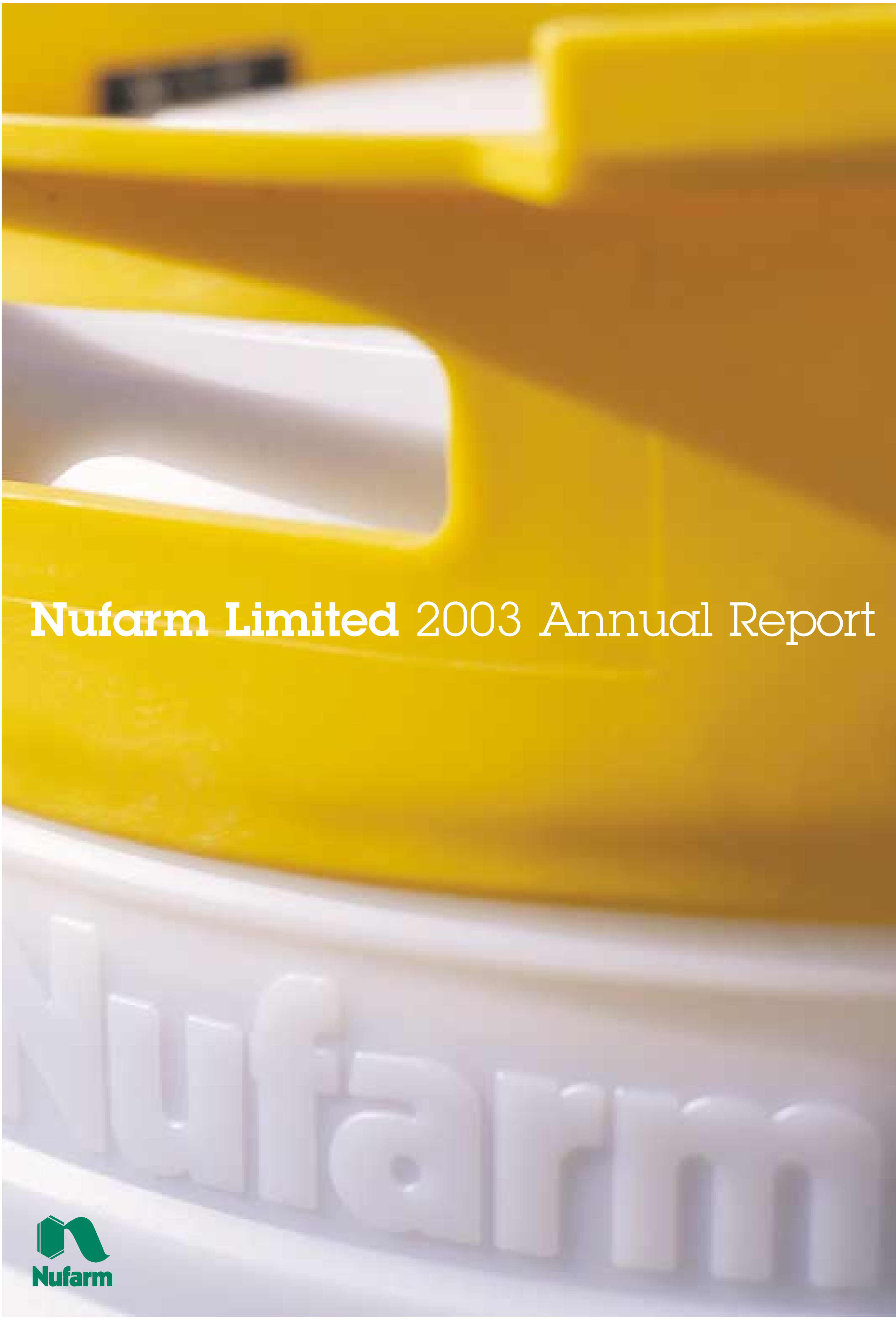
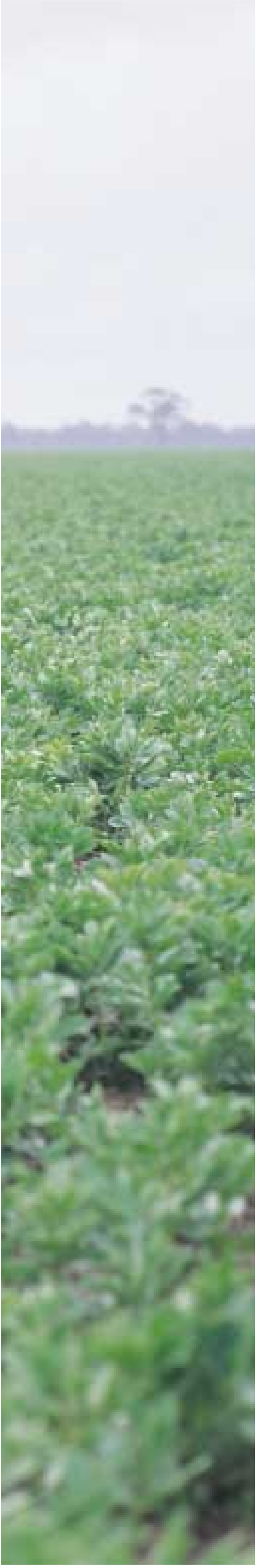
Nufarm Limited 2003 Annual Report



Nufarm



our business

Nufarm Limited manufactures and supplies a range of products used by farmers to protect crops from damage caused by weeds, pests and disease ■ The company has production and marketing operations throughout the world and sells products in more than 100 countries ■ Nufarm's crop protection products enjoy a reputation for high quality and reliability and are supported by strong brands, a commitment to innovation and a focus on close customer relationships ■ Nufarm also produces a range of other chemicals used in various manufacturing industries, including construction, explosives and fertilizers, as well as pharmaceuticals.

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our results

Facts in brief

	12 months ended 31.7.2003	12 months ended 31.7.2002
Trading results	**$000**	**$000**
Operating profit after tax	64,269	56,834
Net profit (loss) attributable to members of the parent entity	77,093	56,834
Sales revenue	1,458,811	1,429,275
Total equity	462,321	391,039
Capital notes	201,523	192,885
Total assets	1,357,814	1,326,222
Ratios		
Earnings per ordinary share (weighted average, excluding non-recurring item)	41.3¢	36.7¢
Operating profit after tax to average shareholders' equity	15.3%	15.4%
Net tangible assets per ordinary share	$2.05	$1.57
Distribution to shareholders		
Dividend per ordinary share	20.0¢	18.0¢
Staff employed	2,566	2,345

Key events

- Record operating profit of $64.3 million
- 18% sales increase for core crop protection business
- Substantial strengthening of balance sheet
- Acquisition of Crop Care Australasia Pty Ltd
- Strong sales and profit growth in USA

managing director's review

The 2003 financial year delivered strong profit growth for the company and places Nufarm in an excellent position to capitalise on future value adding growth opportunities.

The tax paid profit of $77.1 million included a one-off taxation benefit of $12.8 million resulting from the company adopting the new Australian consolidation taxation regime. The operating tax paid profit of $64.3 million is an excellent result and represents a 13 per cent increase on the previous year ($56.8 million).

The record profit was generated in a year that included the impact of extremely adverse climatic conditions in Australia. While these conditions affected the first half results, the second half saw the Australian crop protection business post record sales at improved margins. Strong sales growth was also achieved in other markets, particularly the United States, New Zealand and Asia.

Earnings per share were 41.3 cents, an increase of 13 per cent on last year's 36.7 cents.

It is also pleasing to report a significant strengthening of the company's balance sheet. Net working capital has been reduced by $102 million in the year; $131 million in indebtedness has been repaid; and the company's net debt to equity ratio has reduced from 152 per cent at the end of the 2002 year to 98 per cent at 31 July 2003.

Final dividend

Directors declared a fully franked final year dividend of 13 cents per share (2002: 11 cents), resulting in a full year dividend of 20 cents, an increase of two cents on the previous year.

The dividend will be paid on 7 November 2003 to the holders of all fully paid shares in the company as at the close of business on 24 October 2003.

Operations

The small increase in total group sales reflects strong growth in the crop protection business (sales up from $1.05 billion to $1.23 billion) and a significant reduction in industrial chemical sales (down by 42 per cent to $222.3 million), following the divestment of Fernz specialty chemicals. This business was sold to Orica Limited in November 2002 and recorded only three months of sales in the year. Sales of the retained industrial chemical businesses dropped by seven per cent.

Crop protection recorded a 14 per cent increase in pre-tax operating profit (up from $118.4m to $134.8m). Pre-tax operating profit for the industrial chemicals division dropped from $31.3 million to $23.6 million.

Crop protection accounted for 85 per cent of total group revenues, with the balance generated by Nufarm's industrial chemical businesses.

In the 2003 financial year, Australasia accounted for 50 per cent of total sales, the Americas 25 per cent and Europe 25 per cent.

Crop protection

Strong sales and profit growth were achieved in the Australian and New Zealand markets – aided by recent acquisitions – as well as the United States and most Asian markets. The European-based businesses returned mixed results.

The seasonality of earnings associated with the crop protection business was made more dramatic by the impact of the Australian drought on the company's trading in the first six months of the year. However, a below budget position at the half year was recovered with a number of very strong selling months as the Australian season improved and selling activity reached its peak in other important markets.

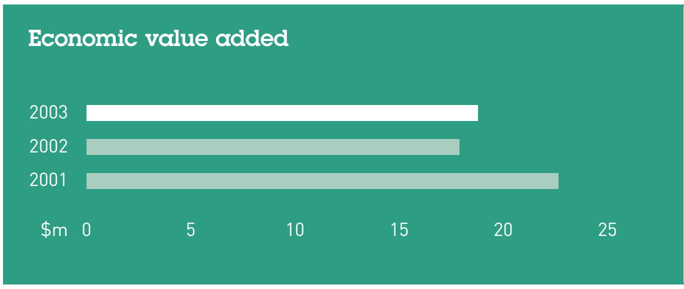
The Crop Care acquisition, completed in November 2002, has helped Nufarm consolidate its leadership position in both the Australian and New Zealand markets and the first full season of Nufarm's control of the *Roundup* brands has been very successful for the company.

A key product acquisition in Germany and Belgium has strengthened our branded position in those markets and we have now established a sales and marketing operation in Germany to build our presence there.

Several manufacturing units achieved record volumes of throughput during the 2003 financial year, contributing to stronger overhead recoveries and the general strengthening of margins across Nufarm's global crop protection business.

These results reflect the company's ability to absorb regional variations in seasonal factors while continuing to achieve profitable growth. The product range was expanded and Nufarm continued to build its presence in key global crop protection markets, while strengthening its Australasian base. A combination of improved efficiencies, rationalisation of costs associated with newly acquired businesses and additional sales of branded products contributed to higher margins.

We discuss in more detail the performance of the crop protection business in our various global markets later in this report.



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.

The EVA improvement in 2003 was a result of lower funds employed in the business, coupled with a marginal decline in the cost of capital. An improved working capital position will further increase the EVA in 2004.

Industrial chemicals

This division accounted for 15 per cent of group sales and 14 per cent of pre-tax operating profits.

While we have a stated objective of focusing on crop protection, those non-crop businesses with a technology or manufacturing link to the core operations are likely to be retained in the long term. All retained businesses receive appropriate management attention and are expected to meet internal performance hurdles.

The Fernz specialty chemicals business was sold to Orica Limited in November 2002. This business generated $51 million in sales for the three months before its sale, compared to $190 million for the previous 12 months. It was not considered core to Nufarm and capital realised from the sale was deployed in the purchase of the strategically valuable Crop Care business.

Excluding the trading business from both the 2002 and 2003 periods, the industrial chemicals division saw sales decrease by seven per cent, with pre-tax profit in line with what was achieved in those businesses in the previous period.

A more detailed discussion on the various industrial chemical businesses is provided elsewhere in this report.

Corporate governance

Recently the board completed a thorough review of the company's position on corporate governance issues. Foremost in that review was the board's objective to ensure transparency in areas such as executive remuneration; to establish appropriate levels of independence at board and board committee level; and to have in place comprehensive policies on risk management, disclosure obligations, and general codes of conduct.

A detailed statement on the company's corporate governance is included in this report on pages 28 to 35

Management and staff

I would like to acknowledge the efforts and contribution of Nufarm's management and staff throughout our various global operations. As always, Nufarm employees have shown a strong commitment to the company and have met the many challenges encountered in a large, geographically diverse business.

During the year in review, we provided additional resources to support employee and organisation development programs, with a particular focus on talent development.

Outlook

Directors have reaffirmed the company's intention to continue to focus on its core crop protection business, pursuing growth in both the geographic and product portfolios.

The company will remain active in seeking various acquisition and collaborative opportunities and is strongly positioned to take advantage of global growth in the non-patented segment of the crop protection industry.

Directors are confident that the business will achieve an average of approximately 10 per cent profit growth in each of the next three years and can maintain returns on funds employed consistent with what has been achieved in recent years.

We are targeting further improvements in the working capital position and other key balance sheet ratios in the current year.

The business is in a strong position and is poised for further growth in the short to mid term.

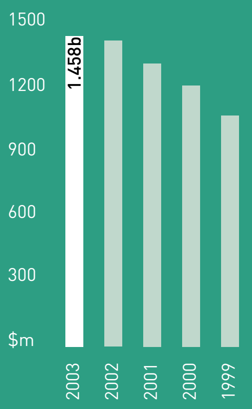
Doug Rathbone
Managing Director

D.J. Rathbone

Melbourne
9 October 2003

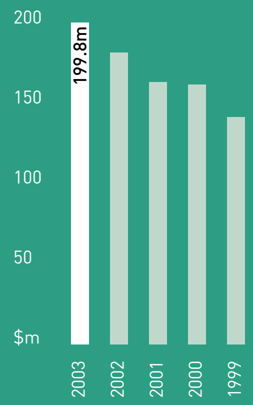
Group sales after tax

↑ 2.0%



EBITDA*

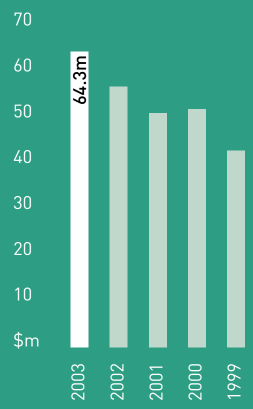
↑ 10.0%



* Earnings before interest, tax, depreciation and amortisation

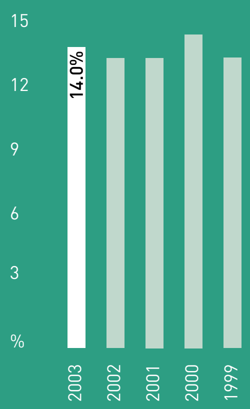
Operating profit

↑ 13.0%



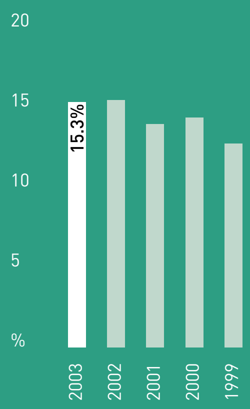
Return on average funds employed

14.0%



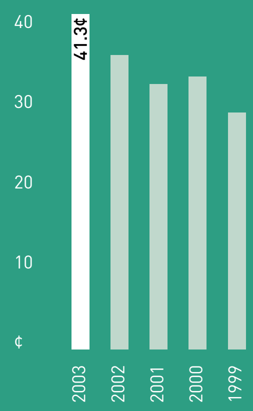
Return on average shareholders' equity

15.3%



Earnings per share

↑ 13.0%



our industry

Key industry drivers

- Demand for food
- Weather
- Technology

As the world's population continues to rise, agricultural systems have to meet increasing food and fibre needs against the backdrop of reduced land available for crop cultivation.

Farmers depend on a variety of environmental factors to produce a good quality crop. These include soil type and condition, nutrients, water and light. In addition, crops must be protected from a number of pressures that can affect both quality and quantity. Crops have to compete with weeds for growing space, essential nutrients, water and – in some cases – sunlight. Also, insect pests and disease can affect yields and crop quality substantially.

Crop protection products – or agricultural chemicals – are essential tools used by farmers in their crop management programs. Combined with crop rotations, breeding programs to produce stronger varieties and a number of other measures, crop protection products play a critical role in helping protect crops from the damage caused by weeds, pests and disease.

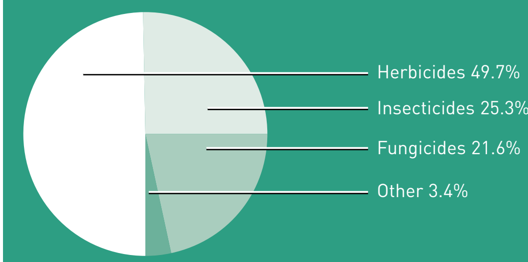
The global crop protection industry manufactures and supplies agricultural chemicals and undertakes research aimed at developing new and improved systems for crop protection.

While the major use of these products is in agriculture, some are used for vegetation management in non-agricultural settings such as turf care on golf courses and home lawns and gardens, in municipal parks, along rights-of-way and for insect control in the public health sector.

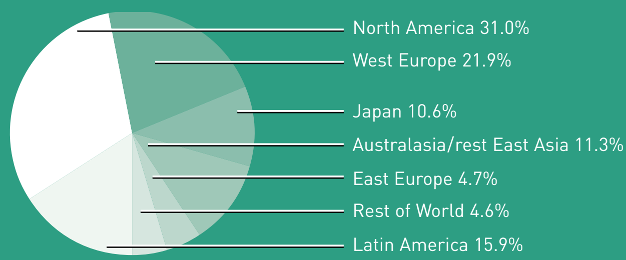
The industry is highly regulated, with all products subjected to a rigorous registration system. This requires substantial data to be generated on human health implications and safety, efficacy and environmental impacts. Most countries have their own registration requirements and these requirements are reviewed periodically as standards relating to health and environmental factors change.

The industry has undergone rationalisation and consolidation in recent years, with fewer and larger companies building a strong global presence. Nufarm is in a strong position to take advantage of product and business acquisition opportunities resulting from this activity.

