NUFARM LIMITED 2002 ANNUAL REPORT
GROWING IN PARTNERSHIP

Nufarm

CONTENTS

GROWING IN PARTNERSHIP

Nufarm's commitment to working in partnership is a key to our success.

During 2002 we continued to build sustainable partnerships with our customers, suppliers, industry colleagues, research collaborators, employees and shareholders, as well as with the local communities where we operate around the world.

Through this co-operation, Nufarm benefits from a shared commitment to successful outcomes – and so do our partners.

We rely on those partners to assist us in identifying ways to improve our products and services, to help set priorities and to find new opportunities for future growth.

As we report a year of record growth, we acknowledge the support and contribution of all of Nufarm's partners and look forward to strengthening those relationships over the next 12 months and beyond.

Front cover: Nufarm product development officer, Pak Andi, inspects a crop at the Ciater plantation in Bandung, Indonesia.

Inside front cover: Jeremy Whiting, Nufarm's business manager UK and Ireland, discusses a winter milling wheat crop in Oxfordshire with Simon Bath, an agronomist with Dalgety Arable.

Nufarm

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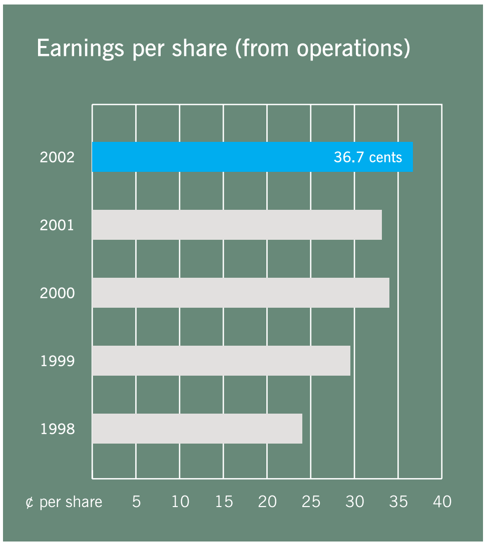
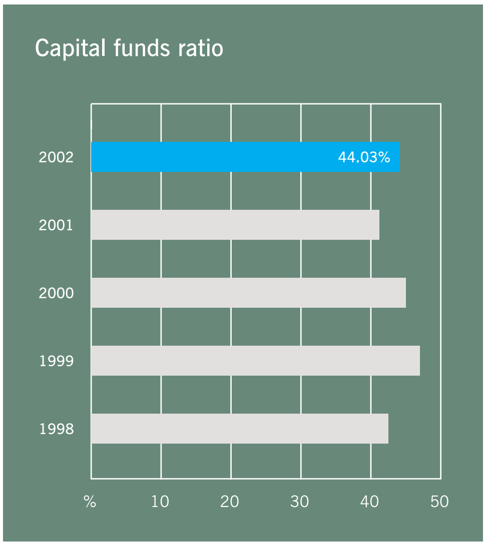




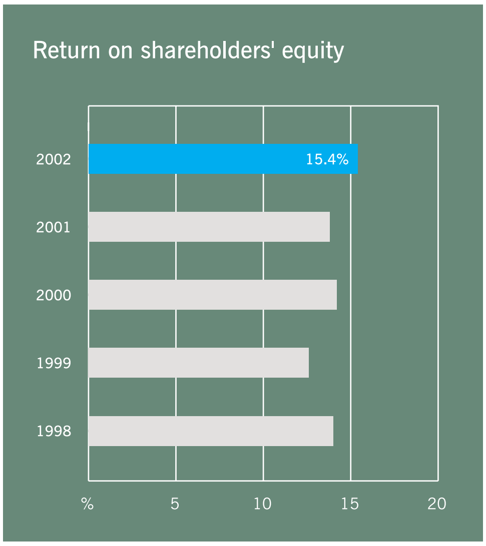
NUFARM IS

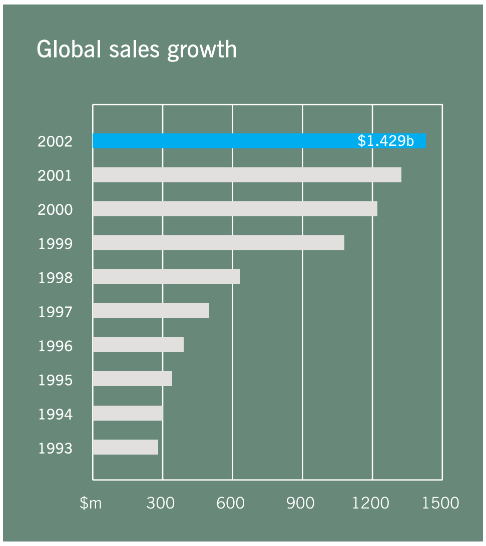
Nufarm Limited is one of the world's leading crop protection companies. We produce products which help farmers protect their crops against damage caused by weeds, pests and disease.

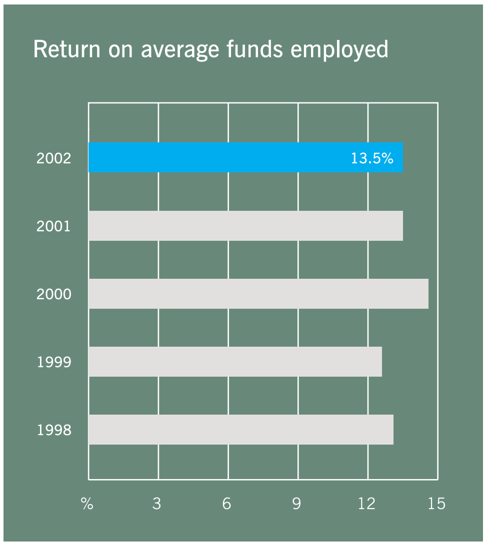
With manufacturing and marketing operations based in Australia, New Zealand, Asia, Europe, Africa and the Americas, Nufarm employs almost 2,500 people, all of whom make a vital contribution to the company's reputation for quality products, innovation and first class marketing and technical support.

Using our strengths in chemical synthesis, Nufarm also manufactures and supplies a range of industrial, performance and fine chemicals which are used in products and industries as diverse as pharmaceuticals, motor vehicles, explosives and construction.

Proudly based in Australia, Nufarm is listed on the Australian Stock Exchange (symbol NUF). Its head office is located at Laverton in Melbourne.







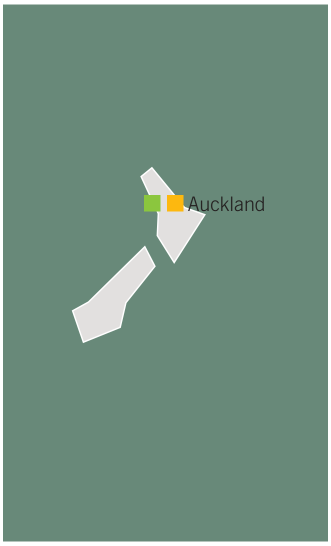
Facts in brief

	12 months ended 31.7.2002	12 months ended 31.7.2001
Trading results	$000	$000
Operating profit after tax	56,834	51,138
Net profit (loss) attributable to members of the parent entity	56,834	(4,526)
Sales revenue	1,429,275	1,323,232
Total equity	391,039	352,801
Capital notes	192,885	138,448
Total assets	1,326,222	1,191,881
Ratios		
Earnings per ordinary share (weighted average, excluding non-operating items)	36.7¢	33.1¢
Operating profit after tax to average shareholders' equity	15.4%	13.8%
Net tangible assets per ordinary share	$1.57	$1.42
Distribution to shareholders		
Dividend per ordinary share	18.0¢	18.0¢
Staff employed	2,345	2,203

Key events

- Record operating profit is $56.8 million for the 12 months to 31 July 2002
- Total sales revenues grow 8 per cent to $1.43 billion
- Sales and profit growth in all key crop protection markets
- Nufarm takes over Australian and New Zealand *Roundup** business
- NZ$225 million raised in capital notes issue
- Shareholders approve delisting in New Zealand

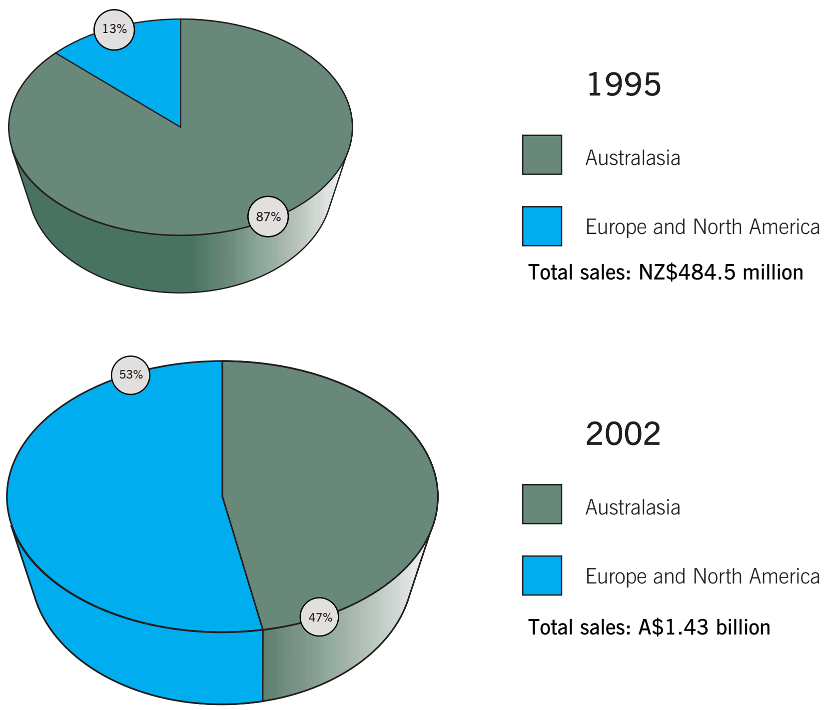
**Roundup* is a registered trademark of Monsanto Company

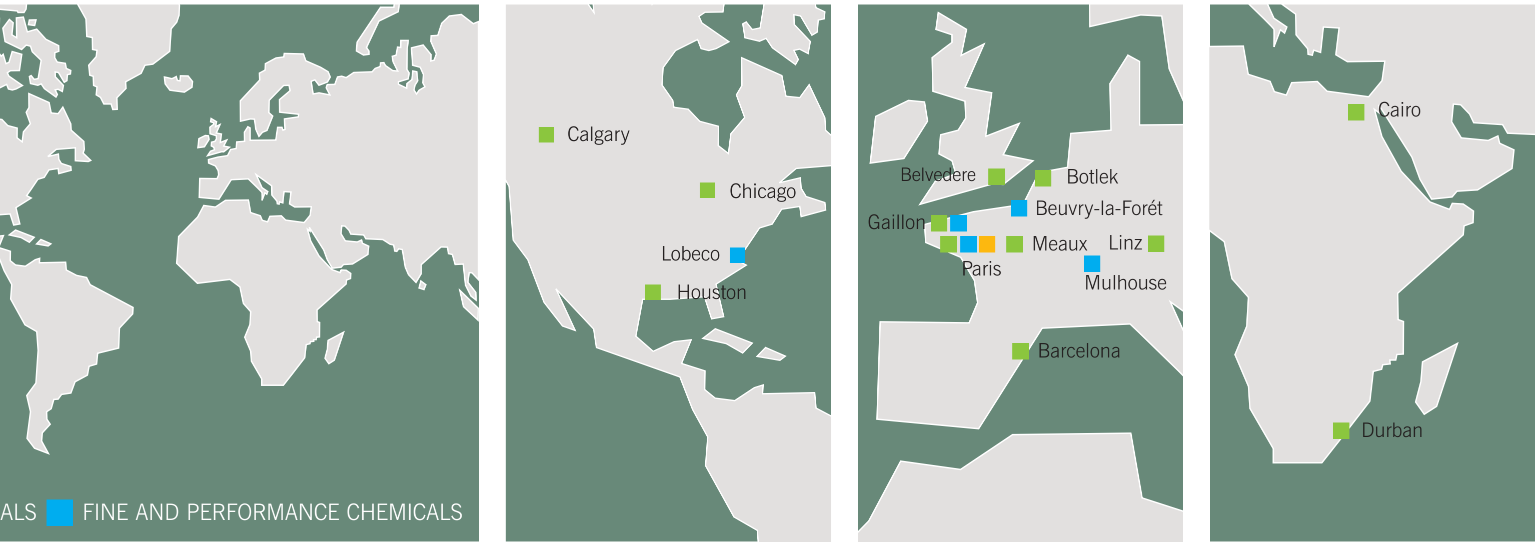


Nufarm operates manufacturing and formulation facilities in 13 countries and employs almost 2,500 people. We provide our customers with a networked production capability to supply the many markets around the world.

Similarly, Nufarm global sales and marketing operations are located strategically to service those markets and give the necessary technical support to our customers.

GLOBALISING THE BUSINESS





Nufarm uses the economic value added (EVA) concept to measure the financial performance of its various businesses and to evaluate new acquisition opportunities.

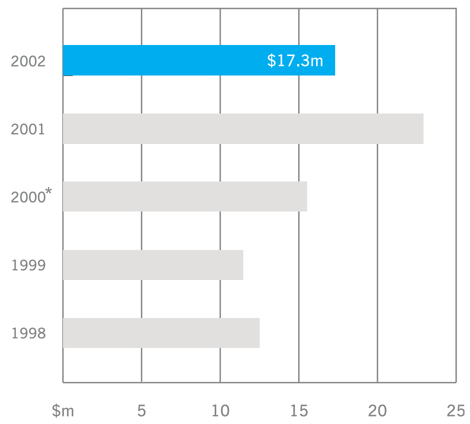
EVA is defined as the corporate return on capital less the charge for the cost of that capital provided by shareholders and lenders.

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

In 2002, the EVA from operations was $17.3 million compared to $22.9 million for the 12 months to 31 July 2001 (excluding non-operating items).

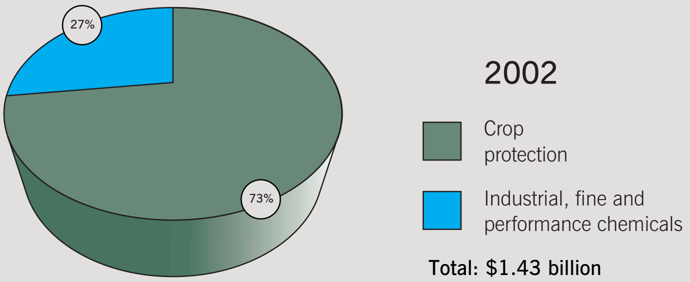
The reduction in EVA in 2002 is a direct result of higher levels of working capital employed in the business. The company has a strong commitment to reducing working capital in future periods.

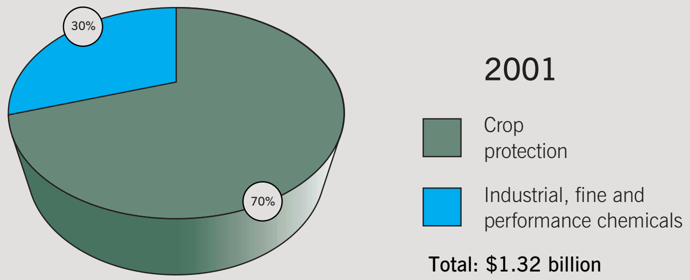
Economic value added



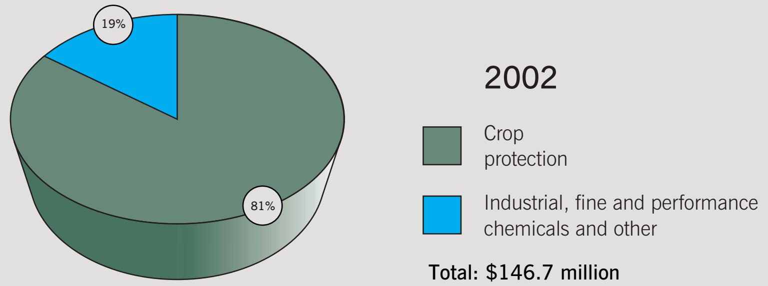
*12 month comparative

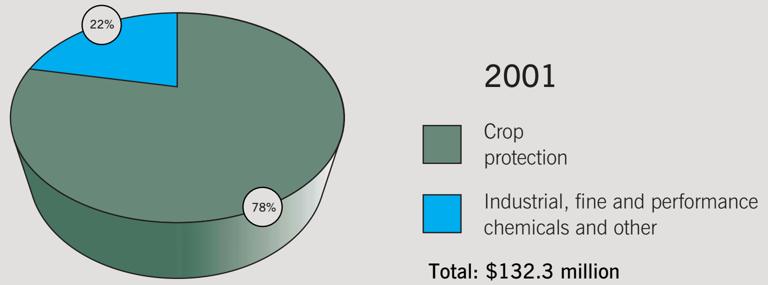
Divisional revenues





Divisional operating profit (before tax, interest and corporate charges)



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MANAGING DIRECTOR'S REVIEW

MISSION STATEMENT

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
- the well-being of our employees
- the environment and the communities in which we operate
- our customers and suppliers and
- the reputation and performance of our products and service

Opposite: Cory Habberfield (right), a field agronomist with United Farmers of Alberta, shares a joke with Darryl Matthews, Nufarm's commercial manager, outside the Airdrie retail store in Calgary, Canada.

Above left: Tatiana Vassilieff, a second year chemistry student at CPE Lyons, spent the summer working at Nufarm's laboratory at Gennevillliers, near Paris, France.

Above centre: In Jakarta, Indonesia, Alwi Assagaf (left), Nufarm's national sales manager, and Nurmah (right), Nufarm's sales administration officer, are taking an order from Joni Wong, from PT Mekarindo Prima Lestari, a Nufarm distributor.

Above right: Gerry Eckman (left), from Ackers Packaging Supplies is in discussion with Natalie Tsimberg, Nufarm's purchasing officer in Nufarm's Chicago Heights office, USA.

MANAGING DIRECTOR'S REVIEW

"...THE STRONG 2002 RESULT IS ATTRIBUTABLE TO A COMBINATION OF SALES GROWTH AND MARGIN IMPROVEMENTS"

In a challenging business environment, the company's record tax paid profit of $56.8 million for the year ended 31 July 2002 is a very satisfactory outcome.

The result represents an 11 per cent increase on the previous year's operating profit of $51.1 million and was achieved on group sales revenues of $1.43 billion, an increase of eight per cent on the corresponding period last year.

In 2001, the company reported a group loss of $4.5 million, after accounting for non-operating items, the most significant of which was the $59.2 million write-off associated with the Sulfer Works business in Canada. That business has since been sold.

The strong 2002 result is attributable to a combination of sales growth and margin improvements in the group's key businesses.

Earnings per share were 36.7 cents, an increase of 11 per cent on last year's 33.1 cents (from operating profit adjusted for the Sulfer Works loss).

Climatic conditions during the year were variable and sales in the last two months of the financial year were some $40 million in excess of the previous year and $60 million above budget. Inventories associated with businesses acquired late in the financial year also contributed to closing working capital being significantly higher than forecast.

The operating cash flow of the business has improved since balance date as these higher debtor levels have been recovered.

Final dividend

Directors declared a fully franked final dividend of 11.0 cents per share (2001: 11.0 cents), resulting in a full year dividend of 18.0 cents (the same as the previous year).

The dividend will be paid on 8 November 2002 to the holders of all fully paid ordinary shares in the company as at the close of business on 25 October 2002.

Operation

Reviews of the key business operations – in both the crop protection division and the industrial, fine and performance chemicals division – are included as separate sections in this report. Also included is a report on progress associated with Nufarm's various research and development activities and new technology areas, as well as our performance on health, safety and environment.

The increase in group sales reflects growth in the crop protection business (sales up 13 per cent to $1.04 billion) and a five per cent reduction in sales (to $385 million) associated with the industrial, fine and performance chemicals business. This reduction is in part due to the sale of the timber treatment business (January 2001), which recorded six months of sales in the previous year.

In the 2002 financial year, Australasia accounted for 47 per cent of total sales, the Americas 27 per cent and Europe 26 per cent.

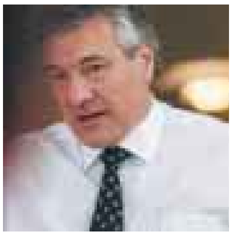
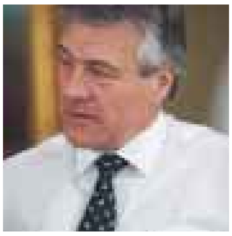
Consistent with the company's long term strategy to focus on its crop protection operations, 73 per cent of the group's total revenues were generated in this area of the business.

Crop protection also recorded a 15 per cent increase in pre tax operating profit (up from $103.1 million to $118.3 million). There was a reduction in pre tax profit (adjusted for Sulfer Works) for the industrial chemicals division, down from $36.1 million to $31.3 million, again partly due to the absence of any contribution from the timber treatment operations, which were sold the year before.

