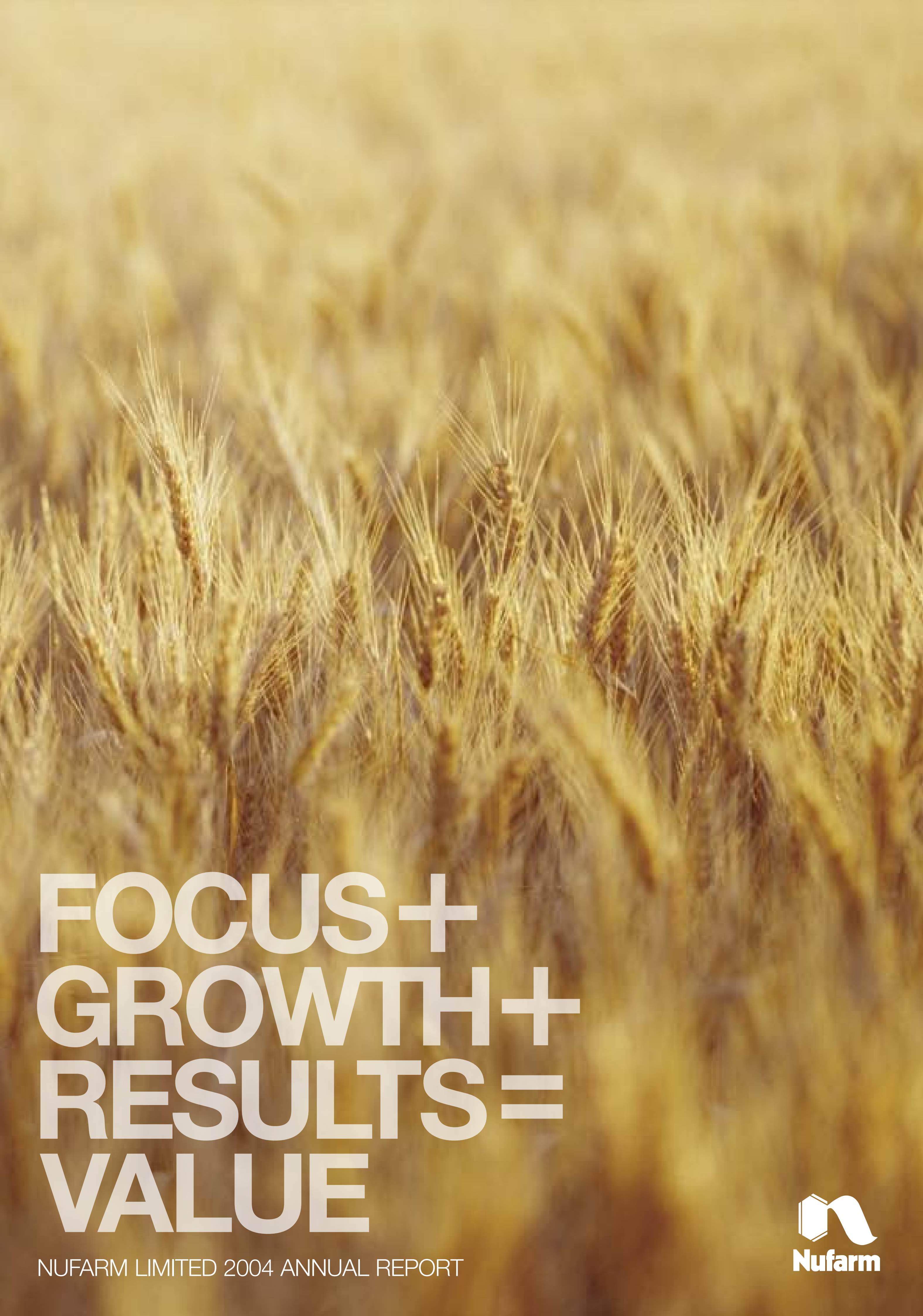


FOCUS + GROWTH + RESULTS = VALUE

NUFARM LIMITED 2004 ANNUAL REPORT

Nufarm

CONTENTS

NUFARM LIMITED 2004 ANNUAL REPORT

FACTS IN BRIEF

	12 months ended 31.7.2004	12 months ended 31.7.2003
Trading results	**$000**	**$000**
Operating profit after tax	76,202	64,269
Sales revenue	1,576,815	1,458,811
Total equity	560,494	462,321
Total assets	1,431,578	1,357,814
Ratios		
Earnings per ordinary share (weighted average, excluding non-recurring item)	47.1c	41.3¢
Net debt to equity (gearing ratio)	61.0%	98.0%
Net tangible assets per ordinary share	$2.17	$2.05
Distribution to shareholders		
Annual dividend per ordinary share	23.0¢	20.0¢
People		
Staff employed	2,613	2,566

FOCUS+

Focus = crop protection + experienced management + shareholder returns.

Focus on crop protection is a fundamental part of Nufarm's business strategy. With an experienced, hands-on management team and a proficient board of directors, we are focused on strengthening brands, expanding our product range and delivering maximum returns for shareholders.

GROWTH+

Growth = geographic expansion + product range + market share + profitability.

Growth is integral to Nufarm's success. In 50 years, we have grown from a small regional operation to one of the world's leading crop protection companies. Nufarm is growing its market share positions in key products and continuing to expand into new global markets.

RESULTS =

Results = reliable outcomes + delivering on guidance + quality earnings growth.

Results are what count. Nufarm customers expect and receive reliable results from quality products, with top technical support and flexible supply. And getting it right with our customers means consistently better results for our shareholders.

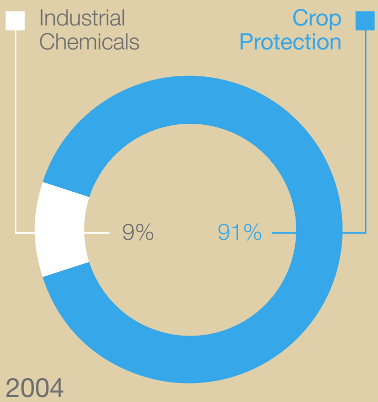
VALUE

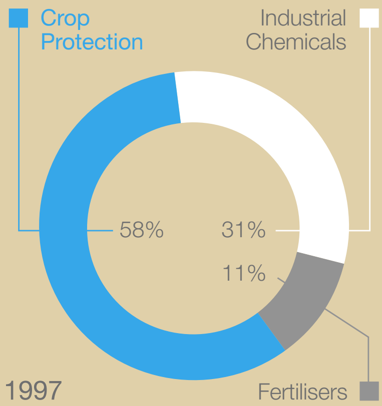
Nufarm

Value = strategic relationships + people + efficiencies + strong brands.

Value is found in solid investments. Nufarm invests in strategic relationships and alliances, people, product development and manufacturing improvements. We create value by improving business efficiencies that drive stronger margins. At Nufarm we understand the value of a strong brand.

NUFARM BUSINESS SPLIT



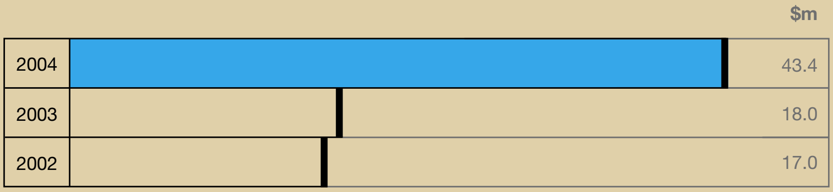


ECONOMIC VALUE ADDED

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 in 2004 was $43.4 million, due largely to an improved working capital position.



KEY EVENTS

- OPERATING PROFIT INCREASES BY 18% TO $76.2 MILLION
- CROP PROTECTION BUSINESS ACHIEVES GROWTH IN MAJOR MARKETS
- BASF BRANDS ACQUISITION MAKES STRONG CONTRIBUTION
- MAJOR INVESTMENT PROPOSED FOR BRAZIL
- PROPOSED DIVESTMENT OF NON-CORE BUSINESSES

MANAGING DIRECTOR'S REVIEW

managing director's review

focus + growth + results = value

The 2004 financial year saw a very solid performance from the company's core crop protection business. The tax paid profit of $76.2 million represents an increase of more than 18 per cent on the previous year's net operating profit ($64.3m).

Total group sales were $1.58 billion, up by eight per cent on the 2003 year.

Earnings per share were 47.1 cents, an increase of 14 per cent on last year's 41.3 cents. This was achieved on a higher capital base following the issuing of some 11 million new shares associated with a capital raising in January – February 2004.

The company's balance sheet at year-end shows a further substantial reduction in net debt to equity, down by some 38 per cent to 61 per cent. This improvement in the balance sheet builds on the significant gains made in the previous year and reflects strong cash flow ($202.7 million), an improved working capital position (reduced by $65m), and the repayment of $109 million in debt.

Other balance sheet ratios also strengthened. Return on funds employed increased from 13.9 per cent to 15.7 per cent at the EBIT level, and interest cover increased to 4.4 times from 3.4 times.

Business review

The crop protection business achieved a 17 per cent increase in sales to $1,441 million and represented 91 per cent of group sales. This reflects a key strategic objective to focus our efforts in the crop protection sector and gradually exit those businesses where Nufarm does not have core strengths and competitive advantage.

Crop protection is an industry in which the company has a 50-year history and is clearly the area where Nufarm has the potential to add most value in terms of future growth.

We have sought to strengthen our position via a combination of geographic and product portfolio expansion and made excellent progress on both fronts in the 2004 financial year.

The core business also generated stronger profit growth (up by 20 per cent), compensating for a lower contribution from Nufarm's industrial chemicals businesses.

The company achieved stronger sales and profit results in all of its major global crop protection markets except France, where the business is being realigned to achieve additional higher margin branded product sales. To date, Nufarm has been predominantly a third party supplier of technical product in France. This is a major agricultural inputs market and we will achieve better results going forward by establishing a stronger branded products business.

In 2004, Australasia accounted for 48 per cent of total sales, the Americas 28 per cent and Europe 24 per cent. Our larger global presence helps protect the company from the impact of adverse seasonal conditions in any one market. In 2004, seasonal conditions were average to good in the various geographies where Nufarm products are sold.

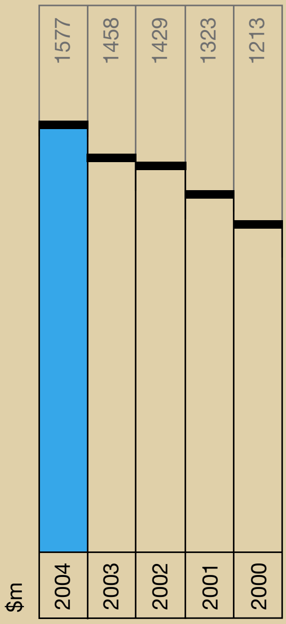
Higher sales of premium branded products and enhanced operational efficiencies resulted in stronger margins in most markets.

In January 2004, we announced the acquisition of the global phenoxy herbicides business from the German company, BASF. This acquisition saw Nufarm assume control of a number of leading brands in various markets, with particularly strong positions in Europe.

Sales of these brands were approximately $25 million and generated a net profit of some $5 million. Margins achieved on these sales were stronger than those assumed at the time of the acquisition.

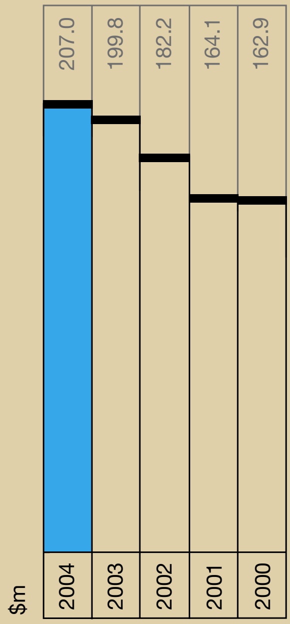
Group sales

+ 8.0%



EBITDA*

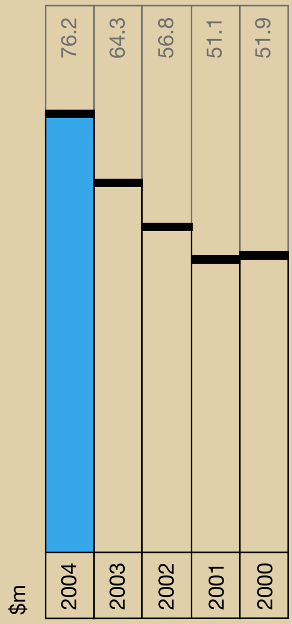
+ 4.0%



* Earnings before interest, tax, depreciation and amortisation

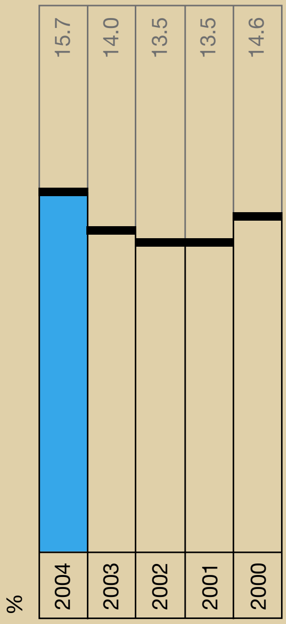
Operating profit

+ 18.0%



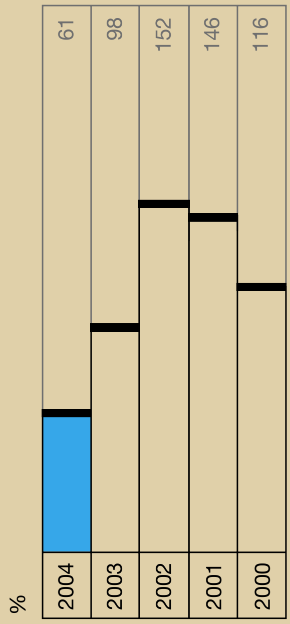
Return on average funds employed

15.7%



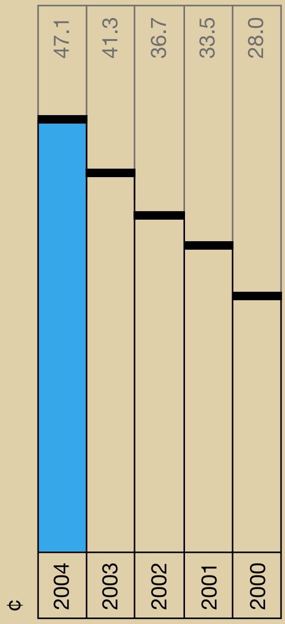
Net debt to equity

61.0%



Earnings per share

47.1¢



The considerable effort we have maintained in communicating Nufarm's performance and prospects to the broader investment market undoubtedly has helped the stronger share price.

This acquisition also contributed to an improvement in the company's methyls business, which grew in both volume and price and incorporated a higher proportion of branded product sales versus lower margin third party technical sales. While further initiatives are required to achieve increased and sustainable profitability from the methyls business, the 2004 result marks a welcome turn-around in its performance.

The BASF acquisition was partly funded by equity raising with strong support by both institutional investors and Nufarm's retail shareholders that participated via a share purchase plan. The institutional placement was completed at a discount of less than two per cent to the previous closing share price, with a subsequent strengthening of the share price that has been sustained through the balance of the year.

The considerable effort we have maintained in communicating Nufarm's performance and prospects to the broader investment market undoubtedly has helped the stronger share price.

During the period in review, Nufarm also reached agreement to distribute the full BASF crop protection product range in Australia. These products have proven to be a valuable addition to our portfolio and have enhanced our position in higher value sectors such as horticulture.

Nufarm's global manufacturing facilities achieved record throughput to meet higher sales demand, leading to stronger labour and overhead recoveries and lower unit costs. Changes were made in a number of facilities to make better use of assets and improve efficiencies in synthesis, formulation and packaging.