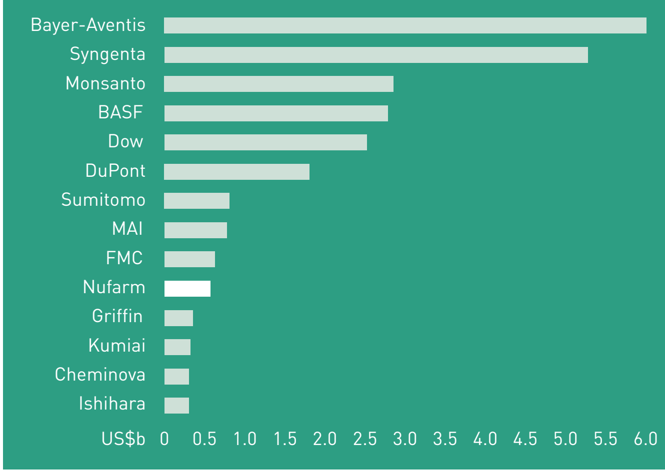
Global crop protection market 2002: major product categories



Global crop protection market 2002: major regional markets



Crop protection – global ranking



2002 calendar year sales. Source: Phillips McDougall

our strategy

2003 highlights

- Divested a non-core business (Fernz specialty chemicals) and redeployed capital into crop protection expansion (Crop Care acquisition)
- Achieved stronger margins through increased efficiencies and higher proportion of branded product sales
- Secured a number of new product registrations

Nufarm's objective is to grow its business globally to build shareholder value through increased sales, attention to cost controls, more effective capital management and greater profitability.

The key strategic objectives in the crop protection business are to increase margins, strengthen market share, expand the product portfolio and identify new product and geographic growth opportunities. In particular, we are focusing on increasing the proportion of branded product sales.

We use a combination of product differentiation, marketing and relationship selling to attract loyalty to the Nufarm brand and, in doing so, to build strong market positions.

We operate in a sector of the crop protection industry referred to as 'non-patented proprietary'. While most of Nufarm's products are not covered by patent protection, the company is able to build maintainable competitive advantages by having global scale manufacturing, a comprehensive regulatory position and strong access to distribution.

Having grown its business from an Australian base, the product range is predominantly herbicides, reflecting Australia's broad-acre agriculture. Identifying and securing new products – particularly fungicides and insecticides – will give Nufarm access to different crops and new geographic markets.

A global marketing team is constantly assessing opportunities for accessing new products and forming strategic relationships or alliances with other industry players.

The company is very focused on building its global position in crop protection. Those non-crop, industrial chemical businesses within our portfolio will be retained if they have a technology or manufacturing link to our crop protection operations or some other strategic value to the group.

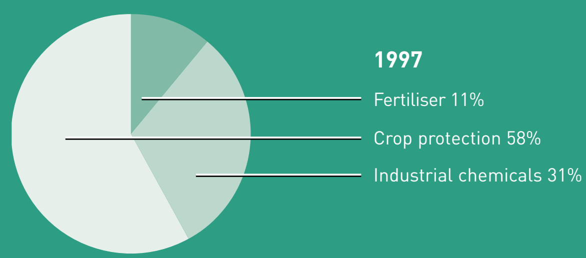
The crop protection market

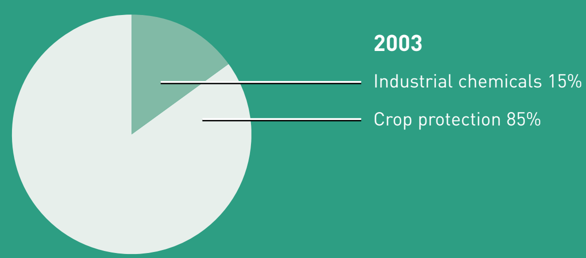
Nufarm

Patented products 35%	Proprietary products (off patent) 35%	Generic products 30%

Barriers to entry include:
- capital investment
- registration/task force position
- access to market

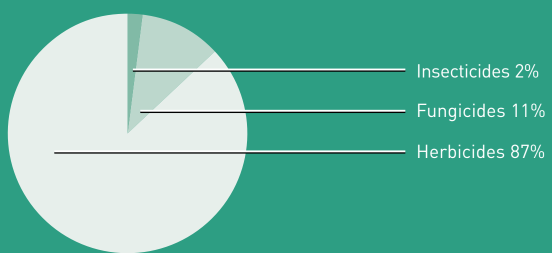
A clearer focus – Nufarm business split





our products

Nufarm crop protection sales – product split



Nufarm manufactures and markets a wide variety of crop protection products.

These include herbicides used for the control of weeds, fungicides to control fungal disease and insecticides, which protect crops from damage caused by insects.

Nufarm is one of the world's leading suppliers of phenoxy herbicides. Phenoxy herbicides are used to control – selectively – broad-leafed weeds in a number of crops, including cereals, pastures and sugarcane. Used either alone or in combination mixtures with other actives, Nufarm's phenoxy herbicides have broad application in agriculture and are a mainstay of many crop protection programs.

Other important herbicides supplied by Nufarm include bromoxynil – which we manufacture in a joint venture with Bayer – trifluralin, amitrole and glyphosate, the world's largest selling crop protection product.

In Australia and New Zealand, Nufarm manages the distribution of *Roundup* brands of glyphosate. *Roundup* is the world's leading crop protection brand.

We also supply a range of fungicides and we are growing our business in major horticulture markets around the world.

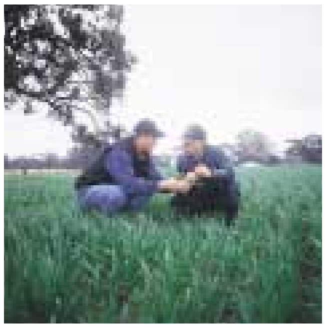
We have developed a range of products specifically for the turf and specialty market where they are used on golf courses, municipal parks and for other industrial vegetation control. Sold under the *Riverdale* brand in the United States, the development and manufacture of these products leverage the group's existing strengths in formulation and production, as well as in the regulatory area.

In total, Nufarm holds more than 2,000 product registrations and sells products in more than 100 countries. These products are formulated and manufactured in production facilities located in Australia, New Zealand, Asia, North America and Europe.

2003 highlights

- Acquired proprietary grass herbicide from Bayer (for Germany and Belgium)
- First full season with management of *Roundup* brands in Australia and New Zealand
- Strengthened market share of core phenoxy herbicides in key markets, including USA

our customers



As a major manufacturer and supplier, Nufarm's direct customers are those companies and organisations involved in the distribution and retailing of crop products to farmers and other end users.

In most markets where we operate, the distribution sector has a number of key corporate distributors with broad national coverage. There are also a number of smaller, independent or co-operative based distribution groups.

Gaining access to distribution is a fundamental requirement to build a successful market position. Nufarm has earned a reputation as a reliable and flexible supplier, supporting our products with very strong technical and regulatory expertise.

We also operate regional service centres that help ensure the timely availability of product. This is critical in an industry where weather is a key determinant of the optimum use of crop protection products.

To develop and provide appropriate product offerings to distributors, we also invest substantial time with the ultimate users of our products. Working with growers and other end users, we are able to anticipate changing crop protection needs and value-adding improvements to the way our products are formulated and packaged.

Nufarm's customers also include some of the world's largest crop protection companies. As a leading basic manufacturer of phenoxy herbicides and a number of other products, Nufarm supplies 'technical actives' to various companies who, in turn, formulate those actives into finished product under their own brands. These technical supply relationships help consolidate Nufarm's 'molecule' share in its key products and improve cost recovery in manufacturing plants by maximising the throughput in those facilities.

Nufarm →

Manufacturer/ supplier

↓

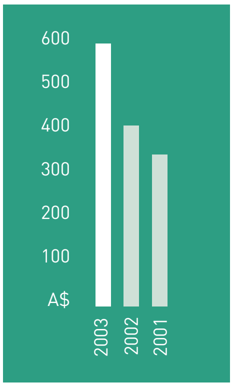
Distributor

↓

End user/farmer

our markets

Regional market sales A$



Fifty years of home-grown crop protection in Australia

Nufarm Australia Limited started as a crop protection company in Australia in 1953 and is this year celebrating its 50th anniversary.

Over those years, there have been many changes at Nufarm: we've grown the business to become Australia's leading crop protection company; we sell products in more than 100 other markets around the world; we are publicly owned; and – after starting as a one-man business in suburban Melbourne – we now employ some 2,500 people throughout our global operations.

That growth is built around the entrepreneurial spirit, dedication to customer service, and Aussie 'can-do' attitude that Max Fremder embraced when he founded the company.

There are few shortcuts to success. Our achievements are largely attributable to the support and loyalty of our customers, both distributors and farmers. And that support will only be retained through an ongoing commitment to delivering quality products, first class technical advice and a close, mutually beneficial relationship with our customers.

Operating either alone or in partnership with other crop protection suppliers, we have established important – and valuable – positions in key markets, with substantial opportunities for further growth in many of those.

Australia & New Zealand

Nufarm has a clear leadership position in its 'home' markets. In Australia, we hold a strong market share for all of our core products and have secured market access via excellent relationships with key distributors. Nufarm products are recognised for consistently high quality standards and we have led industry innovations in improved formulations, container management initiatives and the establishment of regional service centres.

We operate production facilities in Victoria, Queensland and Western Australia, with sales and marketing operations in all states.

In New Zealand, Nufarm also has secured market leadership for a broad range of products sold into the horticulture and cropping industries. Based in Auckland, the company has territory managers covering all agricultural regions.

2003

Most of rural Australia received good rains in late February and March, generating unusually high demand for herbicides used to prepare fields for the planting of crops. While there was later, follow-up rain in many regions, dry conditions continued in some areas – particularly in NSW – through to the end of July.

Australian crop protection sales increased by more than 44 per cent to $526 million. This included the first full season of *Roundup* sales and nine months of sales in the *Crop Care* business, acquired from Orica Limited and Incitec Ltd in November 2002.

The *Roundup* brands were integrated successfully into Nufarm's sales and marketing programs and added substantial value to the business.

Crop Care recorded just over $87 million in sales (nine months) and achieved margins in line with those generated across the Nufarm Australian business in general. Restructuring and integration costs associated with the acquisition and incurred during the year have been expensed and, after taking those costs into account, the business generated a $2.6 million tax paid profit.

The *Roundup* and *Crop Care* businesses helped propel Nufarm to a market leadership position in New Zealand with a doubling of sales over the previous 12 months.

2003 highlights

- Consolidated leadership position in Australia and New Zealand
- Established new sales and marketing operation in Germany
- Grew crop protection sales in USA by 27%
- Achieved important initial sales in South America and in Japan

Regional market sales A$

Asia

Nufarm products are sold in many of Asia's developing agricultural markets. Supported by production facilities and marketing operations in Malaysia and Indonesia, we also have a presence in Singapore, China and Japan.

Nufarm's core phenoxy herbicides have secured important market positions in a number of Asian countries, supported by an expanding product range targeted at important regional crops such as tea, rubber and rice.

2003

Sales increased in the Asian business by 25 per cent, with Nufarm brands continuing to gain market share in Indonesia and other regional markets. While competitive pressures were again strong in Malaysia, above budget sales in the high value Japanese market contributed to a stronger profit contribution.

Regional market sales A$

Americas

The United States is the world's largest crop protection market and a key focus for Nufarm's growth objectives. The company's USA operations are headquartered in Chicago and supported by a marketing presence in Houston. Nufarm brands have secured access through all major distributors and we are now recognised as a legitimate, reliable and long-term supplier into the market. The local products include phenoxy herbicides, glyphosate and a range of fungicides.

Chicago is also the base of Nufarm's *Riverdale* division, which supplies turf and specialty products into the valuable non-crop sector such as golf courses, municipal parks and rights-of-way.

In Canada, our operations are based in Calgary with our formulation facility supplying Nufarm-branded product into the local market, as well as undertaking toll formulation activity for third party customers.

The key South American markets of Brazil, Argentina and Chile are increasingly important for crop protection companies. Nufarm is now selling product in all three markets and has established a presence in Columbia. As additional product registrations are secured and local economic conditions allow, we anticipate strong growth in this region.

2003

The Americas region performed strongly with the USA achieving an increase in both sales and profit (in local currency). Seasonal conditions were more favourable than in 2002, particularly for the company's fungicides business. Nufarm brands continued to secure strong market positions, with the company's core phenoxy herbicides commanding an estimated 30 per cent market share with higher margins. A substantial increase in glyphosate sales compensated for the continued post-patent deterioration in pricing for glyphosate products in USA.

There were less favourable seasonal conditions for the US-based turf and specialty business – trading under the *Riverdale* brand. Sales were slightly ahead of the previous year and improved supply chain management and a lower cost of goods for key inputs helped strengthen margins.

Growth in the business in Canada and important market development progress and associated sales in South America also contributed to the excellent results in the Americas region.

Regional market sales A$

Europe

Nufarm has a strong presence in the major European agricultural markets of France, Germany, the United Kingdom and Spain, with crop protection sales extending into various other regional country markets.

Our globally networked manufacturing facilities are based in France, Austria, The Netherlands and the UK, supported by local formulation plants in a number of other locations.

As Nufarm has grown its presence in Europe, we have been able to increase the proportion of branded product sales.

Our current strategy for accessing Eastern Europe involves several joint ventures with other crop protection companies with complementary product ranges and who can share market development resources.

2003

The various European markets produced mixed results. Branded product sales grew in total and the new business in Germany performed very strongly, as did the UK domestic business. Seasonal conditions were varied, with an unusually cold winter followed by wet spring conditions in Northern Europe and a dry spring in southern Europe.

A number of products were affected by regulatory changes and registration delays, particularly in France, reducing sales opportunities in that market. While margins were maintained on branded products, the continuing erosion of margins on technical sales had a significant impact on profitability, particularly in the methyls range in the United Kingdom and Holland.

Rest of world

Nufarm also supplies crop protection products into markets such as the Pacific Islands, the Middle East and Africa.

2003

Nufarm has commenced the introduction of branded products into Iran and over the next two years expects to see a portfolio of six to eight brands that will deliver turnover of several million US dollars. This is in addition to our strengthened technical supply position.

In South Africa, we have concentrated on the higher value export crops and are targeting these segments with high-margin niche products and copper based fungicides from Nufarm USA and Nufarm Austria. Additionally, Nufarm has secured the first registration for the use of trifluralin in cereals using its patented controlled release product *Crew*.

competitive
our strengths

2003 highlights

- Launched new *Roundup* formulation
- New product registrations in Japan and South America
- Increased proportion of branded product sales

In recent years Nufarm has had one of the strongest rates of growth in the global crop protection industry. By focusing on our strengths in manufacturing, product differentiation and marketing, Nufarm's brand awareness has increased significantly in various markets around the world.

With strategically located manufacturing and formulation plants, we are able to draw on a global network of production facilities to meet product supply needs.

Nufarm's ability to differentiate products – and introduce formulation and packaging improvements – has helped the company gain a strong reputation as an industry innovator.

For example, Nufarm's proprietary *Champ Dry Prill* (pictured, right) is a unique copper fungicide formulation in the form of a high density granule that produces little dust and disperses quickly in spray tanks.

We conduct hundreds of field trials in various regions each year, working closely with growers to identify opportunities to introduce more effective crop protection solutions.

A global regulatory team maintains the several thousand product registrations held by the company, constantly updating the data that supports those registrations, as well as applying for new product approvals.

Nufarm works in partnership with distributors to ensure our crop protection products are backed with the highest levels of technical support.

Building enduring and successful customer relationships, entering into collaborations with other industry partners and identifying niche product development and acquisition opportunities have all contributed to Nufarm's record of profitable growth and global expansion.

Brand strength

our industrial chemicals

Nufarm's industrial chemicals division includes a number of businesses that have manufacturing and/or technology links to the group's crop protection operations.

These include two chlor-alkali plants, operated in an 80 per cent owned joint venture with Coogee Chemicals in Western Australia. These plants, which supply chlorine ' through-the-fence' to titanium dioxide producers, use the same synthesis technology as in our phenoxy herbicide manufacturing.

The South Carolina (USA) – based Nufarm Specialty Products subsidiary manufactures and supplies premium specialty chemicals for a variety of industrial, agricultural and pharmaceutical purposes.

In France, SEAC undertakes highly specialised toll synthesis for large pharmaceutical companies from bench-top development work through to commercial scale production of intermediates.

Nufarm's performance chemicals business – with operations in both Europe and North America – is a global leader in the development, manufacture and supply of additives and coatings used to combat physical product deficiencies. These products are sold into the explosives and fertiliser industries where they help prevent caking, dust emissions and moisture absorption. Sold under the 'Galoryl' brand this business draws on Nufarm's strengths in chemical formulation and synthesis.

2003

Revenue in this division declined by 42 per cent to $222 million after the Fernz specialty chemical business was divested to Orica Limited in November, 2003. This business recorded only three months sales in this year and the remaining industrial chemical businesses sales fell by seven per cent. The pre-taxed segment profit reduced to $23.6 million from $31.3 million in the previous year.

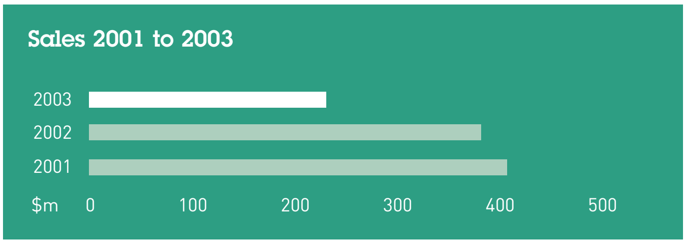
The Fernz specialty chemicals business generated $51 million in sales for the three months before the sale, compared to $190 million for the previous 12 months. This business was not considered core to Nufarm and capital realised from the sale was deployed in the purchase of the strategically valuable Crop Care business.

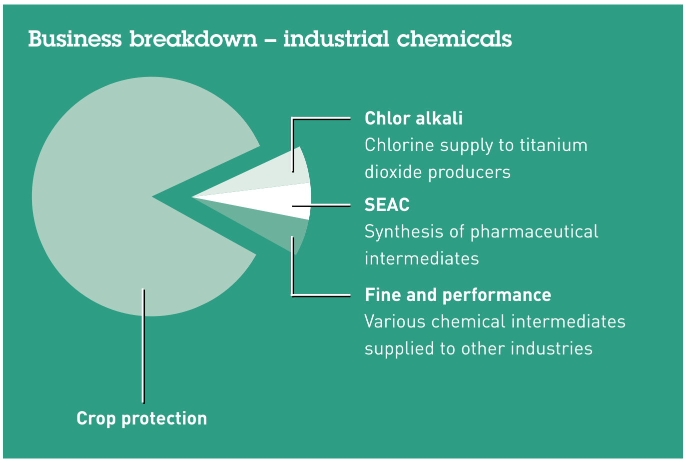
The Nufarm Specialty Products subsidiary – which produces intermediates for a number of manufacturing industries – recovered strongly from a depressed result in 2002 to post sales growth of 30 per cent in local currency. It secured several new long-term tolling and custom manufacturing contracts.

The Galoryl range of performance chemicals in France experienced a challenging year, with the global fertilizer industry cutting back on production and lowering demand for Nufarm's products. Increased manufacturing, regulatory and insurance costs also had an impact on margins in this part of the business.