Corporate activity

In August 2001, Nufarm shareholders approved a proposal to delist the company in New Zealand and focus the trading of Nufarm's stock on the Australian Stock Exchange (ASX). The resulting increased liquidity in Nufarm's shares has contributed to the return of the company to the benchmark S&P ASX top 200 index, effective from 1 October 2002.

In November 2001, the Nufarm subsidiary Fernz Corporation (NZ) Limited completed an issue of new capital notes, raising NZ$225 million. This represented an over subscription to the NZ$210 million initially on offer. The proceeds from the issue were used to refinance notes, which matured in April 2002, and to provide additional working capital for the group.


Events after balance date

Nufarm announced in August that it would acquire Queensland-based Crop Care Australasia Pty Ltd from Orica Limited and Incitec Ltd for $75 million.

This is an important acquisition for Nufarm, facilitating growth into key sectors of the Australian crop protection market. The Crop Care products are largely complementary to Nufarm's range of products and the business combination provides opportunities for considerable cost rationalisation.

Nufarm also announced the sale – to Orica Limited – of the Fernz chemicals business in Australia and New Zealand and the New Zealand-based process chemicals business. These businesses generated some $200 million in revenues during 2002 and contributed an EBIT (earnings before interest and tax) of just over $5 million. The decision to sell these businesses reflects our desire to concentrate on crop protection activities and those industrial chemical businesses where we can leverage our core strengths in chemical synthesis and formulation.

Management and staff

Nufarm employees made a major contribution to the record profit outcome for 2002. They showed a strong commitment to improve efficiencies in the business, to strengthen customer relationships and to identify and secure opportunities for growth.

We welcomed new employees in several areas of the business and these people have quickly become valuable members of the Nufarm team.

Outlook promising

Directors are confident that the company's strong performance in 2002 will continue into 2003 and beyond. Having achieved a record profit in a period of difficult trading conditions, the company is fundamentally well placed to take advantage of any improvement in those conditions.

While there remains some uncertainty about the ongoing impact of the drought in Australia, the increasingly global nature of the business will lessen the impact of unfavourable seasonal conditions in any specific markets, as it did in 2002.

The crop protection operations will benefit from a full year's contribution from the *Roundup* business and the additional sales and synergies associated with the Crop Care acquisition. There will, of course, be some restructuring costs associated with the integration of Crop Care but we expect the transaction to be earnings per share positive in 2003.

The company anticipates a marginal improvement in demand for fine and performance chemicals over the 2003 reporting period. The sale of the Fernz chemicals distribution business, however, will lead to a reduction in overall revenues and profit from the industrial chemicals operations.

We continue to focus on cost control, manufacturing efficiencies and margin improvement across all areas of the business.

Due to anticipated further growth in our crop protection business – and the fact that key cropping seasons coincide in both the southern and northern hemispheres – there will again be a strong weighting of profit to the second half of the financial year.

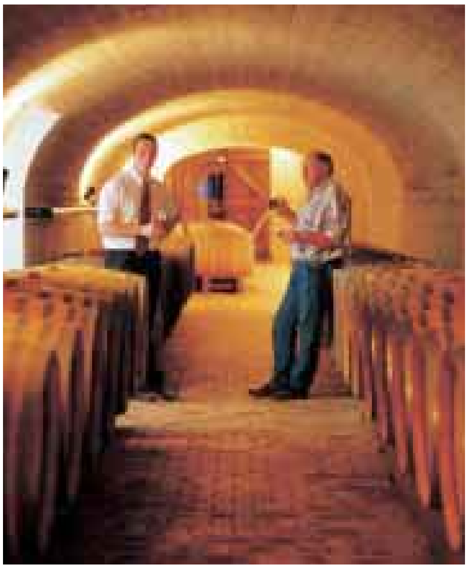
At the time of preparing this report, there is significant world uncertainty but the directors are budgeting for continued revenue and profit growth in 2003 and we believe the longer-term outlook for the company remains very positive.

We have chosen a theme of partnership in this year's annual report. I want to pay tribute to the contribution of all Nufarm's partners – employees, suppliers, distributors and end users of our products, individuals, companies and organisations with whom we are involved all around the world.

These partnerships add considerable value to Nufarm and are an important foundation for our ongoing global growth and success ■

DJ Rathbone
Managing Director

Melbourne
10 October 2002



BUSINESS REVIEW CROP PROTECTION

Nufarm is a major supplier of agricultural chemicals, used by farmers to protect their crops against damage caused by weeds, pests and disease. Products sold under the Nufarm brand are recognised consistently as being high quality with innovative formulations and product improvements, backed by the highest standards of technical and marketing support.

The company is a global leader in the manufacture and marketing of phenoxies, a class of widely used herbicides that control and eradicate broad-leafed weeds. These products are manufactured in globally networked facilities in Australia, England, Austria and the Netherlands.

A large range of other crop protection products are produced in manufacturing facilities in Australia, New Zealand, Asia, Europe, Africa and North America.

With more than 2,100 product registrations, Nufarm products are sold in more than 100 countries around the world.

The company has also developed a valuable position in the turf and specialty markets (lawn care, golf courses, municipal parks, aquatic and forestry weed control). Nufarm's Riverdale division, in the USA, is a leading supplier of products into these markets.

Opposite: Wayne Pace (left) an apple grower in North Carolina, USA, shows off his crop to Jerry Miller, Nufarm regional account manager (centre) and Richard Carver, United AgriProducts branch manager.

Above left: members of the Argo High School marching band in Chicago back Bob from TruGreen ChemLawn.

Above centre: Emeric Oudin (left), Nufarm's regional agrochemical manager in France, samples the end result of good grape management with Alain Reverdy, the owner of Domaine Reverdy-Ducroux Vins Sancerre.

Above right, left to right: Nufarm's Jason Pitts and agronomist Ashley Perkins with farmers John and Stuart Hamilton at Inverleigh, Victoria, Australia. *Roundup* based weed control helped ensure a good quality canola crop.

CROP PROTECTION

"...AN INCREASE IN BOTH SALES AND MARKET SHARE IN ALL OF THE KEY MARKETS IN WHICH NUFARM IS REPRESENTED"

Crop protection sales increased 13 per cent to $1.04 billion, with some 66 per cent of Nufarm's crop protection sales achieved in markets outside of Australia. Pre tax operating profit increased by 15 per cent, from $103.1 million in 2001 to $118.3 million.

Trading conditions for the crop protection business were difficult in the 2002 reporting period. Extensive drought in Australia and unfavourable seasonal conditions in parts of the USA and Europe prevented Nufarm from taking full advantage of its increased sales and marketing presence and expanded product range.

Strong performance

Despite these challenges, our crop protection operations performed very strongly, with an increase in both sales and market share in all of the key markets in which Nufarm is represented.

The Australian business recorded a 15 per cent increase in sales for the period and an improved level of profitability.

In response to the competitive nature of the market, Nufarm Australia made a concerted effort to lower its cost base and to review the product mix to maximise margins.

Sales in drought-affected states were down on budget but we increased sales in those regions where conditions allowed normal cropping activity.

We announced an important new arrangement with Monsanto for Nufarm to assume exclusive marketing and sales responsibility (Australia and New Zealand) for Monsanto's *Roundup* product, the world's biggest selling herbicide. Nufarm also acquired a range of selective herbicides from Monsanto. These developments will improve the profitability of the Australian business in 2003 and beyond.

The New Zealand-based health and science business had an excellent result. Record levels of *Captec* controlled release capsules were manufactured and toll manufacturing for animal health business customers increased substantially. New Zealand sales of crop protection products were also very strong.

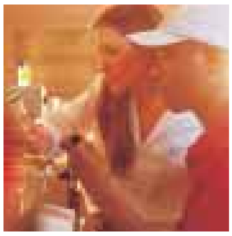
Nufarm announced in February 2002 that it had entered into an agreement with Monsanto to supply the *Roundup* family of glyphosate herbicides in Australia and New Zealand.

Roundup is the world's biggest selling crop protection product and the world's most recognised crop protection brand. Since being introduced in 1974, *Roundup* has been registered in more than 130 countries and approved for weed control in more than 100 crop types.

Much of its success is based on its effectiveness against a large number of weeds and the fact that glyphosate has a very low relative toxicity. *Roundup* helped revolutionise farming practices by encouraging the use of conservation tillage techniques. By reducing the amount of tillage required, valuable top-soils are conserved, and runoff into streams is reduced.

Nufarm, with the support of Monsanto, will now supply *Roundup* products to the Australian and New Zealand markets. It's a partnership which will see new *Roundup* products introduced and the highest level of ongoing technical, sales and marketing support maintained.



From left to right: Bambang in Nufarm's Merak plant in Indonesia; prime North Carolina produce; Suheti at Nufarm Merak, Indonesia; Stephanie Hutnick, Nufarm's communications coordinator, and Bradley Harper, quality control chemist at Nufarm in Chicago Heights.

Asia – where sales increased by some 60 per cent – recorded an excellent outcome for the year, particularly in Indonesia where Nufarm has achieved strong market shares in both its core phenoxy herbicide and glyphosate products. The business in Japan, where we established a sales and marketing presence in the previous year, continued to develop and there is a considerable amount of registration activity underway to facilitate the introduction of additional products into that market.

In North America, Nufarm sales in both Canada and the US increased. The seasonal influences on both markets were adverse, with drought conditions across the Canadian prairies and dry weather conditions in parts of the US reducing both herbicide and fungicide applications. We still improved sales of our core phenoxy herbicides range, reflecting further progress in establishing the Nufarm brand.

Sound growth strategy

The impact of a full year of costs for the Agtrol acquisition (May 2001) and further investment in resources and registrations to support long term growth of the US business reduced the profit from these operations. The strategy for successfully growing Nufarm's presence in the world's largest crop protection market remains sound, with further profit growth anticipated in coming years.

The Riverdale business, which sells into the turf and specialty markets, grew sales by some seven per cent although depressed US economic conditions had an impact on the turf market, in particular, with a turndown in both the golf course and home lawn care sectors.

The combined European-based businesses increased sales and profit. France, which remains our largest market, benefited from the full integration of the former Agtrol fungicides business but there was strong price-based competition.

There was good growth in Spain, where a number of new products were launched, and in Portugal, where we acquired a small business, which is now managed by the Nufarm operation in Spain.

Business results in Italy and Greece were ahead of budget due to a favourable product mix and additional sales of fungicides.

Branded product sales in other markets such as the UK and Germany also expanded.

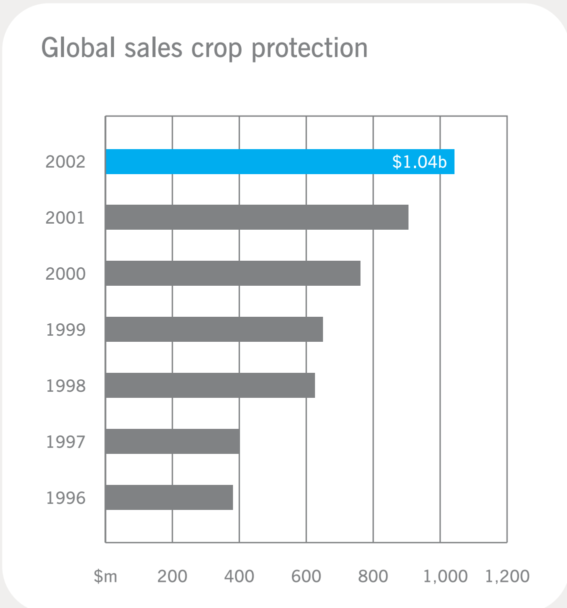
Croplands now exporting

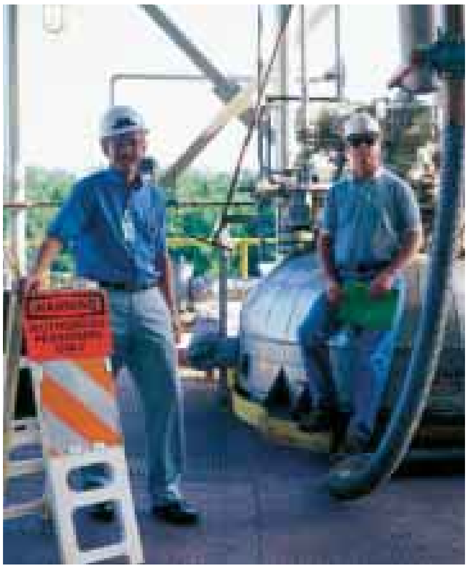
Nufarm subsidiary, Croplands Equipment, introduced a number of new spray models and products during the year and expanded sales from its traditional Australia and New Zealand base to the US. This new export business will expand during the next 12 months with developments in application technology and geographic positioning system mapping capabilities.

Positive opportunity

Eastern Europe, particularly markets such as Poland and the Ukraine, are a positive opportunity for Nufarm and we initiated activity to boost sales and business development activity in those markets during the year.

Overall, we continued to expand both our geographic markets and product portfolio and are firmly established as a leading global crop protection manufacturer and supplier ■





BUSINESS REVIEW
INDUSTRIAL FINE AND PERFORMANCE CHEMICALS

Nufarm is a global leader in the manufacture and supply of a range of specialty chemicals, which meet important needs in other manufacturing industries. Using the group's strengths in chemical synthesis and formulation, Nufarm works with major customers around the world to provide key intermediates and performance enhancing additives.

The *Galoryl* brand is recognised as a market leader in additives and coatings that help prevent caking, dust emissions and moisture pick up in fertiliser and explosives manufacture.

The Lobeco subsidiary, based in South Carolina in the USA, also manufactures innovative products for the automotive paint industry and other manufacturing sectors.

Multi-step synthesis capabilities have established SEAC, a subsidiary based in France, as a leading supplier of intermediates to the pharmaceutical industry. SEAC is able to meet customers' needs from bench top and pilot batch scale through to full scale commercial production.

Nufarm – via the 80 per cent owned Nufarm-Coogee joint venture – operates two chlor alkali plants in Western Australia, feeding chlorine to titanium dioxide producers.

Opposite: John Mines (left) from Millennium with Jeff Fogg from Nufarm Kemerton chlor alkali plant, which supplies Millennium with chlorine gas for the manufacture of titanium dioxide in Western Australia.

Above left: Nufarm's Galoryl process additives and coatings combat physical product deficiencies such as poor crystalline structure, softness, caking, dust emissions and moisture pick up.

Above centre: John Sulkowski (left), Jacobs Engineering Savannah, and Ken Smith, Lobeco's engineering manager, at the new reactor module under construction at Lobeco in South Carolina, USA

Above right: Anthony Cooper is Lobeco's environmental operator on the water treatment plant in South Carolina, USA.

INDUSTRIAL, FINE AND PERFORMANCE CHEMICALS

"...PERFORMANCE CHEMICALS WAS REORGANISED TO PROVIDE MORE FOCUSED MANAGEMENT...AND CUSTOMER TIES WERE STRENGTHENED"

Industrial, fine and performance chemicals accounted for 27 per cent of group sales ($385 million) and 19 per cent of pre tax operating profits. Sales were five per cent down on the previous year, due mainly to the absence of any revenues from the timber treatment business, which was sold in the 2001 reporting period.

The US-based fine chemicals business (Lobeco Products, South Carolina) suffered a 30 per cent reduction in sales over the period as key customers elected to run down inventory levels in a depressed market.

Aggressive cost containment

An aggressive cost containment program minimised the profit impact of these developments but the net result was down on the previous year. A number of new products were added at the end of the financial year and these will contribute to an improved performance in 2003.

Similarly, the European fine chemicals market was tight; however, budgeted sales were achieved and a number of new products are also being introduced to help fuel future growth.

The 2002 reporting period saw a very positive contribution made by the pharmaceutical intermediates business, SEAC, based in France. This business increased profit significantly; revenues were up 28 per cent.

We also completed a considerable amount of work to ensure this facility continues to meet various regulatory standards.

The recently commissioned acid compatible filter dryer at the Gaillon plant in France and the multi-purpose reactor series at Lobeco in the US are already working ahead of capacity projections.

Reorganisation

The performance chemicals business, which includes the market leading *Galoryl* brand, was reorganised to provide more focused management. We also strengthened ties with a number of large customers. Despite over capacity in global fertiliser supplies (a major market for *Galoryl* products), the business achieved a minor profit increase in 2002.

The conditions in the technical grade ammonium nitrate (explosives) market were more positive and this market will grow further in the immediate future.

Over coming months, we will launch a number of new additives for fertiliser manufacture and pursue new growth opportunities in the Asia-Pacific region.

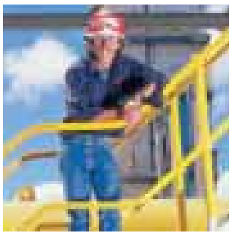
Nufarm's 80 per cent owned chlor alkali plants, which supply chlorine to titanium dioxide producers in Western Australia, performed strongly but the reduced world indicator prices for caustic soda – a key by product sold into the mining sector – minimised any improvement in profit. The cyclic nature of caustic pricing will mean reduced profit from these operations in 2003.

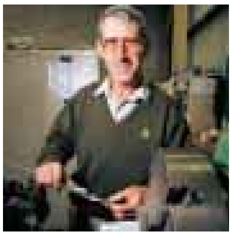
With focused management attention and a global view of the business, our challenge is now to grow other branded products in the same way as *Galoryl*, while making manufacturing assets more efficient.

Fernz chemicals sold

Nufarm announced on 23 September 2002 that the Fernz chemicals business (chemicals distribution in Australia and New Zealand) and the New Zealand-based process chemicals business were to be sold to Orica Limited for $60 million.

While these businesses made a contribution to earnings in recent years, they were neither strategically important for Nufarm nor platforms from which the group could achieve further growth. We do, however, acknowledge the efforts of people employed in those businesses and wish them well for the future ■





From left to right: Andy Browning from Nufarm-Coogee at Kemerton, Western Australia; Melvin Graham, materials handler at Lobeco, South Carolina, USA; Brian Bevans, maintenance operator at Nufarm-Coogee, Kemerton, Western Australia; Chad Gay, mechanic in Lobeco's store room, South Carolina, USA.

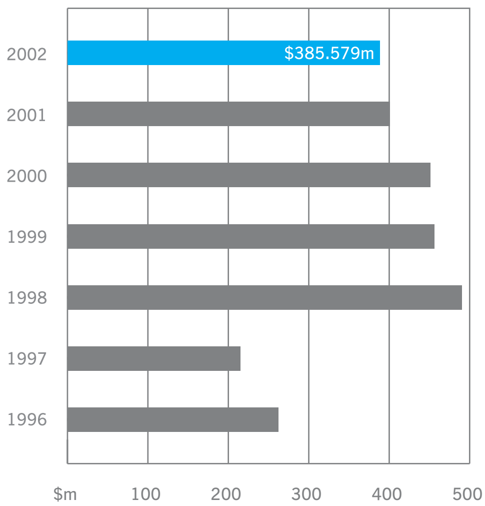
KWINANA INDUSTRIES EDUCATION PARTNERSHIP

Two of Nufarm's Australian manufacturing plants, Nufarm-Coogee chlor alkali and the regional Nufarm crop protection operations, are located at Kwinana, the premier heavy industrial area of Western Australia. In 1991, Nufarm, together with 13 other companies, formed the Kwinana Industries Council (KIC) to, among other things, coordinate a range of intra-industry activities such as water and air quality, monitoring and emergency management, as well as liaise effectively with local communities and governments.

One of KIC's long term initiatives is the Kwinana Industries Education Partnership, a formal agreement and commitment between KIC and local high schools, Murdoch University and the broader community. Consistently, the partnership has been recognised for the high standard of its vocational education and training programs.

Murdoch University student, Aleta Shyrock, who recently received the Nufarm Thermo Dynamics Engineering Achievement Award, with Christopher Lee, Nufarm's Kwinana manufacturing manager, visit the university's pilot plant.

Global sales industrial, fine and performance chemicals



BUSINESS REVIEW
RESEARCH AND DEVELOPMENT AND NEW TECHNOLOGIES

A key competitive advantage for Nufarm is our ability to develop and introduce new products and innovative formulations. These are an important aspect of product differentiation and add value to the Nufarm brand.

We are also involved in a number of strategic partnerships aimed at taking advantage of new technologies that are finding a valuable place in crop protection.

Opposite: George Jallet, analytical chemist at Nufarm's laboratory in Gennevilliers, France, with Mustapha Kireche, a chemistry student at Paris VI.

Above left: RMIT University post graduate students Chitra Raghavan (left) and Priya Madhou (right) are working on 2, 4-D related genomics and micro-array gene expression with Dr Trevor Stevenson, Associate Professor of Plant Biotechnology, Department of Biotechnology & Environmental Biology.