In summary, Nufarm continued to grow both sales and brand share in key geographies and strengthened its global position and market shares in its major core products, including phenoxy herbicides and glyphosate. A very active product registration program resulted in a number of new product launches during the year, and – despite a very competitive pricing environment – the company was able to strengthen margins across the business.

A more detailed overview on the business performance is included on pages 18 to 23 in this report.

Non-operating items

The net impact of various restructuring initiatives, sale of assets and other non-operating items during the 2004 reporting period was not material.

The major restructuring activity was in France and included the closure and sale of a manufacturing facility in Mulhouse; the sale of the Paris based administration building; and a reorganisation aimed at reducing manufacturing overheads and strengthening marketing and sales functions.

Directors have also taken the opportunity to write-off carrying values associated with a number of non-core or discontinued research and development programs.

The after tax impact of all non-operating items was a loss of $0.4 million.

Final dividend

Directors have declared a fully franked dividend of 15 cents per share (last year 13 cents per share) resulting in a full year dividend payment of 23 cents per share, an increase of three cents (15 per cent) on the previous year.

The increased dividend encompasses a slightly higher payout ratio in respect of the 2004 results, but reflects the company's confidence that retained profits will be used to help the continued profitable expansion of the business.

The dividend will be paid on 12 November 2004 to the holders of all fully paid shares in the company as at the close of business on 27 October 2004.


FOCUS+
GROWTH+
RESULTS=
VALUE

managing director's review

Subsequent events

The company announced on 30 September that it has signed a memorandum of understanding to acquire 49.9 per cent of the share capital in the Brazilian crop protection company, Agripec.

This investment will provide Nufarm with a strong future earnings stream tied to ongoing growth in one of the world's largest markets for crop protection sales. Agripec is a leading locally owned supplier of agricultural chemicals in Brazil with extensive production facilities and a strong sales network.

The proposed equity interest in Agripec involves a total consideration of USD120 million (approximately AUD170 million) and will be debt funded. The transaction is subject to final due diligence and board approval and we expect it to be completed by the end of November.

We have also signalled our intention to divest the pharmaceutical intermediates business (SEAC), and the Nufarm Specialty Products subsidiary. Discussions are at an advanced stage with prospective buyers of these businesses and we hope to finalise contracts by calendar year end.

SEAC, based in France, provides contract synthesis and manufacturing services to major pharmaceutical companies. It generated sales of some $26 million in 2004 ($31 million in 2003).

Nufarm Specialty Products is based in South Carolina, USA and manufactures a range of fine and performance chemicals for other manufacturing companies. 2004 sales were approximately $50 million.

Total proceeds from these divestments is expected to be in the order of $80 million and will be used to partially offset the borrowing costs associated with the proposed Agripec investment.

Our people

On behalf of the board of directors, I would like to take this opportunity to thank Nufarm employees around the world for the very significant contribution they have made to the performance of the company during financial year 2004.

The commitment, loyalty and capabilities of our people – more than 60 per cent of whom are Nufarm shareholders – are a major strength of the business and an essential factor in our success.

We have new management teams in place in several of our global businesses and I have every confidence that these changes will help those businesses reach their full potential.

Nufarm places the highest priority on the health and safety of our people and we must continue to push for further improvements in this area across every part of the business in all locations. Pleasingly, our performance in achieving ambitious safety targets has been very positive over the past 12 months.

Board changes

Since our last annual report, two new independent directors have been appointed to the Nufarm board. Both Donald McGauchie AO (appointed in December 2003) and Garry Hounsell (appointed in October 2004) bring a great deal of relevant experience and expertise to the company.

Looking ahead

Directors believe the 2004 results reflect a number of factors, which place the company in a strong position to achieve ongoing profitable growth.

These include the continued expansion of the product portfolio; the ability to successfully compete with other suppliers in large overseas markets; and a focus on driving further efficiencies and subsequent margin improvement in various parts of the business.

While the business will need to absorb higher costs in raw materials in the 2005 reporting period, the company is confident of achieving further growth in sales in both existing markets and developing markets such as South America.

There will be a continued focus on generating improved shareholder returns and on the efficient use of capital employed in the business.

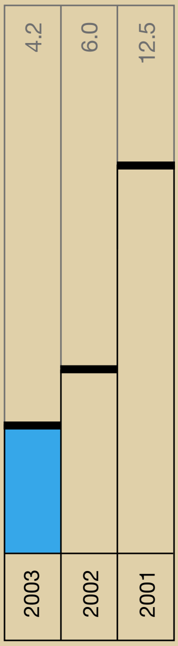
The company targets a three-year average annual net profit growth of approximately 10 per cent and this looks very achievable in the foreseeable future.

Based on an assumption that the Agripec investment is completed and makes its forecast contribution in the current financial year – and factoring in the expected loss of earnings from non-core businesses likely to be divested within the period – 2005 net profit growth is forecast to be at least 15 per cent.

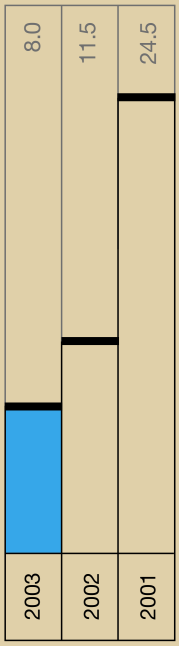
Doug Rathbone
Managing Director

Melbourne, Australia
7 October 2004

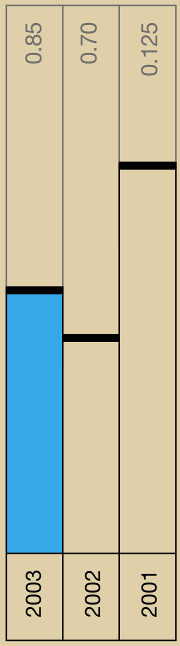
LTIFR[1]



MTIFR[2]



Severity[3]

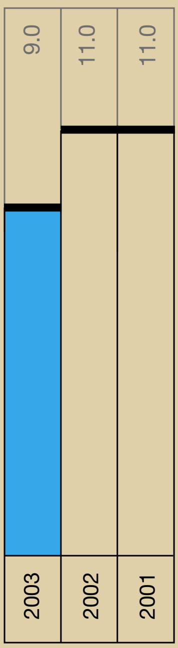


1 LTIFR or lost time injury frequency rate is the number of lost time injuries per million hours worked that need one or more day's absence from work.

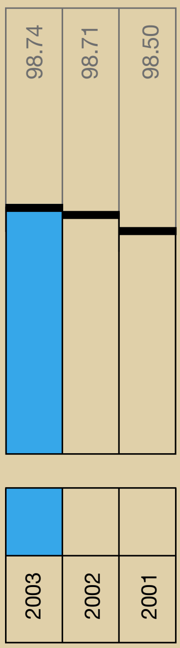
2 MTIFR or medical treatment injury rate is the number of lost time and medical treatment injuries per million hours worked.

3 Severity rate is the number of days lost per thousand hours worked.

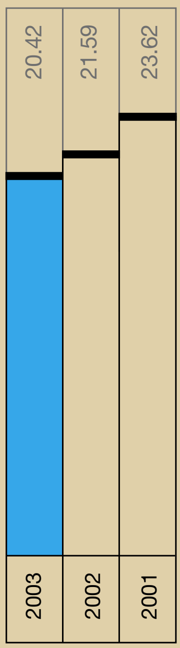
Sites with 100% environmental tests compliance



Environmental tests percentage compliance



Total number of environmental tests ('ooo)



health safety and environment

focus + growth + results = value

Nufarm sites free of lost time injuries in 2003

Agrow*
Botlek, The Netherlands
Calgary, Canada
Chicago Heights, USA
Chicago office, USA
Crop Care, Queensland
Crop Care, Western Australia
Croplands, Australia
Croplands, New Zealand
Deutschland GmbH, Germany
Florigene, Australia*
Houston, USA
Indonesia
Kemerton chlor alkali, Australia
Kwinana chlor alkali, Australia
Lobeco, USA
Malaysia
Manurewa, New Zealand
New South Wales, Australia
Nufarm New Zealand
Nuturf, Australia
Queensland, Australia
South Australia
* sold in 2004

Nufarm safety awards 2003

Agrow*
Botlek, The Netherlands
Calgary, Canada
Chicago Heights, USA
Chicago office, USA
Crop Care, Western Australia
Croplands, Australia
Croplands, New Zealand
Gennevilliers, France
Indonesia
Laverton, Australia
Lobeco, USA
Manurewa, New Zealand
Malaysia
Nufarm New Zealand
Nuturf, Australia
Queensland, Australia
South Australia
* sold in 2004

Nufarm operates in an industry in which attention to detail in areas such as safety and environmental management are embedded in the way we do business.

Through a combination of various company specific operational procedures, industry self-regulation and a stringent government regulatory environment – all supported by regular training – Nufarm employees are intrinsically aware of and directly involved in the management of risks associated with health, safety and the protection of the environment.

The agricultural chemical industry is, in relative terms, a safe industry.

Ultimately, however, the test of how well we manage these critical areas comes down to the vigilance and response of individual employees. Despite the best procedures and the highest levels of regulation, circumstances will often result in having to use initiative and good judgment when faced with the unexpected.

In February this year, when a team of Nufarm employees were visiting another company's production facility in Germany, our Botlek production manager, Ton Herfst, unexpectedly collapsed. Thanks to the quick thinking of his colleagues and, in particular, the resuscitation techniques employed by Corina van Veen-Hermans, Ton survived the ordeal and is progressing well with his recovery.

Such initiative is to be commended, and underlines the fact that individuals – not organisations – ultimately determine how well we manage and respond to the challenges of maintaining a safe and environmentally sound workplace.

A flash fire in the Mulhouse facility in France (July 2003) could also have been more serious but for the immediate and professional response of employees and local authorities. This again underlines the value of regular emergency response training.

On the broader front, Nufarm continues to see strong growth in its various crop protection businesses. This has resulted in increased demand on production facilities and on the logistics of how efficiently we can move product to customers.

Against this background, it is pleasing that the company met two out of three of the tough 'headline' safety targets we established in the HSE area during the 2003 calendar year and Nufarm was not fined for any environmental breaches. We have set ambitious continuous improvement hurdles within Nufarm on the basis that no Nufarm employee should be injured at work.

We must continue the push for further improvements across every part of the business and in all locations. It is disappointing that our European operations will not meet 2004 injury severity targets. Every member of the board and the management team is personally committed to seeing consistent improvements in all our safety performance measurements and to working towards an injury free workplace. We expect to see additional management attention and employee commitment to this area in Europe so that those operations quickly come into line with the general Nufarm performance.

It is a joint responsibility – one taken very seriously from board level to factory floor.

We need to ensure that the success we achieve on the financial performance front is mirrored with ongoing progress towards minimising injuries, safeguarding the general health and wellbeing of all employees, and conducting business in a manner which poses no undue environmental impacts.

Note: Nufarm HSE results are calendar year not financial year.

2004 crop protection global sales

	%
Australia	41
Americas	28
Europe	21
Asia	5
New Zealand	5

Three factors drove the sales increase: strong organic growth in markets such as the United States, Germany and the UK; new products resulting from the company's registration and acquisition activities; and new distribution arrangements.

CROP PROTECTION

crop protection

Total crop protection sales increased by 17 per cent to $1,441 million, with profit before tax, interest and head office charges up by 20 per cent at $161.9 million.

Three factors drove the sales increase: strong organic growth in markets such as the United States, Germany and the UK; new products resulting the company's registration and acquisition activities; and new distribution arrangements.

Nufarm's acquisition of the market leading phenoxy herbicide brands from BASF – acquired in January 2004 – contributed strongly to the performance of the crop protection business in a number of global markets.

Australia and New Zealand

Australia experienced mixed seasonal conditions, with parts of the country receiving good and timely rains while other areas – particularly in NSW and Queensland – remaining drought declared. Despite a later than usual autumn rain break in the southern regions, Australian winter crop plantings, overall, were at similar high levels to the year before.

The company's Australian crop protection sales increased by almost 15 per cent. This included some $24 million in sales associated with the BASF range of products, which transferred to Nufarm under a new distribution deal at the beginning of March and enhanced Nufarm's market penetration in the higher value horticulture segment.

The total Australian glyphosate market saw double-digit growth in the reporting period, with Nufarm maintaining its strong molecule share, in particular in the 'Roundup' branded product range. An increased share of sales under the premium 'Roundup PowerMax' brand – launched the previous year – contributed to stronger margins in the glyphosate business.

Crop Care recorded its first full 12 months of sales since being acquired from Orica in the 2003 financial year (nine months of sales). Sales under the Crop Care brand were up by some 30 per cent year on year. Nufarm's Croplands subsidiary, which supplies chemical application machinery, also generated a stronger sales and profit performance, assisted by an expanded product range, improved brand awareness and broader dealership coverage.

Agricultural chemical sales in New Zealand were also strong during the year, particularly in light of flooding that had an adverse impact on crops and pastures in several regions. An unbudgeted order for a biological insecticide used in a major urban pest eradication program contributed to the better than expected outcome in this business. The New Zealand based health and sciences division – which contract manufactures products for major animal health companies – reported lower sales and earnings due to reduced livestock numbers in the wake of the Australian drought.

Overall, Nufarm continued to consolidate its leadership position in the Australian market, with a number of new products helping sales in niche sectors and providing a platform for future growth.

Asia

Nufarm products achieved higher market shares in Indonesia and Malaysia and – together with additional sales to Japan – helped the Asian business deliver a stronger sales and profit performance.

Total Asian sales increased from $50 million to $71 million or five per cent of total crop protection revenues.

Restricted supply of glyphosate from Chinese sources contributed to a substantial increase in Nufarm sales of glyphosate in Malaysia.

Americas

The US business performed very strongly, with total branded sales up by more than 37 per cent in local currency (up 25 per cent in Australian dollars) over the previous year.

Seasonal conditions were generally favourable, although hot and dry weather in California reduced demand for fungicides. Sales of the company's phenoxy herbicides continued to grow, in part driven by the increased use of these products in genetically modified (GM) crops. There was substantial growth in volume sales of glyphosate, however margins on a per unit basis were lower than the previous year due to reduced prices.


FOCUS+
GROWTH+
RESULTS=
VALUE

The Agripec acquisition will secure Nufarm a strong position in one of the world's largest and fastest growing markets for crop protection products.

In the US turf and vegetative management sector, Nufarm sales grew by more than 50 per cent. An expanding product portfolio was a key contributor to the very strong performance, as Nufarm increased its business with all existing distribution customers.

Sales in Canada were flat year on year, with seasonal conditions not conducive to heavy demand for herbicides. But a more profitable product mix and close attention to cost controls resulted in an improved profit performance.

The key South American markets saw increased sales of Nufarm products. The company launched branded 2,4-D and glyphosate in the rapidly growing Brazilian market and generated increased sales in Argentina. To help capture future opportunities in the region, Nufarm has expanded its sales, registration and business development resources there.

Europe

The European businesses saw an overall increase in sales of 20 per cent. This was driven largely by very strong results in Germany, where the previous year's sales increased by almost 70 per cent to just over $43 million, and in the UK.

The German business added a number of new products to the portfolio, including several fungicides, which have been licensed from BASF, and the former BASF phenoxy herbicide brands. Portfolio expansion and strong seasonal pressures were the key drivers of the excellent performance of the UK branded business. Spain also recorded very good results.

As expected, the reorganisation of the French business and a decision to move away from a predominantly third party sales structure held sales below the previous year. The reorganisation will improve efficiencies in the business and support the company's objective to increase Nufarm's direct distribution of branded products, particularly in the large cereals segment.

Agripec investment

On 30 September 2004, the company announced its intention to acquire 49.9 per cent of Agripec Quimica e Farmaceutica SA (Agripec), Brazil's largest locally owned crop protection company.