Sales in the SEAC pharmaceutical intermediates subsidiary were lower than the previous period but were in line with forecasts. Margins were down due to the product mix and the impact of exchange rates between the Euro and US dollar.

The West Australian-based chlor alkali plants (80 per cent owned) generated an on-budget profit result, slightly less than last year reflecting a lower world indicator price for caustic soda.





2003 highlights

- Sold Fernz specialty chemicals to Orica Limited
- Achieved sales and profit growth in Nufarm Specialty Products (USA)

our commitment

Nufarm places a high priority on its obligations to operate a safe work place, to protect the health of all employees, to minimise the environmental impact of our operations and to support the local communities where we are based.

In the 2002 calendar year Nufarm reported substantial improvements in key health, safety and environment (HSE) parameters over the previous year.

Our fourth annual health safety and environment report (available from www.nufarm.com) details the company's performance across a range of indicators relating to work place injuries, safety and environmental expenditure, environmental compliance, waste reduction and greenhouse emissions. We also produce 32 site or local language HSE inserts that detail the performance of individual manufacturing operations.

When measured as a group, Nufarm succeeded in bettering many of the 2003 HSE targets. On an individual operating site basis, there were some outstanding achievements.

Our crop protection operations in Indonesia (sales office and the Merak manufacturing plant) reached one million hours of operation without a lost time injury (LTI). This business has grown substantially over the past two years and it is particularly creditable that this achievement is recorded when manufacturing activity in the plant continues to increase.

A number of other sites recorded their second and third consecutive years of being LTI free and the number of Nufarm sites recording 100 per cent compliance on environmental testing continued to rise.

That we were able to exceed some of the key 2003 calendar year targets in 2002 is a very positive reflection on the commitment of Nufarm employees to give these crucial areas of our operations the priority they deserve. But there is still scope for better results in a number of specific areas of our business and we will maintain a constant drive for ongoing improvement. To that end, we are seeking an ambitious 15 per cent annual improvement on the 2002 results for all relevant parameters. Also, we will review progress and targets fully every year to ensure appropriate outcomes are achieved annually as we move ahead.

Despite the substantial gains achieved in 2002, there can be no room for complacency. It remains a key responsibility for all Nufarm employees to contribute to a safer working environment and to identify measures that reduce the impact of our operations on the environment.

Nufarm's community relations programs are aimed at facilitating a two-way communication with the communities in which we operate production facilities. The company supports a number of a local community and sporting organisations and works with other local industry representatives to address areas of common interest or concern.

At a corporate level, Nufarm is also a strong supporter of the arts, a number of health research organisations and several community-based education and training initiatives.

We believe our shareholders benefit from these commitments by a motivated and appreciative workforce and a more supportive environment in which to conduct the company's business.

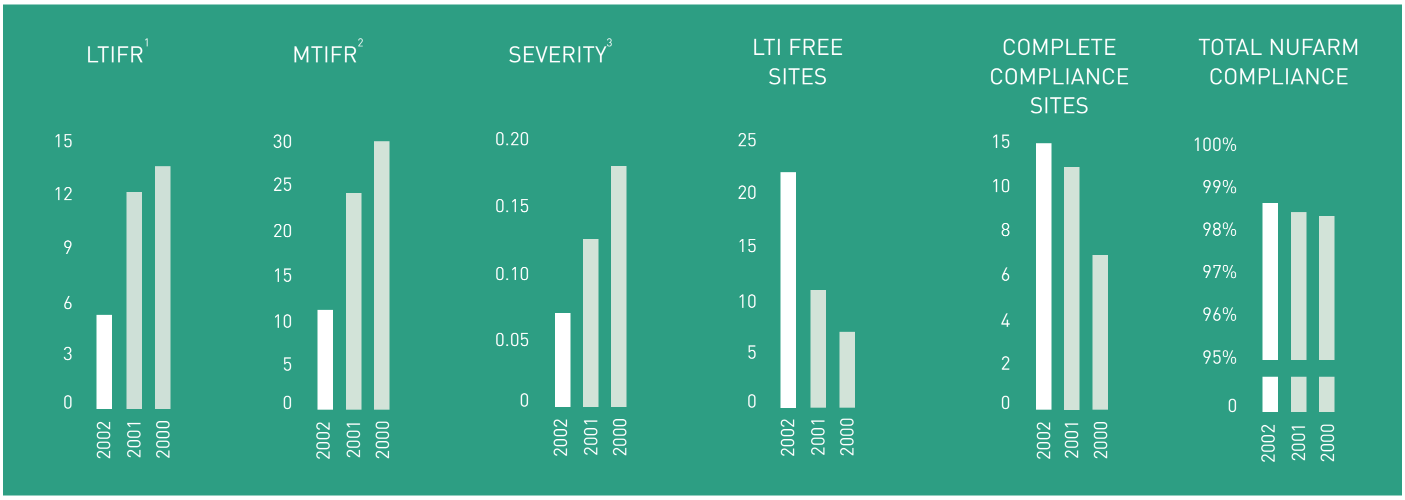
Prosecutions and fines

There were two fines in the 2003 financial year, both associated with the Riverdale plant in Chicago, USA. After an anonymous complaint, an occupational health and safety inspector visited the plant in September 2002. While satisfied that essentially the complaint was unfounded, he issued a notation for lack of eye wash stations on the operating platform. Within a week, we installed individual eye washes next to each amine, solventless and ester reactors. Due to a combination of good faith and a lack of complaint history, the fine was reduced to US$375.

The Thorn Creek Sanitary District took a sample from the workshop drain in September. It was analysed at 50.9 ug/l DCP. The contamination was traced to a small leak in a cooling coil in an ester reactor, which was fixed. A citation was issued and a US$100 fine imposed. Both reactors are corroding slowly and we are now monitoring ester free acidity/water levels and boiler water more closely to ensure early detection.

At Mulhouse in France, pollution-affected groundwater was discovered under our plant at the beginning of 2003. We took immediate action to prevent the pollution from migrating and analysed 680 groundwater samples, as well as installed appropriate equipment. We worked closely with the different state and local authorities and kept local people informed. The pollution is under control and action continues to remove the contaminant.

In July 2003 two employees were injured in a flash fire at the Mulhouse facility. Both employees are now fully recovered. The incident occurred while powder was being loaded into a reactor containing flammable solvent. The detailed investigation undertaken revealed the fire was caused by static electricity.



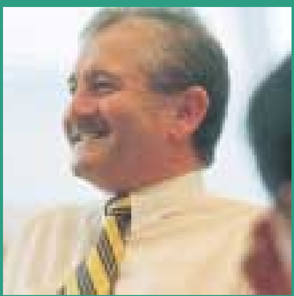
	New 2003 target[4]	Original 2003 target	2002	2001	2000
LTIFR[1]	5	7.15	5.94	12.5	14.3
Severity rate[3]	0.059	0.09	0.069	0.125	0.180

Note: Nufarm publishes calendar year health, safety and environment (HSE) data in its annual HSE report. The information repeated here also relates to the 2002 calendar year.

1. LTIFR or lost time injury frequency rate is the number of lost time injuries per million hours worked that need one or more day's absence from work.
2. MTIFR or medical treatment injury rate is the number of lost time and medical treatment injuries per million hours worked
3. Severity rate is the number of days lost per thousand hours worked
4. Originally the 2003 targets were set in 2001. As Nufarm achieved these in 2002, so new targets for 2003 have been set

our management team

JOHN ALLEN
GROUP GENERAL MANAGER CROP PROTECTION

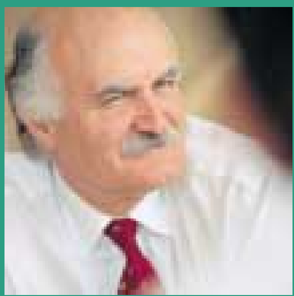


John Allen trained as an agronomist and then gained a post-graduate degree in marketing. He joined Nufarm in 1984 and has 30 years experience in the industry. John has held a variety of positions in the commercial side of the business, starting as a sales representative. He is now responsible for the commercial side of Nufarm's crop protection activities.

BRIAN BENSON
GROUP GENERAL MANAGER MARKETING

Brian Benson joined Nufarm in 2000, bringing with him extensive experience in international marketing and strategy. He has degrees in agricultural science and business administration. Brian is responsible for Nufarm global marketing and strategy development.

DR MIKE DALLING
GROUP GENERAL MANAGER RESEARCH AND DEVELOPMENT



Michael Dalling is an agricultural scientist with a PhD in agronomy and biochemistry and joined the company in 1999. He is responsible for Nufarm's biotechnology initiatives and the application of new technologies to product discovery and development.

RODNEY HEATH
GROUP GENERAL MANAGER CORPORATE SERVICES AND COMPANY SECRETARY

Rod Heath is a bachelor of laws and joined the company in 1980, initially as legal officer, later becoming assistant company secretary. In 1989, Rod moved from New Zealand to Australia to become company secretary of Nufarm Australia Limited. Upon migration of the company to Australia in 2000, Rod was appointed company secretary of Nufarm Limited.

DOUG RATHBONE
MANAGING DIRECTOR
AND CHIEF EXECUTIVE

KEVIN MARTIN
CHIEF FINANCIAL
OFFICER

Kevin is a chartered accountant, with over 25 years experience in the professional and commercial arena. After joining Nufarm in 1994, he was responsible initially for the financial control of the crop protection business. Since migration in 2000, Kevin has been responsible for all financial, treasury and taxation matters for the group.

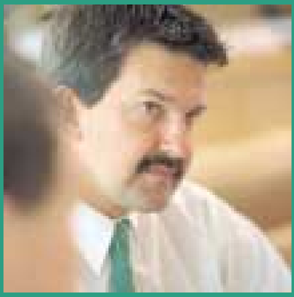
BOB OOMS
GROUP GENERAL
MANAGER CHEMICALS

Bob Ooms joined the company in 1999. An industrial chemist by training, Bob has more than 40 years experience in the chemical industry working in a variety of positions, including many years in senior management. Bob is responsible for the group's industrial chemical businesses and has executive management responsibility for global supply chain issues.

DAVID PULLAN
GROUP GENERAL
MANAGER OPERATIONS

David Pullan joined the company in 1985. A mechanical engineer, David has extensive experience in chemical synthesis and manufacturing, having held a variety of operational and management positions in the oil and chemical industries. He is responsible for all of Nufarm's global manufacturing and production sites.

ROBERT REIS
GROUP GENERAL
MANAGER CORPORATE
AFFAIRS



A former journalist, political adviser and lobbyist, Robert joined Nufarm in 1991 and is responsible for global issues management, investor relations, media, government and stakeholder relations.

our board
of directors

KM (KERRY) HOGGARD
CHAIRMAN

KM (Kerry) Hoggard, aged 62 years was appointed managing director and 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 managing director in 1987. On his retirement in October 1999, he was appointed chairman of the board.

DJ (DOUG) RATHBONE
MANAGING DIRECTOR AND CHIEF EXECUTIVE

DJ (Doug) Rathbone, aged 57 years, joined the board in 1987. His background is chemical engineering and commerce and he has worked for Nufarm Australia Ltd for 30 years. Doug was appointed managing director of Nufarm Australia in 1982 and managing director of Nufarm Limited in October 1999.

GDW (DOUG) CURLEWIS

GDW (Doug) Curlewis, aged 62 years, joined the board in January 2000. He has a master of business administration and was formerly managing director of National Consolidated Ltd. He is also a director of Pacifica Group Ltd, Hamilton Island Limited, National Foods Ltd, GUD Holdings Ltd and Remunerator Australia Pty Ltd.

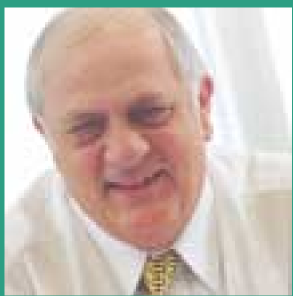
DR WB (BRUCE) GOODFELLOW

Dr WB (Bruce) Goodfellow, 51, 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 and financial and commercial business management experience. He is a director of Sulkem Co Ltd Refrigeration Engineering Co Ltd, SH Lock (NZ) Ltd and Cambridge Clothing Company Ltd.

GW (GRAEME) MCGREGOR AO

GW (Graeme) McGregor, aged 64 years, joined the board in January 2000. He is a bachelor of economics and was formerly an executive director with BHP Co Ltd. He is a director of Foster's Group Ltd, Santos Ltd and Were Securities Ltd. Graeme is also on the board of Community Foundation Network Ltd, a member of The Financial Reporting Council and a past director and national treasurer of the Australian Institute of Company Directors.

SIR DRYDEN SPRING

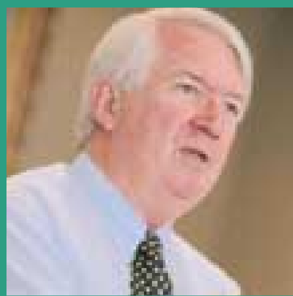


Sir Dryden Spring, aged 64 years, joined the board in 1981. He has a farming background and is chairman of Fletcher Challenge Forests Ltd and Wel Networks Ltd. He is a director of Fletcher Building Ltd, Maersk New Zealand Ltd and The National Bank of New Zealand Ltd. Sir Dryden is also chairman of the 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 JW (John) Stocker, aged 58 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 Ltd and chairman of Sigma Company Ltd and the Grape and Wine Research and Development Corporation. He is a director of Telstra Corporation Limited, Cambridge Antibody Technology Group plc and Circadian Technologies Ltd.

RFE (RICHARD) WARBURTON



RFE (Richard) Warburton, aged 62 years, joined the board in 1993. He has a business management background and is chairman of Caltex Australia Limited, HIH Claims Support Ltd, as well as a director of Tabcorp Holdings Ltd and Note Printing Australia Ltd. He is chairman of the Board of Taxation and a past national president of the Australian Institute of Company Directors.

Nufarm Limited

Corporate governance statement

Introduction

This is Nufarm Limited's first corporate government statement since the release of the ASX Principles of Good Corporate Governance and Best Practice Recommendations (the guidelines) in March 2003.

Nufarm is required to report formally on the guidelines for its financial year ending 31 July 2004. However, in the interests of good governance, this statement reports our current position on the guidelines and describes the steps we are undertaking in response to those guidelines.

In general, we believe Nufarm complies with most of the guidelines and we will be either fully compliant by 31 July 2004 or, if not, will explain why not.

Already our website, www.nufarm.com contains the current annual report, including Nufarm's corporate governance statement. We are developing a separate corporate governance section that will be launched on the website later this year and progressively updated. Ultimately it will contain information on the company's governance practices, as required by the guidelines, including details of relevant policies and charters.

Governance at Nufarm

Before describing our corporate governance practices, we believe it is important to summarise some of Nufarm's governance history, because it is within this context that the board has reviewed its practices and the recommendations set out in the guidelines.

The company was incorporated in New Zealand and listed on the New Zealand Stock Exchange in 1916. In January 2000, head office was relocated to Australia and our primary listing transferred to the Australian Stock Exchange in a migration process. The secondary listing on the New Zealand Stock Exchange was maintained until 2001. Capital Notes issued by a wholly owned subsidiary of the company remain listed on the New Zealand Stock Exchange.

Governance and disclosure have always been important issues for us. Four times in the 1990s the company won the NZ Society of Accountants' award for best annual report for entities listed on the New Zealand Stock Exchange and we were judged communicator of the year twice.

Upon migration, we upgraded our board charter to ensure that board processes were in accordance with best Australian practice. We regularly review and amend the charter as necessary and we have given careful consideration to the guidelines, the character of our company and the features that have enabled it to provide consistent growth for more than 15 years.

Migration

Migration involved 18 months of careful planning to ensure full compliance with all relevant corporate, taxation and legislative requirements in both New Zealand and Australia.

One such requirement was the composition of the board where it was necessary to have a majority of New Zealand resident directors up to the day of migration and a majority of Australian resident directors upon migration. The then company chairman (W Wilson) and chairman of the audit committee (HM Titter) – both New Zealanders – retired on the day of migration and two new Australian resident directors (GDW Curlewis and GW McGregor AO) joined the board.

We believed it was important for the board to retain as much experience and corporate history as possible during both migration and as the wider corporate responsibilities were absorbed by Australian-based management.

Corporate governance statement continued

The chairman

Our board chairman is Kerry Hoggard. Both Kerry and the board acknowledge that he will not be deemed an independent director in accordance with the tests set out in Principle 2 of the guidelines.

Notwithstanding, the board unanimously supports Kerry's continuation as chairman, believing this to be in the best interests of all our stakeholders.

Kerry joined the company in 1957 as office junior and, through a number of accounting, financial and commercial promotions, became chief executive officer in 1987 when he also joined the board. In the 1980s, Kerry played a major role in the restructure of the New Zealand fertilizer industry and was responsible for the acquisition of Nufarm Australia Ltd in 1983. In the 1990s, he recommended selling the group's fertilizer operations and migrating Nufarm to Australia. On his retirement as chief executive officer in 1999, Kerry was appointed chairman of the board. He served as an executive director from 1987 to 1999 and as a non-executive director since 1999.

Kerry's accounting, financial and commercial background – and his intimate knowledge of the industry within which the company operates – provide him with unique skills and experience, which are invaluable to Nufarm. The board believes that Kerry has made the transition from chief executive officer to chairman by applying judgment independent of management in all decision-making and discharges his role with a strong commitment to considerations of governance and disclosure.

Chief executive officer and managing director

Nufarm's chief executive officer and managing director is Douglas Rathbone who became the company's largest shareholder in 1987 and remains so today.

Doug has been an employee of the company for 30 years and has an unparalleled knowledge and understanding of the global crop protection industry. He became a director of the company in 1987 and, over the past 10 years, has played a major role in the transformation of Nufarm into a truly international company.

Doug is supported by a management team characterised by long serving executives dedicated to the service of the company and its success and growth. New appointments in recent years complement this senior team. Details of all members of the management team are on page 24 of this report.

The board believes that Doug is recognised internationally as a leader in the global crop protection industry and, together with a loyal and motivated management team, has been instrumental in leading Nufarm's sustained profitable growth.

Management and oversight of Nufarm

The board

The board is the governing body of the company and is responsible for overseeing the company's operations, ensuring that Nufarm's business is carried out in the best interests of all shareholders and with proper regard to the interests of all other stakeholders. The board charter has clearly defined policies detailing the board's individual and collective responsibilities and describing those collective responsibilities delegated to senior management.

The board's specific responsibility is to: ratify strategic plans for the company and its business units; review the company's accounts; approve and review operating budgets; approve major capital expenditure, acquisitions, divestments and corporate funding; oversee risk management and internal compliance; and control codes of conduct and legal compliance.