Above centre: Florigene's commercial manager, Steve Chandler (left), with genetically enhanced cut flowers grown by Frank Baguley in Clayton, Victoria, Australia.

Above right: Katie Coolong in Lobeco's laboratory, South Carolina, USA

RESEARCH AND DEVELOPMENT AND NEW TECHNOL

"...SEVERAL THOUSAND EXTRACTS SCREENED... A NUMBER OF LEAD CANDIDATES SHOW HERBICIDAL ACTIVITY"

There was positive progress on several fronts relating to new product innovations and our ongoing collaborative research in 2002.

Product launches

Nufarm, in partnership with Bayer Crop Science, the world's largest crop protection company, is a global leader in the manufacture and supply of bromoxynil, an important herbicide used in corn and cereal crops.

We commercially released Nufarm branded bromoxynil products in Germany, Canada and the USA during the year. Canada and the US are two of the largest bromoxynil markets in the world and there is considerable scope for sales growth.

Nufarm's glyphosate was registered and launched in Argentina and a series of new amitrole mixtures continued to be rolled out in southern Europe.

We also expanded the *Champ* DP copper fungicide range into several new markets, including Australia.

Novel herbicide discovery

Our primary collaborators on the project to develop novel herbicides based on compounds produced by marine organisms are the Australian Institute of Marine Science and the James Cook University, both based in Townsville, Queensland. An AusIndustry R&D Start Grant supports the project.

Several thousand extracts have been screened, identifying a number of promising lead candidates, which show herbicidal activity.

We are using our capabilities to establish the chemical identity of those compounds and to investigate the viability of synthesising commercial products.

2,4-D related gene expression

Herbicides such as 2,4-D and MCPA, two core products for Nufarm, were some of the first compounds to be used as successful and efficient herbicides. Despite many years of research, we need to learn more about the molecular detail of how these herbicides kill plants.

This will lead to improved product formulation, the optimising of application rates and the development of strategies to help avoid and overcome resistance issues.

Working in partnership with the Department of Biotechnology and Environmental Biology at RMIT University in Melbourne, we are using the latest advances in genomics and micro-array gene expression analysis to determine changes in gene expression following the application of these herbicides.

This work is helping to define the exact molecular mechanism of these herbicides and will be expanded to include other products in the Nufarm range.

It also has the potential to identify new gene targets against which more effective crop protection products can be developed.

OGIES




From left to right: crushing petals to extract colour for analysis; laboratory supervisor Terry Tsang testing product at Nufarm, Calgary; Galoryl product; Bernard Guyenet, chemist, Gennevilliers, France.

Florigene

The Australian-based Florigene business (90 per cent owned by Nufarm) is concerned with the genetic enhancement of plants and has successfully commercialised a number of new cut flowers.

During the 2002 reporting period, Florigene's sales of novel coloured carnations increased significantly. The carnations are sold in the US, Japan and Australia.

Florigene's research, regulatory and commercial experience with genetically modified plants will help Nufarm become involved in other biotechnology developments, which are having an impact on agricultural production methods around the world.

Nugrain

Shareholders in Nugrain include Nufarm, Wesfarmers Landmark and Australia's major grain bulk handlers – Graincorp, Ausbulk and CBH. Nufarm established the company in 1999 to enhance the development of broadacre farming in Australia.

Nugrain has invested in plant breeding, the acquisition and testing of new germ plasm from international sources, the trialing and commercialisation of new crop varieties and the development of quality control systems and end point royalty mechanisms.

During the 2002 financial year, Nugrain formed an alliance with PlantTech Pty Ltd and NSW Agriculture to accelerate the breeding and delivery of improved canola varieties to Australian farmers. The first two canola varieties from this initiative have now been released.

Progress was also made in new breeding and development programs across a range of other broadacre crops, particularly wheat.

NUGRAIN

Registration activity

Nufarm holds more than 2,100 product registrations in over 100 global markets. The crop protection industry is highly regulated, with companies having to generate considerable data on safety, product efficacy and environmental impact to achieve marketing approvals.

These approvals, or product registrations, are reviewed periodically by regulatory agencies so that the data can be updated to meet new standards.

During 2002, the European authorities reviewed – and accepted for ongoing registration – one of Nufarm's key herbicide compounds, 2,4-D. This will stabilise the European market for 2,4-D and underpin Nufarm's position for at least the next five years.

The regulatory approval of Nufarm's bromoxynil products led to their commercial launch. We registered two new glyphosate formulations in the US, together with a range of other products, including several new phenoxy herbicide compounds.

We also submitted a substantial number of other product registrations in markets such as Latin America, North America and Europe. The commercial opportunities from these new product registrations are considerable ■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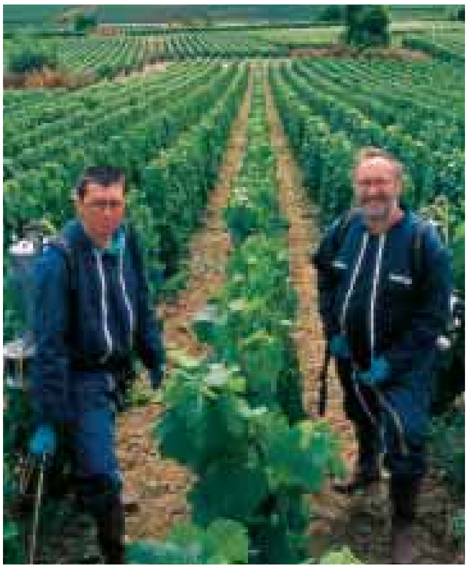


BUSINESS REVIEW HEALTH, SAFETY AND ENVIRONMENT

Nufarm 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, will define safe work practices, train its employees and provide information for the control of hazards in the workplace and for the protection of the environment.

Supervisors and managers will be held accountable for the safety and occupational health of their people and for the environment 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.

Opposite: Shawn Rawls, Nufarm's traffic manager at Chicago Heights, USA, with Pete from Standard Forwarding.

Above left: Thierry Launay and Gilles Corbin, both from CFPI Nufarm Departement Developpement Unite Experimentale et Developpement Nord, testing products in a Champagne vineyard in France.

Above centre: Goo Boon Sing (left) and Murugam at the Mastra factory stores department in Malaysia.

Above right: Nufarm chlor alkali plant manager, John Kalbfell (left), enlisted the support of industry neighbours and local and state governments to work together to add a 3.5 kilometre safe cycleway to what was a dangerously narrow stretch of road to the Kemerton industrial park. Jim Offer (right), Harvey shire president, opened the cycleway in May.

HEALTH, SAFETY AND ENVIRONMENT

"...PLACING A HIGH PRIORITY ON DEVELOPING A CULTURE OF SAFETY AND RESPONSIBILITY IN MANUFACTURING"

Last year, Nufarm set tough corporate targets for key health, safety and environmental performance and we are seeing progress towards achieving them. We take our commitment to meeting these targets very seriously and a continued effort and constant vigilance are needed from all areas of the group's operations.

This year, we published Nufarm's third annual health, safety and environment (HSE) report, together with 26 site HSE reports, several of which were in languages other than English. They all contain calendar year data on the company's performance across a range of parameters and reflect our success in improving the overall standard of our HSE related activities. The group and site reports, including case studies and specific achievements and initiatives, are available for download from our website: www.nufarm.com.

Public reporting

This public reporting of Nufarm's HSE performance reflects an important message to all of our stakeholders: employees, shareholders, customers, suppliers and the local communities in which we operate. By setting – and reporting against – clearly visible goals, we are placing a high priority on developing a culture of safety and responsibility in relation to our manufacturing activities.

It is clear that such an approach is translating into improved performance.

Overall improvement

In 2001, the overall safety performance, as measured by the lost time injury frequency rate (LTIFR) was 12.5. This compares with the LTIFR of 14.3 for the previous year. Similarly, there was improvement in the severity of injury measurement, 0.135 for 2001 against 0.158 for the year 2000.

The result for the first seven months of calendar year 2002 is both heartening and marked: the LTIFR is 6.4 and the severity rate 0.078, but there is little room for error if the 2003 corporate targets are to be met (2003 targets: LTIFR 7.15, severity 0.079).

Manufacturing operations in Australia, New Zealand and South East Asia reported considerable improvements in safety performance, with the North American operations also doing better than in the previous year. The European operations – which represent a substantial level of manufacturing activity – were unable to report progress in performance and this is now being addressed via close attention to training and other initiatives.

PROGRESS ON NUFARM CORPORATE SAFETY TARGETS

	2000 actual	2001 actual	2002 progress seven months to 31 July	2003 target
LTIFR[1]	14.3	12.5	6.4	7.15
Severity rate[2]	0.158	0.125	0.078	0.079

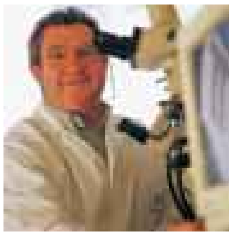
1: number of lost time injuries per million hours worked.
2: number of days lost per thousand hours worked.

Working in partnership with the community to deal with odour problems

Nufarm's largest French manufacturing plant is at Gaillon, an historic area in Normandy, France. The plant manufactures a range of agricultural, performance, automotive and intermediate chemicals and has developed an innovative partnership with the community.

During a Responsible Care® meeting on site in 2001, the community raised concerns about perceptions of odours coming from the plant. In an effort to encourage participation, accurately identify the odours and improve our performance, we suggested that members of the community become our 'external noses'.

Since then, we have trained several neighbours to improve their sensitivity to and knowledge of odours and they quickly supply us with information that enables us to track down and stop any releases from the Gaillon plant. It is a win-win situation on both sides: the community is helping us to improve and we are receiving better feedback that enables us to upgrade our performance.

From left to right: Jose Mendoza, Chicago Heights, USA; Winston Smith plant operator at Kemerton, Western Australia; Fathona in the production area of Nufarm's plant at Merak, Indonesia; Ange-Claude Guerin, formulations engineer, Gennevilliers, France.

Meeting compliance standards

Our efforts in meeting the various environmental compliance standards and waste and emission targets generally produced good results. A major increase in environment related expenditure – particularly in relation to the Chicago facility – will bring substantial benefits in this area of our operations over coming years.

A noticeable trend in recent environment-related expenditure is higher internal monitoring and training costs as we improve awareness and track the effect of our operations across all our sites. Rehabilitation costs are down as we complete work on cleaning-up problems sometimes inherited with acquisitions. We are working hard to bring newly acquired locations into line with our standards.

The company was fined NLG5000 in relation to odour complaints received while a tar vessel was being cleaned at the Botlek plant, The Netherlands. Action has been taken to prevent any reoccurrence.

Eight Nufarm manufacturing sites are classified as major hazard facilities under various regulations around the world. Since construction, both the Australian chlor alkali plants at Kemerton and Kwinana have operated under hazard management plans similar to the present legislation and these plans have been upgraded to meet the safety case regime. Belvedere's safety case was accepted on first submission and is being used by other UK industries as a benchmark example of best practice. Laverton's safety case was submitted and the site issued with an unconditional licence, the only one to be awarded in Victoria, Australia.

Focused management attention

During calendar year 2001, 11 Nufarm locations achieved 100 per cent compliance with environmental tests (2000: eight). Some other sites did not do as well as previously and management attention is focused firmly on recovery.

We should be satisfied with no less than a consistent record of constant improvement across the range of HSE performance measurements. The commitment we display at the corporate level must be reinforced at the individual businesses and operating sites and for the various activities in which those sites are involved. And critically, we as individuals must commit to contributing to that progress every day of every year ■

ENVIRONMENT EXPENDITURE	
	2001 A$
Capital	13,730,346
Capital for rehabilitation	119,637
Clean-up costs	8,271
Monitoring costs – internal	1,419,992
Monitoring costs – external	1,651,701
Environment training	160,027
Licences	232,155
Other costs	1,957,010*
Total	**19,279,139**

*Increase due to destruction of accumulated waste

Key HSE indicators

- Lost time injury frequency rate (LTIFR[1]) down to 12.5 in 2001 (2000: 14.3)
- Medical treatment injury frequency rate (MTIFR[2]) down to 24.3 in 2001 (2000: 30.4)
- Severity rate[3] down to 0.125 in 2001 (2000: 0.158)
- 11 manufacturing sites free of LTIs in 2001 (2000: seven)
- Safety expenditure 2001: A$10.079 million (2000: A$9.457 million)
- Environment expenditure 2001: A$19.279 million (2000: A$12.06 million)
- Total estimated CO_2 release 2001: 247,669 equivalent tonnes (2000: 255,332 equivalent tonnes)
- Total waste generated 2001: 48,885 tonnes (2000: 50,018 tonnes)
- Total waste excluding salt 2001: 19,104 tonnes (2000: 18,075)
- Environmental complaints 2001: 40 (2000: 35)

1. number of lost time injuries per million hours worked.
2. number of days lost per thousand hours worked.
3. number of lost time and medical treatment injuries per million hours worked.

BOARD OF DIRECTORS

KM (KERRY) HOGGARD
CHAIRMAN

DJ (DOUG) RATHBONE
MANAGING DIRECTOR AND CHIEF EXECUTIVE

GDW (DOUG) CURLEWIS

DR WB (BRUCE) GOODFELLOW

GW (GRAEME) MCGREGOR AO

SIR DRYDEN SPRING

DR JW (JOHN) STOCKER AO

RFE (RICHARD) WARBURTON

KM (KERRY) HOGGARD
CHAIRMAN

Kerry Hoggard, aged 61 years, 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.

DJ (DOUG) RATHBONE
MANAGING DIRECTOR AND CHIEF EXECUTIVE

Doug Rathbone, aged 56 years, joined the board in 1987. His background is chemical engineering and commerce and he has worked for Nufarm Australia Limited for over 28 years. Doug was appointed managing director of Nufarm Australia in 1982 and managing director of Nufarm Limited in October 1999.

GDW (DOUG) CURLEWIS

Doug Curlewis, aged 61 years, joined the board in January 2000. He has a Master of Business Administration and was formerly Managing Director of National Consolidated Limited. He is also a director of Pacifica Group Limited, Hamilton Island Ltd, National Foods Ltd, Remunerator Australia Pty Limited and Loomis Limited.

DR WB (BRUCE) GOODFELLOW

Bruce Goodfellow, aged 50 years, 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 Limited (Group), Refrigeration Engineering Co Limited (Group), Cambridge Clothing Company Ltd and SH Lock (NZ) Limited.

GW (GRAEME) MCGREGOR AO

Graeme McGregor, aged 63 years, joined the board in January 2000. He is a Bachelor of Economics and was formerly an executive director with BHP Co Limited. He is a director of Foster's Group Limited, Santos Limited and Were Securities Limited. Graeme is also on the board of Community Foundation Network Limited, is National Treasurer of the Australian Institute of Company directors and a member of The Financial Reporting Council.

SIR DRYDEN SPRING

Sir Dryden Spring, aged 63 years, joined the board in 1981. He has a farming background and is Chairman of Fletcher Challenge Forests Limited, Wel Energy Limited and Ericsson Communications (NZ) Ltd, and Deputy Chairman of Goodman Fielder Limited. He is a director of Ericsson-Synergy Ltd, Fletcher Building Limited, Maersk New Zealand Limited and The National Bank of New Zealand Limited. Sir Dryden is also Chairman of the New Zealand delegation to the APEC Business Advisory Council (ABAC) and Chairman of Asia 2000 Foundation of New Zealand.

DR JW (JOHN) STOCKER AO

Dr John Stocker, aged 57 years, 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 Limited and Chairman of Sigma Company Limited and the Grape and Wine Research and Development Corporation. He is a director of Telstra Corporation Ltd, Cambridge Antibody Technology Group plc and Circadian Technologies Limited.

RFE (RICHARD) WARBURTON

Richard Warburton, aged 61 years, joined the board in 1993. He has a business background and is a member of the board of the Reserve Bank of Australia. He is also Chairman of David Jones Limited, Caltex Australia Ltd, AurionGold Ltd and HIH Claims Support Ltd, as well as a director of Southcorp Ltd and Tabcorp Holdings Ltd. He is Chairman of the Board of Taxation and a past National President of the Australian Institute of Company Directors.

CORPORATE GOVERNANCE

"...NUFARM'S BUSINESS IS CARRIED OUT IN THE BEST INTERESTS OF ALL SHAREHOLDERS AND WITH RESPONSIBILITY TO OTHER STAKEHOLDERS"

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 authorising 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 for the 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 page 27 of this report.

The company's constitution specifies that:

- the number of directors may be not less than three nor more than 11;
- at each annual general meeting, one third of directors (other than the managing director 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.

At present, there are seven non-executive directors and one executive director. The board has currently determined that, apart from the incumbent managing director, no other company executive will be invited to join the board.

The board reviews the composition and terms of reference for the board, chairman, board committees and managing director annually. The chairman also assesses the effectiveness of the board and its committees each year.

The board supports the separation of the roles of chairman and managing director.

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

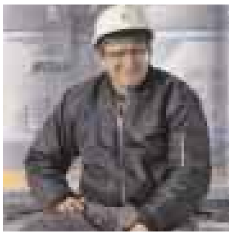
- monthly reports by senior executives covering the financial standing, operating results and business risks of the group;
- a continuous disclosure protocol detailing the company's disclosure obligations. This is communicated to business unit managers and requires them to provide regular reports pursuant to the protocol;
- formal policies and charters on issues such as:
  - treasury activities; and
  - dealing in company securities;
- board committees.

Board committees

The board has three sub-committees: the audit committee, the remuneration and nominations committee and the scientific review committee. The company's decision to expand the remuneration committee's role to include the nominations function is effective for the 2003 financial year. All directors are entitled to attend any meetings of the sub-committees. The company chairman is not permitted to chair any of the board sub-committees.

Details of the attendances at meetings of the board and committees of the board are detailed on page 34 of this report.

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.



From left to right: Cindy Jacobs from Nufarm accounts at Chicago Heights, USA; Mick Rose, Nufarm charge hand, Belvedere, UK; Ian Campbell, Nufarm storeman, Laverton, Australia; Richard Rose, Nufarm general manager at the warehouse of supplier, Univar Canada Inc.

Audit committee

The audit committee operates under a formal charter from the board. Its primary function is to review the financial information to be provided to shareholders, and others, the systems of internal control and the audit process.

Conducting its duties, the committee will:

- meet privately, at least annually, with the company's general manager–global risk management and the external auditor to discuss any matters that the audit committee or these groups believe should be discussed with the committee without the presence of management;
- self-assess annually whether the audit committee has carried out the responsibilities defined in the audit committee charter;
- self-assess annually whether the audit committee complies with its membership requirements;
- review and evaluate the effectiveness of the group's processes for assessing significant risks or exposures;
- review the group's internal controls with the support of management, the external auditors and internal risk management function;
- ensure that all financial statements released to share holders and others comply with accounting standards and are true and fair and are not misleading;
- review the dividend proposal and supporting information provided to the committee to ensure that it complies with board guidelines and that the franking status is consistent with Australian taxpaying capacity;
- review the annual audit plan;
- review that the taxation position of the group is in compliance with relevant tax law; and
- require the external auditor to confirm in writing that it has complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's accounts.

The committee also annually reviews the audit committee charter.

The charter clearly identifies those services that the external auditor may provide, those that may not be supplied and those that require specific audit committee approval. These have been revised and changes implemented in line with contemporary best practice.

The board has also agreed that it will not invite any former lead engagement audit partner of the firm involved in the company's external audit to fill a vacancy on the board and the lead engagement audit partners will be required to rotate off the audit after their involvement for a maximum of five years and there will be a period of at least three years before that partner can again be involved in the company's audit.

The audit committee charter provides that the committee shall consist of at least two members although any board members may attend any meeting. Only independent non-executive directors may be appointed members of the audit committee. An independent non-executive director is a director who is free from any management role, or business or other relationship that could materially interfere with the ability to act with a view to the best interests of the group as a whole.

At the date of this report, GW McGregor AO (committee chairman), KM Hoggard and Sir Dryden Spring are members of the audit committee.

CORPORATE GOVERNANCE

"...ALL DIRECTORS AND EMPLOYEES TO ADOPT ETHICAL BUSINESS CONDUCT STANDARDS AND COMPLY WITH LEGISLATION"

Remuneration and nominations committee

The functions of the remuneration and nominations committee are:

- to define the levels at which the managing director must make recommendations to the committee on proposed changes to remuneration and employee benefit policies;
- remuneration (including incentive schemes and any other forms of reward) for the managing director and his direct reports and annual review of those arrangements; and
- to formulate policies and criteria for the appointment of directors to the board and to provide the board with recommendations for appointments to the board.

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.

At the date of this report, RFE Warburton (committee chairman), GDW Curlewis and KM Hoggard, 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.

At the date of this report, Dr JW Stocker AO (committee chairman), Dr WB Goodfellow and KM Hoggard are members of the scientific review committee.