The acquisition will secure Nufarm a strong position in one of the world's largest and fastest growing markets for crop protection products.

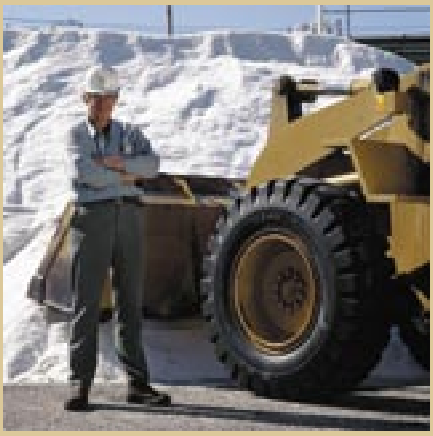
The proposed US$120 million acquisition is expected to be completed within calendar year 2004 and will make a positive earnings contribution in Nufarm's 2005 financial year.

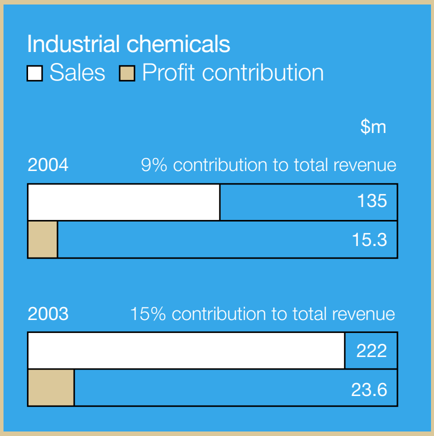
Agripec was established in 1961 and employs 365 people. The company operates a major production facility in Fortaleza and has an extensive sales network that services all of Brazil's major farming regions.

The company's sales grew strongly in recent years, reflecting the substantial growth in agricultural production in Brazil and the subsequent increase in crop protection sales.

With total crop protection sales of USD3.1 billion in 2003, Brazil now ranks behind the United States and Japan as the third largest country market in the world. It is also one of very few markets in which crop area is expected to increase over the next 10 years.

The equity interest in Agripec will be a key element of Nufarm's expansion into South America.





The industrial chemicals division generated revenues of just over $135 million (down 40 per cent on the previous year) during the 2004 financial reporting period, representing nine per cent of total group revenues.

INDUSTRIAL CHEMICALS

industrial chemicals

The West Australian based chlor alkali plants (80 per cent owned) were again the major profit contributors in the industrial chemicals division.

The industrial chemicals division generated revenues of just over $135 million (down 40 per cent on the previous year) during the 2004 financial reporting period, representing nine per cent of total group revenues.

The lower sales reflected – in part – the divestment of the Fernz specialty chemicals business last year when it generated $51 million in sales for the three months before its divestment to Orica Ltd in November 2003.

The West Australian based chlor alkali plants (80 per cent owned) were again the major profit contributors in the industrial chemicals division. Both facilities performed well during the year, with stable caustic soda prices. As the first 15-year contract for the Kemerton facility expired, a new long-term contract was negotiated.

The chlor alkali plants use synthesis technology, which is also employed in Nufarm's phenoxy herbicide manufacturing operations.

Sales in the remaining industrial chemical businesses fell by just over 20 per cent. Pre-tax segment profit declined to $15.3 million from $23.6 million in the previous year.

Nufarm Specialty Products (South Carolina, USA) generated a lower profit contribution – on slightly lower sales – than in 2003. The loss of a major tolling contract was offset partially by a number of new, smaller contracts.

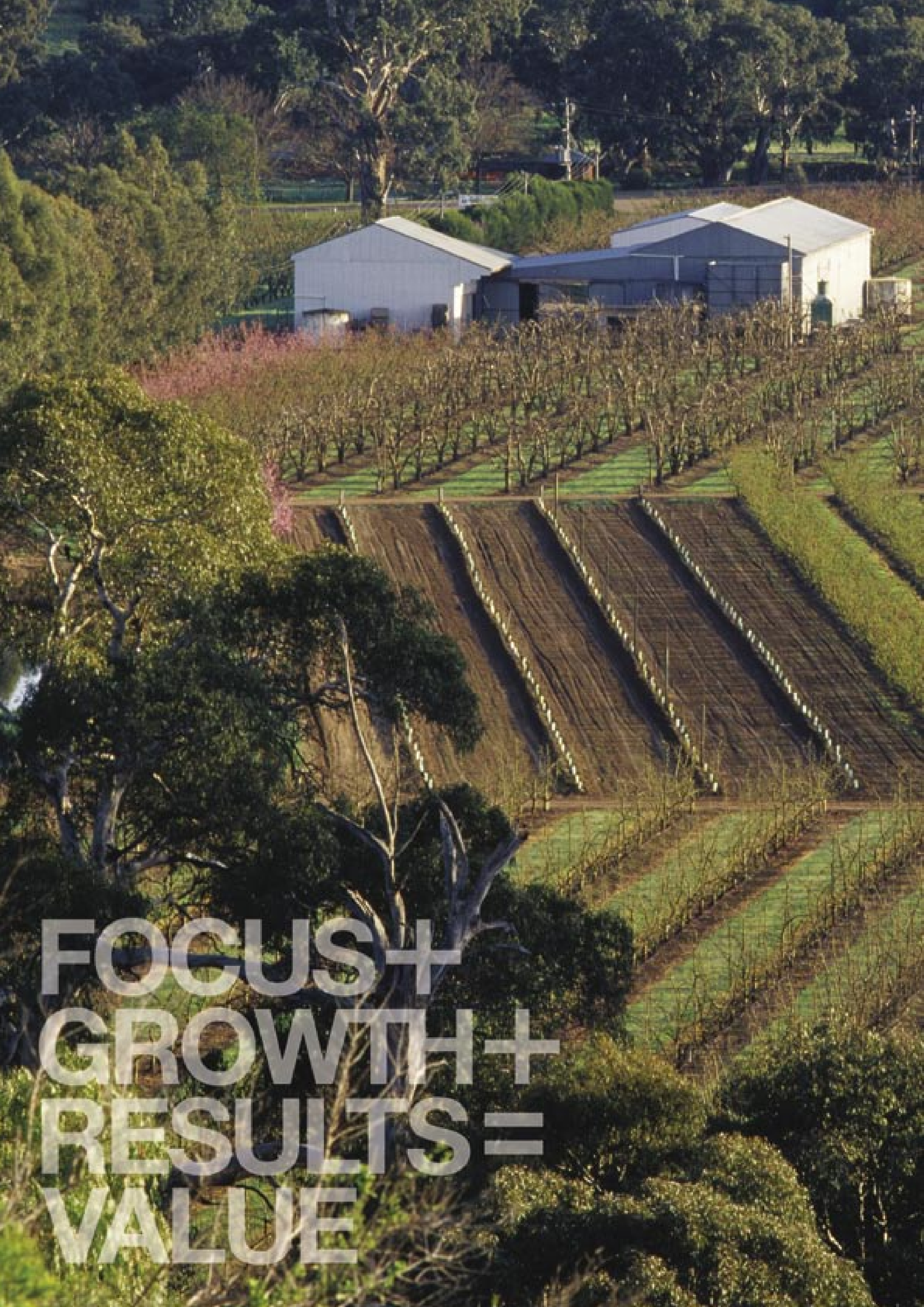
The French fine and performance chemicals business had lower sales, with increased competition restricting prices and delivering an overall below expectation contribution. A reorganisation of the production facilities will improve future operating margins.

Sales in the SEAC pharmaceutical intermediates subsidiary (France) were again lower than in the previous period, with a project budgeted for the last quarter deferred until the new financial year. Costs were also up last year.

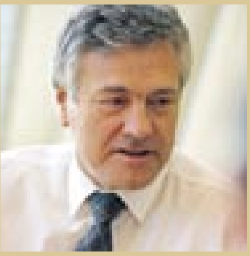
Proposed divestments

On 30 September 2004, Nufarm announced that it intends to divest the pharmaceutical intermediates business (SEAC) and the Nufarm Specialty Products subsidiary, based in South Carolina, USA.

At the date of writing, negotiations relating to the sale of both businesses are at an advanced stage and the divestments should be completed within the 2004 calendar year.


FOCUS+
GROWTH+
RESULTS=
VALUE

Nufarm has an experienced hands-on management team



Doug Rathbone
Managing Director and Chief Executive

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 ■

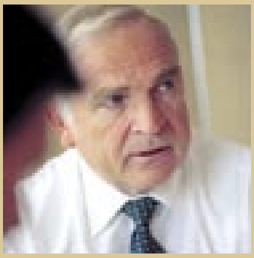
MANAGEMENT TEAM

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 ■

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 ■

Nufarm

Kerry Hoggard
Chairman

Kerry Hoggard, 62, joined the board in 1987. He has a financial background, beginning his career with the company in 1957 as office junior and rising, through a number of accounting, financial and commercial promotions to be chief executive officer in 1987. On his retirement in October 1999, he was appointed chairman of the board ■

Doug Rathbone
Managing Director and Chief Executive

Doug Rathbone, 58, joined the board in 1987. His background is chemical engineering and commerce and he has worked for Nufarm Australia Limited for over 30 years. Doug was appointed managing director of Nufarm Australia in 1982 and managing director of Nufarm Limited in October 1999 ■

Doug Curlewis

GDW (Doug) Curlewis, 63, 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, National Foods Ltd, GUD Holdings Ltd and Remunerator Australia Pty Ltd.In the past three years Doug has been a director of Hamilton Island Ltd (5 years) ■

Bruce Goodfellow

Dr WB (Bruce) Goodfellow, 52, 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 Co. Ltd ■

Garry Hounsell

GA (Garry) Hounsell, 49, was appointed to the board in October 2004. He has a bachelor of business (accounting) and is a former senior partner with Ernst & Young and a former Australian country managing partner with Arthur Andersen. He has extensive experience across a range of areas relating to management and corporate finance and has worked with some of Australia’s leading companies in consulting and audit roles, with a particular emphasis in the manufacturing sector. He is also a director of Orica Limited ■

BOARD OF DIRECTORS

Donald McGauchie

DG (Donald) McGauchie AO, 54, joined the board in 2003. He has a farming background and has been extensively involved in agricultural trade, policy and market reform. He is currently chairman of Telstra Limited; a member of the board of the Reserve Bank of Australia; deputy chairman of Ridley Corporation and a director of National Foods Limited and James Hardie Industries NV.

In the prior three years Donald has been a director of Graincorp Limited (8 years), Woolstock Australia Limited (3 years), Rural Finance Corporation (2 years) and Sinclair Knight Merz Management Ltd (2 years) ■

Graeme McGregor

GW (Graeme) McGregor AO, 65, 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, WMC Resources Ltd and Goldman Sachs JB Were Managed Funds Ltd. Graeme is also on the board of Community Foundation Network Ltd and a past national president of CPA Australia and is a member of the Financial Reporting Council ■

John Stocker

Dr JW (John) Stocker AO, 59, 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. He is a director of Telstra Corporation Ltd, Cambridge Antibody Technology Group plc and Circadian Technologies Ltd ■

Dick Warburton

RFE (Dick) Warburton, 63, joined the board in 1993. He has a business management background and is chairman of Caltex Australia Ltd, HIH Claims Support Ltd and Tandou Ltd. He is a director of Tabcorp Holdings Ltd, Note Printing Australia Ltd, NM Rothschild & Sons (Australia) Ltd and NM Rothschild Australia Holding Pty Ltd. Dick is chairman of the Board of Taxation and a past national president of the Australian Institute of Company Directors.

In the prior three years Dick has been a director of Reserve Bank of Australia (10 years), David Jones Ltd (8 years), Aurion Gold Ltd (1 year), Southcorp Ltd (10 years) and Goldfields Ltd (6 years) ■

Nufarm

CORPORATE GOVERNANCE STATEMENT

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

Board committees

At 31 July 2004, the board had three committees: audit; remuneration; and nomination.

The board resolved to disband the scientific review committee in December 2003.

The company chairman can only chair the nomination commitee. All directors are entitled to attend any committee meeting. Details of the attendances at meetings of board and committees are detailed on page 35 of this report.

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

A summary of the board charter has been posted to the corporate governance section of the company's website.

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 not be less than three, nor more than 11.

At present there are eight 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 ASX Principle 2 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 ASX Principles 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 controlling in excess of five per cent of the company's equity.

Tenure

The board is aware of commentary 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 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 annual general meeting (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
GA Hounsell
GW McGregor
DG McGauchie
Dr JW Stocker
RFE Warburton

Non-independent non-executive directors

KM Hoggard
Dr WB Goodfellow

Executive director

DJ Rathbone

Graeme McGregor has advised the board of his intention to retire in July 2005. Garry Hounsell was appointed a director from 1 October 2004 and will replace Graeme McGregor, on his retirement, as chairman of the audit committee.

Profiles of each board member are set out on page 28 of this report, including their terms in office.

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 directors in discharging their 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.

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

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 fertiliser industry and was responsible for the acquisition of Nufarm Australia Ltd in 1983. In the 1990s, he recommended selling the group's fertiliser 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 – provides 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.

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

The nomination committee

The nomination committee was formed on 1 August 2003. The three members are Kerry Hoggard (chairman), Dick Warburton and Donald McGauchie. 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.

Save as to the independence of the chairman referred to above, the structure of the board is consistent with ASX Principle 2.

A copy of the nomination committee charter and a summary of the policy and procedure for appointment of directors has been posted to the corporate governance section of the company's website.

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 established a formal code of conduct which has been posted to the 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.

The current share trading policy prohibits directors and key executives 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 key 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 in company shares, directors and key executives must complete an application form, which contains a declaration confirming they have no relevant knowledge pertaining to the company that is not available to the public. On receipt of the application form the company secretary will discuss the application with the chairman to obtain approval to trade. No trading can be undertaken before the application receives the written approval of the company secretary.

A copy of the trading policy has been posted to the corporate governance section of the company's website.

The company's code of conduct and share trading policy is consistent with ASX Principle 3.

Safeguard integrity in financial reporting

Financial reports

The board procedures to safeguard the integrity of the company's financial reporting require the managing director 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); Doug Curlewis; and Kerry Hoggard. The committee has a majority of independent non-executive directors and is chaired by an independent director.

Graeme McGregor is a bachelor of economics and former chief financial officer and executive director of BHP Co Ltd. He is a past national president of CPA Australia 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, Doug Curlewis is a bachelor of arts and MBA and former managing director of National Consolidated Limited, chief executive (Europe) of ICI Paints and managing director of Dulux Australia. Doug is currently a director of National Foods Limited, GUD Holdings Limited and Pacifica Group Ltd. Doug is chairman of the Pacifica audit committee.

The committee reviews the audit committee charter annually.

The charter sets out membership requirements for the committee, its responsibilities and provides that the committee shall annually assess the external auditor's actual or perceived independence by reviewing the services provided by the auditor. The charter identifies those services that the external auditor may provide, those that may not be supplied and those that require specific audit committee approval.

The committee has further recommended that any former lead engagement partner of the firm involved in the company's external audit should not be invited 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.

A copy of the audit committee charter, which includes procedures for the selection and appointment of the external auditors, has been posted to the corporate governance section of the company's website.

The financial reporting system of the company is consistent with ASX Principle 4.

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.

A copy of the disclosure policy has been posted to the corporate governance section of the company's website.

The company's disclosure policy is consistent with ASX Principle 5.

Rights of shareholders

Communication

The company is mindful of the importance of maintaining effective communications with shareholders and, during the year, the company established a formal communications policy, which has been posted to the corporate governance section of the company's website.

External auditor

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

The company's policy in relation to the rights of shareholders is consistent with ASX Principle 6.