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.

The board is also responsible for the appointment and remuneration of the managing director, ratifying the appointment of the chief financial officer and the company secretary, reviewing remuneration policy for senior executives and Nufarm's general remuneration policy framework.

Each year the board reviews board composition and terms of reference for the board, chairman, board committees and managing director.

Corporate governance statement continued

Board committees

At 31 July 2003, the board had three committees: audit; remuneration and nomination; and scientific review.

In response to the guideline's recommendations, the board resolved to split the remuneration and nomination committee into two committees, one for remuneration and the other for nomination. The company chairman may not chair any of the committees other than the nomination committee and all directors are entitled to attend any committee meeting. Details of the attendances at meetings of board and committees are detailed on page 36 of this report.

The manner in which the company is managed is consistent with the recommendations of Principle 1 of the guidelines.

Board of directors

The board

Composition

The board has a majority of independent non-executive directors with an appropriate range of proficiencies, experience and skills to ensure that its responsibilities are discharged in a manner consistent with the best possible management of the company.

The company's constitution specifies that the number of directors may be not less than three, nor more than 11.

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.

Independence

Directors are expected to bring independent views and judgment to the board. In determining the independence of directors, the board applies the tests set out in Principle 2 of the guidelines and, in considering whether a director has a material relationship with the company that may compromise independence, the board considers all relevant circumstances. Having reviewed the guidelines and the circumstances of individual directors, the board does not believe it necessary to define any specific materiality limits, other than defining a substantial shareholder as one who holds or is associated directly with a shareholder holding in excess of five per cent of the company's equity.

Tenure

The board is aware of commentary and recommendations – both in the Australian market and elsewhere – relating to the tenure of directors and the relationship between length of service and independence. Ultimately, the board considers that the independence of directors and justification for their positions in general is determined by the manner in which they discharge their responsibilities and their contribution to the success of the company.

However, the board has determined that from 1 January 2004, any director who has served as a non-executive director on the board for a continuous 10 year period should seek only one further re-election and then voluntarily retire before the date scheduled for any subsequent re-election. Any variation to this policy would involve exceptional circumstances and require the unanimous support of the full board.

Directors seeking to offer themselves for re-election at a company AGM are subjected to a performance review by the remaining directors before any such re-election.

At the date of this statement, the board determined that the status of directors is characterised as follows:

Independent non-executive directors

GDW Curlewis
GW McGregor AO
Sir Dryden Spring
Dr JW Stocker AO
RFE Warburton

Non-independent non-executive directors

KM Hoggard
Dr WB Goodfellow

Executive director

DJ Rathbone

Profiles of each board member are set out on page 26 of this report, including their terms in office.

Corporate governance statement continued

Retirement of Sir Dryden Spring

Having served 22 years as a director, Sir Dryden Spring is not seeking re-election to the board at the 2003 AGM. The board acknowledges Sir Dryden's strong contribution to the company and his independent judgment on all matters and decision-making during a period when the company has experienced substantial growth.

Access to independent advice

With the prior approval of the chairman or by resolution of the board, any director can appoint legal, financial or other professional consultants, at the expense of the company, to assist that director in discharging his responsibilities. The board charter provides that non-executive directors may meet without management present.

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.

Chairman of the board

The chairman is elected annually at the directors' meeting immediately following the company's AGM.

The current board chairman is Kerry Hoggard, who does not conform to the guidelines' definition of an independent director. The reasons why the board unanimously supports his appointment as chairman appear earlier in this governance statement.

The board has stipulated that the same person will not exercise the role of the chairman and chief executive officer.

The nomination committee

Until 31 July 2003, the remuneration and nomination committee undertook the nomination function of the board. From 1 August 2003 the board formed a separate nomination committee of three members: Kerry Hoggard (chairman); Dick Warburton; and Doug Curlewis. The committee has a majority of independent directors.

The committee has a formal charter setting out its membership requirements and responsibilities. These responsibilities include: the assessment of competencies of board members; review of board succession plans; evaluation of board performance; and recommendations for appointment of new directors when appropriate.

The company's board structure is consistent with the recommendations of Principle 2 of the guidelines.

Ethical and responsible decision-making

Ethical standards

All directors and employees shall adopt standards of business conduct that are ethical and comply with all legislation. Where there are no legislative requirements, the company endeavours to ensure appropriate standards by 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.

During the course of the 2003–2004 financial year, the company will establish a formal code of conduct and, once finalised, it will be posted on the separate corporate governance section of the company's website.

Purchase and sale of company shares

The company has longstanding policies about the purchase and sale of company shares by directors and key executives. At migration these policies were reviewed, enunciated clearly and included in recent annual reports.

The current share trading policy 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.

Subject to this prohibition, directors and senior executives may buy or sell shares at any time except during the following periods:

- six weeks before the release of the company's half year results to the ASX, ending 24 hours after such release;
- six weeks before the release of the company's year end results to the ASX, ending 24 hours after such release; and
- two weeks before the company's AGM, ending 24 hours after the AGM.

Before any trading activity in company shares, directors and senior executives must sign a declaration and consent form confirming they have no relevant knowledge pertaining to the company that is not available to the public. The written approval of the company secretary is required prior to consent being granted.

Corporate governance statement continued

Safeguard integrity in financial reporting

Financial reports

The board procedures to safeguard the integrity of the company's financial reporting require the chief executive officer and the chief financial officer to state, in writing to the board, that:

- the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards; and
- the statement is founded on a sound system of risk management and internal compliance and control, which are operating efficiently and effectively.

Audit committee

The board audit committee has three members: Graeme McGregor (chairman); Sir Dryden Spring; and Kerry Hoggard. The committee has a majority of independent non-executive directors and is chaired by an independent director. Upon Sir Dryden's retirement from the board, he will be replaced on the audit committee by another independent non-executive director.

Graeme McGregor is a bachelor of economics and former chief financial officer and executive director of BHP Co Ltd. He is the immediate past national treasurer of the Australian Institute of Company Directors and is a member of the financial reporting council. In that capacity, Graeme has been closely associated with best practice recommendations relating to the provision of audit services, including CLERP 9.

Kerry Hoggard has extensive accounting and financial experience, referred to earlier in this report, and Sir Dryden Spring has extensive commercial and international board experience.

The committee's formal charter sets out its membership requirements and responsibilities. In conducting its duties the committee will:

- meet privately, at least annually, with the company's general manager global risk management (internal audit function) and the external auditors to discuss any matters that the audit committee or the general manger global risk management or the external auditors believe should be discussed with the committee without the presence of management;
- self-assess annually and report to the board whether the audit committee has carried out the responsibilities defined in its charter;
- self-assess annually whether the audit committee complies with its membership requirements;
- review and evaluate the effectiveness of the company's processes for assessing significant risks or exposures;
- review the company's risk management policies;
- consider the company's internal controls and review with management, the external auditors and internal risk management function;
- ensure that all financial statements to be released by the company comply with accounting standards and are true and fair and not misleading;
- review supporting information provided to the committee to ensure that it complies with board guidelines and that franking status is consistent with Australian taxpaying capacity and make appropriate recommendations to the board on dividend payments and policy;
- review the annual audit plan;
- review the company's taxation position to ensure 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 before completing each year's accounts.

The committee also reviews the audit committee charter annually.

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 agrees that it will not invite any former lead engagement 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 a maximum five years involvement and it will be at least three years before that partner can again be involved in the company's audit.

The company's practices in relation to financial reporting are consistent with the recommendations set out in Principle 4 of the guidelines.

Disclosure

The company has a detailed written policy and procedure to ensure compliance with both the ASX Listing Rules and Corporations Act. This policy is reviewed regularly with the company's legal advisers, in line with contemporary best practice.

The company secretary prepares a schedule of compliance and disclosure matters for directors to consider at each board meeting.

The company's disclosure policy complies with the recommendations set out in Principle 5 of the guidelines.

Corporate governance statement continued

Rights of shareholders

Communication

The company is mindful of the importance of maintaining effective communications with shareholders and, during the 2003–2004 financial year, will upgrade its website to include a formal communications policy in the corporate governance section.

External auditor

The board requires the external auditor to attend the company's AGM so shareholders may question the auditor about the conduct of the audit and the preparation and content of the auditor's report.

Identifying and managing risk

The board is committed to identifying, assessing, monitoring, reviewing and managing its major business risks at a level appropriate to its global business activities and the audit committee has established global policies on risk oversight and management.

The board also has a formal charter for global risk management and authorised the establishment of a committee of senior management, including the general manager global risk management (who also oversees the company's internal audit function) and the company secretary, to direct a continuous and comprehensive program of global risk management services. The program includes internal audits, risk reviews and analyses of major business systems operating within all significant company entities worldwide. This committee has a formal reporting line directly to the chief executive officer and the audit committee.

Globally the company has implemented a diverse range of operational and financial management systems to monitor and control major business risks in the areas of finance, accounting, operations, interest rates, foreign exchange, regulatory, health, safety and environment.

Treasury policy

Exposure to foreign exchange and interest rate risks is managed in accordance with a comprehensive, board-approved, treasury policy that establishes effective business controls and limits to management authority in this area. Nufarm also uses derivative instruments to manage specific business risk. They are not used for speculative purposes.

Environment, health and safety

At each of its meetings the board receives management reports covering compliance with environmental policy and health and safety issues with one meeting a year also allocated to a comprehensive presentation and review of health, safety and environment related matters by the company's health, safety and environment manager. The board requires immediate reporting of any variance with legislative or corporate policy. Corporate policy and compliance are audited regularly with a full report to the board. The company releases an annual public report on its performance across a range of environment, health and safety parameters, including specific targets for continuous improvement.

Integrity of financial statements

The procedures to safeguard the integrity of financial statements are set out on page 32 of this report.

Scientific review committee

The three members of the scientific review committee are: John Stocker (chairman); Bruce Goodfellow; and Kerry Hoggard.

The committee is charged with reviewing research and development projects in which the company is involved to ensure an appropriate balance between risk and potential reward. The committee receives regular updates on the status of projects and key milestones against which the project is assessed for ongoing support. The committee meets as appropriate.

The company's risk management procedures are consistent with the recommendations set out in Principle 7 of the guidelines. The company has numerous risk management systems and is reviewing the need for additional disclosure of these systems.

Board and management performance

The board

The performance of the board, individual directors and key executives is reviewed annually.

The board recently adopted a formal process to facilitate its performance assessment, a process instigated by the nomination committee.

The board ensures that new directors are introduced to the company appropriately and acquainted with relevant industry knowledge, including visits to specific company operations and briefings by key executives.

All directors may obtain independent professional advice (refer page 31) and have direct access to the company secretary.

The company's practices in relation to board performance are consistent with the recommendations set out in Principle 8 of the guidelines.

Corporate governance statement continued

Remuneration

The board has procedures to ensure that the level and structure of remuneration for executives and directors is appropriate.

Remuneration of executives

The board's remuneration committee reviews the total remuneration reward for the managing director and senior executives annually. It also engages external human resource consultants to help review strategies and frameworks to reflect and support Nufarm's values and business direction and ensure that the value of the reward package is consistent with best market practice. The company's reward strategies are designed to align individual rewards with corporate performance and increased shareholder value.

The company's fully integrated global reward strategy establishes specific frameworks and principles – across all reward components – to apply in deciding individual reward levels and ensure there is a clear relationship between key executive performance and remuneration. One objective of this strategy is to ensure Nufarm is well positioned, from a reward perspective, to attract and retain the talent needed to achieve its business objectives.

Executive remuneration is structured in three components:

- fixed reward (TEC) – cash and benefits that reflect local market conditions and individual contribution. The reward level is set relative to pertinent and prevailing executive employment market conditions for high calibre talent in the geographies where Nufarm operates. The company's policy position for TEC is at the 50th percentile of the Mercer Survey of Australian Major Corporates;
- short-term variable reward (STVR) – 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 (LTVR) – is based on the returns on funds employed in the business in excess of the cost of those funds. This reward is subject to performance indicators linked to meeting the company's financial targets and is delivered in cash or through shares or a mixture of shares and options.

Each year, the board establishes performance hurdles for STVR and LTVR programs. These hurdles reflect targets for specific objectives and increasing company value, consistent with the company's business and investment strategies. If these targets are achieved, the total remuneration of the company's executives should be in the upper quartile of the Mercer Australian Major Corporates Index.

STVR is subject to a performance condition based on return on funds employed (ROFE) and linked to Nufarm's financial targets. Return is calculated as the group's earnings before interest and taxation and adjusted for any non-operating items. Funds employed are represented by shareholders funds plus total interest bearing debt. The board reviews the target ROFE annually.

LTVR is provided in cash or via the executive share plan (ESP), which provides for annual offers of shares or a mixture of shares and options (equities) to senior executives. The board determines the number and type of equities to be offered to each of the eligible executives after reviewing market practice and industry standards. Shares offered under the ESP are at no cost to the executive. Any options offered and granted to executives under the ESP have an exercise price based on the weighted average price of shares traded over the five days immediately after the preliminary final announcement of the company's annual results.

Any options granted may only be exercised on or after 36 months of the date of grant. In determining the value of options, the company uses the Black Scholes methodology. If not exercised within 10 years from the date of grant, options lapse.

Ordinary shares granted under the ESP are subject to disposal restrictions and forfeiture conditions. Executives may not deal in the ordinary shares granted before the earlier of two dates: 10 years after acquisition; or the date when the board approves such dealing after a request from the executive – such a request may not be made less than three years after the shares are granted.

LTVR benefits are subject to a performance condition at the end of a performance period. Full benefits are granted to executives only if the maximum performance condition is met at the end of the performance period. Each year the board determines the performance condition, linked to company financial targets, before an offer is made under LTVR.

For LTVR, the performance condition is based on ROFE and, as such, is linked to company financial targets.

Under the ESP and any other employee incentive scheme offered by the company, the number of new issue ordinary shares to employees and executives in the preceding five years will not exceed five per cent of the company's issued capital.

The company has an employment contract with the chief executive officer and this formalises the terms and conditions of appointment, including termination payments.

Corporate governance statement continued

Remuneration committee

The three members of the remuneration committee are: Dick Warburton (chairman); Doug Curlewis; and Kerry Hoggard. The committee has a majority of independent directors.

The committee's formal charter includes responsibility to review and recommend the remuneration packages of key executives, incentive schemes and directors' remuneration to the board executive remuneration and incentive policies.

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

Remuneration of non-executive directors

The board determines the fees payable to non-executive directors within the aggregate amount approved from time to time by shareholders. At the company's 2000 AGM, shareholders approved an aggregate of $750,000. Directors will seek shareholder approval at the company's 2003 AGM to increase this amount to $900,000 to enable the company to increase directors' fees to compensate for terminating directors' retirement benefits, and provide some flexibility in the appointment of new directors.

Before the guidelines were issued, non-executive directors were entitled to retirement benefits on an escalating scale up to a maximum – after 10 years of service – of three times average annual emoluments in the three years before retirement.

Having considered the guideline's recommendations, Nufarm directors unanimously resolved to discontinue the retirement benefit plan on 31 October 2003. Accrued benefits accrued under the retirement benefit plan will be calculated and, at the option of the relevant director, be either converted into shares (retirement shares) or paid to the director's superannuation fund.

The board has created a non-executive share plan (NED Share Plan) to enable a director to participate in retirement shares.

The share price used to convert the accrued benefits into retirement shares will be the average weighted price at which shares were traded on the ASX during the three months before the day on which shares are allocated to a director. In practical terms directors may not dispose of retirement shares until retirement.

As a consequence of discontinuing the retirement benefit plan, the board reviewed the level of fees payable to directors and resolved to increase fees in compensation. Set out below are details of the annual fees payable at 31 July 2003 and the revised fees that will be payable.

	Fee at 31 July 2003	Revised fee
Chairman	$ 160,000	$ 192,000[1]
Director board fee	$ 60,000	$ 72,000[1]
Chairman audit committee	$ 10,000	$ 15,000[2]
Chairman other board committees*	$ 10,000	$ 10,000
Member audit committee	$ 2,500	$ 5,000[2]
Member other board committees*	$ 2,500	$ 2,500

The members of the remuneration committee and nomination committee are the same and only one set of fees is paid for membership of both committees.
* The chairman, KM Hoggard, receives no fees for either his role as chairman of the nomination committee and/or membership of other committees.
[1] Revised fees effective 1 November 2003
[2] Revised fees effective 1 August 2003

The NED Share Plan also enables a director to elect to commit a proportion of director fees to acquire company shares (remuneration shares). The number of remuneration shares available to the plan will be calculated quarterly, using the weighted average of the price at which shares were traded on the ASX in the five days up to and including the day when shares are allocated to a director.

In addition to their fees, directors will continue to receive superannuation guarantee payments.

The company's remuneration policies are consistent with the recommendations set out in Principle 9 of the guidelines.

Interests of stakeholders

Code of conduct

The company is politically impartial except when, because of a perceived major impact on the company, its business or any of its stakeholders, it is deemed to be obliged to make a statement.

Nufarm operates in accordance with the social and cultural beliefs appropriate in each country of operation.

During the 2003–2004 financial year, Nufarm will establish a formal code of conduct and include it in the corporate governance section of its upgraded website.

Director's report

The board of directors of Nufarm Limited (Nufarm) submits its report for the period ended 31 July 2003.

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 Ltd	Fernz Corporation (NZ) Ltd
	Ordinary shares	Capital notes
KM Hoggard[1]	5,848,181	
DJ Rathbone[2]	31,709,739	
GDW Curlewis	10,000	
Dr WB Goodfellow	80,000	
GW McGregor AO	20,000	
Sir Dryden Spring[3]	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 386,800 shares as trustees of Nufarm Limited executive and staff share plans.
2 The shareholding of DJ Rathbone includes his relevant interests in Falls Creek No 2 Pty Ltd. Refer substantial shareholder information on page 83 of this report.
3 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 35.

Directors' meetings

	Board		Committees					
Director			Audit		Remuneration and nomination		Scientific review	
	A	B	A	B	A	B	A	B
Continuing								
KM Hoggard	10	10	4	4	4	4	2	2
DJ Rathbone	10	10						
GDW Curlewis	10	8			4	4		
Dr WB Goodfellow	10	10					2	2
GW McGregor	10	9	4	4				
Sir Dryden Spring	10	8	4	4				
Dr JW Stocker	10	9					2	2
RFE Warburton	10	9			4	4		

Director's report continued

Principal activities and changes

Nufarm Limited manufactures and supplies a range of products used by farmers to protect crops from damage caused by weeds, pests and disease.

The company has production and marketing operations throughout the world and sells products in more than 100 countries.

Nufarm's crop protection products enjoy a reputation for high quality and reliability and are supported by strong brands, a commitment to innovation and a focus on close customer relationships.

