carry out its business with no adverse effect on its people, the community and the environment, and to strive for sustainable development and continual improvement.



Health, safety and environment

Global success means highest standards of health, safety and environmental care

Nufarm's directors are acutely conscious that achieving global success in manufacturing and marketing complex chemicals that are widely used – including in the food chain – means adhering to the highest standards of health, safety and environment protection.

Our policy sets out our objectives and accountabilities – we are committed to conducting our business activities without adverse impact on our neighbours or the community and to continually improving our products and processes.

Putting policy and systems into effect

This must be supported by good management practices which translate the objectives into effect in the workplace, in distribution and in the use of our products. A particular challenge is to develop effective management systems and standards across the company while providing flexibility for manufacturing sites to accommodate specific needs.

Nufarm is a foundation member of the international chemical industry's Responsible Care program. Responsible Care is implemented in 45 countries and increasingly is seen as the benchmark for superior health, safety and environmental (HS&E) performance.

Nufarm commissions detailed annual medical assessments for staff in the company's various locations and the research indicates that the health of our employees is similar to that in like populations in the general community.

The company believes that seeking superior performance in these areas demonstrates our commitment not only to implementing our HS&E policy, but also to effective risk management to improve overall business performance and returns to shareholders.



Health, safety and environment continued



Priority to integrating HS&E issues

Before any new business is acquired, Nufarm conducts thorough due diligence on HS&E performance and, if needed, actions for improvement are initiated once the acquisition has been made. Newly acquired businesses often have different ways of addressing HS&E issues and the integration of these with Nufarm's systems receives high priority.

Several of our Australian sites are covered by the recent Major Hazard Facilities legislation; the Laverton site and the two chlor alkali plants are preparing safety cases for the authorities. Belvedere in the United Kingdom is doing likewise under similar legislation (COMAH) and other locations are doing so under the EU Seveso II regulations. Nufarm considers these formal safety systems valuable in ensuring the safety of its plant, employees and the public.

We require all other sites to have – and regularly test – an emergency plan that takes into account the hazards and potential risks of that site.

Our chemical formulation plants around the world operate with a zero emissions release target from formulation and continued reduction in other wastes such as packaging. The synthesis operations are achieving process improvements aimed at waste minimisation and process efficiency.

Nufarm is working towards sustainable development by continuous improvement in its processes, reducing waste by making plants more efficient and by designing products that are more effective.

Global performance objective to better Australian rates

One measure of assessing workplace safety is to compare injury rates. In 1998, Nufarm's worldwide lost time injury rate (LTIFR) was 10.4 injuries per million hours worked with a severity rate of 0.116 days lost per thousand hours worked. In 1999, during a time of major acquisitions, the LTIFR rose to 13.4 injuries per million hours worked, with a decline in severity to 0.081 days lost per thousand hours worked. In 2000 to the end of September, the respective figures are LTIFR of 11.6 with a severity of 0.139. The poor severity rate is due to some serious traffic accidents to employees in South East Asia this year.

Our objective is continuous improvement globally to meet – and then better – the performance of the chemical industry in Australia (LTIFR 5.6, severity of 0.069).

A number of our sites have not incurred a lost time injury for some years.

In locations where safety performance is below industry standard or has deteriorated, Nufarm is working to improve awareness by investing in plant safety improvements to improve operational safety and in training, monitoring and safety equipment.

Most manufacturing sites have licences regulating discharges to air and, in some cases, to water. There is regular monitoring to measure compliance with licences – in 1999, 99.4 per cent of tests were within the consent limits. There were no significant releases from any plants.

When non-compliance occurs, preventative action is taken and investments made in improved plant and equipment to control emissions. Process improvements are focused on minimising waste, treating wastes, recycling and preventing releases to the environment.

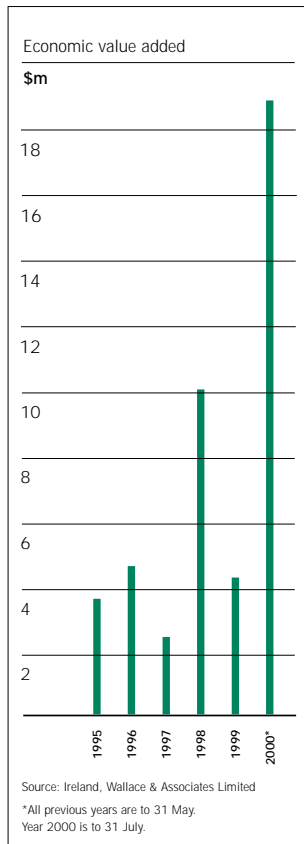
Fernz Construction Materials Ltd was fined \$50,000 under the New South Wales Occupational Health and Safety Act over an accident that occurred before we acquired the business in 1996. There were no other prosecutions regarding any HS&E matters in the 2000 financial period.

The company publishes an annual report describing our performance on HS&E in more detail.

This report is available on application to the Company Secretary.



Measuring corporate performance



Nufarm endeavours to monitor its performance in achieving the objectives of its mission statement for all of the stakeholders in the business.

Some of these objectives are financial and can be measured while others are non-financial and performance measurement is more subjective. In these non-financial aspects, it is possible to rely – to some extent – on peer and industry sector comparisons, public perceptions, staff turnover and the like to form judgments of performance. Generally, Nufarm can be satisfied with its performance in these areas.

The company is guided in its financial performance measurement using the concept of economic value added (EVA). This is defined as the corporate return on total operating capital less the charge for the cost of that capital provided by shareholders and lenders.

EVA measures the annual progress in adding value to the total capital invested in the business.

In 2000, as shown in the graph below, the EVA from current operations (excluding associated investments) was \$18.7 million.

This result indicates that the company generated significantly greater returns from the same level of resources. However, we are targeting further reductions in working capital in the current year to increase future returns.

The directors are confident that the business is soundly positioned and will achieve further improvements in the current financial year.