Identifying and managing risk

The board is committed to identifying, assessing, monitoring, and managing its major business risks at a level appropriate to its global business activities. To support and maintain this objective, the audit committee has established detailed policies on risk oversight and management by approving a global risk management charter that specifies the responsibilities of the general manager, global risk management (which includes responsibility for the internal audit function). This charter also provides comprehensive global authority to conduct internal audits, risk reviews, and systems-based analyses of the internal controls in major business systems operating within all significant company entities worldwide.

The general manager, global risk management reports directly to the managing director and provides a written report of his activities at each meeting of the audit committee. In doing so he will have direct and continual access to the chairman of the audit committee and its members.

In addition, the company has implemented a range of global systems, programs, and policies with the objective of risk identification and management, which include the following:

- a comprehensive occupational health, safety and environmental (HSE) program. The company publishes an annual HSE report on its performance across a range of environment, health and safety parameters, including specific targets for continuous improvement;
- a comprehensive annual insurance program including external risk management surveys;

- a board approved treasury policy to manage foreign exchange risks;
- guidelines and limits for approval of capital expenditure and investments;
- annual budgeting and monthly reporting systems for all business units which monitor performance against budget targets;
- a planning process involving the preparation of five year strategic plans;
- appropriate due diligence systems for acquisitions and divestments; and
- risk self-assessment surveys of all major business units worldwide.

Integrity of financial statements

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

A summary of the company's risk management policy and internal compliance system has been posted to the corporate governance section of the company's website.

The management of risk is consistent with ASX Principle 7

Board and management performance

The board

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

The board has adopted a process to facilitate its performance assessment and an evaluation of the performance of the board was completed in the 2003–2004 year. This process included the completion by directors of a detailed questionnaire, an individual interview of each director by an external consultant and discussion by the board.

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 manner in which the performance of the board is assessed is consistent with ASX Principle 8.

A summary of the process for performance evaluation has been posted to the corporate governance section of the company's website.

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 policy for determining the nature and amount of the remuneration of executives is set out in the remuneration report section of the directors' report on pages 36 to 38.

Under the company's executive and employee share plans the number of shares provided 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 managing director, which formalises the terms and conditions of appointment, including termination payments.

Remuneration committee

The three members of the remuneration committee are Dick Warburton (chairman), Donald McGauchie and Kerry Hoggard. The committee has a majority of independent directors.

The committee's formal charter includes responsibility to review and recommend to the board the remuneration packages and policies applicable to key executives and directors.

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

A copy of the remuneration committee charter has been posted to the company's website.

Remuneration of non-executive directors

The board's policy with regard to non-executive director remuneration is set out in the remuneration report section of the directors' report on pages 36 to 38.

The company's remuneration policies are consistent with ASX Principle 9.

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 political statements.

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

During the 2003–2004 financial year, Nufarm established a formal code of conduct, which has been posted to the corporate governance section of the company's website.

The manner in which the company recognises the interests of shareholders is consistent with ASX Principle 10.

DIRECTORS' REPORT

The board of directors of Nufarm Limited (Nufarm) submits its report for the period ended 31 July 2004.

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
DG McGauchie AO (appointed 19 December 2003)
GW McGregor AO
Sir Dryden Spring (retired 11 December 2003)
Dr JW Stocker AO
RFE Warburton

Unless otherwise indicated, all directors held their position as a director throughout the entire period and up to the date of this report.

The company secretary is R Heath.

Details of the qualifications and experience of the directors and company secretary are set out on pages 26 to 29.

Directors' interests

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

	Nufarm Ltd Ordinary shares	Fernz Corporation (NZ) Ltd Capital notes
KM Hoggard[1,4]	5,869,837	
DJ Rathbone[1,2]	30,696,167	
GDW Curlewis	24,787	
Dr WB Goodfellow[4,5]	1,464,528	2,270,000
DG McGauchie	3,817	
GW McGregor[4]	32,418	
Sir Dryden Spring[3]	8,463	25,000
Dr JW Stocker[4]	26,546	
RFE Warburton[4]	61,513	

1 KM Hoggard and DJ Rathbone have a non-beneficial interest in 286,603 shares as trustees of the Nufarm Limited staff share plan.
2 The shareholding of DJ Rathbone includes his relevant interests in Falls Creek No 2 Pty Ltd. Refer substantial shareholder information on page 91 of this report.
3 Witham Trust, an entity controlled by an associate of Sir Dryden Spring, is the holder of 20,000 Capital Notes.
4 The shareholdings of KM Hoggard, Dr WB Goodfellow, GW McGregor, Dr JW Stocker and RFE Warburton include shares issued under the company's non-executive director share plan and held by ASX Perpetual Registrars Limited as trustee of the plan.
5 The shareholding of Dr WB Goodfellow includes his relevant interest in:
(i) St Kentigern Trust Board (429,855 shares and 2,270,000 capital notes) – Dr Goodfellow is chairman of the trust board;
(ii) three trusts of which he is a non beneficial trustee (807,039 shares);
(iii) Waikato Investment Company Limited (113,616 shares).

DIRECTORS' REPORT CONTINUED

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 below.

Directors' meetings

					Committees			
Director	Board		Audit		Remuneration		Nomination	
	A	B	A	B	A	B	A	B
KM Hoggard	8	8	4	4	2	2	2	2
DJ Rathbone	8	8						
GDW Curlewis	8	8	2	2	2	2	2	2
Dr WB Goodfellow[2]	8	8		1				
DG McGauchie	5	3						
GW McGregor	8	8	4	4				
Sir Dryden Spring	2	2	2	2				
Dr JW Stocker[1]	8	7						
RFE Warburton	8	8			2	2	2	2

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

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

[1] Dr J Stocker tendered an apology for the meeting of directors held on 12 May 2004. On 12 May 2004 Dr Stocker attended a board meeting of a group subsidiary company in France.

[2] All non-executive directors are entitled to attend any meetings of committees of directors. Where a director has attended a committee meeting, the attendance is noted in the relevant column in the table of directors' meetings.

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

The details of the functions and membership of the committees of the board are presented in the statement of corporate governance on pages 30 to 33.

Principal activities and changes

Nufarm 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 2,613 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 2004 is $76.2 million. The comparable figure for the 12 months to 31 July 2003 was $77.1 million, which included a one-off taxation benefit of $12.8 million resulting from the company adopting the Australian consolidation taxation regime. Operating profit for the 12 months to 31 July 2003 was $64.3 million.

DIRECTORS' REPORT CONTINUED

Dividends

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

	$000
The final dividend for 2002–2003 of 13 cents paid 7 November 2003	$20,470
The interim dividend for 2003–2004 of 8 cents paid 28 April 2004	$13,186
The final dividend for 2003–2004 of 15 cents as declared and recommended by the directors is payable 12 November 2004	$25,160

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 and the business review on pages 10 to 23.

State of affairs

The state of the company's affairs are set out in the managing director's review and the business review on pages 10 to 23.

Events after end of financial year

On 29 September 2004, Nufarm signed a memorandum of understanding, subject to due diligence and board approval, to acquire 49.9 per cent of Agripec, a Brazilian crop protection company. The consideration is expected to be USD120 million.

The company is in advanced discussions relating to the sale of its pharmaceutical intermediate business (SEAC) and its Nufarm Specialty Products subsidiary. The expected proceeds will be in excess of their carrying values.

Garry Hounsell was appointed a director from 1 October 2004

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 on pages 10 to 23.

Environmental performance

Details of Nufarm's performance in relation to environmental regulations are set out on pages 16 to 18.

The company publishes an annual HSE report. This report can be viewed on the company's website or a copy made available upon request to the company secretary.

Remuneration report

Group executive

The Nufarm remuneration policy has been developed to ensure the company attracts and retains the calibre of people required to successfully manage a large diversified international company.

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.

The company has adopted a remuneration policy based on total target reward (TTR), which comprises two 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 for Australian executives is at the 50th percentile of the *Mercer Survey of Australian Major Corporates*,
- an incentive program – the first half of the incentive program reflects achievement of specific business objectives over six monthly periods and is paid in cash. The second half is linked to meeting predetermined financial objectives for the full year and is delivered in a mixture of shares and options. The exception is the current managing director who is paid in cash because of the very substantial shareholding he currently controls in the company. For the remaining executives this payment is made in equity which ensures a longer term focus to achieve benefit consistent with increases in sustained shareholder value.

Each year, the board establishes performance hurdles for the incentive program. These hurdles reflect targets for specific objectives and increasing company value, consistent with the company's business and investment strategies.

If the financial objectives are achieved and the incentives are paid in full, the TTR will meet the company's TTR policy position of the upper quartile of the *Mercer Survey of Australian Major Corporates*.

In the case of the managing director, the incentives may represent 50 per cent of his total remuneration. For other group executives, it may represent 40 per cent of total remuneration.

The performance hurdle for the incentive program is based on return on funds employed (ROFE) in the business. *Return* is calculated on 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.

At the end of each financial year the board:

- assesses company performance against the performance condition to determine the percentage of any offer to be made under the incentive program; and
- reviews target ROFE for the incentive program for the following financial period.

The remuneration committee and the board review the choice of the performance condition on an annual basis. The company believes ROFE is an appropriate performance condition for the following reasons.

For many years the board has measured the company's performance using 'economic value added' methodology. It is believed that if the company can consistently add economic value (a satisfactory margin above the cost of capital), then this will be recognised in share value.

This measurement ensures management is focused on the efficient use of capital and the measure remains effective regardless of the mix of equity and debt which may change from time to time.

Since migration of the company to Australia in January 2000, the ROFE hurdles have been increased progressively for the first half of the incentive program from 12 per cent to 13.25 per cent, and for the second half from 13.5 per cent to 14.25 per cent. Over that period the payment of total incentives has been: 2001 – 100 per cent; 2002 – 77.4 per cent; 2003 – 100 per cent; 2004 – 100 per cent. The ROFE hurdles for 2005 have been set at 14 per cent and 14.75 per cent respectivley. Shareholder returns comprising dividend and share value have been as follows.

Year	Dividend rate	Share price at 31 July
2001	18	$2.85
2002	18	$3.35
2003	20	$4.39
2004	23	$6.09

Non-executive directors

The board's policy with regard to non-executive director remuneration is to position board remuneration at the market median with comparable sized listed entities.

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 2003 annual general meeting, shareholders approved an aggregate of $900,000.

Set out below are details of the annual fees payable from 1 November 2004.

Chairman	$ 240,000
Director board fee	$ 95,000
Chairman audit committee	$ 15,000
Chairman other board committees[1,2]	$ 10,000
Member audit committee	$ 5,000
Member other board committees[3]	$ 2,500

1 The chairman, KM Hoggard, receives no fees for either his role as chairman of the nomination committee and/or membership of other committees.

2 Dr J Stocker receives a fee of $10,000 for his role in providing scientific, research and development analysis for a group subsidiary company in France.

3 The members of the remuneration committee and nomination committee are common. Only one fee is paid for membership of these two committees.

The board has created a non-executive director share plan whereby a director can elect to commit a proportion of director fees to acquire company shares. The number of shares available in 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. Shares in the plan will not vest until the earlier of three years or retirement. On 31 October 2003, directors resolved unanimously to discontinue the directors retirement benefit plan and benefits accrued under the plan were calculated and, at the option of the relevant director, have been converted into shares or have been paid to the director's superannuation fund.

DIRECTORS' 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	Fees $	Super-annuation $	Equity $	Retirement benefit plan[1] $	Total $
KM Hoggard	155,200	16,560	28,800[2]	155,550	356,110
GDW Curlewis	63,200	17,460		50,360	131,020
Dr WB Goodfellow	58,825	6,266	10,800[2]	150,588	226,479
DG McGauchie	45,763	4,119			49,882
GW McGregor	73,200	7,560	10,800[2]	48,190	139,750
Sir Dryden Spring	25,177	2,266		149,792[3]	177,235
Dr JW Stocker	68,200	7,110	10,800[2]	68,500	154,610
RFE Warburton	68,200	7,110	10,800[2]	150,500	236,610

1 During the financial period directors resolved to discontinue the retirement benefit plan. Accrued benefits under the retirement benefit plan were calculated and paid to directors, as set out below.

	Base fee	Superannuation	Equity	Total
KM Hoggard	73109		82,441	155,550
GDW Curlewis		50,360		50,360
WB Goodfellow			150,588	150,588
GW McGregor			48,190	48,190
Dr JW Stocker			68,500	68,500
RFE Warburton			150,500	150,500

2 During the course of the financial period the company created a non-executive director share plan, which enables directors to elect to sacrifice 20 per cent of base director fees to accquire company shares. The value of such shares is disclosed as equity.

3 Upon his retirement as a director, Sir Dryden Spring was paid a retirement benefit of $149,792. This was the amount accrued under the retirement benefit plan, which was discontinued on 31 October 2003.

Executives of Nufarm Limited and the consolidated entity

Name	Salary $	Cash bonus $	Non-monetary benefit[1] $	Super-annuation $	Equity $	Total $
Managing Director						
DJ Rathbone	832,769	953,140	69,995	12,075		1,867,979
Other executives						
DA Pullan	351,219	159,000	46,331	65,373	151,200	773,123
RF Ooms	349,717	149,000	11,716	63,574	141,736	715,743
KP Martin	346,140	146,468	25,327	38,318	141,736	697,989
JA Allen	318,394	92,832	21,758	102,000	150,000	684,984
B Benson	311,865	119,999	15,529	38,676	109,989	596,058

1 Benefits include, where applicable, motor vehicle costs, allowances and FBT.

DIRECTORS' 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 2004 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 $	Earliest exercise date	Expiry date
77,514[1]	3.08	1 March 2005	1 March 2005
871,249[2]	2.70	26 October 2004	26 October 2011
566,443[2]	2.70	13 December 2004	13 December 2011

1 Options issued to eligible staff under the second offer under the United Kingdom savings-related share option scheme (1997). No further 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 are no monetary limits to the extent of this indemnity.