Nufarm also produces a range of other chemicals used in various manufacturing industries, including construction, explosives and fertilisers, as well as pharmaceuticals.

Nufarm employs 2,566 people at its various locations in Australasia, Africa, the Americas and Europe.

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

Results

The net profit attributable to members of the consolidated entity for the 12 months to 31 July 2003 is $77.093 million. The comparable figure for the 12 months to 31 July 2002 was $56.834 million.

Dividends

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

	$000
The final dividend for 2001/2002 of 11 cents paid 8 November 2002	$17,082
The interim dividend for 2002/2003 of 7 cents paid 2 May 2003	$10,894
The final dividend for 2002/2003 of 13 cents as declared and recommended by the directors is payable on 7 November 2003.	$20,257

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 3 to 5 and the business review on pages 6 to 23

State of affairs

The state of the company's affairs are set out in the managing director's review on pages 3 to 5 and the business review on pages 6 to 23

Events after end of financial year

There have been no subsequent events after the end of the financial year.

Future developments and results

The directors believe that likely developments in the company's operations and the expected results of those operations are contained in the managing director's review and the business review.

Environmental performance

Details of Nufarm's performance in relation to environmental regulations are set out on pages 22 to 23.

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) programmes. 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 either in cash or via the executive share plan (ESP).

Annual offers of shares or a mixture of shares and options (equities) may 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 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 (ROFE). The board assesses company performance against the performance condition to determine the percentage of any offer to be made for both STVR and LTVR.

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.

Full details of Nufarm's remuneration policies are set out in the Corporate Governance Statement on pages 34 to 35.

Director's report continued

Details of the nature and amount of each element of the emoluments of each director of Nufarm Limited 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	160,000	–	14,400	174,400
GDW Curlewis	60,000	2,500	5,625	68,125
Dr WB Goodfellow	60,000	2,500	5,625	68,125
GW McGregor AO	60,000	10,000	6,300	76,300
Sir Dryden Spring	60,000	2,500	5,625	68,125
Dr JW Stocker AO	60,000	10,000	6,300	76,300
RFE Warburton	60,000	10,000	6,300	76,300

Executives of Nufarm Limited and the consolidated entity

Name	Base salary and benefits [1]	Bonus	LTVR	Total
	$	$	$	$
Managing Director				
DJ Rathbone	852,306	372,210	291,004	1,515,520
Other Executives				
DA Pullan	436,959	151,185	78,768	666,912
JA Allen	414,627	150,000	77,674	642,301
RF Ooms	411,890	141,736	73,845	627,471
KP Martin	399,270	141,736	73,845	614,851
B Benson	281,561	109,989	54,700	446,250

[1] Benefits include, where applicable, superannuation contributions, motor vehicle costs, allowances and FBT.

Director's report continued

Options and shares under option

(1) The company's executive share plan (ESP) provides for annual offers of ordinary shares or a mix of both ordinary shares and options to senior executives.

In the 2003 financial year, no options were granted to executives under the ESP.

(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's 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. No employee chose to exercise his/her option under the first offer and the options granted under that offer have now expired.

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

Number of options	Exercise price $	Expiry date
90,587[1]	3.08	1 March 2005
871,249[2]	2.70	26 October 2011
566,443[2]	2.70	3 December 2011

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

[2] Options issued under the ESP, using the Black Scholes methodology. Each option had a value of $0.447¢ per option.

Indemnities and insurance for directors and officers

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

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

Rounding of amounts

The parent entity is a company of the kind specified in Australian Securities and Investment 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
9 October 2003

Nufarm Limited

Statement of financial performance

12 months ended 31 July 2003

	Note	Consolidated 31.7.2003 $000	Consolidated 31.7.2002 $000	Parent 31.7.2003 $000	Parent 31.7.2002 $000
Revenue from sale of goods		1,458,811	1,429,275	95,852	109,809
Cost of sales		(822,614)	(824,323)	(54,972)	(75,558)
Consolidated earnings from trading		636,197	604,952	40,880	34,251
Interest income	2	1,220	1,011	15,323	7,634
Other revenue from ordinary activities	2	21,034	13,993	41,424	35,507
Expenses					
Depreciation and amortisation	2	(67,264)	(56,719)	(2,454)	(1,617)
Borrowing costs	2	(39,545)	(42,450)	(15,777)	(8,118)
Operating expenses	2	(461,787)	(442,256)	(31,601)	(23,513)
Total expenses		(568,596)	(541,425)	(49,832)	(33,248)
		89,855	78,531	47,795	44,144
Share of net profits of associates	9	3,797	3,651	–	–
Profit from ordinary activities before income tax expense		93,652	82,182	47,795	44,144
Income tax expense relating to ordinary activities	6(a)	14,733	24,405	(7,592)	5,093
Net profit		78,919	57,777	55,387	39,051
Net profit attributable to outside equity interest		1,826	943	–	–
Net profit attributable to members of the parent entity		**77,093**	56,834	55,387	39,051
Net exchange differences arising on translation of opening net investment in foreign operations, net of related hedges	20(a)	3,460	2,381	–	–
Decrease in retained profits on adoption of revised accounting standard AASB 1028: Employee benefits		(616)	–	(6)	–
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		2,844	2,381	(6)	–
Total changes in equity other than those resulting from transactions with owners as owners		79,937	59,215	55,381	39,051
Earnings per share					
Statutory earnings per share	3				
Basic earnings per share (cents per share)		49.5	36.7		
Diluted earnings per share (cents per share)		49.0	36.4		
Operating earnings per share after excluding the non-recurring item described in note 5.	3				
Basic operating earnings per share (cents per share)		41.3	36.7		
Diluted operating earnings per share (cents per share)		40.9	36.4		

The accompanying notes form an integral part of these financial statements

Nufarm Limited

Statement of financial position

At 31 July 2003

	Note	Consolidated 31.7.2003 $000	Consolidated 31.7.2002 $000	Parent 31.7.2003 $000	Parent 31.7.2002 $000
Current assets					
Cash assets		28,507	15,780	507	752
Receivables	7	311,607	342,424	129,837	75,832
Inventories	8	356,943	333,406	15,455	21,321
Tax assets	6(b)	6,625	7,756	–	–
Prepayments		7,774	6,806	325	336
Total current assets		711,456	706,172	146,124	98,241
Non-current assets					
Receivables	7	37,775	7,817	27,792	686
Equity accounted investments	9	18,281	28,005	–	–
Other financial assets	10	6,172	8,053	421,961	437,321
Property, plant and equipment	11	382,266	385,692	20,166	8,331
Deferred tax assets	6(b)	36,632	25,324	28,106	11,948
Intangible assets	12	142,897	146,647	–	–
Other	13	22,335	18,512	–	–
Total non-current assets		646,358	620,050	498,025	458,286
TOTAL ASSETS		1,357,814	1,326,222	644,149	556,527
Current liabilities					
Payables	14	336,460	241,598	63,015	44,035
Interest bearing liabilities	15	126,850	297,790	15,963	4,582
Tax liabilities		25,711	14,296	10,459	815
Provisions	16	17,904	36,366	622	17,512
Total current liabilities		506,925	590,050	90,059	66,944
Non-current liabilities					
Interest bearing liabilities	15	353,670	313,590	210,802	196,412
Deferred tax liabilities	6(c)	25,347	22,904	4,432	705
Provisions	16	9,551	8,639	58	41
Total non-current liabilities		388,568	345,133	215,292	197,158
TOTAL LIABILITIES		895,493	935,183	305,351	264,102
NET ASSETS		462,321	391,039	338,798	292,425
Equity					
Contributed equity	19	149,219	147,333	149,219	147,333
Reserves	20	25,671	24,751	40,074	40,074
Retained profits	21	280,793	212,670	149,505	105,018
Equity attributable to members of the parent entity		455,683	384,754	338,798	292,425
Outside equity interest	22	6,638	6,285	–	–
TOTAL EQUITY	23	462,321	391,039	338,798	292,425

The accompanying notes form an integral part of these financial statements

Statement of cash flows

12 months ended 31 July 2003

Inflows/(outflows)	Note	Consolidated 31.7.2003 $000	Consolidated 31.7.2002 $000	Parent 31.7.2003 $000	Parent 31.7.2002 $000
Cash flows from operating activities					
Receipts from customers		1,563,624	1,455,526	122,817	122,595
Dividends received		2,979	2,924	29,383	27,615
Interest received		6,064	1,879	14,626	3,595
Payments to suppliers and employees		(1,256,232)	(1,324,471)	(96,525)	(106,604)
Borrowing costs paid		(44,871)	(42,747)	(10,452)	(2,764)
GST paid		(31,486)	(25,089)	(2,542)	(1,961)
Income tax paid		(21,777)	(17,313)	(2,385)	(158)
Net operating cash flows	24(b)	218,301	50,709	54,922	42,318
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		1,153	2,935	62	195
Proceeds from sale of investments		1,807	1,889	–	1
Proceeds from business sale	24(c)	57,644	686	22,269	686
Sulfer Works closure costs net of disposal proceeds	24(c)	–	(3,998)	–	–
Payments for plant and equipment		(49,305)	(48,667)	(4,056)	(9,723)
Payments for investments		(202)	(9,350)	–	–
Payments for major project development expenditure, trademarks and technology rights		(636)	(2,223)	–	–
Proceeds from foreign currency investment hedges (net)		44,000	12,467	–	–
Purchase of businesses, net of cash acquired	24(d)	(108,812)	(22,412)	(4,952)	(5,983)
Net investing cash flows		(54,351)	(68,673)	13,323	(14,824)
Cash flows from financing activities					
Proceeds from issue of shares		–	1,512	–	1,512
Proceeds from call on partly paid shares		463	664	463	664
Advances repaid by controlled entities (net)		–	–	–	2,359
Proceeds from borrowings		10,428	167,797	–	–
Advances to controlled entities (net)		–	–	(52,187)	–
Repayment of short term debt (net)		(98,524)	(41,574)	–	–
Repayment of borrowings		(23,103)	(85,469)	–	–
Repayment of finance lease principal		(1,233)	(456)	–	–
Proceeds from foreign currency loans hedges (net)		342	(3,241)	–	–
Dividends paid		(28,658)	(27,870)	(27,976)	(27,870)
Net financing cash flows		(140,285)	11,363	(79,700)	(23,335)
Net increase (decrease) in cash held		23,665	(6,601)	(11,455)	4,159
Cash at the beginning of the period		(40,228)	(31,162)	(3,830)	(7,590)
Exchange rate fluctuations on foreign cash balances		683	(2,465)	(171)	(399)
Cash at the end of the period	24(a)	(15,880)	(40,228)	(15,456)	(3,830)

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 an 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 policies with respect to provision for dividends, employee benefits and foreign currency translation.

- The consolidated entity has adopted the new Accounting Standard AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets', which has resulted in a change of accounting for the dividend provision. Previously, the consolidated entity recognised a provision for dividend based on the amount that was proposed or declared after the reporting date. In accordance with the requirements of the new standard, a provision for dividend will only be recognised at the reporting date where the dividends are declared, determined or publicly recommended prior to the reporting date. The effect of the revised policy has been to increase consolidated retained profits and decrease provisions at the beginning of the year by $17,082,000 (refer to note 21). No such provision has been recognised for the year ended 31 July 2003. The change in accounting policy has had no effect on basic and diluted EPS.
- The consolidated entity has adopted the revised Accounting Standard AASB 1028 'Employee Benefits', which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. The revised standard requires the provision for employee benefits is now measured based on remuneration rates expected to be paid when the liability is settled, rather than as previously when remuneration rates as at the reporting date were used. The effect of the revised policy has been to decrease consolidated retained profits and increase employee benefit liabilities at the beginning of the year by $616,000 and current year profits have decreased by $37,000 due to an increase in the employee benefits expense. The employee benefits provision in note 16 has increased by $653,000 as a result of the change in accounting policy.
- The consolidated entity has also adopted the revised Accounting Standard AASB 1012 'Foreign Currency Translation'. In accordance with the revised standard, foreign currency contracts that are hedges for anticipated future transactions are for the first time recognised on the statement of financial position. As at 31 July 2003 this has resulted in an increase of $64,000 in current assets and current liabilities.

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 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.

Taxes

- Income tax

  Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a deferred tax asset or deferred tax liability.

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.

- **Indirect taxes (GST and VAT)**

  Revenues, expenses and assets are recognised net of the amount of GST or VAT except:

  – where the indirect tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the indirect tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and

  – receivables and payables are stated with the amount of indirect tax included.

  The net amount of indirect tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

  Cash flows are included in the Statement of Cash Flows on a gross basis and the indirect taxes component of cash flows arising from investing and financing activities are classified as operating cash flows.

Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal values.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments on call, net of outstanding bank overdrafts.

Receivables

Trade receivables are recognised and carried at original invoice amount less provisions for rebates and any other uncollectible debts. An estimate for doubtful debts is made when collection for the full amount is no longer probable. Bad debts are written off as incurred.

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.

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, of 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.

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, of 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, from the commencement 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.
  (ii) for large structured finance transactions where the costs 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 benefits**

  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, based on remuneration rates which are expected to be paid when the liability is settled. The non-current portions of long service leave provisions are measured at the present value of estimated future cash flows.

In respect of defined benefits superannuation plans, any contributions made to the superannuation plans by entities within the consolidated entity are expensed.

- **Dividends**

  Provision is made for dividends only when declared.

Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Earnings per share

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

Diluted earnings per share is 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 32) 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. Trade creditors and accruals are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received. Interest bearing liabilities are carried at the face value of the loans.
- 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 (FRAs) are arranged to hedge against adverse movements in interest rates on both long term and short term loans.
- Cross currency interest rate swap agreements hedge the foreign currency, interest rate and cash flow exposures between the capital notes issued in New Zealand and the group funding to several jurisdictions to which the funds were advanced. Under the terms of the swap agreements, the company agrees with the counterparty banks to exchange the difference between the fixed interest rates of various currencies of advances made and to exchange the principal at an agreed rate of foreign currency conversion. Amounts receivable under the cross currency interest rate swap agreements are netted against interest expense as they accrue.

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 income or expense 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 1044 'Provisions, Contingent Liabilities and Contingent Assets' and AASB 1028 'Employee Benefits'.

Notes to the financial statements continued

2 Financial performance disclosures

Profit from ordinary activities is after charging the following revenues

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Interest income				
Wholly owned controlled entities	–	–	15,282	7,397
Partly owned controlled entities	–	–	–	31
Other	1,220	1,011	41	206
Total interest income	1,220	1,011	15,323	7,634
Other revenue				
Dividends from				
Wholly owned controlled entities	–	–	29,383	27,615
Total dividends	–	–	29,383	27,615
Management fees from controlled entities	–	–	2,665	5,305
Sundry income	3,708	3,577	384	2,392
Gross proceeds from sale of non-current assets	17,326	10,416	8,992	195
Total other revenue	21,034	13,993	41,424	35,507

Profit from ordinary activities is after charging the following expenses

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Depreciation and amortisation				
Amortisation of				
Goodwill	11,198	12,508	–	–
Technology rights and trademarks	2,956	871	–	–
Accelerated amortisation of Fernz Specialty Chemicals intangibles	6,194	–	–	–
Plant and equipment under lease	330	669	–	–
Deferred expenditure	4,324	1,128	–	–
Depreciation of				
Buildings and improvements	6,520	5,188	1,433	55
Plant and equipment	35,742	36,355	1,021	1,562
Total depreciation and amortisation	67,264	56,719	2,454	1,617
Borrowing costs				
Interest paid or payable to				
Wholly owned controlled entities	–	–	21,084	8,118
Other unrelated parties	39,186	42,128	(5,307)	–
Finance lease charges	359	322	–	–
Total borrowing costs	39,545	42,450	15,777	8,118
Operating expenses				
Carrying cost of non-current assets disposed of	(19,727)	(10,667)	(9,633)	(228)
Staff expenses	(202,053)	(201,582)	(9,696)	(7,059)
Occupancy expenses	(24,640)	(26,858)	(1,656)	(3,596)
Plant related expenses	(59,518)	(60,485)	(2,372)	(3,169)
Sales and distribution expenses	(68,113)	(56,470)	(5,073)	(4,363)
Research and development costs	(8,236)	(9,328)	(885)	(678)
Travel	(19,704)	(21,467)	(931)	(1,191)
Insurance	(14,843)	(9,857)	(860)	(528)
Other operating expenses	(44,953)	(45,542)	(495)	(2,701)
Total operating expenses	(461,787)	(442,256)	(31,601)	(23,513)

2 Financial performance disclosures continued

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Operating expenses include				
Net foreign exchange gains (losses) from				
Hedges on foreign currency earnings for year	1,847	436	–	–
Unhedged receivables and payables	3,312	4,005	40	(970)
Bad debts written off	(657)	(765)	(11)	126
Net charge to provision for doubtful debts	(983)	(988)	99	128
Net charge to provision for stock obsolescence	(1,027)	(227)	–	(1)
Donations	(59)	(230)	–	(9)
Operating lease rentals	(8,394)	(7,131)	(61)	(119)
Other disclosures				
Loss on disposal of plant and equipment	(2,022)	(251)	(641)	(33)
Loss on sale of investment	(379)	–	–	–
Gain (loss) on sale of businesses	(454)	–	114	–
Superannuation contributions – defined benefit fund	(1,382)	(1,497)	–	–

3 Earnings per share

	Consolidated 2003 $000	Consolidated 2002 $000
Net profit	78,919	57,777
Net profit attributable to outside equity interest	(1,826)	(943)
Earnings used in the calculations of basic and diluted earnings per share	77,093	56,834
Subtract non-recurring item (refer note 5)	(12,824)	–
Earnings excluding non-operating item used in the calculations of operating earnings per share	64,269	56,834

	Number of shares 2003	Number of shares 2002
Weighted average number of ordinary shares used in calculation of basic earnings per share	155,660,979	155,054,565
Weighted average number of shares options used in calculation of diluted earnings per share	1,564,115	1,280,453
Weighted average number of ordinary shares used in calculation of diluted earnings per share	157,225,094	156,335,018

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.