Remuneration of non-executive directors

The board determines the fees payable to non-executive directors, within the aggregate annual amount of $750,000 approved by shareholders at the Nufarm Limited 2000 Annual General Meeting. Effective 1 August 2002, base fees paid to a director are $60,000 per annum and, for the chairman, $160,000 per annum.

Board committee chairmen are paid an additional $10,000 per annum. Directors (other than the company chairman) are paid an additional $2,500 for membership of board committees.

Non-executive directors are entitled to retirement benefits, with an escalating scale of benefits up to a maximum – after 10 years of service – of three times average annual emoluments in the three years preceding retirement.

Remuneration of directors and executives

The board remuneration committee reviews the total remuneration reward for the managing director and senior executives and engages external human resource consultants to assist in the review of strategies and frameworks that reflect and support Nufarm's values and business direction.

The company has a fully integrated global reward strategy. It establishes specific frameworks and principles – across all reward components – to apply in deciding individual reward levels. This ensures Nufarm is well positioned, from a reward perspective, to attract and retain the talent needed to achieve its business objectives.

Reward is structured in three components:

- fixed reward – of cash and benefits that reflect 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 – reflects performance over specific business outcomes over six to 12-month periods and is paid in cash. Variable reward opportunity levels are set with reference to relevant market conditions; and
- long-term variable reward – reflects the returns on funds employed in the business in excess of the cost of those funds. This reward is delivered through shares or a mixture of shares and options and is subject to performance indicators linked to meeting the company's financial targets.

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.

From left to right: Bruce Nicolaides and Luis Ayala at Nufarm, Chicago Heights, USA; Nufarm Envirodrums; Belvedere instrument fitters Charlie Haydon and Terry Jeal, England; Roup Purohim, Nufarm market development discussing material promotion samples with PT Karya Indah Collection's Neni Kunaeni and Khusnul.

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 the full board reviews these limits monthly.

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.

Health, safety and environment

The board receives management reports covering compliance with environmental policy and health and safety issues. Any variance with legislative or corporate policy is reported to the board immediately. Corporate policy and compliance are audited regularly with a full report to the board.

Ethical standards

All directors and employees are required to adopt standards of business conduct that 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 endorses 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 an executive director 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 employees 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 ASX.

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 company's expense.

Shareholder relations

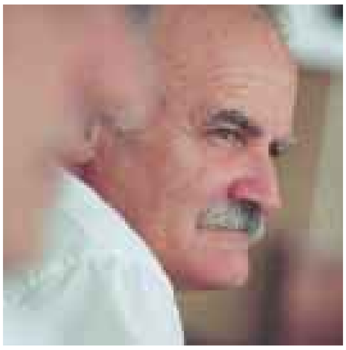
The company's shareholders are responsible for voting on the appointment of directors. The board seeks to inform shareholders of all major developments affecting the company by:

- 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 Act* 2001; 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 ■

MANAGEMENT TEAM

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

ABOVE: DENNIS PERRY, TRIANGLE STAINLESS CONTRACT WELDER, ON CALGARY'S REACTOR TRAIN UPGRADE WITH NUFARM PLANT MANAGER, DALE WINTER.

Nufarm

Directors' report

The board of directors of Nufarm Limited (Nufarm) submits its report for the financial year ended 31 July 2002.

Names of directors

The names of the directors of the company in office during the period are:

KM Hoggard (Chairman)

DJ Rathbone (Managing Director)

GDW Curlewis

Dr WB Goodfellow

GW McGregor AO

Sir Dryden Spring

Dr JW Stocker AO

RFE Warburton

All directors held their position as a director throughout the entire period and up to the date of this report.

Directors' interests

Relevant interests of the directors in the shares or capital notes of the company and related bodies corporate are:

	Nufarm Limited Ordinary shares	Fernz Corporation (NZ) Limited Capital notes
KM Hoggard[1]	5,848,181	
DJ Rathbone[1,2,3]	31,629,265	
GDW Curlewis	3,000	
Dr WB Goodfellow	70,000	
GW McGregor AO	20,000	
Sir Dryden Spring[4]	9,676	25,000
Dr JW Stocker AO	10,000	
RFE Warburton	28,300	

1 KM Hoggard and DJ Rathbone have a non-beneficial interest in 525,450 shares as trustees of Nufarm Limited executive and staff share plans.

2 The shareholding of DJ Rathbone includes his relevant interests in entities owned and controlled by him. Refer substantial shareholder information on page 77 of this report.

3 Entities owned and controlled by DJ Rathbone have pre-emptive rights over 5,503,750 shares held by Lawrence Holdings, an entity controlled by KM Hoggard. Refer substantial shareholder information on page 77 of this report.

4 Witham Trust, an entity controlled by an associate of Sir Dryden Spring, is the holder of 20,000 capital notes.

Directors' meetings

The number of directors' meetings and meetings of committees of directors held in the financial year and the number of meetings attended by each director are shown in the table of directors' meetings.

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

All directors are entitled to attend any meetings of committees of directors.

At the date of this report, the company had an audit committee of the board of directors, which met four times during the period. The details of the functions and membership of the committees of the board are presented in the statement of corporate governance on pages 28 to 31.

Directors' meetings

	Board		Committees					
Director			Audit		Remuneration		Scientific Review	
	A	B	A	B	A	B	A	B
KM Hoggard	12	11	4	3	3	3	3	3
DJ Rathbone	12	12						
GDW Curlewis	12	12			3	3		
Dr WB Goodfellow	12	12					3	3
GW McGregor AO	12	12	4	4				
Sir Dryden Spring	12	8	4	4				
Dr JW Stocker AO	12	11					3	3
RFE Warburton	12	10			3	3		

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

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

Directors' report continued

Principal activities and changes

Nufarm is an Australian-based company with core capabilities in chemical synthesis, marketing and sales. 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 2,345 people at its various locations in Australasia, Africa, the Americas and Europe.

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 is listed on the Australian Stock Exchange (symbol NUF). Its head office is located at Laverton in Melbourne.

Results

The net profit attributable to members of the consolidated entity for the 12 months to 31 July 2002 is $56.834 million. The comparable figure for the 12 months to 31 July 2001 was a net loss of $4.526 million.

Dividends

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

	$000
The final dividend for 2000/2001 of 11.0 cents paid 9 November 2001	17,000
The interim dividend for 2001/2002 of 7.0 cents paid 26 April 2002	10,870
The final dividend for 2001/2002 of 11.0 cents as declared and recommended by the directors is payable 8 November 2002.	17,082

Review of operations

The review of the operations during the financial year and the results of those operations, are set out in the managing director's review on pages 7 to 9 and the business review on pages 11 to 25.

State of affairs

The state of the company's affairs is set out in the managing director's review on pages 7 to 9 and the business review on pages 11 to 25.

Events after end of financial year

In August 2002, the company announced an agreement to acquire Crop Care Australasia Pty Ltd from Orica Limited and Incitec Ltd for $75 million. The clearance of the Australian Competition and Consumer Commission to such acquisition was obtained on 9 October 2002. Closing will occur on 1 November 2002.

In September 2002, the company announced an agreement to sell the Fernz specialty chemical business to Orica Limited for $60 million. Closing will occur on 1 November 2002.

Future developments and results

Other than matters referred to in the managing director's review and the business review, the directors believe no further reference is required to likely developments in the company's operations and the expected results of those operations.

Environmental performance

Details of Nufarm's performance in relation to environmental regulations are set out on pages 23 to 25.

Directors' and executives' emoluments

The purpose of Nufarm's reward strategies and philosophies is to more closely align individual rewards with corporate performance and increased shareholder value.

The remuneration levels of the managing director and other senior executives are recommended by the remuneration committee and approved by the board, having taken advice from independent external advisors. Each year, the board establishes performance hurdles for the short term variable reward (STVR) and long term variable reward (LTVR) programs. These hurdles reflect targets for specific objectives and increasing company value consistent with the business and investment strategies.

STVR is paid in cash. LTVR is provided via the executive share plan (ESP).

Annual offers of shares or a mixture of shares and options (equities) will be made under the ESP. Any shares offered are at no cost to the executive. Any options offered and granted to executives will have an exercise price based on the weighted average share price of shares traded over the five day period immediately following the preliminary final announcement of the company's annual results.
Any options granted may only be exercised on or after the period of 36 months after the date of grant. In determining the value of options, the company uses the Black Scholes methodology.

STVR and equities offered under LTVR are subject to performance-based conditions linked to company financial targets at the end of a performance period. The performance condition is based on return on funds employed. The board assesses company performance against the performance condition to determine the percentage of any offer to be made for both STVR and LTVR.

Directors' report continued

Directors' and executives' emoluments continued

In the case of the managing director, the STVR and LTVR may represent 50 per cent of his total remuneration. For other senior executives, it may represent 40 per cent of total remuneration.

Details of the nature and amount of each element of the emoluments of each director of Nufarm and each of the five officers of the company and the consolidated entity receiving the highest emoluments are set out in the following tables.

Non-executive directors of Nufarm Limited

Name	Base fee $	Committee fees $	Superannuation $	Total $
KM Hoggard	150,000		12,125	162,125
GDW Curlewis	50,000	2,500	4,243	56,743
Dr WB Goodfellow	50,000	2,500	4,243	56,743
GW McGregor AO	50,000	10,000	4,850	64,850
Sir Dryden Spring	50,000	2,500	4,243	56,743
Dr JW Stocker AO	50,000	10,000	4,850	64,850
RFE Warburton	50,000	10,000	4,850	64,850

Executives of Nufarm Limited and the consolidated entity

Name	Base salary and benefits[1] $	STVR $	LTVR $	Total $
Managing director				
DJ Rathbone	761,361	352,500	506,400	1,620,261
Other executives				
DA Pullan	405,764	147,350	136,863	689,977
JA Allen	393,868	146,350	136,863	677,081
RF Ooms	391,942	138,083	128,205	658,230
KP Martin	372,452	135,044	128,205	635,701
B Benson	295,227	125,346	87,920	508,493

1 Benefits include, where applicable, superannuation contributions, motor vehicle costs, allowances and fringe benefits tax (FBT).

Options and shares under option

(1) The company's ESP provides for annual offers of ordinary shares, or a mix of both ordinary shares and options to senior executives, including the managing director.

In 2001, 1,437,692 options were granted to executives under the ESP. Details of options granted to the five most highly remunerated officers are set out in the table on the following page.

(2) A United Kingdom Saving-Related Share Options Scheme (1997) enables the issue of ordinary share options to eligible staff in the United Kingdom who had completed two years service with the company. The scheme has two parts. Firstly, it is an agreement between the employee and a savings institution to save a fixed amount every month for five years. At the end of the period, the savings institution adds a tax free interest bonus to the employee's savings. Secondly, the scheme provides the employee with an option to buy Nufarm shares from the proceeds of the amount with the savings institution. The share options are issued at a 10 per cent discount on market price at the date of the offer. Share options do not rank for dividends or carry voting rights. Two offers have been made under the scheme.

Directors' report continued

Directors' and executive' options

During the financial year the company granted options over unissued ordinary shares to the managing director and to the five most highly remunerated executives as part of their remuneration.

	Number of options granted	Exercise price $	Expiry date
Managing director			
DJ Rathbone	566,443	2.70	13 December 2011
Other executives			
DA Pullan	153,091	2.70	26 October 2011
JA Allen	153,091	2.70	26 October 2011
RF Ooms	143,406	2.70	26 October 2011
KP Martin	143,406	2.70	26 October 2011
B Benson	98,345	2.70	26 October 2011

All options were granted during the year. Using the Black Scholes methodology, each option had a value of 44.7¢.

At the date of this report, unissued ordinary shares under option are:

Number of options	Exercise price $	Expiry date
114,903[1]	3.55	1 November 2002
116,330[1]	3.08	1 March 2005
871,249	2.70	26 October 2011
566,443	2.70	3 December 2011

1 Options issued to eligible staff under the United Kingdom Savings-Related Share Option Scheme (1997). No more issue will be made under this scheme.

Insurance and indemnities for directors and officers

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

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

Rounding of amounts

The parent entity is a company of the kind specified in Australian Securities and Investments Commission Class Order 98/0100. In accordance with that class order, amounts in the financial statements and the directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

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

KM Hoggard
Director

DJ Rathbone
Director

Melbourne
10 October 2002

Nufarm Limited

Statement of financial performance

For the 12 months ended 31 July 2002

	Note	Consolidated 31.7.2002 $000	Consolidated 31.7.2001 $000	Parent 31.7.2002 $000	Parent 31.7.2001 $000
Sales revenue		1,429,275	1,323,232	109,809	81,744
Cost of sales		(824,323)	(772,005)	(75,558)	(54,864)
Consolidated earnings from trading		604,952	551,227	34,251	26,880
Interest income	2	1,011	2,655	7,634	39
Other revenue	2	13,993	62,224	35,507	41,648
Expenses					
Depreciation and amortisation	2	(56,719)	(90,284)	(1,617)	(363)
Borrowing costs	2	(42,450)	(37,000)	(8,118)	(2,204)
Operating expenses	2	(442,256)	(460,563)	(23,513)	(21,816)
Total expenses		(541,425)	(587,847)	(33,248)	(24,383)
		78,531	28,259	44,144	44,184
Share of net profits of associates	9	3,651	3,447	–	–
Profit from ordinary activities before income tax expense		82,182	31,706	44,144	44,184
Income tax expense relating to ordinary activities	6 a)	24,405	35,657	5,093	3,392
Net profit (loss)		57,777	(3,951)	39,051	40,792
Net profit attributable to outside equity interest		943	575	–	–
Net profit (loss) attributable to members of the parent entity		**56,834**	(4,526)	39,051	40,792
Net exchange differences arising on translation of opening net investment in foreign operations, net of related hedges	20 a)	2,381	(4,524)	–	–
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		2,381	(4,524)	–	–
Total changes in equity other than those resulting from transactions with owners as owners		59,215	(9,050)	39,051	40,792
Basic earnings per share (cents per share)	3	36.7	(2.9)		
Diluted earnings per share (cents per share)	3	36.4	(2.9)		

The accompanying notes form an integral part of these financial statements.

Nufarm Limited

Statement of financial position

At 31 July 2002

	Note	Consolidated 31.7.2002 $000	Consolidated 31.7.2001 $000	Parent 31.7.2002 $000	Parent 31.7.2001 $000
Current assets					
Cash assets		15,780	23,615	752	109
Receivables	7	354,034	282,568	76,168	57,637
Inventories	8	333,406	309,339	21,321	13,869
Tax assets	6 b)	7,756	2,657	–	–
Total current assets		710,976	618,179	98,241	71,615
Non-current assets					
Receivables	7	3,013	–	686	–
Equity accounted investments	9	28,005	23,431	–	–
Other financial assets	10	8,053	10,991	437,321	245,212
Property, plant and equipment	11	385,692	368,603	8,331	430
Intangible assets	12	146,647	132,382	–	–
Deferred tax assets	6 b)	25,324	32,918	11,948	14,209
Other	13	18,512	5,377	–	–
Total non-current assets		615,246	573,702	458,286	259,851
TOTAL ASSETS		1,326,222	1,191,881	556,527	331,466
Current liabilities					
Payables	14	241,598	226,168	44,035	26,806
Interest bearing liabilities	15	297,790	320,082	4,582	7,699
Tax liabilities		14,296	11,496	815	–
Provisions	16	36,366	35,011	17,512	17,375
Total current liabilities		590,050	592,757	66,944	51,880
Non-current liabilities					
Interest bearing liabilities	15	313,590	220,222	196,412	–
Deferred tax liabilities	6 c)	22,904	18,382	705	–
Provisions	16	8,639	7,719	41	–
Total non-current liabilities		345,133	246,323	197,158	–
TOTAL LIABILITIES		935,183	839,080	264,102	51,880
NET ASSETS		391,039	352,801	292,425	279,586
Equity					
Contributed equity	19	147,333	145,593	147,333	145,593
Reserves	20	24,751	22,437	40,074	40,074
Retained profits	21	212,670	183,721	105,018	93,919
Equity attributable to members of the parent entity		384,754	351,751	292,425	279,586
Outside equity interest	22	6,285	1,050	–	–
TOTAL EQUITY	23	391,039	352,801	292,425	279,586

The accompanying notes form an integral part of these financial statements.

Nufarm Limited

Statement of cash flows

For the 12 months ended 31 July 2002

	Note	Consolidated 31.7.2002 $000	Consolidated 31.7.2001 $000	Parent 31.7.2002 $000	Parent 31.7.2001 $000
Cash flows from operating activities					
Receipts from customers		1,455,526	1,297,551	122,595	82,545
Dividends received		2,924	2,667	27,615	28,504
Interest received		1,879	2,655	3,595	39
Payments to suppliers and employees		(1,324,471)	(1,154,401)	(106,604)	(77,503)
Borrowing costs paid		(42,747)	(35,656)	(2,764)	(177)
GST paid		(25,089)	(19,298)	(1,961)	1,377
Income tax paid		(17 ,313)	(28,322)	(158)	(91)
Net operating cash flows	24 b)	50,709	65,196	42,318	34,694
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		2,935	2,646	195	89
Proceeds from sale of investments		1,889	40,878	1	11,905
Proceeds from business sale	24 c)	686	41,380	686	10,047
Sulfer Works closure costs, net of disposal proceeds	24 c)	(3,998)	–	–	–
Payments for plant and equipment		(48,667)	(62,453)	(9,723)	(99)
Payments for investments		(9,350)	(6,024)	–	–
Payments for major project development expenditure, trademarks and technology rights		(2,223)	–	–	–
Foreign currency investments hedges		12,467	(38,366)	–	–
Purchase of businesses, net of cash acquired	24 d)	(22,412)	(58,065)	(5,983)	–
Net investing cash flows		(68,673)	(80,004)	(14,824)	21,942
Cash flows from financing activities					
Proceeds from issue of shares		1,512	–	1,512	–
Proceeds from call on partly paid shares		664	644	664	644
Advances repaid by controlled entities (net)		–	–	2,359	–
Proceeds of short term debt (net)		–	22,281	–	–
Proceeds from borrowings		167,797	11,318	–	–
Share buy-back		–	(115)	–	(115)
Advances to controlled entities (net)		–	–	–	(24,337)
Repayment of short term debt (net)		(41,574)	–	–	–
Repayment of borrowings		(85,925)	(48,382)	–	–
Foreign currency loans hedges		(3,241)	(4,242)	–	–
Dividends paid		(27,870)	(27,787)	(27,870)	(27,787)
Net financing cash flows		11,363	(46,283)	(23,335)	(51,595)
Net increase (decrease) in cash held		(6,601)	(61,091)	4,159	5,041
Cash at the beginning of the period		(31,162)	28,255	(7,590)	(12,117)
Exchange rate fluctuations on foreign cash balances		(2,465)	1,674	(399)	(514)
Cash at the end of the period	24 a)	(40,228)	(31,162)	(3,830)	(7,590)

The accompanying notes form an integral part of these financial statements.

Notes

Notes to the financial statements

1 Statement of significant accounting policies

Basis of accounting

The financial statements have been prepared as a general purpose financial report which complies with the requirements of the Corporations Act 2001, Australian Accounting Standards and Urgent Issues Group Consensus Views and other authoritative pronouncements. The financial statements have also been prepared on a historical cost basis except for certain land and buildings, which are stated at deemed cost (Note 11).

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the accounting with respect to earnings per share (EPS). The consolidated entity has adopted the revised Accounting Standard AASB 1027 *Earnings per share* for the first time. The effect of the revised policy has been to decrease basic EPS by 0.6 cents and 0.3 cents for 2002 and 2001 respectively. Diluted EPS is disclosed for the first time.

Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Nufarm Limited, and its controlled entities, referred to collectively throughout these financial statements as the 'consolidated entity'.

All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with group policy and generally accepted accounting principles in Australia.

Foreign currency transactions

Foreign currency items are translated to Australian currency on the following bases:

- transactions are converted at exchange rates approximating those in effect at the date of each transaction;
- amounts payable and receivable are translated at the exchange rates at the close of business at balance date. Revaluation gains and losses are brought to account as they occur; and
- the financial statements of all foreign operations are translated using the current rate method as they are considered self-sustaining.

Exchange differences relating to monetary items are included in the statement of financial performance, as exchange gains or losses, in the period when the exchange rates change, except where:

- the exchange difference relates to hedging part of the net investment in a self-sustaining foreign operation, in which case the exchange difference is transferred to the foreign currency translation reserve on consolidation; or
- the exchange difference relates to a transaction intended to hedge the purchase or sale of goods or services, in which case the exchange difference is included in the measurement of the purchase or sale.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Sales of goods occur when economic control of the goods has passed to the buyer.