Rounding of amounts

The parent entity is a company of the kind specified in Australian Securities and 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
29 September 2004

STATEMENT OF FINANCIAL PERFORMANCE

12 MONTHS ENDED 31 JULY 2004

	Note	Consolidated 31.7.2004 $000	Consolidated 31.7.2003 $000	Parent 31.7.2004 $000	Parent 31.7.2003 $000
Revenue from sale of goods		1,576,815	1,458,811	70,085	95,852
Cost of sales		(890,003)	(822,614)	(35,173)	(54,972)
Gross profit		686,812	636,197	34,912	40,880
Interest income	2	1,265	1,220	20,645	15,323
Other revenue from ordinary activities	2	37,828	21,034	40,871	41,424
		725,905	658,451	96,428	97,627
Expenses					
Depreciation and amortisation	2	(64,807)	(67,264)	(2,444)	(2,454)
Borrowing costs	2	(33,603)	(39,545)	(21,451)	(15,777)
Operating expenses	2	(521,013)	(461,787)	(22,696)	(31,601)
Total expenses		(619,423)	(568,596)	(46,591)	(49,832)
		106,482	89,855	49,837	47,795
Share of net profits of associates	9	3,415	3,797	–	–
Profit from ordinary activities before income tax expense		109,897	93,652	49,837	47,795
Income tax (expense)/credit relating to ordinary activities	6(a)	(31,621)	(14,733)	(3,691)	7,592
Net profit		78,276	78,919	46,146	55,387
Net profit attributable to outside equity interest		(2,074)	(1,826)	–	–
Net profit attributable to members of the parent entity		**76,202**	**77,093**	46,146	55,387
Net exchange differences arising on translation of opening net investment in foreign operations, net of related hedges	20(a)	(6,749)	3,460	–	–
Share issue costs		(450)	–	(450)	–
Capital profit reserve decrease		(6)	–	–	–
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		(7,205)	2,844	(450)	(6)
Total changes in equity other than those resulting from transactions with owners as owners		68,997	79,937	45,696	55,381
Earnings per share					
Statutory earnings per share	3				
Basic earnings per share (cents per share)		47.1	49.5		
Diluted earnings per share (cents per share)		46.7	49.0		
Operating earnings per share	3				
after excluding the non–recurring item described in note 5.					
Basic operating earnings per share (cents per share)		47.1	41.3		
Diluted operating earnings per share (cents per share)		46.7	40.9		

The accompanying notes form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

AT 31 JULY 2004

	Note	Consolidated 31.7.2004 $000	Consolidated 31.7.2003 $000	Parent 31.7.2004 $000	Parent 31.7.2003 $000
Current assets					
Cash assets		56,826	28,507	654	507
Receivables	7	232,518	311,607	197,963	129,837
Inventories	8	432,139	356,943	15,610	15,455
Tax assets	6(b)	6,858	6,625	1,583	–
Prepayments		7,951	7,774	388	325
Total current assets		736,292	711,456	216,198	146,124
Non–current assets					
Receivables	7	38,535	37,775	34,180	27,792
Equity accounted investments	9	24,953	18,281	6,341	–
Other financial assets	10	3,713	6,172	421,467	421,961
Property, plant and equipment	11	376,632	382,266	19,310	20,166
Deferred tax assets	6(b)	34,302	36,632	21,374	28,106
Intangible assets	12	196,021	144,551	–	–
Other	13	21,130	20,681	–	–
Total non-current assets		695,286	646,358	502,672	498,025
TOTAL ASSETS		1,431,578	1,357,814	718,870	644,149
Current liabilities					
Payables	14	397,939	336,460	71,045	63,015
Interest bearing liabilities	15	112,411	126,850	19,645	15,963
Tax liabilities		15,401	25,711	–	10,459
Provisions	16	25,111	17,904	544	622
Total current liabilities		550,862	506,925	91,234	90,059
Non–current liabilities					
Interest bearing liabilities	15	287,180	353,670	212,969	210,802
Deferred tax liabilities	6(c)	22,673	25,347	2,018	4,432
Provisions	16	10,369	9,551	50	58
Total non-current liabilities		320,222	388,568	215,037	215,292
TOTAL LIABILITIES		871,084	895,493	306,271	305,351
NET ASSETS		560,494	462,321	412,599	338,798
Equity					
Contributed equity	19	210,530	149,219	210,530	149,219
Reserves	20	17,854	25,671	40,074	40,074
Retained profits	21	324,401	280,793	161,995	149,505
Equity attributable to members of the parent entity		552,785	455,683	412,599	338,798
Outside equity interest	22	7,709	6,638	–	–
TOTAL EQUITY	23	560,494	462,321	412,599	338,798

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS

12 MONTHS ENDED 31 JULY 2004

	Note	Consolidated 31.7.2004 $000	Consolidated 31.7.2003 $000	Parent 31.7.2004 $000	Parent 31.7.2003 $000
Inflows/ (outflows)					
Cash flows from operating activities					
Receipts from customers		1,747,974	1,565,431	87,956	122,817
Dividends received		3,099	2,979	34,699	29,383
Interest received		1,182	6,064	16,271	14,626
Payments to suppliers and employees		(1,471,392)	(1,287,718)	(68,807)	(99,067)
Borrowing costs paid		(33,603)	(44,871)	(15,834)	(10,452)
Income tax paid		(44,586)	(21,777)	(5,509)	(2,385)
Net operating cash flows	24(b)	202,674	220,108	48,776	54,922
Cash flows from investing activities					
Proceeds from sale of non-current assets		18,399	1,153	154	62
Proceeds from sale of businesses	24(c)	6,692	57,644	724	22,269
Payments for plant and equipment		(46,693)	(49,305)	(1,626)	(4,056)
Payments for investments		(6,399)	(202)	(6,341)	–
Payments for major project development expenditure, trademarks and technology rights		(4,617)	(636)	–	–
Proceeds from foreign currency investment hedges (net)		4,894	44,000	–	–
Purchase of businesses, net of cash acquired	24(d)	(86,309)	(108,812)	–	(4,952)
Net investing cash flows		(114,033)	(56,158)	(7,089)	13,323
Cash flows from financing activities					
Proceeds from issue of shares		57,759	–	57,759	–
Proceeds from call on partly paid shares		93	463	93	463
Proceeds from borrowings		–	10,428	–	–
Advances to controlled entities (net)		–	–	(69,257)	(52,187)
Repayment of short term debt (net)		(41,089)	(98,524)	–	–
Repayment of borrowings		(68,626)	(23,103)	–	–
Repayment of finance lease principal		(1,080)	(1,233)	–	–
Proceeds from foreign currency loans hedges (net)			342	–	–
Dividends paid		(34,457)	(28,658)	(33,656)	(27,976)
Net financing cash flows		(87,400)	(140,285)	(45,061)	(79,700)
Net increase (decrease) in cash held		1,241	23,665	(3,374)	(11,455)
Cash at the beginning of the period		(15,880)	(40,228)	(15,456)	(3,830)
Exchange rate fluctuations on foreign cash balances		(833)	683	(161)	(171)
Cash at the end of the period	24(a)	(15,472)	(15,880)	(18,991)	(15,456)

The accompanying notes form an integral part of these financial statements

1 Statements 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.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

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.

The practice of hedging net investments in self-sustaining foreign operations was discontinued in June 2004.

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. Interest income is recognised when the entity acquires control of the right to receive the interest payment. Dividend income is recognised when the entity acquires control of the right to receive the dividend payment.

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. Receivables from related parties are recognised and carried at the nominal amount due.

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.

1 Statements of significant accounting policies continued

In the statement of financial performance, the cost of sales is shown as a direct cost with overhead expenses included in the operating expenses on a gross basis in the financial performance disclosures note.

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.

Interests in joint venture entities are carried at the lower of the equity-accounted amount and recoverable amount in the consolidated financial report.

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.

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. Payables to related parties are carried at the principal amount.

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.

Other provisions include amounts for royalties, indirect taxes, real estate taxes, subsidiaries risk, social costs and other miscellaneous provisions.

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. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

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) are expensed as incurred.

Derivative financial instruments

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 swaps 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 agreement, the company agrees with the counter-party 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 agreement 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.

Counter-parties 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 counter-parties 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.

2 Financial performance disclosures

Profit from ordinary activities is after charging the following revenues

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Interest Income				
Interest				
Wholly owned controlled entities	–	–	14,544	15,282
Other	1,265	1,220	6,101	41
Total interest income	1,265	1,220	20,645	15,323
Other revenue				
Dividends from				
Wholly owned controlled entities	–	–	34,699	29,383
Total dividends	–	–	34,699	29,383
Management fees from controlled entities	–	–	4,125	2,665
Sundry income	5,138	3,708	1,893	384
Gross proceeds from sale of businesses	11,672	–	–	–
Gross proceeds from sale of non-current assets	21,018	17,326	154	8,992
Total other revenue	37,828	21,034	40,871	41,424

Profit from ordinary activities is after charging the following expenses

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Depreciation and amortisation				
Amortisation of				
Goodwill	(10,173)	(11,198)	–	–
Technology rights and trademarks	(6,692)	(2,956)	–	–
Accelerated amortisation of Fernz Specialty Chemicals intangibles	–	(6,194)	–	–
Plant and equipment under lease	(274)	(330)	–	–
Deferred expenditure	(3,884)	(4,324)	–	–
Depreciation of				
Buildings and improvements	(3,771)	(6,520)	(364)	(1,433)
Plant and equipment	(40,013)	(35,742)	(2,080)	(1,021)
Total depreciation and amortisation	(64,807)	(67,264)	(2,444)	(2,454)
Borrowing costs				
Interest paid or payable to				
Wholly owned controlled entities	–	–	(21,451)	(21,084)
Other unrelated parties	(29,766)	(37,357)	–	5,307
Costs of securitisation program	(3,593)	(1,829)	–	–
Finance lease charges	(244)	(359)	–	–
Total borrowing costs	(33,603)	(39,545)	(21,451)	(15,777)

2 Financial performance disclosures continued

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Operating expenses				
Carrying cost of disposed non-current assets	(5,864)	(19,727)	(248)	(9,633)
Other costs associated with disposal of non-current assets	(3,566)	–	–	–
Carrying cost of disposed businesses	(10,321)	–	–	–
Staff expenses	(223,032)	(206,750)	(8,788)	(9,696)
Occupancy expenses	(24,984)	(24,640)	(929)	(1,656)
Plant related expenses	(61,992)	(59,259)	(1,900)	(2,372)
Sales and distribution expenses	(88,775)	(68,113)	(5,229)	(5,073)
Research and development costs	(14,132)	(12,183)	(1,038)	(885)
Travel	(16,701)	(16,545)	(702)	(931)
Insurance	(22,872)	(14, 843)	(1,181)	(860)
Operating lease expenses	(9,992)	(8,394)	–	–
Provision for doubtful debts expense	(4,060)	(983)	–	–
Other operating expenses	(34,722)	(30,350)	(2,681)	(495)
Total operating expenses	(521,013)	(461,787)	(22,696)	(31,601)
Expenses include				
Net foreign exchange gains (losses) from				
Hedges on foreign currency earnings for year	1,419	1,847	–	–
Unhedged receivables and payables	884	3,312	(444)	40
Customer bad debts written off	(724)	(657)	32	(11)
Net charge to provision for stock obsolescence	961	(1,027)	(80)	–
Donations	(92)	(59)	–	–
Operating lease rentals	(9,992)	(8,394)	(18)	(61)
Other disclosures				
Gain (loss) on disposal of non-current assets (see note 39)	11,588	(2,022)	(94)	(641)
Gain (loss) on sale of businesses (see note 39)	1,351	(454)	–	114
Gain (loss) on sale of investment	–	(379)	–	–
Superannuation contributions – defined benefit fund	(2,913)	(2,976)	–	–
Redundancy costs (see note 39)	(10,750)	–	–	–

3 Earnings per share

	Consolidated 2004 $000	Consolidated 2003 $000
Net profit	78,276	78,919
Net profit attributable to outside equity interest	(2,074)	(1,826)
Earnings used in the calculations of basic and diluted earnings per share	76,202	77,093
Subtract non-recurring item (refer note 5)	–	(12,824)
Earnings excluding non-recurring item used in the calculations of operating earnings per share	76,202	64,269

3 Earnings per share continued

	Number of shares 2004	Number of shares 2003
Weighted average number of ordinary shares used in calculation of basic earnings per share	161,842,546	155,660,979
Weighted average number of shares options used in calculation of diluted earnings per share	1,437,692	1,564,115
Weighted average number of ordinary shares used in calculation of diluted earnings per share	163,280,238	157,225,094

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.

	2004	2003
Basic earnings per share (cents per share)	47.1	49.5
Diluted earnings per share (cents per share)	46.7	49.0
Operating earnings per share		
Basic earnings per share excluding non-recurring tax consolidation item (cents per shares)	47.1	41.3
Diluted earnings per share excluding non-recurring tax consolidation item (cents per shares)	46.7	40.9

4 Segments

	Crop protection $000	Industrial chemicals $000	Other $000	Eliminations $000	Consolidated $000
			2004		
Business segments					
Revenue					
Sales to outside customers	1,441,381	134,972	462	–	1,576,815
Inter-segment sales	2,026	3,045	–	(5,071)	–
Sales revenue	1,443,407	138,017	462	(5,071)	1,576,815
Other revenue	25,634	1,367	10,827	–	37,828
Share of net profits of associates	3,279	136	–	–	3,415
Total segment revenue	1,472,320	139,520	11,289	(5,071)	1,618,058
Unallocated revenue					1,265
Total consolidated revenue					1,619,323
Results					
Segment result	161,922	15,275	(7,282)	–	169,915
Unallocated expenses					(60,018)
Profit from ordinary activities before taxation					109,897
Income tax expense					(31,621)
Net profit					78,276
Assets					
Segment assets	1,172,433	161,470	24,098	–	1,358,001
Unallocated assets					73,577
Total assets					1,431,578
Liabilities					
Segment liabilities	385,472	37,482	5,354	–	428,308
Unallocated liabilities					442,776
Total liabilities					871,084
Other segment information					
Equity accounted investments included in segment assets	24,000	953	–	–	24,953
Acquisition of property, plant and equipment, intangible assets and other non-current assets	122,223	15,898	318	–	138,439
Depreciation	34,732	8,844	208	–	43,784
Amortisation	18,851	488	1,684	–	21,023
Other non-cash expenses	9,918	1,930	4,070	–	15,918

NOTES

NOTES TO THE FINANCIAL STATEMENTS

4 Segments continued

2004	Australasia $000	Europe $000	Americas $000	Consolidated $000
Geographic segments				
Revenue				
Sales to outside customers	762,003	374,485	440,327	1,576,815
Interest and other revenue	16,037	24,739	467	41,243
Total segment revenue	778,040	399,224	440,794	1,618,058
Assets				
Segment assets	582,723	610,338	238,517	1,431,578
Other segment information				
Acquisition of property, plant and equipment, intangible assets and other non-current assets	31,938	85,502	20,999	138,439

2003	Crop protection $000	Industrial chemicals $000	Other $000	Eliminations $000	Consolidated $000
Business segments					
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	26,996	–	1,282,167
Unallocated assets					75,647
Total assets					1,357,814
Liabilities					
Segment liabilities	311,437	42,370	4,987	–	358,794
Unallocated liabilities					536,699
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

	Australasia $000	Europe $000	Americas $000	Consolidated $000
Geographic segments		2003		
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 revenue	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

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, insecticides 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.

	Consolidated		Parent	
	2004 $000	2003 $000	2004 $000	2003 $000
5 Non-recurring item				
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 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Reconciliation to income tax expense provided in the financial statements				
Profit from ordinary activities	109,897	93,652	49,837	47,795
Prima facie tax thereon at 30%	32,969	28,096	14,951	14,339
Tax effect of permanent and other differences				
Depreciation and amortisation not deductible	1,668	1,686	–	–
Research and development allowances	(138)	(117)	–	–
Other items not deductible	3,802	1,082	454	52
Exempt dividends received	–	–	(10,410)	(8,815)
Other non-assessible income	(5)	(3,638)	–	(559)
Share of results of associates (net of tax)	(1,025)	(1,139)	–	–
Amounts over-provided in prior years	(2,085)	(850)	(1,575)	–
Unrecognised tax losses utilised	(3,767)	(1,799)	–	–
Restatement of deferred tax balances due to income tax rate changes	(815)	–	–	–
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	1,017	4,236	271	215
Income tax expense relating to ordinary activities	31,621	14,733	3,691	(7,592)

Tax consolidation

Nufarm Limited and its wholly-owned Australian entities formed a consolidated tax group effective 1 August 2002 and formally notified the ATO when lodging its 2003 consolidated tax return. At 31 July 2003 this 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. The creation of the tax consolidation group was reflected in the 2003 year.

Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity, Nufarm Limited, default on its tax payment obligations.

b) Tax assets

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Attributable to carry forward tax losses that have accumulated in several tax jurisdictions. These losses will be utilised against future profits in those jurisdictions.	25,607	26,350	3,791	11,917
Tax losses offset against current tax liabilities and deferred tax liabilities	(9,718)	(8,219)	–	(5,039)
	15,889	18,131	3,791	6,878
Attributable to timing differences				
Depreciation	10,713	11,022	835	696
Provision for employee entitlements	4,936	4,536	196	189
Provision for doubtful debts	1,342	365	27	74
Provision for stock obsolescence	548	240	121	94
Balances of tax consolidation group entities transferred to parent entity	–	–	16,439	19,929
Other	7,732	8,963	(35)	246
	41,160	43,257	21,374	28,106
Current portion	6,858	6,625	–	–
Non-current portion	34,302	36,632	21,374	28,106

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
6 Taxation continued				
Income tax losses				
Deferred tax benefits arising from tax losses of a controlled entity have not been recognised as realisation of the benefit is not considered virtually certain.	22,277	26,044	–	–
c) Deferred tax				
Attributable to timing differences				
Depreciation and amortisation	31,010	25,540	–	–
Prepayments and deferred expenses	(70)	2,656	–	–
Balances of tax consolidation group entities transferred to parent entity	–	–	2,018	4,432
Other	1,451	2,475	–	–
Tax asset offset	(9,718)	(5,324)	–	–
Total deferred tax	22,673	25,347	2,018	4,432
7 Receivables				
Trade debtors and other receivables are non-interest bearing and are generally for less than 90 day terms				
Trade debtors	146,438	253,258	8,670	9,180
Provision for doubtful debts	(3,237)	(3,142)	(82)	(224)
	143,201	250,116	8,588	8,956
Other amounts owing by				
Wholly owned controlled entities	–	–	188,750	117,538
Hedge receivables (refer notes 1 and 30)	32,417	32,326	34,180	27,792
Other receivables owing by associated entities	56,202	35,944	–	–
Other	31,551	26,990	625	2,626
Proceeds receivable from sale of businesses and non-current assets	10,895	4,006	–	717
Provision for non-collectibility of sale proceeds	(3,213)	–	–	–
Total receivables	271,053	349,382	232,143	157,629
Current portion	232,518	311,607	197,963	129,837
Non-current portion	38,535	37,775	34,180	27,792
8 Inventories				
Raw materials	111,851	86,613	2,332	3,050
Work in progress	11,906	7,765	728	590
Finished goods	314,706	269,996	12,916	12,099
	438,463	364,374	15,976	15,739
Provision for obsolescence of finished goods	(6,324)	(7,431)	(366)	(284)
Total inventories	432,139	356,943	15,610	15,455

9 Equity accounted investments

	Retained earnings $000	Cost $000	Carrying value $000
		2004	
Aggregate carrying amount of associates			
Balance at the beginning of the year	15,365	2,916	18,281
Exchange adjustment	452	(67)	385
Share of net result	3,415	–	3,415
New investment	–	6,341	6,341
Dividends received	(3,469)	–	(3,469)
Balance at the end of the year	15,763	9,190	24,953
		2003	
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

	Consolidated 2004 $000	Consolidated 2003 $000
Share of associates profits		
Operating profits before income tax	5,075	4,332
Income tax expense	(1,660)	(535)
Share of net profits of associates	3,415	3,797
Financial summary of material associate		
Bayer CropScience Nufarm Limited		
Total assets	27,814	26,436
Total liabilities	10,289	10,931
Share of profits of associate	3,001	4,102
Agchem Receivables Corp		
Total assets	53,174	33,703
Total liabilities	52,945	33,551
Share of profits of associate	35	55

9 Equity accounted investments continued

	Balance date of associate	Ownership and voting interest 2004	Ownership and voting interest 2003	Carrying amount 2004 $000	Carrying amount 2003 $000
Details of material interests in associated entities are as follows:					
Bayer CropScience Nufarm Limited (formerly Aventis Nufarm Limited) UK agricultural chemical manufacturer	31.12.2003	25%	25%	17,158	16,629
Agchem Receivables Corp US Securitisation special purpose vehicle	31.7.2003	40%	40%	92	61
Timber Preservatives Sdn Bhd Malaysian timber preservative manufacturer	31.5.2003	49%	49%	433	846
SRFA LLC US agricultural chemical distributor	31.12.2003	50%	–	224	–
Jiangxi–Fernz Timber Protection Ltd Chinese agricultural chemical distributor	31.12.2003	50%	50%	519	581
Excel Crop Care Ltd Indian agricultural chemical manufacturer	31.3.2004	14%	–	6,341	–

Associated entities have the following commitments. Nufarm's share of capital commitments is $nil (2003: $nil) and share of finance lease commitments is $nil (2003: $nil). There are no contingent liabilities.

10 Other financial assets

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Investment in controlled entities				
Balance at the beginning of the year	–	–	245,210	245,210
Transfer of subsidiary to parent entity	–	–	2,002	–
Balance at the end of the year	–	–	247,212	245,210
Investment in other companies (at cost)				
Balance at the beginning of the year	1,083	1,085	–	–
Exchange adjustment	(10)	(2)	–	–
Balance at the end of the year	1,073	1,083	–	–
Other loans including loans to the staff share purchase schemes (refer note 32)				
Balance at the beginning of the year	5,089	6,968	176,751	192,111
Exchange adjustment	(44)	(2)	(2,496)	(15,360)
New investments during the year	58	151	–	–
Reclassified from receivables	–	510	–	–
Loans repaid during the year	(2,463)	(2,538)	–	–
Balance at the end of the year	2,640	5,089	174,255	176,751
Total other financial assets	3,713	6,172	421,467	421,961

11 Property, plant and equipment

	Consolidated					
	Freehold land and improvements $000	Buildings $000	Plant and machinery $000	Leased plant and machinery $000	Capital work in progess $000	Total $000
2004						
Cost						
Balance at the beginning of the year	35,153	143,715	556,312	5,404	26,088	766,672
Exchange adjustment	(270)	(3,042)	(3,952)	(64)	(127)	(7,455)
Additions	182	1,926	11,907	15	32,663	46,693
Disposals	(803)	(16,823)	(9,900)	(81)	–	(27,607)
Disposals through sale of entities	–	(127)	(4,030)	–	–	(4,157)
Transfers	776	14,670	24,033	(68)	(39,411)	–
Balance at the end of the year	35,038	140,319	574,370	5,206	19,213	774,146
Accumulated depreciation						
Balance at the beginning of the year	(1,381)	(61,503)	(319,436)	(2,086)	–	(384,406)
Exchange adjustment	(23)	1,044	2,161	26	–	3,208
Depreciated during the year	(194)	(3,771)	(39,819)	(274)	–	(44,058)
Disposals	–	14,626	9,282	–	–	23,908
Disposals through sale of entities	–	31	3,803	–	–	3,834
Transfers	–	–	(45)	45	–	–
Balance at the end of the year	(1,598)	(49,573)	(344,054)	(2,289)	–	(397,514)
Total property, plant and equipment, net	33,440	90,746	230,316	2,917	19,213	376,632
2003						
Cost						
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	–	(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	–	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

Jones Lang LaSalle valued the land and buildings portfolio on an existing use valuation at $127.4 million at 31 July 2004.

Assets pledged as security for finance leases $2.9 million (2003: $7.4 million).

Parent

	Freehold land and improvements $000	Buildings $000	Plant and machinery $000	Capital work in progess $000	Total $000
11 Property, plant and equipment continued					
			2004		
Cost					
Balance at the beginning of the year	1,809	12,870	11,175	200	26,054
Exchange adjustment	19	134	116	2	271
Additions		363	1,263	–	1,626
Disposals	–	–	(431)	–	(431)
Transfers	–	–	60	(60)	–
Balance at the end of the year	1,828	13,367	12,183	142	27,520
Accumulated depreciation					
Balance at the beginning of the year	(13)	(1,420)	(4,455)	–	(5,888)
Exchange adjustment	–	(15)	(46)	–	(61)
Depreciated during the year	(18)	(346)	(2,080)	–	(2,444)
Disposals	–	–	183	–	183
Transfers	–	–	–	–	–
Balance at the end of the year	(31)	(1,781)	(6,398)	–	(8,210)
Total property, plant and equipment, net	1,797	11,586	5,785	142	19,310
			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	(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	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

12 Intangible assets

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Goodwill				
Balance at the beginning of the year	103,835	126,844	–	–
Exchange adjustment	(3,873)	(14,073)	–	–
Acquired during the year	–	8,478	–	–
Disposals during the year	(4,383)	(22)	–	–
Amortised during the year	(10,173)	(17,392)	–	–
Balance at the end of the period	85,406	103,835	–	–
Intellectual property				
Balance at the beginning of the year	37,023	18,401	–	–
Exchange adjustment	(163)	(1,178)	–	–
Acquired during the year	80,490	22,756	–	–
Disposals during the year	(43)	–	–	–
Amortised during the year	(6,692)	(2,956)	–	–
Balance at the end of the year	110,615	37,023	–	–
Major projects development expenditure				
Balance at the beginning of the year	3,693	3,056	–	–
Expenditure capitalised during the year	240	637		
Disposals during the year	(3,933)	–	–	–
Balance at the end of the year	–	3,693	–	–
Total intangible assets	196,021	144,551	–	–

13 Other non-current assets

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Deferred product development expenditure				
Balance at the beginning of the year	16,285	11,702	–	–
Exchange adjustment	(283)	(663)	–	–
Expenditure capitalised during the year	4,539	10,604	–	–
Disposals during the year	(38)	(2,516)	–	–
Amortised during the year	(2,255)	(2,842)	–	–
Balance at the end of the year	18,248	16,285	–	–
Borrowing costs				
Balance at the beginning of the year	4,396	5,156	–	–
Exchange adjustment	37	231	–	–
Expenditure capitalised during the year	78	491	–	–
Amortised during the year	(1,629)	(1,482)	–	–
Balance at the end of the year	2,882	4,396	–	–
Total other non-current assets	21,130	20,681	–	–

14 Payables

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Trade creditors and other accruals are non-interest bearing and are generally for less than 90 day terms				
Trade creditors and accruals – unsecured	396,262	335,096	9,866	11,188
Amounts owing to				
Wholly owned controlled entities	–	–	61,179	51,827
Associated entities	1,677	1,364	–	–
Total payables	397,939	336,460	71,045	63,015

15 Interest bearing liabilities

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Capital notes Face value NZD 225,000,000 (2003: NZD 225,000,000) Long term unsecured subordinated fixed interest debt security with an election date of 15 October 2006.	203,620	201,523	–	–
On the election date, noteholders may elect to retain their capital notes for a further five year period on the terms and conditions which will be advised, or to convert some or all of their capital notes to ordinary shares in Nufarm Limited at 97.5% of the then current price of ordinary shares. On the relevant election date, the group may at its option purchase some or all of the capital notes for cash at their principal amount plus any accrued interest.				
Bank loans – unsecured	189,627	271,277	19,645	15,963
Other loans – unsecured	2,355	2,304	–	–
Subordinated loans from wholly owned controlled entities	–	–	212,969	210,802
Finance lease liabilities – secured	3,989	5,416	–	–
	399,591	480,520	232,614	226,765
Less current portion				
Bank loans – unsecured	111,099	125,407	19,645	15,963
Other loans – unsecured	23	37	–	–
Finance lease liabilities – secured	1,289	1,406	–	–
Total current interest bearing liabilities	112,411	126,850	19,645	15,963
Total non-current interest bearing liabilities	287,180	353,670	212,969	210,802
Repayment of borrowings (excluding finance leases)				
Periods ending 31 July, 2005	111,122	44,736	–	–
2006	78,528	101,134	19,645	–
2007	203,620	201,523	212,969	210,802
No specified repayment date	2,332	2,267	–	–

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	3.5	4.5	9.0	7.9
Other loans	3.1	3.1	–	–
Subordinated loans from wholly owned controlled entities	–	–	9.2	9.2
Finance lease liabilities – secured	7.7	7.7	–	–

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.
Finance lease liabilities are secured over relevant leased plant.

16 Provisions

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Employee entitlements	26,352	24,307	594	573
Restructuring	7,025	–	–	–
Other	2,103	3,148	–	107
	35,480	27,455	594	680
Less current portion				
Employee entitlements	15,983	14,756	544	515
Restructuring	7,025	–	–	–
Other	2,103	3,148	–	107
Total current provisions	25,111	17,904	544	622
Total non-current provisions	10,369	9,551	50	58
Other provisions				
Balance at the beginning of the year	3,148	2,530	107	17
Exchange adjustment	(9)	(74)	(1)	1
Additional provision	1,843	1,477	–	107
Amounts utilised during the year	(2,879)	(785)	(106)	(18)
Balance at the end of the year	2,103	3,148	–	107
Provision for redundancy and restructuring costs				
Balance at the beginning of the year	–	–	–	–
Exchange adjustment	–	–	–	–
Additional provision	11,789	–	–	–
Amounts utilised during the year	(4,764)	–	–	–
Balance at the end of the year	7,025	–	–	–

17 Contingent Liabilities

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
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.				
Guarantee facility for Eastern European joint ventures.	5,379	–	–	–
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.	5,490	–	–	–
The parent entity has guaranteed with the noteholders the issuers' obligations under the capital notes.	–	–	203,620	201,523
Environmental claim warranty Environmental guarantee given to the purchaser of land and buildings at Genneviliers for EUR 8.5 million. The guarantee will end 18 months after the expiry of the business tenancy contract. The directors do not believe that any material costs will be incurred as a result of this guarantee.	14,552	–	–	–
Guarantee upon sale of a business limited to EUR 5.34 million on account of possible remediation costs for soil and groundwater contamination. This guarantee decreases from 2004 progressively to nil in 2011. The directors do not believe that any material costs will be incurred as a result of this guarantee.	9,142	10,550	–	–
	34,563	10,550	203,620	201,523

18 Commitments

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $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 commitments are expected to be completed within 12 months.	17,224	9,999	–	–
Investments				
The company owns 70% of the Australian and Malaysian chemical formulating businesses of Mastra Holdings, which are controlled entities. The company has a commitment to acquire the remaining shares by December 2007. The cost will be between USD 2.7 million and USD 4.5 million.	min 3,845 max 6,408	4,615	–	–
The company was committed to buying 14% of the shares in Excel Crop Care Ltd, an Indian company listed on the Mumbai Stock Exchange. This transaction was completed for $6.3 million in April 2004.	–	6,348	–	–
The company was committed to buying from Bayer product registration rights in Europe. This transaction was completed for €2.0 million in January 2004.	–	3,460	–	–
		14,423		–

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:

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Not later than one year	7,195	5,725	330	890
Later than one year but not later than two years	6,306	4,811	301	777
Later than two years but not later than five years	11,073	7,101	280	1,939
Later than five years	6,936	2,651	–	1,170
	31,510	20,288	911	4,776

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:

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Not later than one year	1,392	1,636	–	–
Later than one year but not later than two years	1,736	1,363	–	–
Later than two years but not later than five years	1,180	2,908	–	–
Later than five years	–	–	–	–
	4,308	5,907	–	–
Less future finance charges	(319)	(491)	–	–
	3,989	5,416	–	–

19 Contributed equity

	Number of shares	2004 $000	2003 $000
Ordinary shares issued and fully paid			
Balance at the beginning of the year	155,823,293	149,216	147,328
Issue of shares	11,758,999	60,662	1,423
Partly paid shares fully paid up during the year	153,475	650	465
Balance at the end of the year	167,735,767	210,528	149,216
Ordinary shares issued and partly paid to 1.0 cent			
Balance at the beginning of the year	386,800	3	5
Partly paid shares fully paid up during the year	(153,475)	(1)	(2)
Balance at the end of the year	233,325	2	3
Total contributed equity	167,969,092	210,530	149,219

On 21 January 2004, 7,692,308 ordinary shares were placed with institutional investors at $5.20 per share. On 25 February 2004, 3,501,712 ordinary shares were placed with existing shareholders at $5.20 per share. Other issues, totaling 564,979 fully paid ordinary shares at an average price of $5.14 per share, were made in accordance with the Nufarm executive share plan (2000) and the employee global share plan.