	2003	2002
Basic earnings per share (cents per share)	49.5	36.7
Diluted earnings per share (cents per share)	49.0	36.4
Operating earnings per share		
Basic earnings per share excluding non-recurring tax consolidation item (cents per shares)	41.3	36.7
Diluted earnings per share excluding non-recurring tax consolidation item (cents per shares)	40.9	36.4

4 Segments

Business segments

2003	Crop protection $000	Industrial chemicals $000	Other $000	Eliminations $000	Consolidated $000
Revenue					
Sales to outside customers	1,233,789	222,297	2,725	–	1,458,811
Inter-segment sales	4,008	1,378	–	(5,386)	–
Sales revenue	1,237,797	223,675	2,725	(5,386)	1,458,811
Other revenue	2,503	16,380	2,151	–	21,034
Share of net profits of associates	3,744	53	–	–	3,797
Total segment revenue	1,244,044	240,108	4,876	(5,386)	1,483,642
Unallocated revenue					1,220
Total consolidated revenue					1,484,862
Results					
Segment result	134,856	23,552	(1,821)	–	156,587
Unallocated expenses					(62,935)
Profit from ordinary activities before taxation					93,652
Income tax expense					14,733
Net profit					78,919
Assets					
Segment assets	1,076,835	178,336	59,322	–	1,314,493
Unallocated assets					43,321
Total assets					1,357,814
Liabilities					
Segment liabilities	311,437	42,370	10,044	–	363,851
Unallocated liabilities					531,642
Total liabilities					895,493
Other segment information					
Equity accounted investments included in segment assets	16,854	1,427	–	–	18,281
Acquisition of property, plant and equipment, intangible assets and other non-current assets	87,350	16,797	10	–	104,157
Depreciation	33,145	8,949	168	–	42,262
Amortisation	15,276	8,080	1,646	–	25,002
Other non-cash expenses	9,201	3,914	420	–	13,535

Geographic segments

	Australia $000	Europe $000	Americas $000	Consolidated $000
Revenue				
Sales to outside customers	729,423	358,432	370,956	1,458,811
Interest and other revenue	19,639	4,727	465	24,831
Total segment	749,062	363,159	371,421	1,483,642
Assets				
Segment assets	533,304	524,694	299,816	1,357,814
Other segment information				
Acquisition of property, plant and equipment, intangible assets and other non–current assets	49,988	48,067	6,102	104,157

4 Segments continued

Business segments

2002	Crop protection $000	Industrial chemicals $000	Other $000	Eliminations $000	Consolidated $000
Revenue					
Sales to outside customers	1,050,369	376,929	1,977	–	1,429,275
Inter-segment sales	275	2,102	–	(2,377)	–
Sales revenue	1,050,644	379,031	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	1,058,624	385,759	4,913	(2,377)	1,446,919
Unallocated revenue					1,011
Total consolidated revenue					1,447,930
Results					
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

	Australia $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

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 corporate cost allocations. Segment accounting policies are consistent with the consolidated entity's policies described in note 1.

5 Non-recurring item

	Consolidated		Parent	
	2003 $000	2002 $000	2003 $000	2002 $000
Non-recurring items before tax	–	–	–	–
Tax benefit arising from increased depreciation allowances upon entering into Australian tax consolidation regime	12,824	–	12,824	–
Non-recurring items after tax	12,824	–	12,824	–

6 Taxation

a) Income tax expense

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Reconciliation to income tax expense provided in the financial statements				
Profit from ordinary activities	93,652	82,182	47,795	44,144
Prima facie tax thereon at 30%	28,096	24,654	14,339	13,243
Tax effect of permanent and other differences				
Depreciation and amortisation not deductible	1,686	1,781	–	2
Research and development allowances	(117)	(1,120)	–	–
Other items not deductible	1,082	2,643	52	88
Exempt dividends received	–	–	(8,815)	(8,285)
Other non assessible income	(3,638)	(1,889)	(559)	(165)
Share of results of associates (net of tax)	(1,139)	(1,274)	–	–
Amounts over-provided in prior years	(850)	(1,516)	–	(153)
Unrecognised tax losses utilised	(1,799)	–	–	–
Restatement of deferred tax balances due to income tax rate changes	–	(173)	–	–
Permanent uplift for depreciation allowances upon entering into the tax consolidation regime	(12,824)	–	(12,824)	–
Effect of different rates of tax on overseas income	4,236	1,299	215	363
Income tax expense relating to ordinary activities	14,733	24,405	(7,592)	5,093

Tax consolidation

Nufarm Limited and its wholly-owned Australian entities have elected to form a consolidated group effective 1 August 2002. This has resulted in an increase in the taxable values of Australian depreciable assets, which has reversed an existing deferred tax liability, and created a new future tax benefit. The resulting adjustment has been credited to income tax expense. This uplift in tax values has no impact on historical costs shown in the statement of financial position.

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
6 Taxation continued				
b) Tax assets				
Attributable to carry forward tax losses that have accumulated in several tax jurisdictions. These losses will be utilised against future profits in those jurisdictions.	26,350	31,222	11,917	17,156
Tax losses offset against current tax liabilities and deferred tax liabilities	(8,219)	(15,820)	(5,039)	(6,265)
	18,131	15,402	6,878	10,891
Attributable to timing differences				
Depreciation	11,022	1,109	696	125
Provision for employee entitlements	4,536	3,855	189	155
Provision for doubtful debts	365	227	74	39
Provision for stock obsolescence	240	338	94	101
Balances of tax consolidation group entities transferred to parent entity	–	–	19,929	–
Other	8,406	7,242	246	637
Tax instalments paid	557	4,907	–	–
	43,257	33,080	28,106	11,948
Current portion	6,625	7,756	–	–
Non-current portion	36,632	25,324	28,106	11,948
Income tax losses				
Deferred tax benefits arising from tax losses of a controlled entity in Canada have not been recognised as realisation of the benefit is not considered virtually certain.	26,044	32,516	–	–
c) Deferred tax				
Attributable to timing differences				
Depreciation and amortisations	25,540	19,981	–	–
Prepayments and deferred expenses	2,656	5,099	–	–
Balances of tax consolidation group entities transferred to parent entity	–	–	4,432	–
Other	2,475	3,129	–	705
Tax asset offset	(5,324)	(5,305)	–	–
Total deferred tax	25,347	22,904	4,432	705
7 Receivables				
Trade debtors and other receivables are non-interest bearing and are generally for less than 90 day terms				
Trade debtors	253,258	315,224	9,180	18,307
Trade debtors owing by associated entity	32,127	–	–	–
Provision for doubtful debts	(3,142)	(3,378)	(224)	(119)
	282,243	311,846	8,956	18,188
Other amounts owing by				
Wholly owned controlled entities	–	–	117,538	49,018
Associated entities	3,817	860	–	–
Hedge receivables (refer notes 1 and 15)	32,326	4,804	27,792	–
Other	26,990	26,240	2,626	7,940
Proceeds receivable from sale of businesses	4,006	6,491	717	1,372
Total receivables	349,382	350,241	157,629	76,518
Current portion	311,607	342,424	129,837	75,832
Non-current portion	37,775	7,817	27,792	686

8 Inventories

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Raw materials	86,613	116,386	3,050	2,324
Work in progress	7,765	3,905	590	158
Finished goods	269,996	218,662	12,099	19,347
	364,374	338,953	15,739	21,829
Provision for stock obsolescence	(7,431)	(5,547)	(284)	(508)
Total inventories	356,943	333,406	15,455	21,321

9 Equity accounted investments

Aggregate carrying amount of associates

2003	Retained earnings $000	Cost $000	Carrying value $000
Balance at the beginning of the year	12,757	15,248	28,005
Exchange adjustment	(1,897)	(287)	(2,184)
Share of net result	3,797	–	3,797
New investment	–	85	85
Investments in which a controlling interest was acquired	708	(9,151)	(8,443)
Dividends received	–	(2,979)	(2,979)
Balance at the end of the year	15,365	2,916	18,281

2002	Retained earnings $000	Cost $000	Carrying value $000
Balance at the beginning of the year	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 year	12,757	15,248	28,005

Share of associates profits

	Consolidated 2003 $000	Consolidated 2002 $000
Operating profits before income tax	4,332	5,733
Amortisation of goodwill on acquisition	–	(262)
Income tax expense	(535)	(1,820)
Share of net profits of associates	3,797	3,651

Financial summary of material associate

Bayer CropScience Nufarm Limited

	2003	2002
Total assets	26,436	25,124
Total liabilities	10,931	8,330
Share of profits of associate	4,102	3,564

Notes

9 Equity accounted investments continued

Details of material interests in associated entities are as follows:

	Balance date of associate	Ownership and voting interest 2003	Ownership and voting interest 2002	Carrying amount voting interest 2003	Carrying amount voting interest 2002
Bayer CropScience Nufarm Limited (formerly Aventis Nufarm Limited) UK agricultural chemical manufacturer	30.06.2003	25%	25%	16,629	17,435
Agchem Receivables Corp US Securitisation special purpose vehicle	31.7.2003	40%	–	61	–
Artfern Pty Ltd (became controlled entity during the year)	31.7.2003	–	50%	–	9,718
Timber Preservatives Sdn Bhd Malaysian timber preservative manufacturer (In 2002 was held as current asset for resale)	31.5.2003	49%	49%	846	–

Associated entities have the following commitments. Nufarm's share of capital commitments is $nil (2002: $112,000) and share of finance lease commitments is $nil (2002: $2,029,000). There are no contingent liabilities.

10 Other financial assets

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Investment in controlled entities				
Balance at the beginning of the year	–	–	245,210	245,210
Balance at the end of the year	–	–	245,210	245,210
Investment in other companies (at cost)				
Balance at the beginning of the year	226	397	–	–
Exchange adjustment	(2)	2	–	–
Investments in which a controlling interest was acquired	–	(173)	–	–
Investments disposed of during the year	–	–	–	–
Balance at the end of the year	224	226	–	–
Other loans including loans to the staff share purchase schemes (refer note 32).				
Balance at the beginning of the year	7,827	10,594	192,111	2
Exchange adjustment	(2)	91	(15,360)	–
Loans to wholly owned controlled entities	–	–	–	192,110
New investments during the year	151	41	–	–
Reclassified from receivables	510	–	–	–
Loans repaid during the year	(2,538)	(2,899)	–	(1)
Balance at the end of the year	5,948	7,827	176,751	192,111
Total other financial assets	6,172	8,053	421,961	437,321

Notes

Notes to the financial statements continued

11 Property, plant and equipment

	Freehold land and improvements $000	Buildings $000	Plant and machinery $000	Leased plant and machinery $000	Capital work in progress $000	Total $000
			Consolidated			
			2003			
Cost						
At cost	32,379	135,748	579,275	5,610	23,342	776,354
At deemed cost	2,680	8,250	–	–	–	10,930
Balance at the beginning of the year	35,059	143,998	579,275	5,610	23,342	787,284
Exchange adjustment	(1,754)	(8,749)	(26,305)	(216)	(1,528)	(38,552)
Additions	319	3,376	18,679	519	25,551	48,444
Additions through acquisition of entities	–	315	34,108	–	–	34,423
Disposals/write-offs	–	(208)	(47,430)	–	(619)	(48,257)
Disposals through sale of entities	(370)	(953)	(14,838)	(509)	–	(16,670)
Transfers	1,899	5,936	12,823	–	(20,658)	–
Balance at the end of the year	35,153	143,715	556,312	5,404	26,088	766,672
Accumulated depreciation						
Balance at the beginning of the year	(178)	(58,182)	(340,890)	(2,342)	–	(401,592)
Exchange adjustment	16	3,035	13,134	77	–	16,262
Depreciated during the year	(193)	(6,520)	(35,549)	(330)	–	(42,592)
Additions through acquisition of entities	–	–	(11,152)	–	–	(11,152)
Disposals/write-offs	–	183	46,705	–	–	46,888
Disposals through sale of entities	7	51	7,213	509	–	7,780
Transfers	(1,033)	(70)	1,103	–	–	–
Balance at the end of the year	(1,381)	(61,503)	(319,436)	(2,086)	–	(384,406)
Total property,plant and equipment,net	33,772	82,212	236,876	3,318	26,088	382,266
			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 year	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/write-offs	(387)	(328)	(14,860)	–	–	(15,575)
Transfers	1,481	1,533	24,033	(271)	(26,776)	–
Balance at the end of the year	35,059	143,998	579,275	5,610	23,342	787,284
Accumulated depreciation						
Balance at the beginning of the year	(151)	(52,949)	(305,738)	(1,786)	–	(360,624)
Exchange adjustment	5	(1,126)	(5,061)	(55)	–	(6,237)
Depreciated during the year	(32)	(5,156)	(36,355)	(669)	–	(42,212)
Disposals/write-offs	–	71	7,411	–	–	7,482
Transfers	–	978	(1,146)	168	–	–
Balance at the end of the year	(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

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. The book value at that time was $97.0M

Fixed assets pledged as security $7.4million (2002: $8.2 million). Refer note 15.

11 Property, plant and equipment continued

	Parent				
	Freehold land and improvements $000	Buildings $000	Plant and machinery $000	Capital work in progress $000	Total $000
			2003		
Cost					
Balance at the beginning of the year	43	1,224	9,021	1,200	11,488
Exchange adjustment	1	55	405	54	515
Additions	1,809	12,870	8,845	–	23,524
Disposals/write-offs	(370)	(953)	(8,150)	–	(9,473)
Transfers	326	(326)	1,054	(1,054)	–
Balance at the end of the year	1,809	12,870	11,175	200	26,054
Accumulated depreciation					
Balance at the beginning of the year	–	(55)	(3,102)	–	(3,157)
Exchange adjustment	–	(3)	(139)	–	(142)
Depreciated during the year	(13)	(1,420)	(1,021)	–	(2,454)
Disposals/write-offs	7	51	(193)	–	(135)
Transfers	(7)	7	–	–	–
Balance at the end of the year	(13)	(1,420)	(4,455)	–	(5,888)
Total property,plant and equipment,net	1,796	11,450	6,720	200	20,166
			2002		
Cost					
Balance at the beginning of the year	–	–	1,968	67	2,035
Exchange adjustment	–	–	103	4	107
Additions	43	1,224	7,326	–	8,593
Disposals/write-offs	–	–	(376)	1,129	753
Balance at the end of the year	43	1,224	9,021	1,200	11,488
Accumulated depreciation					
Balance at the beginning of the year	–	–	(1,605)	–	(1,605)
Exchange adjustment	–	–	(84)	–	(84)
Depreciated during the year	–	(55)	(1,562)	–	(1,617)
Disposals/write-offs	–	–	149	–	149
Balance at the end of the year	–	(55)	(3,102)	–	(3,157)
Total property,plant and equipment,net	43	1,169	5,919	1,200	8,331

Notes to the financial statements continued

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
12 Intangible assets				
Goodwill				
Balance at the beginning of the year	126,844	130,491	–	–
Exchange adjustment	(14,073)	(4,233)	–	–
Acquired during the year	8,478	13,094	–	–
Written off during the year	(22)	–	–	–
Amortised during the year	(17,392)	(12,508)	–	–
Balance at the end of the year	103,835	126,844	–	–
Intellectual property				
Balance at the beginning of the year	16,747	445	–	–
Exchange adjustment	(1,178)	(57)	–	–
Acquired during the year	22,756	17,230	–	–
Amortised during the year	(2,956)	(871)	–	–
Balance at the end of the year	35,369	16,747	–	–
Major projects development expenditure				
Balance at the beginning of the year	3,056	1,446	–	–
Expenditure capitalised during the year	637	1,610	–	–
Balance at the end of the year	3,693	3,056	–	–
Total intangible assets	142,897	146,647	–	–
13 Other non-current assets				
Deferred product development expenditure				
Balance at the beginning of the year	13,356	5,377	–	–
Exchange adjustment	(663)	240	–	–
Expenditure capitalised during the year	10,604	8,345	–	–
Written off during the year	(2,516)	–	–	–
Amortised during the year	(2,842)	(606)	–	–
Balance at the end of the year	17,939	13,356	–	–
Borrowing costs				
Balance at the beginning of the year	5,156	5,678	–	–
Exchange adjustment	231	–	–	–
Expenditure capitalised during the year	491	–	–	–
Amortised during the year	(1,482)	(522)	–	–
Balance at the end of the year	4,396	5,156	–	–
Total other non-current assets	22,335	18,512	–	–
14 Payables				
Trade creditors and other accruals are non-interest bearing and are generally for less than 90 day terms				
Trade creditors – unsecured	204,795	156,989	6,138	9,328
Amounts owing to				
Wholly owned controlled entities	–	–	51,827	27,543
Associated entities	1,364	–	–	–
Hedge payables	–	2,129	–	–
Other accruals	130,301	82,480	5,050	7,164
Total payables	336,460	241,598	63,015	44,035

15 Interest bearing liabilities

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Capital notes				
Face value NZD 225,000,000 (2002: NZD 225,000,000) Long term unsecured subordinated fixed interest debt security with an election date of 15 October 2006. 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.	201,523	192,885	–	–
Bank loans – unsecured	271,277	391,393	15,963	4,582
Bank loans – secured	–	17,212	–	–
Other loans – unsecured	2,304	3,504	–	–
Subordinated loans from wholly owned controlled entities	–	–	210,802	196,412
Finance lease liabilities – secured	5,416	6,386	–	–
	480,520	611,380	226,765	200,994
Less current portion				
Bank loans – unsecured	125,407	281,060	15,963	4,582
– secured	–	14,362	–	–
Other loans – unsecured	37	977	–	–
Finance lease liabilities – secured	1,406	1,391	–	–
Total current interest bearing liabilities	126,850	297,790	15,963	4,582
Total non-current interest bearing liabilities	353,670	313,590	210,802	196,412
Repayment of borrowings (excluding finance leases)				
Periods ending 31 July, 2004	125,444	96,414	15,963	–
2005	44,736	6,431	–	–
2006	101,134	10,264	–	–
2007	201,523	192,885	210,802	196,412
No specified repayment date	2,267	2,601	–	–

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

	%	%	%	%
Average interest rates				
Capital notes coupon	8.6	8.6	–	–
Bank loans	4.5	4.3	7.9	7.9
Other loans	3.1	6.8	–	–
Subordinated loans from wholly owned controlled entities	–	–	9.2	9.2
Finance lease liabilities – secured	7.7	8.1	–	–

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 (note 25) are in excess of their related borrowings.
At 31 July 2003 there was no utilisation of facilities that are secured over certain assets of controlled entities.
Finance lease liabilities are secured over certain plant of controlled entities.