Income tax

The financial statements apply the principles of tax effect accounting. The income tax expense in the statement of financial performance represents the tax on the pre tax accounting profit adjusted for income and expenses, which will never be assessed or allowed for taxation purposes.

Deferred tax liabilities and deferred tax assets include the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse.

The benefit arising from estimated carry forward tax losses is recorded as a deferred tax asset where realisation of such benefit is considered to be virtually certain.

1 Statement of significant accounting policies continued

Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials cost is direct acquisition cost and is assigned on a first-in, first-out basis. For manufactured inventories, full absorption costing is used, taking into account raw material costs, direct manufacturing costs and all factory overheads, including depreciation.

Due allowance is also provided for obsolete and slow moving inventories

Recoverable amounts of non-current assets

The book values of all non-current assets are reviewed at least annually and, to the extent that they exceed the recoverable amounts, are written off to the statement of financial performance. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate of 9.0 per cent.

Equity accounted investments

Interests in associated entities are included in non-current equity investments and brought to account using the equity method. Under this method, the investment in associates is initially recognised at its cost of acquisition and its carrying value is subsequently adjusted for increases or decreases in the investor's share of post-acquisition results and reserves of the associate. The investment in associated entities is decreased by the amount of dividends received or receivable.

Joint ventures

Interests in joint venture operations are brought to account by including in the respective financial statement categories:

- the consolidated entity's share in each of the individual assets employed in the joint venture;
- liabilities incurred by the consolidated entity in relation to the joint venture including the consolidated entity's share of any liabilities for which the consolidated entity is jointly and/or severally liable; and
- the consolidated entity's share of revenues and expenses of the joint venture.

Other financial assets

Interests in non-subsidiary, non-associated corporations are included in other financial assets at the lower of cost or recoverable amount. Dividend income is brought to account when declared.

Leased assets

Assets acquired under finance leases are capitalised and amortised over the life of the relevant lease or, where ownership is likely to be obtained on expiration of the lease, over the expected useful life of the asset. Lease payments are allocated between interest expense and reduction in the lease liability.

Operating lease assets are not capitalised. Rental payments are charged against profit in the period in which they are incurred.

Property, plant and equipment

Land and buildings are carried at cost or deemed cost. Deemed cost relates to land and buildings that were revalued prior to 1992.

Property, plant and equipment, excluding freehold land, are depreciated over their useful economic lives using the straight line methods as follows:

	Life
buildings	15-20 years
leasehold improvements	5 years
owned plant and equipment	3-20 years
leased plant and equipment	term of the lease

Goodwill on acquisition

On acquisition of a controlled entity, the difference between the purchase consideration plus related expenses and the fair value of identifiable net assets acquired is initially brought to account as goodwill on acquisition.

Acquired goodwill is amortised on a straight line basis over the period in which the benefits are expected to arise, up to 20 years. The unamortised balance of goodwill is reviewed at each balance date and charged against profit to the extent that applicable future benefits are no longer probable.

1 Statement of significant accounting policies continued

Patents and trademarks

Costs associated with patents and trademarks, which provide a benefit for more than one financial year, are deferred and amortised over the period of expected benefits up to 15 years. The unamortised balance is reviewed each balance date and charged against profit to the extent that future benefits are no longer probable.

Major projects development expenditure

These costs relate to the development of major new business. Such research and development costs are deferred to future periods to the extent that future benefits are expected, beyond any reasonable doubt, to equal or exceed those costs and any future costs necessary to give rise to the benefits.

Such deferred costs are amortised over future accounting periods not exceeding five years in order to match the costs with related benefits on the basis of expected future sales, commencing with of the commercial operations of the business.

The unamortised deferred research and development costs are reviewed annually at each balance date and to the extent that they exceed the recoverable amount are written off to the statement of financial performance.

Other non-current assets

Deferred expenditure is included in other non-current assets. These expenditures are primarily of two categories:

- Product development costs

  Product development costs are charged against profit as incurred, except where they relate to the development of new products, formulations or registrations. Such development costs are deferred to subsequent periods to the extent that future benefits are expected, beyond any reasonable doubt, to equal or exceed those costs and any future costs necessary to give rise to the benefits.

  Such deferred costs are amortised over future accounting periods not exceeding five years in order to match the costs with related benefits on the basis of expected future sales, commencing with the commercial production of the product.

  The unamortised deferred development costs are reviewed annually at each balance date and to the extent that they exceed the recoverable amount are written off to the statement of financial performance.

- Borrowing costs

  Borrowing costs are expensed as incurred, except where:

  (i) they relate to the financing of major projects under construction where they are capitalised to property, plant and equipment up to the date of commissioning; and

  (ii) for large structured finance transactions where they are accounted for in deferred expenditure and amortised over the period of the structured finance, not exceeding five years.

Payables

Liabilities for trade payables and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods or services received, whether or not billed to the consolidated entity.

Interest bearing liabilities

All loans are recorded at the principal amount, or in the case of the capital notes, at the face value of the note. Borrowing costs, including interest, are charged as they accrue.

Provisions

- Provision for employee entitlements

  Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave, and long service leave. No provision is made for non-vesting sick leave as the anticipated pattern of future sick leave taken indicates that accumulated non-vesting leave will never be paid.

  All on-costs are included in the determination of provisions. Vested sick leave, annual leave and the current portion of long service leave and workers' compensation provisions are measured at their nominal amounts.

  The non-current portions of long service leave provisions are measured at the present value of estimated future cash flows.

- Dividends

  Provision is made for dividends declared in respect of the year end financial accounts.

1 Statement of significant accounting policies continued

Earnings per share

Basic earnings per share are calculated as net profit attributable to members, divided by the weighted average number of ordinary shares.

Diluted earnings per share are calculated as net profit attributable to members, divided by the weighted average number of ordinary shares and the number of ordinary shares that may be issued upon the future exercising of options that have been granted.

Employee share and option ownership schemes

All employees are entitled to participate in share and option ownership schemes after a qualifying period. The remuneration costs associated with the new share plans (see Note 33) will be expensed as incurred.

Financial instruments

- Included in equity – ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.
- Included in liabilities – capital notes are recorded at their issue price. Interest on borrowings (including capital notes) is recognised in the period in which it is incurred.
- Included in assets – trade debtors are initially recorded at the amount of contracted sale proceeds.

Provision for doubtful debts is recognised to the extent that recovery of the outstanding receivable balance is considered unlikely, based on a review of all outstanding amounts at balance date.

The company uses financial instruments with 'off balance sheet' risks to reduce exposure to fluctuations in foreign exchange and interest rates.

Forward foreign exchange contracts, foreign currency swaps and option contracts are arranged to hedge major foreign currency sales and purchases, foreign currency loans and the translation of foreign currency earnings and investments.

Interest rate swap agreements, options and forward rate agreements are arranged to hedge against adverse movements in interest rates on both long term and short term loans.

Financial instruments are used to hedge specific underlying positions only and are accounted for using the same basis as the underlying position.

Counterparties to financial instruments are several major international financial institutions with high credit ratings. The company does not request security to support financial instruments entered into. Possible losses arising from non-performance by these counterparties are adequately provided.

For interest rate swap agreements entered into in connection with the management of interest rate exposure, the differential to be paid or received quarterly is accrued as interest rate changes and is recognised as a component of interest expense or income over the pricing period. Premiums paid for interest rate options and net settlement on maturity of forward rate agreements, futures and options are amortised over the period of the underlying liability hedged by the instrument.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures as a result of the first time application of revised Accounting Standards AASB 1005 *Segment reporting* and AASB 1027 *Earnings per share*.

Notes

Notes to the financial statements continued

2 Financial performance disclosures

Profit from ordinary activities is after charging the following revenues

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Interest income				
Wholly owned controlled entities	–	–	7,397	–
Partly owned controlled entities	–	–	31	–
Associated entities	–	419	–	–
Other	1,011	2,236	206	39
Total interest income	1,011	2,655	7,634	39
Other revenue				
Dividends from				
Wholly owned controlled entities	–	–	27,615	28,033
Other	–	98	–	471
Total dividends	–	98	27,615	28,504
Management fees from controlled entities	–	–	5,305	6,833
Sundry income	3,577	1,581	2,392	8
Gross proceeds from sale of non-current assets	10,416	60,545	195	6,303
Total other revenue	13,993	62,224	35,507	41,648
Profit from ordinary activities is after charging the following expenses				
Depreciation and amortisation				
Amortisation of goodwill	12,508	10,639	–	41
Technology rights and trademarks	871	211	–	–
Accelerated amortisation of Sulfer Works intellectual property	–	975	–	–
Plant and equipment under lease	669	285	–	–
Deferred expenditure	1,128	660	–	–
Depreciation of				
Buildings and improvements	5,188	5,105	55	–
Plant and equipment	36,355	36,088	1,562	322
Accelerated depreciation of Sulfer Works plant and equipment	–	36,321	–	–
Total depreciation and amortisation	56,719	90,284	1,617	363
Borrowing costs				
Interest paid or payable to				
Wholly owned controlled entities	–	–	8,118	–
Other unrelated parties	42,128	36,793	–	2,204
Finance lease charges	322	207	–	–
Total borrowing costs	42,450	37,000	8,118	2,204
Operating expenses				
Carrying cost of non-current assets disposed of	(10,667)	(52,871)	(228)	(464)
Staff expenses	(201,582)	(182,546)	(7,059)	(6,010)
Occupancy expenses	(26,858)	(25,260)	(3,596)	(3,461)
Plant related expenses	(60,485)	(60,145)	(3,169)	(2,946)
Sales and distribution expenses	(56,470)	(47,167)	(4,363)	(3,398)
Research and development costs	(9,328)	(11,447)	(678)	(602)
Travel	(21,467)	(20,118)	(1,191)	(917)
Other operating expenses	(55,399)	(61,009)	(3,229)	(4,018)
Total operating expenses	(442,256)	(460,563)	(23,513)	(21,816)

2 Financial performance disclosures continued

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Operating expenses include:				
Net foreign exchange gains (losses) from				
Hedges on foreign currency earnings for year	436	(4,088)	–	–
Unhedged receivables and payables	4,005	1,077	(970)	(1,386)
Bad debts written off	(765)	(1,184)	126	(136)
Net charge to provision for doubtful debts	(988)	(1,176)	128	(91)
Donations	(230)	(64)	(9)	–
Operating lease rentals	(7,131)	(6,507)	(119)	(1,127)
Other disclosures				
Loss on disposal of plant and equipment	(251)	(238)	(33)	(376)
Gain on sale of investment	–	421	–	–
Gain on sale of businesses (refer Note 6)				

3 Earnings per share

	Consolidated 2002 $000	Consolidated 2001 $000
Net profit/ (loss)	57,777	(3,951)
Net profit attributable to outside equity interest	(943)	(575)
Earnings used in the calculations of basic and diluted earnings per share	56,834	(4,526)
Add back non-operating losses (refer Note 5)	–	55,664
Earnings excluding non-operating items used in the calculations of alternative earnings per share	56,834	51,138

	Number of shares	
Weighted average number of ordinary shares used in calculation of basic earnings per share	155,054,565	154,414,425
Weighted average number of ordinary share options used in calculation of diluted earnings per share	1,280,453	257,598
Weighted average number of ordinary shares used in calculation of diluted earnings per share	156,335,018	154,672,023

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

	2002	2001
Basic earnings per share (cents per share)	36.7	(2.9)
Diluted earnings per share (cents per share)	36.4	(2.9)
Alternative earnings measure		
Basic earnings per share excluding non-operating items (cents per share)	36.7	33.1
Diluted earnings per share excluding non-operating items (cents per share)	36.4	33.1

4 Segments

The consolidated entity's operating companies are largely organised and managed according to the nature of the products and services they provide, with each business segment offering different products and serving different markets:

- the crop protection segment manufactures and distributes a range of herbicides, fungicides and other products that are sold into the agricultural, turf and specialty markets;
- the industrial chemicals segment manufactures and distributes a range of industrial, fine and performance chemicals which draw on Nufarm's core strengths in chemical synthesis and formulation;
- the other segment includes other minor businesses and investments which are separately managed from the above segments.

Geographically the group operates globally with operations in many countries and sales being made in over 100 countries, which are split into three segments. Australasia covers Australia, New Zealand and Asia. The Americas cover North, South and Latin America. Europe covers United Kingdom, continental Europe and Africa. The geographic sales reflect the domicile of the company's customers.

All inter segment sales are at market prices.

The operating result shown in this note is operating profit before tax, interest and centralised cost allocations.

Segment accounting policies are consistent with the consolidated entity's policies described in Note 1.

4 Segments continued

Business segments

	Crop protection $000	Industrial chemicals $000	Other $000	Eliminations $000	Consolidated $000
			2002		
Revenue					
Sales to outside customers	1,041,719	385,579	1,977	–	1,429,275
Inter segment sales	275	2,102	–	(2,377)	–
Sales revenue	1,041,994	387,681	1,977	(2,377)	1,429,275
Other revenue	4,329	6,728	2,936	–	13,993
Share of net profits of associates	3,651	–	–	–	3,651
Total segment revenue	1,049,974	394,409	4,913	(2,377)	1,446,919
Unallocated revenue					1,011
Total consolidated revenue					1,447,930
Results					
Operating result	118,396	31,315	(3,033)	–	146,678
Segment result	118,396	31,315	(3,033)	–	146,678
Unallocated expenses					(64,496)
Profit from ordinary activities before taxation					82,182
Income tax expense					24,405
Net profit					57,777
Assets					
Segment assets	984,778	271,011	37,353	–	1,293,142
Unallocated assets					33,080
Total assets					1,326,222
Liabilities					
Segment liabilities	189,029	68,998	28,576	–	286,603
Unallocated liabilities					648,580
Total liabilities					935,183
Other segment information					
Equity accounted investments included in segment assets	27,253	752	–	–	28,005
Acquisition of property, plant and equipment, intangible assets and other non-current assets	66,984	13,252	193	–	80,429
Depreciation	30,529	11,064	265	–	41,858
Amortisation	12,014	1,975	872	–	14,861
Other non-cash expenses	3,754	104	26	–	3,884

Geographic segments

	Australasia $000	Europe $000	Americas $000	Consolidated $000
Revenue				
Sales to outside customers	672,597	372,880	383,798	1,429,275
Interest and other revenue	6,915	5,950	4,779	17,644
Total segment revenue	679,512	378,830	388,577	1,446,919
Assets				
Segment assets	504,005	525,763	296,454	1,326,222
Other segment information				
Acquisition of property, plant and equipment, intangible assets and other non-current assets	43,421	26,340	10,668	80,429

4 Segments continued

Business segments

2001	Crop protection $000	Industrial chemicals $000	Other $000	Eliminations $000	Consolidated $000
Revenue					
Sales to outside customers	919,243	403,282	707	–	1,323,232
Intersegment sales	582	963	–	(1,545)	–
Sales revenue	919,825	404,245	707	(1,545)	1,323,232
Other revenue	2,124	1,386	717	–	4,227
Share of net profits of associates	3,907	(460)	–	–	3,447
Total segment revenue	925,856	405,171	1,424	(1,545)	1,330,906
Unallocated revenue					60,652
Total consolidated revenue					1,391,558
Results					
Operating result	103,120	36,098	(6,949)	–	132,269
Non-operating loss	(1,969)	(43,990)	(1,180)	–	(47,139)
Segment result	101,151	(7,892)	(8,129)	–	85,130
Unallocated expenses					(53,424)
Profit from ordinary activities before taxation					31,706
Income tax expense					35,657
Net loss					(3,951)
Assets					
Segment assets	830,136	302,827	23,343	–	1,156,306
Unallocated assets					35,575
Total assets					1,191,881
Liabilities					
Segment liabilities	166,610	71,843	30,445	–	268,898
Unallocated liabilities					570,182
Total liabilities					839,080
Other segment information					
Equity accounted investments included in segment assets	22,679	752	–	–	23,431
Acquisition of property, plant and equipment, intangible assets and other non-current assets	113,141	13,155	246	–	126,542
Depreciation	28,045	49,345	124	–	77,514
Amortisation	9,410	3,010	350	–	12,770
Other non-cash expenses	2,825	1,917	(16)	–	4,726

Geographic segments

	Australasia $000	Europe $000	Americas $000	Consolidated $000
Revenue				
Sales to outside customers	612,739	344,697	365,796	1,323,232
Interest and other revenue	1,767	5,447	460	7,674
Total segment revenue	614,506	350,144	366,256	1,330,906
Assets				
Segment assets	443,868	433,363	314,650	1,191,881
Other segment information				
Acquisition of property, plant and equipment, intangible assets and other non-current assets	21,883	70,715	33,944	126,542

5 Non-operating income and expenses

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Gain on sale businesses	–	4,963	–	–
Write down of Sulfer Works business	–	(48,952)	–	–
Other non-operating expenses	–	(3,150)	–	(851)
Non-operating items before tax	–	(47,139)	–	(851)
Tax benefit (expense) thereon	–	(8,525)	–	281
Non-operating items after tax	–	(55,664)	–	(570)

During the current period the Sulfer Works business and assets were sold.

	2002 $000	2001 $000
The Sulfer Works asset disposals, write downs and closure costs are as follows:		
Accelerated amortisation of plant and equipment	–	(36,321)
Accelerated amortisation of intellectual property	–	(975)
Inventory write downs and disposal of off spec inventories	–	(5,243)
Redundancies	–	(1,607)
Closure and other costs	–	(4,806)
	–	(48,952)
Tax assets written off	–	(10,264)
	–	(59,216)

6 Taxation

a) Income tax expense

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Reconciliation to income tax expense provided in the financial statements				
Profit from ordinary activities	82,182	31,706	44,144	44,184
Prima facie tax thereon at 30% (2001: 34%)	24,654	10,780	13,243	15,023
Tax effect of permanent and other differences				
Depreciation and amortisation not deductible	1,781	14,433	2	13
Research and development allowances	(1,120)	–	–	–
Other items not deductible	2,643	5,441	88	86
Exempt dividends received	–	(37)	(8,285)	(9,686)
Other non-assessable income	(1,889)	(3,325)	(165)	(2,394)
Share of results of associates (net of tax)	(1,274)	(1,172)	–	–
Amounts (over) under provided in prior years	(1,516)	453	(153)	522
Write off of tax assets – Sulfer Works	–	10,264	–	–
Restatement of deferred tax balances due to income tax rate changes	(173)	(397)	–	(49)
Effect of different rates of tax on overseas income	1,299	(783)	363	(123)
Income tax expense relating to ordinary activities	24,405	35,657	5,093	3,392

Notes to the financial statements continued

6 Taxation continued

b) Tax assets

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Attributable to carry forward tax losses that have accumulated in several tax jurisdictions. These losses will be utilised against future profits in those jurisdictions.	31,222	32,116	10,275	14,051
Tax losses offset against current tax liabilities and deferred tax liabilities	(15,820)	(11,419)	(6,265)	(371)
	15,402	20,697	4,010	13,680
Attributable to timing differences				
Depreciation	1,109	130	125	14
Provision for employee entitlements	3,855	3,626	155	124
Provision for doubtful debts	227	314	39	89
Provision for stock obsolescence	338	1,104	–	302
Other	7,242	7,763	7,619	–
Tax instalments paid	4,907	1,941	–	–
	33,080	35,575	11,948	14,209
Current portion	7,756	2,657	–	–
Non-current portion	25,324	32,918	11,948	14,209

c) Deferred tax

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Attributable to timing differences				
Depreciation	19,981	22,552	–	–
Prepayments and deferred expenses	5,099	318	–	–
Other	3,129	3,524	705	371
Tax asset offset	(5,305)	(8,012)	–	(371)
Total deferred tax	22,904	18,382	705	–

7 Receivables

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Trade debtors and other receivables are non-interest bearing and are generally for less than 90 day terms				
Trade debtors	315,224	254,205	18,307	12,262
Provision for doubtful debts	(3,378)	(4,130)	(119)	(269)
	311,846	250,075	18,188	11,993
Amounts owing by				
Wholly owned controlled entities	–	–	49,018	42,678
Partly owned controlled entities	–	–	–	2
Associated entities	860	2,880	–	–
Other	31,044	22,451	7,940	2,747
Prepayments	6,806	6,086	336	217
Proceeds receivable from sale of businesses	6,491	1,076	1,372	–
Total receivables	357,047	282,568	76,854	57,637
Current portion	354,034	282,568	76,168	57,637
Non-current portion	3,013	–	686	–

8 Inventories

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Raw materials	116,386	112,607	2,324	2,206
Work in progress	3,905	4,098	158	144
Finished goods	218,662	197,012	19,347	12,221
	338,953	313,717	21,829	14,571
Provision for stock obsolescence	(5,547)	(4,378)	(508)	(702)
Total inventories	333,406	309,339	21,321	13,869