20 Reserves

	Consolidated		Parent	
	2004 $000	2003 $000	2004 $000	2003 $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	(9,590)	(10,942)	–	–
Exchange fluctuation on opening net investment in overseas controlled entities	(5,478)	(30,985)	–	–
Hedging of net investment in overseas controlled entities	(1,271)	34,445	–	–
Transferred to retained profits	–	(2,108)	–	–
Balance at the end of the year	(16,339)	(9,590)	–	–
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	1,409	1,841	–	–
Transferred to retained profits	(1,061)	(432)	–	–
Balance at the end of the year	348	1,409	–	–
c) Capital profits reserve				
This reserve is used to accumulate realised capital profits				
Balance at the beginning of the year	33,852	33,852	40,074	40,074
Adjustment	(7)	–	–	–
Balance at the end of the year	33,845	33,852	40,074	40,074
Total reserves	17,854	25,671	40,074	40,074

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000

21 Retained profits

	2004	2003	2004	2003
Balance at the beginning of the year	280,793	212,670	149,505	105,018
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	76,202	77,093	46,146	55,387
Aggregate amounts transferred from reserves	1,062	2,540	–	–
Dividends paid	(33,656)	(27,976)	(33,656)	(27,976)
Balance at the end of the year	324,401	280,793	161,995	149,505

Franking credit balance

	2004	2003	2004	2003
The amount of franking credits available for the subsequent financial year are:				
Franking account balance as at the end of the year at 30% (2003: 30%)	17,436	2,285	17,436	2,285
Franking credits that will arise from the payment of income tax payable as at the end of the year	(2,048)	3,076	(2,048)	3,076
Balance at the end of the year	15,388	5,361	15,388	5,361

22 Outside equity interests

	2004	2003	2004	2003
Balance at the beginning of the year	6,638	6,285	–	–
Exchange adjustment	(557)	(735)	–	–
Investments in which a controlling interest was disposed	356	–	–	–
Share of operating profit	2,074	1,826	–	–
Decrease in outside equity interests on adoption of revised accounting standards	–	(56)	–	–
Dividends paid	(802)	(682)	–	–
Balance at the end of the year	7,709	6,638	–	–

23 Equity

	2004	2003	2004	2003
Balance at the beginning of the year	462,321	391,039	338,798	292,425
Total changes in equity recognised in the statement of financial performance	68,997	79,937	45,696	55,381
Transactions with owners as owners				
Contributed equity	61,761	1,886	61,761	1,886
Dividends	(33,656)	(10,894)	(33,656)	(10,894)
Movement in outside equity interest	1,071	353	–	–
Balance at the end of the year	560,494	462,321	412,599	338,798

24 Statement of cash flows

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
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 tems in the statement of financial position as follows:				
Cash assets	56,826	28,507	654	507
Bank overdrafts	(72,298)	(44,387)	(19,645)	(15,963)
	(15,472)	(15,880)	(18,991)	(15,456)
b) Reconciliation of net profit (loss) after income tax to net operating cash flows				
Net profit (loss) after income tax	78,276	78,919	46,146	55,387
Dividend from associated company	3,099	2,979	–	–
Less cash profit on disposal of Fernz Specialty Chemicals	–	(5,740)	–	–
Non-cash items:				
Amortisation	20,749	24,672	–	–
Depreciation	44,058	42,592	2,444	2,454
Losses on disposal of fixed assets	(100)	2,401	95	641
Unrealised foreign currency gains	–	–	–	(209)
Movement in provisions for:				
Deferred tax	(2,674)	2,372	2,018	3,727
Tax assets	119	(7,854)	(9,357)	(15,405)
Deferred product development expenses	72	(8,578)	–	–
Exchange rate change on foreign controlled entities provisions	(49)	1,132	83	535
	62,175	56,737	(4,717)	(8,257)
Movements in working capital items:				
(Increase)/decrease in receivables	63,228	38,909	2,361	5,670
(Increase)/decrease in inventories	(72,683)	347	(155)	736
Increase/(decrease) in payables	88,007	82,602	(1,471)	(6,930)
Increase/(decrease) in income tax payable	(10,830)	(3,346)	5,437	6,534
Exchange rate change on foreign controlled entities working capital items	(5,183)	(27,502)	169	1,410
Share of profits of associates net of tax	(3,415)	(3,797)	–	–
Group tax setoff	–	–	–	455
Movements in intercompany balances relating to cash transactions	–	–	1,006	(83)
	59,124	87,213	7,347	7,792
Net operating cash flows	202,674	220,108	48,776	54,922

24 Statement of cash flows continued

c) Businesses sold

Businesses sold during 2004 include the Florigene group, Agrow, MCFI, Pharma Pacific and the Wettasoil trademark. The 2003 business sold was the Fernz specialty chemical business in Australia and New Zealand.

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Net assets disposed of were:				
Receivables	882	–	–	–
Inventory	397	41,165	–	12,714
Property, plant and equipment	323	8,890	–	7,271
Intangibles	6,936	–	–	–
Cash assets	642	–	–	–
Tax assets	1,978	–	–	–
Payables	(1,724)	(403)	–	(120)
Other	887	–	–	–
Cash gain on disposal	1,351	8,200	–	1,687
Amounts settled for businesses sold in prior years	724	2,252	724	717
Total consideration	12,396	60,104	724	22,269
Cash deferred	(5,062)	–	–	–
Cash consideration received	7,334	60,104	724	22,269
Cash paid for closure costs	–	(2,460)	–	–
Cash included in assets sold	(642)		–	–
Net cash effect	6,692	57,644	724	22,269

24 Statement of cash flows continued

d) Businesses acquired

The 2004 acquisitions include the BASF global phenoxy herbicide business, various cereal fungicides in Germany, Australian distribution rights to BASF products and antibiotics product rights from Syngenta for the USA.

In 2003, the company acquired 100% of the share capital of Crop Care Australasia Pty Ltd, the German crop protection business and the 50% shareholding of Artfern Pty Ltd not already owned.

	Consolidated		Parent	
	2004	2003	2004	2003
	$000	$000	$000	$000
The aggregate amounts of net assets acquired were				
Cash	–	8,464	–	937
Receivables	–	10,395	–	4,176
Inventory	18,661	65,303	–	7,584
Tax assets	–	2,252	–	753
Investments	–	(9,349)	–	–
Property, plant and equipment	–	23,271	–	19,469
Intangibles	80,488	31,569	–	–
Bank overdraft	–	–	–	–
Payables	–	(20,629)	–	(5,523)
Tax liabilities	–	–	–	(3,110)
Provisions	–	–	–	(399)
Borrowings	–	–	–	(17,998)
Outside equity interests	–	–	–	–
Total consideration	99,149	111,276	–	5,889
Amount paid for businesses acquired in prior years	–	6,000	–	–
Cash deferred	(12,840)	–	–	–
Cash consideration paid	86,309	117,276	–	5,889
Cash included in net assets acquired	–	(8,464)	–	(937)
Bank overdraft included in net assets acquired	–	–	–	–
Net cash effect	86,309	108,812	–	4,952

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 $15,000 (2003: $519,000) was acquired by means of finance leases.

During the financial year 564,979 ordinary shares were issued under the executive share plan, the global share plan and the non-executive directors share plan.The deemed value of the shares, $2,902,636 (2003: $1,423,000) was expensed in the statement of financial performance.

25 Controlled entities

The consolidated financial statements at 31 July 2004 include the following controlled entities. All controlled entities have the same financial year end as the parent entity.

	Notes	Place of incorporation	Percentage of shares held 2004	2003
Abel Lemon and Company Pty Ltd	(a)	Australia	100	100
Agcare Biotech Pty Ltd		Australia	70	70
Agrow Australia Pty Ltd		Australia	–	100
Agryl Holdings Limited	(a),(b)	Australia	100	100
Allrad No1 Pty Ltd		Australia	–	90
Artfern Pty Ltd	(a)	Australia	100	100
Australis Services Pty Ltd	(a)	Australia	100	100
Bioclip NZ Pty Limited		New Zealand	100	100
Biotech Innovations Pty Ltd		Australia	–	90
Camper Vertriebs		Germany	100	100
Captec (NZ) Limited	(b)	New Zealand	100	100
Captec Pty Limited	(a)	Australia	100	100
CFPI GmbH		Germany	100	100
Chemicca Limited	(a)	Australia	100	100
Chemicca Limited		New Zealand	–	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		France	100	100
CNG Holdings BV		Netherlands	100	100
Crop Care Australasia Pty Ltd	(a),(b)	Australia	100	100
Crop Care Holdings Limited		New Zealand	100	100
Croplands Equipment Limited	(b)	New Zealand	100	100
Croplands Equipment Pty Ltd	(a),(b)	Australia	100	100
Danestoke Pty Limited		Australia	80	80
Davco New Zealand Limited		New Zealand	–	100
Eltrick Pty Ltd		Australia	–	90
Electronic Agriculture Limited	(a)	Australia	100	100
Esorblue Pty Ltd		Australia	–	90
Fchem (Aust) Limited	(a),(b)	Australia	100	100
Fchem 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
Nufarm Technologies (M) Sdn Bhd (formerly Fernz Timber Protection (M) Sdn Bhd)		Malaysia	51	51
Fidene Limited		New Zealand	100	100
Finotech BV	(b)	Netherlands	100	100
Florigene Europe BV		Netherlands	–	90
Florigene Flowers Pty Ltd		Australia	–	90
Florigene International BV		Netherlands	–	90
Florigene Investments Pty Ltd		Australia	–	90
Florigene Investments No2 Pty Ltd		Australia	–	90
Florigene Limited		Australia	–	90
Florigene Marketing Pty Ltd		Australia	–	90

25 Controlled entities continued

	Notes	Place of incorporation	Percentage of shares held 2004	2003
Framchem SA	(b)	Egypt	100	100
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
Laboratoire Europeen de Biotechnologie		France	100	100
Ladino NV		N. Antilles	100	100
Manaus Holdings Sdn Bhd	(b)	Malaysia	100	100
Marman Holdings LLC		USA	100	100
Marman de Centroamerica Sociedad Animima		Costa Rica	–	70
Marman de Mexico Sociedad Anomima De Capital Variable		Mexico	70	70
Marman de Guatemala Sociedad Anomima		Guatemala	70	70
Marman del Ecuador Sociedad Anomima		Ecuador	–	70
Marman (Nufarm) Inc		USA	70	70
Mastra Corporation Pty Limited	(b)	Australia	70	70
Mastra Corporation USA Pty Limited		Australia	70	70
Mastra Corporation Sdn Bhd	(b)	Malaysia	70	70
Mastra Holdings Sdn Bhd	(b)	Malaysia	70	70
Mastra Industries Sdn Bhd	(b)	Malaysia	70	70
MCFI International (SA) Pty Ltd		South Africa	–	100
Medisup Securities Limited	(a),(b)	Australia	100	100
Medisup International NV		N. Antillies	100	100
Mequab Pty Ltd		Australia	–	90
Neuchatel Pty Ltd	(a)	Australia	100	100
Nufarm Agriculture Inc	(b)	Canada	100	100
Nufarm Agriculture (Pty) Ltd		South Africa	100	100
Nufarm Agriculture Zimbabwe (Pvt) Ltd		Zimbabwe	100	100
Nufarm Americas Holding Company	(b)	USA	100	100
Nufarm Americas Inc	(b)	USA	100	100
Nufarm Argentina SRL		Argentina	–	100
Nufarm (Asia) Pte Ltd	(b)	Singapore	100	100
Nufarm Asia Sdn Bhd		Malaysia	100	100
Nufarm Australia Limited	(a),(b)	Australia	100	100
Nufarm BV	(b)	Netherlands	100	100
Nufarm Chile Limitada		Chile	100	100
Nufarm Coogee Pty Ltd		Australia	80	80
Nufarm Columbia Ltda		Columbia	100	100
Nufarm Crop Products UK Ltd		UK	100	–
Nufarm de Costa Rica		Costa Rica	100	100
Nufarm de Guatemala SA		Guatemala	100	100
Nufarm de Mexico Sa de CV		Mexico	100	100
Nufarm del Ecuador SA		Ecuador	100	–
Nufarm Deutschland GmbH	(b)	Germany	100	100
Nufarm do Brazil LTDA		Brazil	100	100
Nufarm Energy Pty Ltd	(a)	Australia	100	100
Nufarm Espana SA	(b)	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

25 Controlled entities continued

	Notes	Place of incorporation	Percentage of shares held 2004	2003
Nufarm Holdings (NZ) Limited	(b)	New Zealand	100	100
Nufarm Inagro Manufacturing Sdn Bhd		Malaysia	100	100
Nufarm Inc.	(b)	USA	100	100
Nufarm Insurance Pte Ltd		Singapore	100	100
Nufarm Investments Cooperatie WA		Netherlands	100	–
Nufarm Ireland Limited		Ireland	100	100
Nufarm KK		Japan	100	100
Nufarm Malaysia Sdn Bhd	(b)	Malaysia	100	100
Nufarm Materials Ltd	(a),(b)	Australia	100	100
Nufarm NZ Limited	(b)	New Zealand	100	100
Nufarm de Panama SA		Panama	100	100
Nufarm Phillipines Inc		Phillipines	–	80
Nufarm Platte Pty Ltd		Australia	100	100
Nufarm Portugal LDA		Portugal	100	100
Nufarm SA		Argentina	100	–
Nufarm SA	(b)	France	100	100
Nufarm SC	(b)	France	100	100
Nufarm Specialty Products Inc	(b)	USA	100	100
Nufarm Technologies USA		New Zealand	100	100
Nufarm Technologies USA Pty Limited		Australia	100	100
Nufarm (Thailand) Ltd		Thailand	–	100
Nufarm Treasury Pty Ltd	(a),(b)	Australia	100	100
Nufarm UK Limited	(b)	United Kingdom	100	100
Nufarm USA Inc.		USA	–	100
Nufarm de Venezuela SA		Venezuela	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		New Zealand	100	100
Pharma Pacific Pty Ltd	(a)	Australia	100	100
PT Nufarm Indonesia		Indonesia	70	70
Resfun Pty Ltd		Australia	–	90
Rockmere Pty Ltd	(a)	Australia	100	100
Safepak Industries Sdn Bhd		Malaysia	70	70
Societe Civile Inpar	(b)	France	100	100
Selchem Pty Ltd	(a)	Australia	100	100
Societe d'Etudes et Applications Chimiques	(b)	France	100	100
Societe Civile Mobiliere Clama		France	100	100
Societe des Ecluses de la Garenne		France	100	100
TPL 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.

26 Closed group

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

	Consolidated 31.07.2004 $000	Consolidated 31.7.2003 $000
Statement of financial performance		
Profit from ordinary activities before income tax expense	57,057	62,755
Income tax expense relating to ordinary activities	(17,993)	(4,317)
Net profit attributable to members of the closed group	39,064	58,438
Retained profits at the beginning of the period	186,726	139,633
Increase in retained profits on adoption of revised accounting standards		
AASB 1028: Employee benefits	–	(451)
AASB 1044: Provision for dividend	–	17,082
Include new members to the closed group	6,549	–
Dividends paid	(33,656)	(10,894)
Dividends provided	–	(17,082)
Retained profits at the end of the period	198,683	186,726
Statement of financial position		
Current Assets		
Cash assets	2,328	4,134
Receivables	325,208	332,952
Inventories	193,412	154,321
Tax assets	3,841	–
Prepayments	2,819	3,237
Total current assets	527,608	494,644
Non-current Assets		
Receivables	34,180	–
Property, plant and equipment	138,261	136,529
Related company investments	258,256	176,750
Other financial assets	7,294	123,191
Intangible assets	15,095	11,487
Deferred tax assets	22,366	28,106
Other	2,073	3,814
Total non-current assets	477,525	479,877
TOTAL ASSETS	1,005,133	974,521

26 Closed group continued
Statement of financial position

	Consolidated 31.07.2004 $000	Consolidated 31.7.2003 $000
Current liabilities		
Payables	471,784	204,513
Interest bearing liabilities	33,586	68,114
Tax liabilities	–	10,459
Provisions	7,472	7,289
Total current liabilities	512,842	290,375
Non-current liabilities		
Interest bearing liabilities	10,000	281,302
Deferred tax liabilities	2,018	4,432
Provisions	6,840	6,504
Total non-current liabilities	18,858	292,238
TOTAL LIABILITIES	531,700	582,613
NET ASSETS	473,433	391,908
Equity		
Contributed equity	217,730	149,219
Reserves	57,020	55,963
Retained profits	198,683	186,726
TOTAL EQUITY	473,433	391,908

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.