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000

16 Provisions

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Dividends	–	17,082	–	17,082
Employee entitlements	24,307	25,393	573	454
Other	3,148	2,530	107	17
	27,455	45,005	680	17,553
Less current portion				
Dividends	–	17,082	–	17,082
Employee entitlements	14,756	16,754	515	413
Other	3,148	2,530	107	17
Total current provisions	17,904	36,366	622	17,512
Total non-current provisions	9,551	8,639	58	41
Other provisions				
Balance at the beginning of the year	2,530		17	
Exchange adjustment	(74)		1	
Additional provision	1,477		107	
Amounts utilised during the year	(785)		(18)	
Balance at the end of the year	3,148		107	

17 Contingent Liabilities

The parent entity has entered into a deed of cross guarantee (refer note 25) 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 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Guarantees for the payment of liabilities	–	2,143	–	2,143
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 28).	–	6,250	–	–
The parent entity has guaranteed with the noteholders the issuers' obligations under the capital notes.	–	–	201,523	192,885
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.	10,550	10,987	–	–
	10,550	17,237	201,523	192,885

Notes to the financial statements continued

18 Commitments

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
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.	9,999	4,480	–	1,136
Investments				
In February 2002 the company acquired a further 30% 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.	4,615	5,496	–	–
The company has committed to buying 14% 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 million and is expected to be settled in late 2003.	6,348	7,221	–	–
The company has committed to buying from Bayer product registration rights in Europe for EUR 2.0 million. This acquisition will be settled in late 2003.	3,460	–	–	–
	14,423	12,717	–	–
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	5,725	7,515	890	1,509
Later than one year but not later than two years	4,811	5,016	777	1,362
Later than two years but not later than five years	7,101	10,949	1,939	2,324
Later than five years	2,651	1,901	1,170	1,660
	20,288	25,381	4,776	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	1,636	1,549	–	–
Later than one year but not later than two years	1,363	1,421	–	–
Later than two years but not later than five years	2,908	3,312	–	–
Later than five years	–	1,783	–	–
	5,907	8,065	–	–
Less future finance charges	(492)	(1,679)	–	–
	5,415	6,386	–	–

Notes to the financial statements continued

19 Contributed equity

	Number of shares	2003 $000	2002 $000
Ordinary shares issued and fully paid			
Balance at the beginning of the year	155,290,207	147,328	145,587
Issue of shares	394,436	1,423	1,076
Partly paid shares fully paid up during the year	138,650	465	665
Balance at the end of the year	155,823,293	149,216	147,328
Ordinary shares issued and partly paid to 1.0 cent			
Balance at the beginning of the year	525,450	5	6
Partly paid shares fully paid up during the year	(138,650)	(2)	(1)
Balance at the end of the year	386,800	3	5
Total contributed equity	156,210,093	149,219	147,333

In October 2002, 360,070 fully paid ordinary shares were issued at a price of $3.62 per share and 34,366 fully paid ordinary shares issued at a price of $3.48 per share, in accordance with the Nufarm executive share plan (2000). Refer note 32.

20 Reserves

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $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 year	(10,942)	(13,315)	–	–
Exchange fluctuation on opening net investment in overseas controlled entities	(30,985)	(6,521)	–	–
Hedging of net investment in overseas controlled entities	34,445	8,902	–	–
Transferred to retained profits	(2,108)	(8)	–	–
Balance at the end of the year	(9,590)	(10,942)	–	–
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 year	1,841	2,039	–	–
Transferred to retained profits	(432)	(198)	–	–
Balance at the end of the year	1,409	1,841	–	–
c) Capital profits reserve				
This reserve is used to accumulate realised capital profits				
Balance at the beginning of the year	33,852	33,713	40,074	40,074
Transferred from retained profits	–	139	–	–
Balance at the end of the year	33,852	33,852	40,074	40,074
Total reserves	25,671	24,751	40,074	40,074

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
21 Retained profits				
Balance at the beginning of the year	212,670	183,721	105,018	93,919
Increase in retained profits on adoption of revised accounting standards				
AASB 1028: employee benefits	(616)	–	(6)	–
AASB 1044: provision for dividend	17,082	–	17,082	–
Net profit attributable to members of the parent entity	77,093	56,834	55,387	39,051
Aggregate amounts transferred from reserves	2,540	206	–	–
Dividends paid	(27,976)	(10,870)	(27,976)	(10,870)
Dividends provided	–	(17,082)	–	(17,082)
Aggregate amounts transferred to reserves	–	(139)	–	–
Balance at the end of the year	280,793	212,670	149,505	105,018
Franking credit balance				
The amount of franking credits available for the subsequent financial year are:				
Franking account balance as at the end of the year at 30% (2002: 30%)	2,285	3,912	2,285	124
Franking credits that will arise from the payment of income tax payable as at the end of the year	3,076	–	3,076	–
Balance at the end of the year	5,361	3,912	5,361	124
22 Outside equity interests				
Balance at the beginning of the year	6,285	1,050	–	–
Exchange adjustment	(735)	(245)	–	–
Investments in which a controlling interest was acquired	–	4,537	–	–
Share of operating profit	1,826	943	–	–
Decrease in outside equity interests on adoption of revised accounting standards	(56)	–	–	–
Dividends paid	(682)	–	–	–
Balance at the end of the year	6,638	6,285	–	–
23 Equity				
Balance at the beginning of the year	391,039	352,801	292,425	279,586
Total changes in equity recognised in the statement of financial performance	79,937	59,215	55,381	39,051
Transactions with owners as owners				
Contributed equity	1,886	1,740	1,886	1,740
Dividends	(10,894)	(27,952)	(10,894)	(27,952)
Movement in outside equity interest	353	5,235	–	–
Balance at the end of the year	462,321	391,039	338,798	292,425

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 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Cash assets	28,507	15,780	507	752
Bank overdrafts	(44,387)	(56,008)	(15,963)	(4,582)
	(15,880)	(40,228)	(15,456)	(3,830)

24 Statement of cash flows continued

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

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Net profit after income tax	78,919	57,777	55,387	39,051
Dividend from associated company	2,979	2,924	–	–
Less cash profit on disposal of Fernz Specialty Chemicals	(5,740)	–	–	–
Sulfer Works costs prior to sale	–	2,284	–	–
Non-cash items:				
Amortisation	24,672	14,861	–	–
Depreciation	42,592	41,858	2,454	1,617
Losses on disposal of fixed assets	2,401	251	641	33
Unrealised foreign currency gains	–	–	(209)	(1,669)
Movement in provisions for:				
Deferred tax	2,372	4,084	3,727	705
Tax assets	(7,854)	45	(15,405)	2,276
Deferred product development expenses	(8,578)	(8,345)	–	–
Exchange rate change on foreign controlled entities provisions	1,132	447	535	798
	56,737	53,201	(8,257)	3,760
Movements in working capital items:				
(Increase)/decrease in receivables	37,102	(45,765)	5,670	1,785
(Increase)/decrease in inventories	347	(17,119)	736	(2,541)
Increase/(decrease) in payables	82,602	2,430	(6,930)	(1,016)
Increase/(decrease) in income tax payable	(3,346)	2,784	6,534	815
Exchange rate change on foreign controlled entities working capital items	(27,502)	(4,156)	1,410	1,029
Share of profits of associates net of tax	(3,797)	(3,651)	–	–
Group tax setoff	–	–	455	341
Movements in intercompany balances relating to cash transactions	–	–	(83)	(906)
	85,406	(65,477)	7,792	(493)
Net operating cash flows	218,301	50,709	54,922	42,318

c) Businesses sold

The company sold the business and assets of Fernz Specialty Chemicals in Australia and New Zealand (2002: the company sold the business and assets of Fernz SulFer Works in Canada)

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Net assets disposed of were				
Inventory	41,165	2,307	12,714	–
Property, plant and equipment	8,890	4,906	7,271	–
Payables	(403)	–	(120)	–
Cash gain on disposal	8,200	–	1,687	–
Amounts settled for businesses sold in prior years	2,252	686	717	686
Total consideration	60,104	7,899	22,269	686
Cash deferred	–	(5,119)	–	–
Cash consideration received	60,104	2,780	22,269	686
Cash paid for closure costs	(2,460)	(6,092)	–	–
Net cash effect	57,644	(3,312)	22,269	686
Shown as				
Proceeds from business sale	57,644	686	22,269	686
Fernz SulFer Works closure costs net of disposal proceeds	–	(3,998)	–	–

24 Statement of cash flows continued

d) Businesses acquired

The company acquired 100% of the share capital of Crop Care Australasia Pty Ltd for cash in November 2002, the German crop protection business for cash in January 2003 and the 50% shareholding of Artfern Pty Ltd not already owned for cash in February 2003. (2002: the company acquired a further 30 per cent of the Mastra group of companies, resulting in them becoming controlled entities. Also acquired were the selective chemistry businesses in Australia and New Zealand from Monsanto and Agro Permutadora in Portugal, an agricultural chemicals distribution business.)

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
The aggregate amounts of net assets acquired were				
Cash	8,464	3,841	937	–
Receivables	10,395	16,905	4,176	7,213
Inventory	65,303	11,183	7,584	4,911
Tax assets	2,252	84	753	15
Investments	(9,349)	(5,993)	–	–
Property, plant and equipment	23,271	17,725	19,469	–
Intangibles	31,569	29,977	–	–
Bank overdraft	–	(1,268)	–	–
Payables	(20,629)	(15,509)	(5,523)	(6,156)
Tax liabilities	–	–	(3,110)	–
Provisions	–	–	(399)	–
Borrowings	–	(19,375)	(17,998)	–
Outside equity interests	–	(4,537)	–	–
Total consideration	111,276	33,033	5,889	5,983
Amount paid for businesses acquired in prior years	6,000	–	–	–
Cash deferred	–	(8,048)	–	–
Cash consideration paid	117,276	24,985	5,889	5,983
Cash included in net assets acquired	(8,464)	(3,841)	(937)	–
Bank overdraft included in net assets acquired	–	1,268	–	–
Net cash effect	108,812	22,412	4,952	5,983

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

e) Non cash financing and investing activities

During the financial year plant and equipment with an aggregate value of $519,000 (2002: $826,000) was acquired by means of finance leases. During the financial year 394,436 ordinary shares were issued as fully paid to staff under the executive share purchase scheme. The deemed value of the shares, $1,423,000 (2002: $1,076,000) was expensed in the statement of financial performance.

25 Controlled entities

The consolidated financial statements at 31 July 2003 include the following controlled entities. All controlled entities have the same financial year end as the parent entity.

25 Controlled entities continued

	Notes	Place of incorporation	Percentage of shares hold 2003	2002
Abel Lemon and Company Pty Ltd	(a)	Australia	100	100
Agcare Biotech Pty Ltd	(c)	Australia	70	70
Agrow Australia Pty Ltd	(a),(b)	Australia	100	100
Agryl Holdings Limited	(a),(b)	Australia	100	100
Allrad No1 Pty Ltd		Australia	90	90
Artfern Pty Ltd		Australia	100	50
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
Chemicca Limited	(a)	Australia	100	100
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
Crop Care Australasia Pty Ltd	(a),(b)	Australia	100	–
Crop Care Holdings Limited		New Zealand	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
Fchem Limited (formerly Fernz Australia Limited)	(a),(b)	Australia	100	100
Fchem Limited (formerly Fernz Chemicals (NZ) Limited)	(b)	New Zealand	100	100
Fernz Canada Limited	(b)	Canada	100	100
Fernz Corporation (NZ) Limited	(b)	New Zealand	100	100
Fernz Singapore Pte Ltd	(b)	Singapore	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 No2 Pty Ltd		Australia	90	90
Florigene Limited		Australia	90	90
Florigene Marketing Pty Ltd		Australia	90	90
Framchem SA	(c)	Egypt	100	100
Health & Sciences Limited (formerly Fernz Health & Sciences Limited)	(b)	New Zealand	100	100
Interferon Ltd	(a)	Australia	100	100
Interferon NZ Limited	(b)	New Zealand	100	100
International Flower Developments Pty Ltd		Australia	90	90
Laboratoire Europeen de Biotechnologie	(c)	France	100	100
Manaus Holdings Sdn Bhd		Malaysia	100	100
Marman Holdings LLC	(c)	USA	70	70
Marman de Centroamerica Sociedad Anomima	(c)	Costa Rica	70	70
Marman del Ecuador Sociedad Anomima	(c)	Ecuador	70	70

25 Controlled entities continued

	Notes	Place of incorporation	Percentage of shares hold 2003	2002
Marman de Mexico Sociedad Anomima	(c)	Mexico	70	70
Marman Sociedad Anomima	(c)	Guatemala	70	70
Marman (Nufarm) Inc (formerly Marman USA Inc)	(c)	USA	70	70
Mastra Corporation Pty Limited	(c)	Australia	70	70
Mastra Corporation USA Pty Limited	(c)	Australia	70	70
Mastra Corporation Sdn Bhd	(c)	Malaysia	70	70
Mastra Holdings Sdn Bhd	(c)	Malaysia	70	70
Mastra Industries Sdn Bhd	(c)	Malaysia	70	70
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
Neuchatel Pty Ltd	(a)	Australia	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	(b)	USA	100	100
Nufarm Americas Inc	(b)	USA	100	100
Nufarm Argentina SRL	(c)	Argentina	100	100
Nufarm Asia Pte Ltd	(b)	Singapore	100	100
Nufarm Asia Sdn Bhd	(c)	Malaysia	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 Deutschland GmbH		Germany	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 Holdings (NZ) Limited (formerly Fernz Holdings (NZ) Limited)	(b)	New Zealand	100	100
Nufarm Inc.	(b)	USA	100	100
Nufarm Insurance Pte Ltd (formerly Fernz Insurance Pte Ltd)		Singapore	100	100
Nufarm Ireland Limited	(c)	Ireland	100	100
Nufarm KK	(c)	Japan	100	100
Nufarm Malaysia Sdn Bhd		Malaysia	100	100
Nufarm Materials Ltd (formerly Fernz Construction Materials Ltd)	(a),(b)	Australia	100	100
Nufarm NZ Limited	(b)	New Zealand	100	100
Nufarm Panama SA	(c)	Panama	100	100
Nufarm Philippines Inc	(c)	Philippines	80	80
Nufarm Platte Pty Ltd	(c)	Australia	100	100
Nufarm Portugal LDA (formerly Agro Permutadora Produtos Agroquimicos LDA)	(c)	Portugal	100	100
Nufarm SA	(b),(c)	France	100	100
Nufarm SC	(b)	France	100	100
Nufarm Specialty Products Inc (formerly Lobeco Products Inc)	(b)	USA	100	100

25 Controlled entities continued

	Notes	Place of incorporation	Percentage of shares hold 2003	2002
Nufarm Technologies USA		New Zealand	100	100
Nufarm Technologies USA Pty Limited		Australia	100	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	75
Pacific Raw Materials Australia Pty Ltd	(a)	Australia	100	100
Pacific Raw Materials Limited	(c)	New Zealand	100	100
Pharma Pacific Pty Limited	(a)	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	70
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
TPL Limited (formerly Fernz Timber Protection Limited)	(b)	New Zealand	100	100

Note (a). These entities have entered into a deed of cross guarantee dated 10 July 2000 with Nufarm Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of a class order issued by the Australian Securities and Investment. Commission (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. 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.

Statement of financial performance

	Consolidated 31.7.2003 $000	Consolidated 31.7.2002 $000
Profit from ordinary activities before income tax expense	62,755	47,462
Income tax expense relating to ordinary activities	(4,317)	(11,857)
Net profit attributable to members of the closed group	58,438	35,605
Retained profits at the beginning of the year	139,633	131,980
Increase in retained profits on adoption of revised accounting standards		
AASB 1028: employee benefits	(451)	–
AASB 1044: provision for dividend	17,082	–
Dividends paid	(10,894)	(10,870)
Dividends provided	(17,082)	(17,082)
Retained profits at the end of the year	186,726	139,633

26 Closed group continued

Statement of financial position

	Consolidated 31.7.2003 $000	Consolidated 31.7.2002 $000
Current Assets		
Cash assets	4,134	4,851
Receivables	332,952	176,240
Inventories	154,321	131,378
Tax assets	–	2,909
Prepayments	3,237	2,306
Total current assets	494,644	317,684
Non-current Assets		
Property, plant and equipment	136,529	101,680
Related company investments	176,750	215,167
Other financial assets	123,191	199,264
Intangible assets	11,487	9,665
Deferred tax assets	28,106	18,510
Other	3,814	601
Total non-current assets	479,877	544,887
TOTAL ASSETS	974,521	862,571
Current liabilities		
Payables	204,513	139,251
Interest bearing liabilities	68,114	65,366
Tax liabilities	10,459	218
Provisions	7,289	22,852
Total current liabilities	290,375	227,687
Non-current liabilities		
Interest bearing liabilities	281,302	321,012
Deferred tax liabilities	4,432	705
Provisions	6,504	5,504
Total non-current liabilities	292,238	327,221
TOTAL LIABILITIES	582,613	554,908
NET ASSETS	391,908	307,663
Equity		
Contributed equity	149,219	147,333
Reserves	55,963	20,697
Retained profits	186,726	139,633
TOTAL EQUITY	391,908	307,663

27 Interests in joint venture operations

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

	2003 $000	2002 $000
Assets employed		
Cash	1,276	1,239
Receivables	1,954	2,109
Inventory	614	966
Prepayments	115	102
Property, plant and equipment	13,253	17,894
Total assets employed	17,212	22,310
Capital expenditure commitments	1,201	221

28 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
2003				
Bank loan facilities	621,657	271,277	–	15,963
Other facilities	2,304	2,304	–	–
Subordinated debt facility	201,523	201,523	–	–
On-balance sheet financing facilities	825,484	475,104	–	15,963
Off-balance sheet receivables securitisation-type facilities	183,846	75,697	–	–
Total financing facilities	1,009,330	550,801	–	15,963
2002				
Bank loan facilities	601,442	408,605	–	4,582
Other facilities	3,504	3,504	–	–
Subordinated debt facility	192,885	192,885	–	–
On-balance sheet financing facilities	797,831	604,994	–	4,582
Off-balance sheet receivables securitisation-type facilities	66,866	13,613	–	–
Total financing facilities	864,697	618,607	–	4,582

Receivables Securitisation

Receivables from Nufarm Australia Limited, Nufarm Americas Inc and Nufarm Agriculture Inc are sold to an unrelated third party, in which the consolidated entity has no ownership interest. The consolidated entity does not have the capacity to control the unrelated third party and accordingly does not consolidate the entity. Receivables, uncollected from customers as at 31 July 2003, that have been sold to the third party amounted to $75.697m (2002: nil). The unrelated third party retains the risk for bad debts in respect of the total portfolio of securitised receivables.

Other receivables programs

Receivables of selected customers of Nufarm Australia Limited are from time to time sold to a financier. Some of these receivables have recourse to the company as disclosed in note 17. As at 31 July 2003 total receivables sold under this program amounted to $nil (2002: $13.613m).

29 Foreign currency exposures

	Consolidated 2003 $000	Consolidated 2002 $000
a) Current assets		
Amounts receivable in foreign currency which are not effectively hedged		
US dollars	20,299	42,975
Canadian dollars	–	9,574
Euros	12,946	15,147
Other	3,669	3,734
	36,914	71,430
b) Current liabilities		
Amounts payable in foreign currency which are not effectively hedged		
US dollars	43,482	30,881
Euros	5,089	20,800
British pounds	4,479	7,073
Other	2,718	1,198
	55,768	59,952

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.