9 Equity accounted investments

	Retained profits $000	Cost $000	Carrying value $000
		2002	
Aggregate carrying amount of associates			
Balance at the beginning of the period	10,072	13,359	23,431
Exchange adjustment	153	294	447
Share of net result	3,651	–	3,651
New investment	–	9,291	9,291
Investments in which a controlling interest was acquired	(1,119)	(4,700)	(5,819)
Investments written off	–	(72)	(72)
Dividends received	–	(2,924)	(2,924)
Balance at the end of the period	12,757	15,248	28,005
		2001	
Balance at the beginning of the period	5,997	14,769	20,766
Exchange adjustment	628	1,545	2,173
Share of net result	4,190	–	4,190
Investments sold	(737)	(140)	(877)
Investments written off	(6)	200	194
Dividends received	–	(3,015)	(3,015)
Balance at the end of the period	10,072	13,359	23,431

	Consolidated 2002 $000	Consolidated 2001 $000
Share of associates' profits		
Operating profits before income tax	5,733	5,986
Amortisation of goodwill on acquisition	(262)	(195)
Income tax expense	(1,820)	(2,344)
Share of net profits of associates	3,651	3,447

(refer Note 27 for other disclosures of associated companies)

10 Other financial assets

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Investment in controlled entities				
Balance at the beginning of the period	–	–	245,210	257,115
Buy-back of shares in controlled entity	–	–	–	(11,905)
Balance at the end of the period	–	–	245,210	245,210
Investment in other companies (at cost)				
Balance at the beginning of the period	397	32,872	–	–
Exchange adjustment	2	273	–	–
New investments during the period	–	5,907	–	–
Investments in which a controlling interest was acquired	(173)	–	–	–
Investments disposed of during the period	–	(38,655)	–	–
Balance at the end of the period	226	397	–	–
Other loans including loans to the staff share purchase schemes (refer Note 33).				
Balance at the beginning of the period	10,594	11,752	2	2
Exchange adjustment	91	143	–	–
Loans to wholly owned controlled entities	–	–	192,110	–
New investments during the period	41	–	–	–
Loans repaid during the period	(2,899)	(1,301)	(1)	–
Balance at the end of the period	7,827	10,594	192,111	2
Total other financial assets	8,053	10,991	437,321	245,212

11 Property, plant and equipment

	Consolidated					
	Freehold land and improvements $000	Buildings $000	Plant and machinery $000	Leased plant and machinery $000	Capital work in progess $000	Total $000
2002						
Cost						
At cost	27,617	114,555	536,202	4,893	35,030	718,297
At deemed cost	2,680	8,250	–	–	–	10,930
Balance at the beginning of the period	30,297	122,805	536,202	4,893	35,030	729,227
Exchange adjustment	436	1,153	6,401	162	(914)	7,238
Additions	3,232	18,835	27,499	826	16,002	66,394
Disposals	(387)	(328)	(14,860)	–	–	(15,574)
Transfers	1,481	1,533	24,033	(271)	(26,776)	–
Balance at the end of the period	35,059	143,998	579,275	5,610	23,342	787,284
Accumulated depreciation						
Balance at the beginning of the period	(151)	(52,949)	(305,738)	(1,786)	–	(360,624)
Exchange adjustment	5	(1,126)	(5,061)	(55)	–	(6,237)
Depreciated during the period	(32)	(5,156)	(36,355)	(669)	–	(42,212)
Disposals	–	71	7,411	–	–	7,482
Transfers	–	978	(1,146)	168	–	–
Balance at the end of the period	(178)	(58,182)	(340,890)	(2,342)	–	(401,592)
Total property, plant and equipment, net	34,881	85,816	238,385	3,268	23,342	385,692
2001						
Cost						
At cost	27,989	104,472	485,107	4,714	14,544	636,826
At deemed cost	2,680	8,250	–	–	–	10,930
Balance at the beginning of the period	30,669	112,722	485,107	4,714	14,544	647,756
Exchange adjustment	2,186	8,449	34,383	372	1,217	46,607
Additions	350	4,591	14,547	–	43,588	63,076
Disposals	(1,179)	(4,780)	(22,132)	(109)	(12)	(28,212)
Transfers	(1,729)	1,823	24,297	(84)	(24,307)	–
Balance at the end of the period	30,297	122,805	536,202	4,893	35,030	729,227
Accumulated depreciation						
Balance at the beginning of the period	(134)	(45,565)	(232,611)	(1,484)	–	(279,794)
Exchange adjustment	(13)	(4,893)	(16,897)	(105)	–	(21,908)
Depreciated during the period	(4)	(5,101)	(72,409)	(285)	–	(77,799)
Disposals	–	2,610	16,179	88	–	18,877
Balance at the end of the period	(151)	(52,949)	(305,738)	(1,786)	–	(360,624)
Total property, plant and equipment, net	30,146	69,856	230,464	3,107	35,030	368,603

Jones Lang LaSalle valued the land and buildings portfolio, excluding the Sulfer Works assets in 2001, on an existing use valuation at $96.9 million.

11 Property, plant and equipment continued

	Parent				
	Freehold land and improvements $000	Buildings $000	Plant and machinery $000	Capital work in progess $000	Total $000
			2002		
Cost					
Balance at the beginning of the period	–	–	1,968	67	2,035
Exchange adjustment	–	–	103	4	107
Additions	43	1,224	7,326	–	8,593
Disposals	–	–	(376)	1,129	753
Balance at the end of the period	43	1,224	9,021	1,200	11,488
Accumulated depreciation					
Balance at the beginning of the period	–	–	(1,605)	–	(1,605)
Exchange adjustment	–	–	(84)	–	(84)
Depreciated during the period	–	(55)	(1,562)	–	(1,617)
Disposals	–	–	149	–	149
Balance at the end of the period	–	(55)	(3,102)	–	(3,157)
Total property, plant and equipment, net	43	1,169	5,919	1,200	8,331
			2001		
Cost					
Balance at the beginning of the period	–	–	3,867	64	3,931
Exchange adjustment	–	–	164	3	167
Additions	–	–	99	–	99
Disposals	–	–	(2,162)	–	(2,162)
Balance at the end of the period	–	–	1,968	67	2,035
Accumulated depreciation					
Balance at the beginning of the period	–	–	(2,859)	–	(2,859)
Exchange adjustment	–	–	(121)	–	(121)
Depreciated during the period	–	–	(322)	–	(322)
Disposals	–	–	1,697	–	1,697
Balance at the end of the period	–	–	(1,605)	–	(1,605)
Total property, plant and equipment, net	–	–	363	67	430

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
12 Intangible assets				
Goodwill				
Balance at the beginning of the period	130,491	105,161	–	39
Exchange adjustment	(4,233)	11,417	–	2
Acquired during the period	13,094	27,120	–	–
Attached to investments disposed of	–	(2,095)	–	–
Written off during the period	–	(473)	–	–
Amortised during the period	(12,508)	(10,639)	–	(41)
Balance at the end of the period	126,844	130,491	–	–
Trademarks and technology rights				
Balance at the beginning of the period	445	1,488	–	–
Exchange adjustment	(57)	125	–	–
Acquired during the period	17,230	75	–	–
Written off during the period	–	(57)	–	–
Amortised during the period	(871)	(1,186)	–	–
Balance at the end of the period	16,747	445	–	–
Major projects development expenditure				
Balance at the beginning of the period	1,446	1,446	–	–
Expenditure capitalised during the period	1,610	–	–	–
Written off during the period	–	–	–	–
Balance at the end of the period	3,056	1,446	–	–
Total intangible assets	146,647	132,382	–	–
13 Other non-current assets				
Deferred product development expenditure				
Balance at the beginning of the period	5,377	–	–	–
Exchange adjustment	240	–	–	–
Expenditure capitalised during the period	8,345	6,037	–	–
Amortised during the period	(606)	(660)	–	–
Balance at the end of the period	13,356	5,377	–	–
Borrowing costs				
Expenditure capitalised during the period	5,678	–	–	–
Amortised during the period	(522)	–	–	–
Balance at the end of the period	5,156	–	–	–
Total other non-current assets	18,512	5,377	–	–
14 Payables				
Trade creditors and other accruals are non-interest bearing and are generally for less than 90 day terms				
Trade creditors – unsecured	156,989	153,772	9,328	4,015
Amounts owing to				
Wholly owned controlled entities	–	–	27,543	17,764
Other accruals	84,609	72,396	7,164	5,027
Total payables	241,598	226,168	44,035	26,806

15 Interest bearing liabilities

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Capital notes				
Face value NZD 225,000,000 (2001: NZD 170,000,000) Long term unsecured subordinated fixed interest debt security with an election date of 15 October 2006. Coupon rate 8.56% (2001: 9.8%)	192,885	138,448	–	–
On the election date, noteholders may elect to retain their capital notes for a further five year period on the terms and conditions, which will be advised, or to convert some or all of their capital notes to ordinary shares in Nufarm Limited at 97.5% of the then current price of ordinary shares. On the relevant election date, the group may at its option purchase some or all of the capital notes for cash at their principal amount plus any accrued interest.				
Bank loans – unsecured (average interest rate 4.3%)	391,393	393,696	4,582	7,699
Bank loans – secured (average interest rate 4.5%)	17,212	798	–	–
Other loans – unsecured (average interest rate 6.8%)	3,504	4,439	–	–
Other loans from wholly owned controlled entities (average interest rate 9.2%)	–	–	196,412	–
Finance lease liabilities – secured (average interest rate 8.1%)	6,386	2,923	–	–
	611,380	540,304	200,994	7,699
Less current portion				
Capital notes – unsecured and subordinated	–	138,448	–	–
Bank loans – unsecured	281,060	178,790	4,582	7,699
– secured	14,362	798	–	–
Other loans – unsecured	977	1,588	–	–
Finance lease liabilities – secured	1,391	458	–	–
Total current interest bearing liabilities	297,790	320,082	4,582	7,699
Total non-current interest bearing liabilities	313,590	220,222	196,412	–
Repayment of borrowings (excluding finance leases)				
Periods ending 31 July 2003	296,399	168,706	4,582	–
2004	96,414	26,722	–	–
2005	6,431	4,226	–	–
2006	10,264	15,251	–	–
2007	192,885	–	196,412	–
No specified repayment date	2,601	2,851	–	–

The obligations with no specified repayment date are repayable upon certain contingent events, which the directors believe will not occur in the foreseeable future.

All unsecured bank borrowings are provided by banks that are parties to the group negative pledge deed. The assets of all the entities included in the negative pledge deed (refer Note 25) are in excess of their related borrowings. Secured bank borrowings and finance lease liabilities are secured over certain plant of controlled entities.

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
16 Provisions				
Dividends	17,082	17,000	17,082	17,000
Employee entitlements	25,393	23,570	454	349
Other	2,530	2,160	17	26
	45,005	42,730	17,553	17,375
Less current portion				
Dividends	17,082	17,000	17,082	17,000
Employee entitlements	16,754	15,851	413	349
Other	2,530	2,160	17	26
Total current provisions	36,366	35,011	17,512	17,375
Total non-current provisions	8,639	7,719	41	–

Dividends payable represent a final dividend of 11.0 cents (2001: 11.0 cents) per ordinary share for the financial year ended 31 July 2002. These dividends will be fully ranked at the tax rate of 30% .

17 Contingent liabilities

The parent entity has entered into a deed of cross guarantee (refer Note 26) in accordance with a class order issued by the Australian Securities and Investments Commission. The parent entity and all the Australian controlled entities, which are a party to the deed, have guaranteed the repayment of all current and future creditors in the event any of these companies are wound up.

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

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Guarantees for the payment of liabilities:				
– for the repayment of borrowings of partly owned controlled entities that are not a party to the negative pledge deed	–	–	–	8,235
– other	2,143	2,036	2,143	2,036
Receivables sold to financiers for which there is either partial or full recourse to the company in the event that the debt is not collected from the customer. Receivables sold that have come due for payment since year end have been collected by the financiers (refer Note 29).	6,250	13,565	–	–
The parent entity has guaranteed with the noteholders the issuers' obligations under the capital notes.	–	–	192,885	138,448
Environmental claim warranty Guarantee upon sale of a business limited to EUR 6.1 million on account of possible remediation costs for soil and groundwater contamination. This guarantee decreases from 2003 progressively to nil in 2011. The directors do not believe that any material costs will be incurred as a result of this guarantee.	10,987	10,563	–	–
	19,380	26,164	195,028	148,719

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
18 Commitments				
Capital expenditure				
Estimated cost of capital work covering buildings and plant authorised by the board of directors and contracted for but not yet provided for in the financial statements, together with capital work required to meet regulatory consents. All these commitments are expected to be completed within 12 months.	4,480	7,231	1,136	–
Investments				
In February 2002, the company acquired a further 30 per cent of the Australian and Malaysian chemical formulating businesses of Mastra Holdings, which are now controlled entities. The company has a commitment to acquire the remaining shares by December 2005. The cost will be USD 3.0 million.	5,496	7,129	–	–
The company has committed to buying 14 per cent of the shares in the Agchem business of Excel Industries Ltd, an Indian company listed on the Mumbai Stock Exchange. The cost is INR 190.0 million and is expected to be settled in late 2002.	7,221	–	–	–
	12,717	7,129	–	–
For commitments entered into since reporting date refer to Note 36 (Subsequent events)				
Leases				
Operating leases are generally entered to access the use of shorter term assets such as motor vehicles, mobile plant and some office equipment. Rentals are fixed for the duration of these leases. There are also a small number of leases for office properties. These rentals have regular reviews based on market rentals at the time of review. Lease commitments for non-cancellable operating leases are payable as follows:				
Not later than one year	7,515	5,261	1,509	–
Later than one year but not later than two years	5,016	4,252	1,362	–
Later than two years but not later than five years	10,949	9,192	2,324	–
Later than five years	1,901	4,975	1,660	–
	25,381	23,680	6,855	–
Finance leases are entered to fund the acquisition of minor items of plant and equipment, mainly by partly-owned entities of the group. Rentals are fixed for the duration of these leases. Lease commitments for capitalised finance leases are payable as follows:				
Not later than one year	1,549	427	–	–
Later than one year but not later than two years	1,421	452	–	–
Later than two years but not later than five years	3,312	1,662	–	–
Later than five years	1,783	1,333	–	–
	8,065	3,874	–	–
Less future finance charges	(1,679)	(951)	–	–
	6,386	2,923	–	–

19 Contributed equity

	Number of shares	2002 $000	2001 $000
Ordinary shares issued and fully paid			
Balance at the beginning of the period	154,545,607	145,587	145,058
Issue of shares	560,000	1,076	–
Share buy-back	–	–	(115)
Partly paid shares fully paid up during the period	184,600	665	644
Balance at the end of the period	155,290,207	147,328	145,587
Ordinary shares issued and partly paid to 1.0 cent			
Balance at the beginning of the period	710,050	6	8
Partly paid shares fully paid up during the period	(184,600)	(1)	(2)
Balance at the end of the period	525,450	5	6
Total contributed equity	155,815,657	147,333	145,593

20 Reserves

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
a) Foreign currency translation				
This reserve records exchange differences arising from the translation of the financial statements of self-sustaining foreign operations together with the net result of hedging the foreign currency exposures arising from the net investment in those foreign operations.				
Balance at the beginning of the period	(13,315)	(8,791)	–	–
Exchange fluctuation on opening net investment in overseas controlled entities	(6,521)	20,978	–	–
Hedging of net investment in overseas controlled entities	8,902	(25,502)	–	–
Transferred to retained profits	(8)	–	–	–
Balance at the end of the period	(10,942)	(13,315)	–	–
b) Asset revaluation				
This reserve records increments in the value of land and buildings that were revalued prior to 1992 when the company implemented a policy of recording assets at cost unless there is a permanent diminution in carrying values.				
Balance at the beginning of the period	2,039	2,039	–	–
Transferred to retained profits	(198)	–	–	–
Balance at the end of the period	1,841	2,039	–	–
c) Capital profits reserve				
This reserve is used to accumulate realised capital profits				
Balance at the beginning of the period	33,713	33,860	40,074	40,074
Transferred from retained profits	139	–	–	–
Transferred to retained profits	–	(147)	–	–
Balance at the end of the period	33,852	33,713	40,074	40,074
Total reserves	24,751	22,437	40,074	40,074

Notes

Notes to the financial statements continued

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
21 Retained profits				
Balance at the beginning of the period	183,721	215,908	93,919	80,935
Net profit attributable to members of the parent entity	56,834	(4,526)	39,051	40,792
Aggregate amounts transferred from reserves	206	147	–	–
Dividends paid and provided	(27,952)	(27,808)	(27,952)	(27,808)
Aggregate amounts transferred to reserves	(139)	–	–	–
Balance at the end of the period	212,670	183,721	105,018	93,919
Retained profits and reserves that could be distributed as dividends and franked out of existing franking credits or out of franking credits arising from income tax payable	3,912	488	124	521

As of 1 July 2002, the new imputation system requires franking credits to be expressed on a tax paid basis. The franking account surplus existing at 31 July 2001 has been restated to a tax paid amount by multipying the franking surplus by 30/70.

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
22 Outside equity interests				
Share capital	7,300	5,342	–	–
Retained profits	(1,015)	(4,292)	–	–
	6,285	1,050	–	–
23 Equity				
Balance at the beginning of the period	352,801	388,512	279,586	266,075
Total changes in equity recognised in the statement of financial performance	59,215	(9,050)	39,051	40,792
Transactions with owners as owners				
Contributed equity	1,740	527	1,740	527
Dividends	(27,952)	(27,808)	(27,952)	(27,808)
Movement in outside equity interest	5,235	620	–	–
Balance at the end of the period	391,039	352,801	292,425	279,586

24 Statement of cash flows

a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and deposits at call, net of outstanding overdrafts.

The statements of cash flows are reconciled to respective items in the statement of financial position as follows:

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Cash assets	15,780	23,615	752	109
Bank overdrafts	(56,008)	(54,777)	(4,582)	(7,699)
	(40,228)	(31,162)	(3,830)	(7,590)

24 Statement of cash flows continued

b) Reconciliation of net profit (loss) after income tax to net operating cash flows

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Net profit (loss) after income tax	57,777	(3,951)	39,051	40,792
Dividend from associated company	2,924	2,175	–	–
Less non-operating items net of tax	–	(7,756)	–	(7,254)
Sulfer Works costs prior to sale	2,284	–	–	–
Non-cash items				
Amortisation	14,861	12,770	–	41
Depreciation	41,858	77,514	1,617	322
Losses on disposal of fixed assets	251	238	33	375
Foreign currency gain arising on migration translation	–	–	–	–
Unrealised foreign currency (gains) losses	–	–	(1,669)	34
Movement in provisions for				
Deferred tax	4,084	9,048	705	368
Tax assets	45	4,589	2,276	1,122
Deferred product development expenses	(8,345)	(6,037)	–	–
Exchange rate change on foreign controlled entities provisions	447	2,012	798	699
	53,201	100,134	3,760	2,961
Movements in working capital items:				
(Increase) decrease in receivables	(45,765)	(45,342)	1,785	3,783
(Increase) in inventories	(17,119)	(27,447)	(2,541)	(2,765)
Increase (decrease) in payables	2,430	46,403	(1,016)	(1,230)
Increase (decrease) in income tax payable	2,784	(7,457)	815	–
Exchange rate change on foreign controlled entities working capital items	(4,156)	11,884	1,029	921
Share of profits of associates net of tax	(3,651)	(3,447)	–	–
Group tax setoff	–	–	341	1,112
Movements in intercompany balances relating to cash transactions	–	–	(906)	(3,626)
	(65,477)	(25,406)	(493)	(1,805)
Net operating cash flows	50,709	65,196	42,318	34,694

c) Businesses sold

The company sold the business and assets of Fernz Sulfer Works in Canada.

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Net assets disposed of were				
Receivables	–	20,944	–	–
Inventory	2,307	4,899	–	2,793
Investments	–	870	–	–
Property, plant and equipment	4,906	6,566	–	–
Intangibles	–	2,094	–	–
Payables	–	(1,484)	–	–
Gain on disposal	–	7,491	–	7,254
Amount settled for businesses sold in prior years	686	–	686	–
Total consideration	7,899	41,380	686	10,047
Cash deferred	(5,119)	–	–	–
Cash consideration received	2,780	41,380	686	10,047
Cash paid for closure costs	(6,092)	–	–	–
Net cash effect	(3,312)	41,380	686	10,047
Shown as				
Proceeds from business sale	686	41,380	686	10,047
Sulfer Works closure costs net of disposal proceeds	(3,998)	–	–	–

24 Statement of cash flows continued

d) Businesses acquired

The company acquired a further 30 per cent of the share capital of the Mastra group of companies, resulting in them becoming controlled entities. It also acquired the selective chemistry business in Australia and New Zealand from Monsanto, and 100 per cent of the share capital of Agro Permutadora in Portugal, an agricultural chemicals distribution business. The aggregate amounts of net assets acquired were

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Cash	3,841	138	–	–
Receivables	16,905	394	7,213	–
Inventory	11,183	29,833	4,911	–
Tax assets	84	–	15	–
Investments	(5,993)	79	–	–
Property, plant and equipment	17,725	618	–	–
Intangibles	29,977	27,179	–	–
Bank overdraft	(1,268)	–	–	–
Payables	(15,509)	(38)	(6,156)	–
Borrowings	(19,375)	–	–	–
Outside equity interests	(4,537)	–	–	–
Total consideration	33,033	58,203	5,983	–
Cash deferred	(8,048)	–	–	–
Cash consideration paid	24,985	58,203	5,983	–
Cash included in net assets acquired	(3,841)	(138)	–	–
Bank overdraft included in net assets acquired	1,268	–	–	–
Net cash effect	22,412	58,065	5,983	–

The deferred cash settlement represents the value of the remaining consideration payable.

25 Controlled entities

The consolidated financial statements at 31 July 2002 include the following controlled entities. All controlled entities have the same financial year end as the parent entity.

	Notes	Place of incorporation	Percentage of shares held 2002	Percentage of shares held 2001
Abel Lemon and Company Pty Ltd	(a)	Australia	100	100
Agcare Biotech Pty Ltd	(c)	Australia	70	40
Agro Permutadora Produtos Agroquimicos LDA	(c)	Portugal	100	–
Agrow Australia Pty Ltd	(a),(b)	Australia	100	100
Agryl Holdings Limited	(a),(b)	Australia	100	100
Allrad No 1 Pty Ltd		Australia	90	90
Australis Services Pty Ltd	(a)	Australia	100	100
Bioclip NZ Pty Limited	(c)	New Zealand	100	100
Biotech Innovations Pty Ltd	(c)	Australia	90	90
Camper Vertriebs	(c)	Germany	100	100
Captec (NZ) Limited	(b)	New Zealand	100	100
Captec Pty Limited	(a),(b)	Australia	100	100
CFPI GmbH	(c)	Germany	100	100
CFPI Italia SRL	(c)	Italy	100	100
Chemicca Limited	(a)	Australia	100	100

25 Controlled entities continued

	Notes	Place of incorporation	Percentage of shares held 2002	2001
Chemicca Limited	(c)	New Zealand	100	100
Chemturf Pty Ltd	(a)	Australia	100	100
Chloral Investment Trust		Australia	80	80
Chloral Unit Trust No1		Australia	80	80
Chloral Unit Trust No2		Australia	80	80
Compagnie D'Applications Chimiques a L'Industrie	(c)	France	100	100
CNG Holdings BV		Netherlands	100	100
Croplands Equipment Limited	(b)	New Zealand	100	100
Croplands Equipment Pty Ltd	(a),(b)	Australia	100	100
Danestoke Pty Limited	(c)	Australia	80	80
Davco New Zealand Limited	(c)	New Zealand	100	100
Eltrick Pty Ltd		Australia	90	90
Electronic Agriculture Limited	(a),(c)	Australia	100	100
Esorblue Pty Ltd		Australia	90	90
Fernz Australia Limited	(a),(b)	Australia	100	100
Fernz Canada Limited	(b)	Canada	100	100
Fernz Chemicals (NZ) Limited	(b)	New Zealand	100	100
Fernz Construction Materials Ltd	(a),(b)	Australia	100	100
Fernz Corporation (NZ) Limited	(b)	New Zealand	100	100
Fernz Health & Sciences Limited	(b)	New Zealand	100	100
Fernz Holdings (NZ) Limited	(b)	New Zealand	100	100
Fernz Insurance Pte Ltd		Singapore	100	100
Fernz Singapore Pte Ltd	(b)	Singapore	100	100
Fernz Sulfer Works Inc		Canada	100	90
Fernz Timber Protection Limited	(b)	New Zealand	100	100
Fernz Timber Protection (M) Sdn Bhd	(c)	Malaysia	51	51
Fidene Limited	(c)	New Zealand	100	100
Finotech BV	(b),(c)	Netherlands	100	100
Florigene Europe BV		Netherlands	90	90
Florigene Flowers Pty Ltd		Australia	90	90
Florigene International BV		Netherlands	90	90
Florigene Investments Pty Ltd		Australia	90	90
Florigene Investments No 2 Pty Ltd		Australia	90	90
Florigene Limited		Australia	90	90
Florigene Marketing Pty Ltd		Australia	90	90
Framchem SA	(c)	Egypt	100	100
Galpro SA	(c)	Belgium	100	100
Ichem Limited	(c)	New Zealand	100	100
International Flower Developments Pty Ltd		Australia	90	90
Laboratoire Europeen de Biotechnologie	(c)	France	100	100
Lobeco Products Inc	(b)	USA	100	100
Manaus Holdings Sdn Bhd		Malaysia	100	100
Marman Holdings LLC	(c)	USA	70	40
Marman de Centroamerica Sociedad Anomima	(c)	Costa Rica	70	40
Marman del Ecuador Sociedad Anomima	(c)	Ecuador	70	40
Marman de Mexico Sociedad Anomima	(c)	Mexico	70	40
Marman Sociedad Anomima	(c)	Guatemala	70	40
Marman USA Inc	(c)	USA	70	40
Mastra Corporation Pty Limited	(c)	Australia	70	40
Mastra Corporation USA Pty Limited	(c)	Australia	70	40
Mastra Corporation Sdn Bhd	(c)	Malaysia	70	40
Mastra Holdings Sdn Bhd	(c)	Malaysia	70	40
Mastra Industries Sdn Bhd	(c)	Malaysia	70	40
MCFI International (SA) Pty Ltd	(c)	South Africa	100	100
Medisup Securities Limited	(a),(b)	Australia	100	100
Medisup International NV	(c)	N. Antillies	100	100
Mequab Pty Ltd		Australia	90	90

25 Controlled entities continued

	Notes	Place of incorporation	Percentage of shares held 2002	Percentage of shares held 2001
Neuchatel Pty Ltd	(a)	Australia	100	100
New Zealand Chemicca (HK) Limited	(c)	Hongkong	100	100
Nufarm Agriculture Inc	(b)	Canada	100	100
Nufarm Agriculture (Pty) Ltd	(c)	South Africa	100	100
Nufarm Agriculture Zimbabwe (Pvt) Ltd	(c)	Zimbabwe	100	100
Nufarm Americas Holding Company (formerly Nufarm Americas Inc)	(b)	USA	100	100
Nufarm Americas Inc (formerly Riverdale Chemical Co)	(b)	USA	100	100
Nufarm Argentina SRL	(c)	Argentina	100	100
Nufarm Asia Pte Ltd	(b)	Singapore	100	100
Nufarm Australia Limited	(a),(b)	Australia	100	100
Nufarm BV	(b)	Netherlands	100	100
Nufarm Chile Limiteda	(c)	Chile	100	100
Nufarm Coogee Pty Ltd		Australia	80	80
Nufarm Columbia Ltda	(c)	Columbia	100	100
Nufarm de Costa Rica	(c)	Costa Rica	100	100
Nufarm de Guatemala SA	(c)	Guatemala	100	100
Nufarm de Mexico Sa de CV	(c)	Mexico	100	100
Nufarm do Brazil	(c)	Brazil	100	100
Nufarm Energy Pty Ltd	(a)	Australia	100	100
Nufarm Espana SA	(b),(c)	Spain	100	100
Nufarm GmbH	(b)	Germany	100	100
Nufarm GmbH	(b)	Austria	100	100
Nufarm GmbH & Co KG	(b)	Austria	100	100
Nufarm Holdings BV	(b)	Netherlands	100	100
Nufarm Inc.	(b)	USA	100	100
Nufarm Ireland Limited	(c)	Ireland	100	100
Nufarm KK	(c)	Japan	100	100
Nufarm Malaysia Sdn Bhd		Malaysia	100	100
Nufarm NZ Limited	(b)	New Zealand	100	100
Nufarm Panama SA	(c)	Panama	100	100
Nufarm Phillipines Inc	(c)	Phillipines	80	–
Nufarm Platte Pty Ltd	(c)	Australia	100	51
Nufarm SA (formerly CFPI Nufarm SA)	(b),(c)	France	100	100
Nufarm SC	(b)	France	100	100
Nufarm Technologies USA		New Zealand	100	–
Nufarm Technologies USA Pty Limited		Australia	100	–
Nufarm (Thailand) Ltd	(c)	Thailand	100	100
Nufarm Treasury Pty Ltd	(a),(b)	Australia	100	100
Nufarm UK Limited	(b)	United Kingdom	100	100
Nufarm USA Inc.	(c)	USA	100	100
Nuturf Pty Ltd	(a),(b)	Australia	100	100
Opti-Crop Systems Pty Ltd	(b)	Australia	75	100
Pacific Raw Materials Australia Pty Ltd	(a)	Australia	100	100
Pacific Raw Materials Limited	(c)	New Zealand	100	100
Interferon NZ Limited (formerly Pharma Pacific Management Limited)	(b)	New Zealand	100	100
Interferon Ltd (formerly Pharma Pacific Management Pty Ltd)	(a)	Australia	100	100
Pharma Pacific Pty Limited	(a),(b)	Australia	100	100
PT Nufarm Indonesia		Indonesia	70	70
Resfun Pty Ltd		Australia	90	90
Rockmere Pty Ltd	(a)	Australia	100	100
Safepak Industries Sdn Bhd	(c)	Malaysia	70	40
SC Inpar	(c)	France	100	100
Selchem Pty Limited	(a)	Australia	100	100
Societe d'Etudes et Applications Chimiques	(b)	France	100	100
Societe Civile Mobiliere Clama	(c)	France	100	100
Societe des Ecluses de la Garenne	(c)	France	100	100

25 Controlled entities continued

Note (a): These entities have entered into a deed of cross guarantee dated 10 July 2000 with Nufarm Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company.

As a result of a class order issued by the Australian Securities and Investment Commission (dated 14 July 2000), these companies are relieved from the requirement to prepare financial statements.

Note (b): These entities have entered into a deed of negative pledge dated 26th October 1996 with the group lenders which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed.

Note (c): These entities have not been audited by Ernst & Young. With the exception of Nufarm SA in France, these companies are mostly dormant or immaterial to the group.

26 Closed group

The class order closed group consists of Nufarm Limited and wholly-owned Australian entities as designated with an (a) in Note 25.

	Consolidated	
	31.7.2002 $000	31.7.2001 $000
Statement of financial position		
Current assets		
Cash and bank	4,851	8,119
Receivables	178,546	156,934
Inventories	131,378	116,200
Tax assets	2,909	–
Total current assets	317,684	281,253
Non-current assets		
Property, plant and equipment	101,680	96,016
Related company investments	215,167	213,255
Other financial assets	199,264	9,199
Intangible assets	9,665	8,918
Deferred tax assets	18,510	25,971
	601	–
Total non-current assets	544,887	353,359
TOTAL ASSETS	862,571	634,612
Current liabilities		
Accounts payable	139,251	105,185
Interest bearing liabilities	65,366	104,371
Income tax liabilities	218	5,341
Provisions	22,852	22,189
Total current liabilities	227,687	237,086
Non-current liabilities		
Interest bearing liabilities	321,012	103,966
Deferred tax liabilities	705	4,867
Provisions	5,504	–
Total non-current liabilities	327,221	108,833
TOTAL LIABILITIES	554,908	345,919
NET ASSETS	307,663	288,693
Equity		
Contributed equity	147,333	145,593
Reserves	20,697	11,120
Retained profits	139,633	131,980
TOTAL EQUITY	307,663	288,693

Notes to the financial statements continued

26 Closed group continued

Statement of financial performance

	Consolidated 31.7.2002 $000	Consolidated 31.7.2001 $000
Profit from ordinary activities before income tax expense	47,462	17,087
Income tax expense relating to ordinary activities	(11,857)	(16,774)
Net profit attributable to members of the closed group	35,605	313
Retained profits at the beginning of the period	131,980	159,475
Dividends paid and provided	(27,952)	(27,808)
Aggregate amounts transferred from reserves	–	–
Retained profits at the end of the period	139,633	131,980

27 Associated entities

Details of material interests in associated entities are as follows:

	Balance date of associate	Ownership and voting interest 2002	Ownership and voting interest 2001	Carrying Amount 2002 $000	Carrying Amount 2001 $000
Aventis Nufarm Limited UK agricultural chemical manufacturer	31.12.2001	25%	25%	17,435	16,318
Artfern Pty Ltd Australian agricultural chemical manufacturer	30.6.2002	50%	–	9,718	–
Mastra Holdings Group (became controlled entities during the period)		–	40%	–	6,190

Financial summary of material associates

	Aventis Nufarm Limited 2002 $000	Aventis Nufarm Limited 2001 $000	Artfern Pty Ltd 2002 $000	Artfern Pty Ltd 2001 $000
Total assets	25,124	26,109	6,844	–
Total liabilities	8,330	9,800	241	–
Share of profits of associates	3,564	3,083	427	–

Associated entities have the following commitments.
Nufarm's share of capital commitments is $112,000
and share of finance lease commitments is $2,029,000.
There are no contingent liabilities.

28 Interests in joint venture operations

The company has an 80 per cent interest in the Nufarm-Coogee Joint Venture representing its two chlor alkali plants in Western Australia.

	2002 $000	2001 $000
Assets employed		
Cash	1,239	823
Receivables	2,211	1,949
Inventory	966	197
Property, plant and equipment	17,894	19,851
Total assets employed	22,310	22,820
Capital expenditure commitments	221	396

29 Financing arrangements

The consolidated entity has access to the following facilities with a number of financial institutions and vendors of acquired businesses:

	Consolidated Accessible $000	Consolidated Drawn down $000	Parent Accessible $000	Parent Drawn down $000
2002				
Bank loan facilities	601,368	408,351	–	–
Other facilities	3,578	3,578	–	–
Subordinated debt facility	192,885	192,885	–	–
On-balance sheet financing facilities	797,831	604,994	–	–
Off-balance sheet receivables securitisation-type facilities	66,866	13,613	–	–
Total financing facilities	864,697	618,607	–	–
2001				
Bank loan facilities	568,147	394,418	–	–
Other facilities	4,515	4,515	–	–
Subordinated debt facility	138,448	138,448	–	–
On-balance sheet financing facilities	711,110	537,381	–	–
Off-balance sheet receivables securitisation-type facilities	64,330	28,144	–	–
Total financing facilities	775,440	565,525	–	–

30 Foreign currency exposures

a) Current assets

Amounts receivable in foreign currency which are not effectively hedged

	Consolidated 2002 $000	Consolidated 2001 $000
US dollars	42,975	29,258
Canadian dollars	9,574	2,467
Euros	15,147	4,217
Other	3,734	1,016
	71,430	36,958

b) Current liabilities

Amounts payable in foreign currency which are not effectively hedged

	Consolidated 2002 $000	Consolidated 2001 $000
US dollars	30,881	18,088
Euros	20,800	370
British pounds	7,073	–
Other	1,198	4,477
	59,952	22,935

Non-current assets and liabilities are substantially hedged against the Australian dollar through balance sheet hedges whereby the company hedges its net investment in the foreign operations of controlled entities.

31 Financial instruments

a) Objectives for holding derivative financial instruments

The consolidated entity uses derivative financial instruments to manage specifically identified interest rate and foreign currency risks. The consolidated entity does not trade derivatives. The group is primarily exposed to the risk of movements in the value of the Australian dollar relative to certain foreign currencies, including the US dollar, the Euro and the British pound, and the movement in interest rates.

The consolidated entity hedges a portion of its anticipated sales and purchases as well as forecast foreign currency earnings of controlled entities. A comprehensive board-approved treasury policy sets limits for management to hedge such exposures.

31 Financial instruments continued

b) Foreign exchange

The following table summarises by currency the Australian dollar value of all forward foreign exchange agreements and foreign exchange options. Foreign currency amounts are translated at rates current at the reporting date.

Currency	Average exchange rate 2002	Average exchange rate 2001	2002 Buy $000	2002 Sell $000	2001 Buy $000	2001 Sell $000
US dollars						
Less than 12 months	0.5407	0.5061	30,909	181,705	32,602	241,190
Over 12 to 60 months	0.5419	0.5393	–	46,083	–	19,802
Canadian dollars						
Less than 12 months	0.8585	0.7710	–	17,061	–	26,504
Over 12 to 60 months	0.8597	0.7672	–	9,308	–	6,473
Euros						
Less than 12 months	0.5581	0.5763	10,501	72,384	15,777	210,073
Over 12 to 60 months	0.5550	–	–	117,117	–	–
British pounds						
Less than 12 months	0.3611	0.3532	4,329	114,231	4,372	117,755
Over 12 to 60 months	0.3470	–	–	28,818	–	–
Others						
Less than 12 months	–	–	4,283	6,429	1,923	1,951
			50,021	593,136	54,674	623,748

c) Net fair value of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities (including derivatives) are considered to equate to their fair values, except as disclosed in the table below. Net fair values are determined using market rates that existed at the end of the period for similar instruments with similar maturities.

	Consolidated Carrying amount 2002 $000	Net fair value 2002 $000	Carrying amount 2001 $000	Net fair value 2001 $000
Financial liabilities				
Capital notes – less than one year	–	–	138,448	137,112
Capital notes – one to five years	192,885	193,707	–	–
Derivatives				
Forward exchange contracts				
Receivables – less than one year	26,460	25,538	50,945	50,750
Receivables – more than one year	9,266	9,547	25,060	26,695
Payables – less than one year	49,041	49,996	53,772	54,606
Foreign investments and advances – less than one year	367,457	370,537	546,076	548,357
– one to five years	192,101	204,724	–	–
Interest rate swaps				
Payable maturities – less than one year	30,000	30,213	10,000	10,010
– one to five years	30,000	30,321	60,000	60,309

31 Financial instruments continued

d) Interest rate risk exposures

The following table summarises interest rate risk for the consolidated entity.
Interest rate swaps had an average effective interest rate of 5.9% (2001: 5.6%).

	Floating interest rate $000	Fixed interest maturing in < 1 year $000	Fixed interest maturing in 1 to 5 years $000	Non interest bearing $000	Total $000
2002					
Financial assets					
Cash on deposit	2,652	–	–	–	2,652
Financial liabilities					
Capital notes	–	–	192,885	–	192,885
Bank loans	408,605	–	–	–	408,605
Other loans	3,504	–	–	–	3,504
Finance leases	–	1,391	4,995	–	6,386
Interest rate swaps	(60,000)	30,000	30,000	–	–
	352,109	31,391	227,880	–	611,380
2001					
Financial assets					
Cash on deposit	859	–	–	–	859
Financial liabilities					
Capital notes	–	138,448	–	–	138,448
Bank loans	394,494	–	–	–	394,494
Other loans	4,439	–	–	–	4,439
Finance leases	–	458	2,465	–	2,923
Interest rate swaps	(70,000)	10,000	60,000	–	–
	328,933	148,906	62,465	–	540,304

The weighted average interest rate for cash on deposit was 4.3% (2001: 4.0%) All other assets and liabilities are non-interest bearing.

e) Hedges of anticipated future transactions

The following table summarises unrealised gains and losses on forward exchange contracts entered as hedges of future anticipated sales, purchases and foreign currency earnings of overseas controlled entities:

	2002 $000 Gains	2002 $000 Losses	2001 $000 Gains	2001 $000 Losses
Expected recognition period				
Less than one year	584	–	439	312
More than one year	–	243	–	1,635

f) Credit risk exposure

The consolidated entity's exposures to on balance sheet risk are as indicated by the carrying amounts of its financial assets. It does not have a significant exposure to any individual counterparty, as transactions are undertaken with a large number of debtors in various markets.