30 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.

b) Credit risk exposure

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

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. Total derivatives are disclosed in note 30(d).

c) 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.

Curreny	Average exchange rate		2003		2002	
	2003	2002	Buy $000	Sell $000	Buy $000	Sell $000
US dollars						
Less than 12 months	0.6394	0.5407	20,734	174,103	30,909	181,705
Over 12 to 60 months	0.6500	0.5419	–	30,768	–	46,083
Canadian dollars						
Less than 12 months	0.9123	0.8585	2,280	33,591	–	17,061
Over 12 to 60 months	0.9120	0.8597	–	8,772	–	9,308
Euros						
Less than 12 months	0.5772	0.5581	25,113	121,626	10,501	72,384
Over 12 to 60 months	0.5780	0.5550	–	112,454	–	117,117
British pounds						
Less than 12 months	0.4041	0.3611	2,805	85,149	4,329	114,231
Over 12 to 60 months	0.4040	0.3470	–	24,756	–	28,818
Others						
Less than 12 months	–	–	504	9,303	4,283	6,429
			51,436	600,522	50,021	593,136

30 Financial instruments continued

d) 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 year for similar instruments with similar maturities.

	Consolidated Carrying amount 2003 $000	Net fair value 2003 $000	Carrying amount 2002 $000	Net fair value 2002 $000
Financial liabilities				
Capital notes – one to five years	201,523	205,475	192,885	193,707
Derivatives				
Forward exchange contracts are being used to hedge the following foreign currency exposures.				
Receivables – less than one year	52,869	51,191	26,460	25,538
Receivables – more than one year	333	328	9,266	9,547
Payables – less than one year	51,436	51,564	49,041	49,996
Forward exchange contracts, currency options and cross currency interest rate swaps are being used to hedge the following foreign currency exposures.				
Foreign investments and advances – less than one year	370,569	371,269	367,457	370,537
– one to five years	176,750	202,444	192,101	204,724
Interest rate swaps are being used to hedge the following interest rate exposures				
Payable maturities – less than one year	–	–	30,000	30,213
– one to five years	179,204	179,314	30,000	30,321

e) 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 4.2% (2002: 5.9%)

	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
2003					
Financial assets					
Cash on deposit	2,820	–	–	–	2,820
Financial liabilities					
Capital notes	–	–	201,523	–	201,523
Bank loans	271,277	–	–	–	271,277
Other loans	2,304	–	–	–	2,304
Finance leases		1,406	4,010	–	5,416
Interest rate swaps	(179,204)	–	179,204	–	–
	94,377	1,406	384,737	–	480,520
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

30 Financial instruments continued

e) Interest rate risk exposures

The weighted average interest rate for cash on deposit was 2.0% (2002: 4.3%)
All other assets and liabilities are non-interest bearing.

f) 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.

	2003		2002	
	$000 Gains	$000 Losses	$000 Gains	$000 Losses
Expected recognition period				
Less than one year	254	166	584	–
More than one year	–	–	–	243

31 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 remuneration 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 2003	Parent 2002
$				
50,001	–	60,000	–	3
60,001	–	70,000	3	3
70,001	–	80,000	3	–
160,001	–	170,000	–	1
170,001	–	180,000	1	–
1,510,001	–	1,520,000	1	–
1,620,001	–	1,630,000	–	1
			$000	$000
The aggregate income of the directors above			2,123	2,147

b) Income of executives

Income includes salary, bonuses, company superannuation contributions and other quantifiable fringe benefits.
The numbers 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 2003	Consolidated 2002
$				
100,000	–	110,000	20	17
110,001	–	120,000	6	7
120,001	–	130,000	7	9
130,001	–	140,000	4	7
140,001	–	150,000	5	7
150,001	–	160,000	6	5

31 Remuneration of officers continued

b) Income of executives

$	Consolidated 2003	Consolidated 2002
160,001 – 170,000	–	1
170,001 – 180,000	5	1
180,001 – 190,000	3	2
190,001 – 200,000	1	2
220,001 – 230,000	1	3
230,001 – 240,000	1	1
240,001 – 250,000	–	1
320,001 – 330,000	–	1
330,001 – 340,000	1	–
390,001 – 400,000	1	–
400,001 – 410,000	1	–
440,001 – 450,000	1	–
450,001 – 460,000	–	1
490,001 – 500,000	–	1
500,001 – 510,000	–	1
610,001 – 620,000	1	–
620,001 – 630,000	1	–
630,001 – 640,000	–	1
640,001 – 650,000	1	–
650,001 – 660,000	–	1
660,001 – 670,000	1	–
670,001 – 680,000	–	1
680,001 – 690,000	–	1
1,510,001 – 1,520,000	1	–
1,620,001 – 1,630,000	–	1
	$000	$000
The aggregate income of the executives above	13,576	14,322

Retirement benefits

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

	2003	2002
c) Number of full-time equivalent staff employed by the consolidated entity at the end of the period	2,566	2,345

32 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 one 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 2003, the trustees of the Staff Share Purchase Scheme No.2 held 386,800 (2002: 525,450) ordinary shares paid to one cent per share, with $1,265,000 (2002: $1,733,000) remaining uncalled.

32 Employee share purchase schemes continued

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 $4,490,842 at 31 July 2003 (2002: $6,291,269). Each executive is entitled to exercise voting rights attached to the shares allocated. At 31 July 2003 the trustees of the Executive Share Purchase Scheme (1984) held 2,111,200 (2002: 2,854,400) ordinary shares, all of which were allocated.

There are 114 participants (2002: 159 participants) in total in the above two schemes.

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 2003 and at 9 October 2003 90,587 (2002: 231,233) share options were outstanding allowing the 24 participants to exercise each option into one fully paid ordinary share. 114,903 options matured on 1 November 2002 but were not exercised and 116,330 options mature on 1 March 2005 at an exercise price of $3.08. During the year 140,646 of the above options expired either by not being exercised on their vesting date or 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 ten years without board approval. An independent trustee holds the shares and options on behalf of the executives. At 31 July 2003 there were 57 participants (2002: 57 participants) in the scheme and 1,361,280 shares (2002: 1,015,736) have been allocated, and 1,437,692 (2002: 1,437,692) options granted, under the plan. The 1,437,692 options were granted for a term of ten 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 paricipant's contribution. An independent trustee holds the shares on behalf of the participants. There are 764 participants at 31 July 2003 (2002: 696 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.

	Number of options 2003	Weighted average exercise price 2003	Number of options 2002	Weighted average exercise price 2002
Balance at the beginning of the period	1,668,925	2.79	257,598	3.30
Granted	–	–	1,437,692	2.70
Expired	(140,646)	3.46	(26,365)	3.20
Balance at the end of the period	1,528,279	2.72	1,668,925	2.79

32 Employee share purchase schemes continued

Number of options	Grant date	Vesting date	Expiry date	Weighted average exercise price
2003				
90,587	31.01.2000	28.02.2005	1.3.2005	3.08
871,249	26.10.2001	26.10.2004	26.10.2011	2.70
566,443	3.12.2001	3.12.2004	3.12.2011	2.70
2002				
114,903	27.09.1997	31.10.2002	1.11.2002	3.55
116,330	31.01.2000	28.02.2005	1.03.2005	3.08
871,249	26.10.2001	26.10.2004	26.10.2011	2.70
566,443	3.12.2001	3.12.2004	3.12.2011	2.70

33 Superannuation commitments

The company operates a defined benefit pension scheme in the United Kingdom, where the benefits are based on estimates of final pensionable pay. Under this scheme, contributions to the scheme are charged to the statement of financial performance so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by the scheme's qualified actuaries on the basis of regular contributions.

The pension costs are determined with the advice of independent qualified actuaries using the projected unit method.

Details of superannuation funds as extracted from their most recent financial report	2002 $000	2001 $000
Accrued benefits	21,147	22,291
Net market value of plan assets	15,380	20,046
Deficit	5,767	2,245

The above amounts were measured at 31 July 2002

In France, a payments system exists whereby the employees receive a payment upon retirement based on their final salary and years of service with their final employer. This system has some similarity to a defined benefit superannuation scheme.

At July 2002, an actuarial assessment of the future potential liability was EUR 7.9 million ($13.7 million)

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
– management fees were received from several wholly-owned controlled entities
These transactions were undertaken on commercial terms and conditions.

34 Related party disclosures continued

b) Transactions with other related parties

		Consolidated 2003 $000	Consolidated 2002 $000
Bayer CropScience Nufarm Limited	sales to	10,976	11,714
	purchases from	8,553	15,024
Artfern Pty Ltd	sales to	798	9,049
(to date of becoming a controlled entity 1.2.2003)	purchases from	477	1,481
Mastra Group	sales to	–	3,422
(to date of becoming controlled entities 1.2.2002)	purchases from	–	1,075
Nufarm-Whytes Agriculture Ltd	sales to	–	2,923
(ceased trading 30 November 2001)	purchases from	–	135
Agchem Receivables Corp	sales of receivables	433,400	–

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	Sold	Shareholding 2003	Shareholding 2002
KM Hoggard	–	–	5,848,181	5,848,181
DJ Rathbone	80,474	–	31,709,739	31,629,265
GDW Curlewis	7,000	–	10,000	3,000
Dr WB Goodfellow	10,000	–	80,000	70,000
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 (ABN 37 091 323 312).

35 Auditors' remuneration

	Consolidated 2003 $000	Consolidated 2002 $000	Parent 2003 $000	Parent 2002 $000
Amounts received or due and receivable by Ernst & Young Australia for				
Audit services	378	243	96	80
Tax compliance services	225	171	34	41
Receivables securitisation program review	84	–	–	–
Total fees – Ernst & Young Australia	687	414	130	121
Amounts received or due and receivable by Ernst & Young affiliates for				
Audit services	641	508	–	–
Tax compliance services	141	133	–	–
Receivables securitisation program review	56	–	–	–
Legal advice – corporate structure	122	–	–	–
Capital notes prospectus review	–	185	–	–
Total fees – Ernst & Young affiliates	960	826	–	–
Amounts received or due and receivable by other audit firms for				
Audit services	117	161	–	–
Audit services – Arthur Andersen	–	50	–	17

36 Discontinuing operation

Effective 1 November 2002, the group sold its specialty chemicals business in Australia and New Zealand to Orica Limited. The disposal of fixed assets and inventories gave rise to the following items of revenue and expense during the year.

	Consolidated 2003	Consolidated 2002
Financial performance information		
Revenues from ordinary activities	50,922	–
Expenses	51,445	–
Profit from ordinary activities before income tax expense	(523)	–
Income tax expense relating to ordinary activities	(287)	–
Net profit	(236)	–
Asset disposals		
Total assets	50,055	–
Total liabilities	403	–
Net assets	49,652	–
Proceeds from divestment of business	57,852	–
Carrying value of assets sold in divestment	(49,652)	–
Amortisation of intellectual property	(6,194)	–
Other costs of divestment	(2,460)	–
Loss on divestment	(454)	–
Related income tax	1,722	–
Loss on divestment (net of income tax expense)	(2,176)	–
Cash flows		
Operating	17,542	–
Investing	(134)	–
Financing	(16,096)	–
Net cash flows	1,312	–

37 Subsequent events

On 9 October 2003, the directors declared a final dividend of 13 cents per share, fully franked, payable 7 November 2003.

Nufarm Limited

Directors' declaration

The directors declare that the financial statements and associated notes:

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 2003 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
9 October 2003

ERNST & YOUNG

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Independent audit report to members of Nufarm Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Nufarm Limited (the company) and the consolidated entity, for the year ended 31 July 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

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 financial position of Nufarm Limited and the consolidated entity at 31 July 2003 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 financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Mary Waldron

Mary Waldron
Partner
Melbourne
9 October 2003

Nufarm Limited

Trend Statement

Supplementary information

	2003 $000	2002 $000	2001 $000	2000 $000	1999 $000
The years 2000 – 2003 figures are for the 12 month periods ended 31 July. 1999 is for the 12 month period ended 31 May.					
Operating results					
Sales revenue	1,458,811	1,429,275	1,323,232	1,213,042	1,122,597
Operating profit after tax and minority interests	64,269	56,834	51,138	51,984	43,949
Non-recurring item after tax	12,824	–	(55,664)	4,206	8,778
Profit attributable to members of the parent entity	77,093	56,834	(4,526)	56,190	52,727
Dividends paid and provided	10,894	27,952	27,808	26,818	21,834
Retained profits	66,199	28,882	(32,334)	29,372	30,894
Total equity					
Contributed equity	149,219	147,333	145,593	145,066	129,150
Retained profits and reserves	313,102	243,706	207,208	243,446	224,980
	462,321	391,039	352,801	388,512	354,129
Represented by					
Current assets	711,456	710,976	618,179	560,170	524,825
Current liabilities	506,925	590,050	454,309	420,088	374,035
Net current assets	204,531	120,926	163,870	140,082	150,790
Non-current assets	646,358	615,246	573,702	578,766	532,540
	850,889	736,172	737,572	718,848	683,330
Non-current liabilities	187,045	152,248	246,323	197,524	189,121
Capital notes	201,523	192,885	138,448	132,812	140,080
	388,568	345,133	384,771	330,336	329,201
Net assets	462,321	391,039	352,801	388,512	354,129
Statistics					
Operating earnings after tax to average equity attributable to members of the parent entity	15.3%	15.4%	13.8%	14.0%	13.2%
Dividend rate per share	20.0c	18.0c	18.0c	17.2c	14.8c
Net tangible asset backing per share	$2.05	$1.57	$1.42	$1.62	$1.61

Shareholder and statutory information

Details of shareholders, shareholdings and top 20 shareholders

Listed securities – 9 October 2003	Number of holders	Number of securities	Percentage held by top 20
Fully paid ordinary shares	11,043	155,823,293	60.83%
Partly paid (unquoted)		386,800	

Twenty largest shareholders	Ordinary shares as at 9.10.03	Percentage of issued capital as at 9.10.03
Falls Creek No 2 Pty Ltd	25,680,200	16.48
Amalgamated Dairies Ltd	14,950,815	9.59
JP Morgan Nominees Australia Limited	9,948,616	6.38
Lawrence Holdings Limited	5,743,750	3.69
Grantali Pty Ltd	5,036,616	3.23
AMP Life Limited	3,485,217	2.24
National Nominees Limited	3,260,150	2.09
Challenge Investment Company Ltd	2,982 081	1.91
Suncorp Custodian Services Pty Ltd	2,910,786	1.87
Citicorp Nominees Pty Ltd	2,739,778	1.76
Custodial Services Limited	2,541,860	1.63
Westpac Custodian Nominees Limited	2,526,421	1.62
The Avalon Investment Trust Ltd	2,490,661	1.60
Trustees Nufarm Executive Share Purchase Scheme (in run off)	2,060,800	1.32
Australian Foundation Investment Company Limited	1,799,998	1.16
ANZ Nominees Limited	1,517,399	0.97
GIO General Ltd	1,406,582	0.90
Trustees Nufarm Executive Share Purchase Plan	1,353,780	0.87
Australian Trustees Pty Ltd	1,281,545	0.82
First NZ Capital Custodians Limited	1,094,265	0.70

Distribution of shareholders Size of holding	Number of holders 9.10.03	Ordinary shares held as at 9.10.03
1 – 1,000	3,806	2,433,959
1,001 – 5,000	5,282	13,696,409
5,001 – 10,000	1,174	8,831,310
10,001 – 100,000	700	15,314,602
100,001 and over	81	115,547,913

Of these, 87 shareholders held less than a marketable parcel of shares of $500 worth of shares (99 shares).

In accordance with the ASX Listing Rules, the last sale price of the company's shares on the ASX on 9 October 2003 was used to determine the number of shares in a marketable parcel.

Shareholder and statutory information continued

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 9 October 2003, 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]	31 July 2003	32,096,539	20.60

[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] DJ Rathbone has a non-beneficial interest in 386,800 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 11 December 2003 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.

Shareholder and statutory information

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.

Share register and other enquiries

Gain access to your shareholding information in a number of ways. The details are managed via our registrar, Computershare Investor Services and can be accessed as outlined below.

Please note: your shareholder reference number (SRN) or holder identification number (HIN) is required for access.

Internet account access

Shareholders have been requesting the opportunity to have access to their details via the internet. We have been able to provide two levels of access: read only and online portfolio updating capability.

- View shareholding (read only access)

Step 1 Go to www.computershare.com/au/investors

Step 2 Select 'View shareholding' and enter NUF or Nufarm Limited

Step 3 Enter shareholder reference number (SRN) or holder identification number (HIN)

Step 4 Read only access to:
– account balance – transaction history
– payment instructions – payment history
– sign up for electronic securityholder communications

- Investor Centre (online portfolio updating capability)

Step 1 Go to www.computershare.com/au/investors

Step 2 Enter User ID and PIN or access the 'Register Here' button

Step 3 Follow the prompts to register. For security purposes, Computershare will generate a PIN and mail it to your registered address.

Step 4 Enjoy the access to investor centre to view, evaluate and manage your portfolio

Use your PIN and user ID to:

Manage
- view portfolio of all securities managed by Computershare
- add securities not managed by Computershare to your portfolio
- view and set up payment instructions
- sign up for electronic securityholder communications
- retrieve holding statement
- request statements

Update
- change of address (company or portfolio)
- add / change tax file reference number*

View
- view account balances and transaction history
- view payment history

Evaluate
- company news, profiles and charts

* 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.

InvestorPhone (Australian shareholders only)

InvestorPhone provides telephone access 24 hours a day seven days a week.

Step 1 Call 1300 85 05 05

Step 2 Enter the company (ASX) code – NUF

Step 3 Enter your shareholder reference number (SRN) or holder identification number (HIN)

Step 4 Follow the prompts to gain secure, immediate access to your:

– holding details
– registration details
– payment information

Shareholder and statutory information continued

Dividends

A final dividend of 13 cents per share will be paid on 7 November 2003 to shareholders registered on 24 October 2003. 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 and New Zealand.

Forms for this purpose are available on request from the share registry.

Key dates

- 24 October 2003
Record date (books closing) for 2002/2003 final dividend
- 7 November 2003
Final dividend for 2002/2003 payable
- 3 November 2003*
Annual report sent to shareholders
- 11 December 2003
Annual general meeting
- 24 March 2004*
Announcement of profit result for half year ending 31 January 2003
- 31 July 2004
End of financial year

* Subject to confirmation

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:
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Trustee for capital note holders

New Zealand Permanent Trustees Ltd

Share registrar

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Nufarm Limited

ACN 091 323 312

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