32 Remuneration of officers

a) Income of directors of Nufarm Limited

For non-executive directors income includes base directors' fees, committee fees and superannuation contributions made by the company. The managing director's renumeration includes salary, bonuses, company superannuation contributions and other quantifiable fringe benefits. The numbers of directors of the parent entity who were paid (excluding retirement benefits) directly and indirectly from the company as shown in the following bands, were:

$			Parent 2002	Parent 2001
40,001	–	50,000	–	1
50,001	–	60,000	3	3
60,001	–	70,000	3	3
160,001	–	170,000	1	1
1,300,001	–	1,310,000	–	1
1,620,001	–	1,630,000	1	–

	$000	$000
The aggregate income of the directors above	2,147	1,865

b) Income of executives

Income includes salary, bonuses, company superannuation contributions and other quantifiable fringe benefits. The number of executive officers domiciled in Australia whose total income for the year falls within the following bands, were (the parent company does not pay remuneration):

$			Consolidated 2002	Consolidated 2001
100,000	–	110,000	13	14
110,001	–	120,000	8	5
120,001	–	130,000	9	9
130,001	–	140,000	7	7
140,001	–	150,000	2	6
150,001	–	160,000	7	6
160,001	–	170,000	7	4
170,001	–	180,000	4	1
180,001	–	190,000	3	6
190,001	–	200,000	2	1
200,001	–	210,000	–	1
210,001	–	220,000	2	1
220,001	–	230,000	2	2
250,001	–	260,000	1	–
270,001	–	280,000	1	–
280,001	–	290,000	1	–
300,001	–	310,000	–	1
320,001	–	330,000	–	1
360,001	–	370,000	1	–
370,001	–	380,000	–	1
450,001	–	460,000	1	–
490,001	–	500,000	1	–

32 Remuneration of officers

b) Income of executives continued

$	Consolidated 2002	Consolidated 2001
500,001 – 510,000	1	–
520,001 – 530,000	–	1
550,001 – 560,000	–	1
570,001 – 580,000	–	1
590,001 – 600,000	–	1
630,001 – 640,000	1	–
650,001 – 660,000	1	–
670,001 – 680,000	1	–
680,001 – 690,000	1	–
1,300,001 – 1,310,000	–	1
1,620,001 – 1,630,000	1	–

	$000	$000
The aggregate income of the executives above	15,975	13,649

Retirement benefits
No prescribed benefits were paid in connection with the retirement of officers domiciled in Australia during the period.

	2002	2001
c) Number of full-time equivalent staff employed by the consolidated entity at the end of the period	2,345	2,203

33 Employee share purchase schemes

The Nufarm Limited Staff Share Purchase Scheme No.2 (1990) enabled the issue of partly paid ordinary shares to all staff who had completed two years service with the company, issued at a 10 per cent discount on market price at the date of the offer. The shares have been issued partly paid with 1.0 cent per share paid on acceptance and the balance payable over four calls which are made at the end of the second, third, fourth and fifth years. Once the call is paid to the company, one quarter of the total shares allocated will vest directly to the employee as fully paid shares. Partly paid shares do not rank for dividends until fully paid and voting rights are exercised by the trustees in proportion to the amount paid up on the shares, while the shares remain partly paid. At 31 July 2002, the trustees of the Staff Share Purchase Scheme No.2 held 525,450 (2001: 710,050) ordinary shares paid to 1.0 cent per share, with $1,733,000 (2001: $2,630,000) remaining uncalled.

The Nufarm Limited Executive Share Purchase Scheme (1984) enabled the issue of fully paid ordinary shares to executive directors and senior executives, issued at a price equal to 70 per cent of the market price at the date of the offer. There is an eight year restrictive period during which time the allocated shares are held by the trustees and the consideration will be paid over the restrictive period with all dividends, net of tax, being applied in reduction of the advances by the company to the trustees which total $6,291,269 at 31 July 2002 (2001: $8,213,404). Each executive is entitled to exercise voting rights attached to the shares allocated. At 31 July 2002 the trustees of the Executive Share Purchase Scheme (1984) held 2,854,400 (2001: 3,241,100) ordinary shares, all of which were allocated (2001: 112,500 were unallocated).

There are 159 participants (2001: 188 participants) in total in the above two schemes.

33 Employee share purchase schemes continued

A UK Savings Related Share Options Scheme (1997) enabled the issue of ordinary share options to eligible staff in the United Kingdom who had completed two years service with the company. Share options were issued at a 10 per cent discount on market price at the date of the offer. Share options do not rank for dividends or carry voting rights. At 31 July 2002 and at 10 October 2002 231,233 (2001: 257,598) share options were outstanding allowing the 35 participants to exercise each option into one fully paid ordinary share. 114,903 options mature on 1 November 2002 at an exercise price of $3.55 and 116,330 options mature on 1 March 2005 at an exercise price of $3.08. During the year, 26,365 of the above options expired upon the resignation of the related employees.

The above plans have been replaced by the plans below.

The Nufarm Executive Share Plan (2000) offers shares at no cost to executives. The executives may select an alternative mix of shares (at no cost) and options at a cost determined under the Black Scholes methodology. These benefits are only given when a predetermined return on capital employed is achieved over the relevant period. The shares and options are subject to forfeiture and dealing restrictions. The executive cannot deal in the shares or options for a period of between three and 10 years without board approval. An independent trustee holds the shares and options on behalf of the executives. At 31 July 2002 there were 57 participants (2001: 55 participants) in the scheme and 1,015,736 (2001: 147,500) shares have been allocated, and 1,437,692 (2001: nil) options granted, under the plan. The 1,437,692 options were granted for a term of 10 years, for 44.7 cents each, and are exercisable for $2.70 each from the third anniversary of the grant. The options will not be quoted on the ASX. The cost of issuing shares is expensed in the year of issue and the cost of granting options is expensed in the year they are exercised.

The Global Share Plan commenced in 2001, and is available to all permanent employees. Participants contribute a proportion of their salary to purchase shares. The company will contribute an amount equal to 10 per cent of the value of the ordinary shares acquired with a participant's contribution in the form of additional ordinary shares. Amounts over 10 per cent of the participant's salary can be contributed but will not be matched. For each year the shares are held, up to a maximum of five years, the company contributes a further 10 per cent of the value of the shares acquired with the participant's contribution. An independent trustee holds the shares on behalf of the participants. There are 696 participants at 31 July 2002 (2001: 630 participants). The cost of issuing shares is expensed in the year of issue.

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

Notes to the financial statements continued

34 Related party disclosures

a) Transactions with related parties in the wholly-owned group

In addition to those transactions disclosed in Note 2, the parent entity entered into the following transactions during the year with related parties in the wholly–owned group:
– loans were advanced and repayments received on short term intercompany accounts
– proceeds of the capital notes issue have been on-lent through the parent entity to fund group investments and working capital
– market rates have been charged for these fixed term subordinated loans and
– management fees were received from several wholly–owned controlled entities
These transactions were undertaken on commercial terms and conditions.

b) Transactions with other related parties

		Consolidated 2002 $000	Consolidated 2001 $000
Aventis Nufarm Limited	sales to	11,714	10,093
	purchases from	15,024	16,308
Artfern Pty Ltd	sales to	9,049	–
	purchases from	1,481	–
Mastra Group (to date of becoming controlled entities 1.2.2002)	sales to	3,422	2,979
	purchases from	1,075	672
Nufarm-Whytes Agriculture Ltd	sales to	2,923	3,005
	purchases from	135	–
	interest income	–	419

c) Transactions with directors

The following persons who have been directors during the period (and associated persons) bought or sold ordinary shares in which they held a beneficial interest:

	Number of shares Bought	Number of shares Sold	Shareholding 2002	Shareholding 2001
KM Hoggard	–	–	5,848,181	5,848,181
DJ Rathbone	261,517	–	31,629,265	31,367,748
GDW Curlewis	–	–	3,000	3,000
Dr WB Goodfellow	24,500	–	70,000	45,500
GW McGregor AO	–	–	20,000	20,000
Sir Dryden Spring	–	–	9,676	9,676
Dr JW Stocker AO	–	–	10,000	10,000
RFE Warburton	–	–	28,300	28,300

KM Hoggard, DJ Rathbone and R Heath, as non-beneficial trustees, acquired and disposed of shares pursuant to the company's Staff Share Purchase Scheme No. 2.
KM Hoggard, DJ Rathbone and RFE Warburton, as non-beneficial trustees, acquired and disposed of shares pursuant to the company's Executive Share Purchase Scheme.

d) Ultimate controlling entity

The ultimate controlling entity of the consolidated entity is Nufarm Limited ACN 091 323 312.

Notes

Notes to the financial statements continued

35 Auditors' remuneration

	Consolidated 2002 $000	Consolidated 2001 $000	Parent 2002 $000	Parent 2001 $000
Amounts due and receivable for the audit or review of the financial statements				
Ernst & Young	213	–	80	–
Arthur Andersen	50	635	17	76
Ernst & Young affiliates	265	–	–	–
Others	161	153	–	–
Total audit fees	689	788	97	76
Amounts due and receivable for other services				
Tax	304	270	41	10
Capital notes prospectus review	185	–	–	–
Other	–	194	–	–
Total fees for other services	489	464	41	10

36 Subsequent events

Purchase of Crop Care Australasia Pty Ltd

On 28 August 2002 the group announced the above purchase subject to the clearance by the Australian Competition and Consumer Commission. Crop Care manufactures and supplies crop protection products in both the Australian and New Zealand markets. The business currently generates $140 million in revenue.

Sale of specialty and process chemicals businesses

On 23 September 2002 the group announced the sale of its specialty chemical business in Australia and New Zealand and its process chemicals business in New Zealand to Orica Limited for $60 million. The effective date of the transaction is expected to be 31 October 2002. Fixed assets and inventory will be sold to Orica and any goodwill attached to these operations will be written off. The carrying value of these assets at 31 July 2002 was $58.2 million. In 2002, these operations had revenue of $197 million, profit before tax of $4.9 million and profit after tax of $2.6 million, which was recorded in the industrial chemicals business segment and Australasian geographic segment.

Directors' declaration

The directors declare that the financial statements and associated notes set out on pages 38 to 73:

1. comply with accounting standards and the urgent issues consensus views;
2. give a true a fair view of the financial position as at 31 July 2002 and performance of the company and consolidated entity for the 12 months then ended; and
3. in the directors' opinion:
   a) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable and the company and the entities which are party to the Deed of Cross Guarantee described in Note 26 will together be able to meet any obligations or liabilities to which they are or may become subject by virtue of that deed; and
   b) the financial statements and notes are in accordance with the Corporations Act 2001.

Signed in accordance with a resolution of directors:

KM Hoggard
Director

DJ Rathbone
Director

Melbourne
10 October 2002

ERNST & YOUNG

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INDEPENDENT AUDIT REPORT

To the members of Nufarm Limited

Scope
We have audited the financial report of Nufarm Limited for the financial year ended 31 July 2002, as set out on pages 38 to 74, including the Directors' Declaration. The financial report includes the financial statements of Nufarm Limited, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion
In our opinion, the financial report of Nufarm Limited is in accordance with:

(a) the Corporations Act 2001 including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 July 2002 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Ernst & Young

Ernst & Young

Mary Waldron

Mary Waldron
Partner
Melbourne

Date: 10 October 2002

Nufarm Limited

Trend statement

Supplementary information

The year 2002, 2001 and 2000 figures are for the 12 month periods ended 31 July. The prior years are for the 12 month periods ended 31 May.

	2002 $000	2001 $000	2000 $000	1999 $000	1998 $000
Operating results					
Sales revenue	1,429,275	1,323,232	1,213,042	1,122,597	1,123,733
Operating profit after tax and minority interests	56,834	51,138	51,984	43,949	39,279
Non-operating profit (loss) and extraordinary items after tax	–	(55,664)	4,206	8,778	22,379
Profit (loss) attributable to members of the parent entity	56,834	(4,526)	56,190	52,727	61,658
Dividends paid and provided	27,952	27,808	26,818	21,834	21,381
Retained profits	28,882	(32,334)	29,372	30,894	40,277
Total equity					
Contributed equity	147,333	145,593	145,066	129,150	108,840
Retained profits and reserves	237,706	207,208	243,446	224,980	203,203
	391,039	352,801	388,512	354,129	312,043
Represented by					
Current assets	710,976	618,179	560,170	524,825	553,451
Current liabilities	590,050	454,309	420,088	374,035	399,081
Net current assets	120,926	163,870	140,082	150,790	154,371
Non-current assets	615,246	573,702	578,766	532,540	516,658
	736,172	737,572	718,848	683,330	671,029
Non-current liabilities	152,248	246,323	197,524	189,121	218,905
Capital notes	192,885	138,448	132,812	140,080	140,080
	345,133	384,771	330,336	329,201	358,985
Net assets	391,039	352,801	388,512	354,129	312,043
Statistics					
Operating earnings after tax to average equity attributable to members of the parent entity	15.4%	13.8%	14.0%	13.2%	14.2%
Dividend rate per share	18.0c	18.0c	17.2c	14.8c	14.8c
Net tangible asset backing per share	$1.57	$1.42	$1.62	$1.61	$1.48

Shareholder and statutory information

Details of shareholders, shareholdings and top 20 shareholders

Listed securities – 10 October 2002

	Number of holders	Number of securities	Percentage held by top 20
Fully paid ordinary shares	10,585	155,290,207	62.36%
Partly paid (unquoted)		525,450	

Twenty largest shareholders

	Ordinary shares as at 10.10.02	Percentage of issued capital as at 10.10.02
Falls Creek No 2 Pty Ltd	25,680,200	16.54
Amalgamated Dairies Ltd	14,950,815	9.63
RBC Global Services Australia Nominees Pty Ltd (PIPOOLED a/c)	7,684,888	4.95
Invia Custodian Pty Ltd	7,182,438	4.63
Lawrence Holdings	5,543,750	3.57
Grantali Pty Ltd	5,036,616	3.24
AMP Life Limited	3,764,391	2.42
JP Morgan Custodial Services	3,236,021	2.08
Challenge Investment Company Ltd	2,982,081	1.92
Trustees Nufarm Executive Share Purchase Scheme	2,854,400	1.84
Custodial Services Limited	2,498,051	1.61
The Avalon Investment Trust Ltd	2,490,661	1.60
ANZ Nominees Limited	2,200,624	1.42
Citicorp Nominees Pty Ltd	2,003,951	1.29
Australian Foundation Investment Company Limited	1,799,998	1.16
National Nominees Ltd	1,661,635	1.07
Queensland Investment Corporation	1,567,956	1.01
Cogent Nominees Pty Limited	1,274,426	0.82
RBC Global Services Australia Nominees Pty Ltd (RA a/c)	1,215,967	0.78
First NZ Securities Nominees Limited (Client Securities a/c)	1,210,740	0.78

Distribution of shareholders

Size of holding	Number of holders as at 10.10.02	Ordinary shares held as at 10.10.02
1 – 1,000	3,687	2,326,079
1,001 – 5,000	5,034	13,114,385
5,001 – 10,000	1,097	8,188,297
10,001 – 100,000	695	15,159,178
100,001 and over	72	116,502,268

Of these, 193 shareholders held less than a marketable parcel of shares of $500 worth of shares (140 shares). In accordance with the ASX Listing Rules, the last sale price of the company's shares on the ASX on 10 October 2002 was used to determine the number of shares in a marketable parcel.

Shareholder and statutory information

Stock exchanges on which securities are listed

Ordinary shares: Australian Stock Exchange Limited.

Substantial shareholders

In accordance with section 671B of the Corporations Act, as at 10 October 2002, the substantial shareholders set out below have notified the company of their respective relevant interest in voting shares in the company shown adjacent to their respective names as follows:

		Number and percentage of shares in which interest held at date of notice	
	Date of notice	Number	Interest %
Amalgamated Dairies Ltd	24 August 2000	14,950,815	9.69
Khyber Pass Ltd[1]	24 August 2000	14,968,110	9.70
Glade Building Ltd[2]	24 August 2000	15,329,898	9.93
Hauraki Trading Ltd[3]	24 August 2000	15,685,712	10.16
Oxford Trustees (Paul Gerard Keeling and Allan Cameron Rattray)[4]	24 August 2000	15,347,193	9.94
Douglas John Rathbone[5]	28 June 2001	37,664,048	24.05
Perpetual Trustees Australia Ltd	19 September 2002	10,545,464	6.79

1 Khyber Pass Ltd has a relevant interest in Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Amalgamated Dairies Ltd.

2 Glade Building Ltd has a relevant interest in Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Amalgamated Dairies Ltd.

3 Hauraki Trading Ltd has a relevant interest in Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Amalgamated Dairies Ltd.

4 Oxford Trustees has a relevant interest in Glade Building Ltd, Khyber Pass Ltd and Amalgamated Dairies Ltd and, as a result, the number of shares disclosed by it includes the shares held by Glade Building Ltd, Khyber Pass Ltd and Amalgamated Dairies Ltd.

5 The shareholding of DJ Rathbone includes his relevant interests in Falls Creek No 2 Pty Ltd and Falls Creek Investment (Aust) Pty Ltd (Falls Creek). Falls Creek has a relevant interest in 5,503,750 shares held by Lawrence Holdings, an entity controlled by KM Hoggard. DJ Rathbone has a non-beneficial interest in 792,550 shares as trustee of the Nufarm Limited executive and staff share plans.

Voting rights

Ordinary shares

On a show of hands, every shareholder present in person or represented by a proxy or representative shall have one vote and on a poll every shareholder who is present in person or represented by a proxy or representative shall have one vote for every fully paid share held by the shareholder.

Employee share scheme
Partly paid ordinary shares
These shares are held in trust by the scheme trustees and carry voting rights in proportion to the amount of the issue price paid up on each share only.

Shareholder information

Annual general meeting

The annual general meeting of Nufarm Limited will be held on Thursday 12 December 2002 at 10.00am in the Ballroom at the Duxton Hotel, 328 Flinders Street, Melbourne, Victoria.

Full details are contained in the Notice of Meeting sent to all shareholders.

Voting rights

Shareholders are encouraged to attend the annual general meeting. However, when this is not possible, they are encouraged to use the form of proxy by which they can express their views.

Every shareholder, proxy or shareholder's representative has one vote on a show of hands. In the case of a poll, each share held by every shareholder, proxy or representative is entitled to:

(a) one vote for each fully paid share; and

(b) voting rights in proportion to the paid up amount of the issue price for partly paid shares.

Stock exchange listings

Nufarm shares are listed under the symbol NUF on the ASX. The securities of the company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System), which allows settlement of on-market transactions without having to reply on paper documentation.

Shareholders seeking more information about CHESS should contact their stockbroker or the ASX.

Shareholder and statutory information

Share register and other enquiries

If you have any questions in relation to your shareholding, share transfers or dividends, please contact our share registrar:

Computershare Investor Services Pty Ltd
Level 12
565 Bourke Street
Melbourne Victoria 3000 Australia

Please include your shareholder reference number (SRN) in all correspondence to the share registry.

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

Telephone: (61) 3 9282 1177
Facsimile: (61) 3 9282 1111
email: robert.reis@au.nufarm.com

Written correspondence should be directed to:

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

Dividends

A final dividend of 11.0 cents per share will be paid on 8 November 2002 to shareholders registered on 25 October 2002. For Australian tax purposes, the dividend will be 100 per cent franked at the 30 per cent tax rate.

Australian and New Zealand shareholders can elect to have dividends paid directly into a bank account anywhere in Australia. Forms for this purpose are available on request from the share registry.

Tax file numbers

Australian taxpayers who do not provide details of their tax file number will have dividends subjected to the top marginal personal tax rate plus Medicare levy. It may be in the interests of shareholders to ensure that tax file numbers have been supplied to the share registry.

Forms are available from the share registry should you wish to notify us of your tax file number or tax exemption details.

Change of address

It is important for shareholders to notify the share registry in writing promptly of any change of address. As a security measure, the old address should also be quoted as well as your SRN.

Key dates

- 25 October 2002
  Record date (books closing) for 2001/2002 final dividend
- 8 November 2002
  Final dividend for 2001/2002 payable
- 4 November 2002*
  Annual report sent to shareholders
- 12 December 2002
  Annual general meeting
- 27 March 2003*
  Announcement of profit result for half year ending 31 January 2003
- 31 July 2003
  End of financial year
- 9 October 2003*
  Announcement of profit result for 2002/2003

* Subject to confirmation

Nufarm Limited

ACN 091 323 312

Company Secretary

Rodney Heath

Registered Office

103–105 Pipe Road
Laverton North Victoria 3026 Australia
Telephone: (61) 3 9282 1000
Facsimile: (61) 3 9282 1001

Directory

Directors
KM Hoggard (Chairman)
DJ Rathbone (Managing Director)
GDW Curlewis
Dr WB Goodfellow
GW McGregor AO
Sir Dryden Spring
Dr JW Stocker AO
RFE Warburton

Company Secretary
R Heath

Solicitors
Arnold Bloch Leibler & Co
333 Collins Street
Melbourne Victoria 3000 Australia

Sylvia Miller & Associates
Locked Bag 50
Toorak Victoria 3142 Australia

Auditors
Ernst & Young
The Tower
Melbourne Central
360 Elizabeth Street
Melbourne Victoria 3000 Australia

Trustee for capital note holders
New Zealand Permanent Trustees Ltd

Share registrar
Australia
Computershare Investor Services Pty Ltd
GPO Box 2975EE
Melbourne Victoria 3001 Australia
Telephone: (61) 3 9611 5711

Capital notes registrar
New Zealand
Computershare Registry Services Limited
Private Bag 92119
Auckland NZ 1020
Telephone: (64) 9 488 8777

Registered office
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Laverton North Victoria 3026 Australia
Telephone: (61) 3 9282 1000
Facsimile: (61) 3 9282 1001

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Website: http://www.nufarm.com

Nufarm Limited
ACN 091 323 312

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