	2004 $000	2003 $000
Assets employed		
Cash	1,668	1,276
Receivables	2,275	1,954
Inventory	825	614
Prepayments	150	115
Property, plant and equipment	14,518	13,253
Total assets employed	19,436	17,212
Capital expenditure commitments	829	1,201
Group's share of joint venture operations profit:		
Profit from ordinary activities before tax	8,692	9,888
Income tax on ordinary activities	(2,608)	(2,969)
Net profit after tax	6,084	6,919

28 Financing arrangements

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

	Consolidated		Parent	
	Accessible	Drawn down	Accessible	Drawn down
	$000	$000	$000	$000
2004				
Bank loan facilities	647,804	189,627	–	19,645
Other facilities	3,997	2,355	–	–
Subordinated debt facility	203,620	203,620	–	–
On-balance sheet financing facilities	855,421	395,602	–	19,645
Off–balance sheet receivables securitisation-type facilities	162,410	138,661	–	–
Total financing facilities	1,017,831	534,263	–	19,645
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

Receivables Securitisation
Receivables from Nufarm Australia Limited, Crop Care Australasia Pty Ltd, 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. At 31 July 2004, $138.6 million of receivables sold to the third party remain uncollected (2003: $75.7 million).

29 Foreign currency exposures

	Consolidated	
	2004 $000	2003 $000
a) Current assets		
Amounts receivable in foreign currency which are not effectively hedged		
US dollars	11,898	20,299
Euros	5,693	12,946
Other	1,343	3,669
	18,934	36,914
b) Current liabilities		
Amounts payable in foreign currency which are not effectively hedged		
US dollars	30,893	43,482
Euros	17,445	5,089
British pounds	2,703	4,479
Other	169	2,718
	51,210	55,768

During 2004, the company discontinued its previous practice of using balance sheet hedges to protect its net offshore investment from currency fluctuations.

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.

	Average exchange rate		2004		2003	
Currency	2004	2003	Buy $000	Sell $000	Buy $000	Sell $000
US dollars						
Less than 12 months	0.7046	0.6394	73,040	5,174	20,734	174,103
Over 12 to 60 months	0.7022	0.6500	–	28,481	–	30,768
Canadian dollars						
Less than 12 months	0.9234	0.9123	–	992	2,280	33,591
Over 12 to 60 months	0.9336	0.9120	–	8,569	–	8,772
Euros						
Less than 12 months	0.5811	0.5772	26,694	15,408	25,113	121,626
Over 12 to 60 months	0.5841	0.5780	–	111,282	–	112,454
British pounds						
Less than 12 months	0.3919	0.4041	666	–	2,805	85,149
Over 12 to 60 months	0.3858	0.4040	–	25,923	–	24,756
Others						
Less than 12 months	–	–	4,278	1,097	504	9,303
			104,678	196,926	51,436	600,522

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 2004 $000	Net fair value 2004 $000	Carrying amount 2003 $000	Net fair value 2003 $000
Financial liabilities				
Capital notes – one to five years	203,620	203,156	201,523	205,475
Derivatives				
Forward exchange contracts are being used to hedge the following foreign currency exposures.				
Receivables – less than one year	7,262	7,242	52,869	51,191
Receivables – more than one year	–	–	333	328
Payables – less than one year	101,150	100,816	51,436	51,564
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	15,408	15,408	370,569	371,269
– one to five years	174,255	187,600	176,750	202,444
Interest rate swaps are being used to hedge the following interest rate exposures				
Payable maturities – less than one year	–	–	–	–
– one to five years	178,481	177,253	179,204	179,314

30 Financial instruments continued

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% (2003: 4.2%)

	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
2004					
Financial assets					
Cash on deposit	31,534	–	–	–	31,534
Financial liabilities					
Capital notes	–	–	203,620	–	203,620
Bank loans	189,627	–	–	–	189,627
Other loans	2,355	–	–	–	2,355
Finance leases	–	1,289	2,700	–	3,989
Interest rate swaps	(178,481)	–	178,481	–	–
	13,501	1,289	384,801	–	399,591
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

The weighted average interest rate for cash on deposit was 2.6% (2003: 2.0%). 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.

	2004 $000 Gains	2004 $000 Losses	2003 $000 Gains	2003 $000 Losses
Expected recognition period				
Less than one year	35	1	254	166
More than one year	–	–	–	–

31 Director and executive disclosures

a) Details of specified directors and specified executives

(i) Specified directors

KM Hoggard	Chairman
DJ Rathbone	Managing director and chief executive
GDW Curlewis	
Dr WB Goodfellow	
DG Mc Gauchie	(Appointed 19 December 2003)
GW McGregor	
Dr JW Stocker	
RFE Warburton	
Sir Dryden Spring	(Retired 11 December 2003)

(ii) Specified executives

JA Allen	Group general manager crop protection
B Benson	Group general manager marketing
KP Martin	Chief financial officer
RF Ooms	Group general manager chemicals
DA Pullan	Group general manager operations

b) Remuneration of specified directors and specified executives

(i) Remuneration policy

The board's policy with regard to non-executive director remuneration is to position board remuneration at the market median with comparable sized listed companies. 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 2003 AGM, shareholders approved an aggregate of $900,000. The board has created a non-executive share plan whereby a director can elect to commit a proportion of director's fees to acquire company shares. The number of shares available in the plan will be calculated quarterly using the weighted average of the price at which shares traded on the ASX in the five days up to and including the day when shares are allocated to a director. Shares in the plan will not vest until the earlier of three years or retirement.

The Nufarm remuneration policy has been developed to ensure the company attracts and retains the calibre of people required to successfully manage and create shareholder value from a large diversified internationally based company. 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. The company has adopted a remuneration policy based on total target reward (TTR) which comprises two 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 for Australian executives is the 50th percentile of the *Mercer Survey of Australian Major Corporates*.

- an incentive program – the first half of the incentive program reflects achievement of specific business objectives over six monthly periods and is paid in cash. The second half is linked to meeting predetermined financial objectives for the full year and is delivered in a mixture of shares and options. The exception is the current managing director who is paid in cash because of the very substantial shareholding he currently controls in the company. For the remaining executives, this payment is made in equity which ensures a longer term focus to achieve benefits consistent with increases in sustained shareholder value.

Each year, the board establishes performance hurdles for the incentive program. These hurdles reflect targets for specific objectives and increasing company value, consistent with the company's business and investment strategies.

		Primary			Post-employment	Equity	Other	Total
		Salary and fees	Cash bonus	Non-monetary benefits	Super-annuation		Retirement benefit plan[1]	
(ii) Remuneration of specified directors and specified executives								
Specified directors								
KM Hoggard								
	2004	155,200	–	–	16,560	28,800[2]	155,550	356,110
	2003	160,000	–	–	14,400	–	–	174,400
DJ Rathbone								
	2004	832,769	953,140	69,995	12,075	–	–	1,867,979
	2003	789,524	372,210	51,459	11,323	291,004	–	1,515,520
GDW Curlewis								
	2004	63,200	–	–	17,460	–	50,360	131,020
	2003	62,500	–	–	5,625	–	–	68,125
Dr WB Goodfellow								
	2004	58,825	–	–	6,266	10,800[2]	150,588	226,479
	2003	62,500	–	–	5,625	–	–	68,125
DG Mc Gauchie								
	2004	45,763	–	–	4,119	–	–	49,882
	2003	–	–	–	–	–	–	–
GW McGregor								
	2004	73,200	–	–	7,560	10,800[2]	48,190	139,750
	2003	70,000	–	–	6,300	–	–	76,300
Dr JW Stocker								
	2004	68,200	–	–	7,110	10,800[2]	68,500	154,610
	2003	70,000	–	–	6,300	–	–	76,300
RFE Warburton								
	2004	68,200	–	–	7,110	10,800[2]	150,500	236,610
	2003	70,000	–	–	6,300	–	–	76,300
Sir Dryden Spring								
	2004	25,177	–	–	2,266	–	149,792[3]	177,235
	2003	62,500	–	–	5,625	–	–	68,125
Total remuneration: specified directors								
	2004	1,390,534	953,140	69,995	80,526	72,000	773,480	3,339,675
	2003	1,347,024	372,210	51,459	61,498	291,004	–	2,123,195

1 During the financial period, directors resolved to discontinue its retirement benefit plan. Accrued benefits under the plan were calculated and paid to directors as set out below:

	Base fee	Super-annuation	Equity	Total
KM Hoggard	73,109	–	82,441	155,550
GDW Curlewis	–	50,360	–	50,360
Dr WB Goodfellow	–	–	150,588	150,588
GW McGregor	–	–	48,190	48,190
Dr JW Stocker	–	–	68,500	68,500
RFE Warburton	–	–	150,500	150,500

2 During the course of the financial period the company created a non-executive directors share plan, which enables directors to elect to sacrifice 20% of base director fees for the acquisition of company shares. The value of such shares is disclosed as equity.

3 Upon his retirement as a director, Sir Dryden Spring was paid a retirement benefit of $149,792. This was the amount accrued under the retirement benefit plan, which was discontinued on 31 October 2003.

31 Director and executive disclosures continued

		Primary			Post-employment	Equity	Other	Total
		Salary and fees benefits	Cash bonus	Non-monetary	Super-annuation plan		Retirement benefit	
Specified executives								
DA Pullan								
	2004	351,219	159,000	46,331	65,373	151,200	–	773,123
	2003	329,042	151,185	47,377	60,540	78,768	–	666,912
RF Ooms								
	2004	349,717	149,000	11,716	63,574	141,736	–	715,743
	2003	335,184	141,736	16,744	59,962	73,845	–	627,471
KP Martin								
	2004	346,140	146,468	25,327	38,318	141,736	–	697,989
	2003	313,471	141,736	28,395	57,404	73,845	–	614,851
JA Allen								
	2004	318,394	92,832	21,758	102,000	150,000	–	684,984
	2003	345,034	150,000	8,291	61,302	77,674	–	642,301
B Benson								
	2004	311,865	119,999	15,529	38,676	109,989	–	596,058
	2003	218,999	109,989	18,202	44,360	54,700	–	446,250
Total remuneration: specified executives								
	2004	1,677,335	667,299	120,661	307,941	694,661	–	3,467,897
	2003	1,541,730	694,646	119,009	283,568	358,832	–	2,997,785

(c) Remuneration options: granted and vested during the year

During the year there were no options granted to directors or executives. There were also no options that vested during the year.

(d) Shares issued on exercise of remuneration options

During the year there were no options exercised by directors or executives.

(e) Option holdings of specified directors and specified executives

	Balance at beginning of period 1 Aug 2003	Granted as remuneration	Options exercised	Net change other	Balance at end of period 31 July 2004	Vested at 31 July 2004 Total	Not exercisable	Exercisable
Specified directors								
DJ Rathbone	566,443	–	–	–	566,443	566,443	566,443	–
Specified executives								
JA Allen	153,091	–	–	–	153,091	153,091	153,091	–
B Benson	98,345	–	–	–	98,345	98,345	98,345	–
KP Martin	143,406	–	–	–	143,406	143,406	143,406	–
RF Ooms	143,406	–	–	–	143,406	143,406	143,406	–
DA Pullan	153,091	–	–	–	153,091	153,091	153,091	–
Total	1,257,782	–	–	–	1,257,782	1,257,782	1,257,782	–

As described in note 32, the options can be exercised within the next twelve months.

31 Director and executive disclosures continued

(f) Shareholdings of specified directors and specified executives

Shares held in Nufarm Ltd	Balance at 1 Aug 2003	Granted as remuneration	Exercise of options	Net change other	Balance at 31July 2004
Specified Directors					
KM Hoggard[1,2]	5,848,181	4,900	–	16,756	5,869,837
DJ Rathbone	31,709,739	–	–	(1,013,572)	30,696,167
GDW Curlewis	10,000	–	–	14,787	24,787
Dr WB Goodfellow[1,2,3]	80,000	1,837	–	1,382,691	1,464,528
DG Mc Gauchie	–	–	–	3,817	3,817
GW McGregor[1,2]	20,000	1,837	–	10,581	32,418
Dr JW Stocker[1,2]	10,000	1,837	–	14,709	26,546
RFE Warburton[1,2]	28,300	1,837	–	31,376	61,513
Sir Dryden Spring	9,676	–	–	(1,213)	8,463
Specified Executives					
JA Allen	307,415	28,902	–	(140,000)	196,317
B Benson	61,392	21,195	–	787	83,374
KP Martin	207,026	27,312	–	(5,000)	229,338
RF Ooms	148,173	27,312	–	(20,000)	155,485
DA Pullan	296,962	29,133	–	(140,000)	186,095
Total	38,736,864	146,102	–	155,719	39,038,685

All equity transactions with specified directors and executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length

1 During the financial period directors resolved to discontinue the non-executive retirement benefit plan. Accrued benefits for Messrs Hoggard, Goodfellow, McGregor, Stocker and Warburton were converted into shares pursuant to rules of the non-executive directors share plan. The directors cannot deal in these shares before the earlier of 10 years after acquisition or when the director retires.
2 Messrs Hoggard, Goodfellow, McGregor, Stocker and Warburton are participants in the non-executive share plan which enables participants to sacrifice 20% of their base director fees to the acquisition of company shares.
3 The shareholding of Dr WB Goodfellow includes his relevant interest in:
(i) St Kentigern Trust Board (429,855 shares) – Dr Goodfellow is Chairman of the Trust Board;
(ii) three trusts of which he is a non-beneficial trustee (807,039 shares); and
(iii) Waikato Investment Company Limited (113,616 shares).

31 Director and executive disclosures continued

(g) Loans to specified directors and specified executives

There were no loans to directors and specified executives at July 31 2004.

(h) Other transactions and balances with specified directors and specified executives

During the year there were no other transactions with specified directors and specified executives.

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% 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 2004, the trustees of the Staff Share Purchase Scheme No.2 held 218,600 (2003: 386,800) ordinary shares paid to one cent per share, with $684,218 (2003: $1,265,000) remaining uncalled.

The Nufarm Limited Executive Share Purchase Scheme (1984) enabled the issue of fully paid ordinary shares to executive directors and senior executives, issued at a price equal to 70% 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 $2,027,657 at 31 July 2004 (2003: $4,490,842). Each executive is entitled to exercise voting rights attached to the shares allocated. At 31 July 2004 the trustees of the Executive Share Purchase Scheme (1984) held 522,000 (2003: 2,116,200) ordinary shares, all of which were allocated.

There are 72 participants (2003: 114 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. 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% discount on market price at the date of offer. Share options do not rank for dividends or carry voting rights. No employee chose to exercise his/her option under the first offer and the options granted under that offer have now expired. At 31 July 2004, 77,514 (2003: 90,587) share options were outstanding allowing the 21 participants to exercise each option into one fully paid ordinary share.

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 2004 there were 65 participants (2003: 57 participants) in the scheme and 1,572,401 shares (2003: 1,361,280) have been allocated, and 1,437,692 (2003: 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% of the number of the ordinary shares acquired with a participant's contribution in the form of additional ordinary shares. Amounts over 10% 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% 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 761 participants at 31 July 2004 (2003: 764 participants). The cost of issuing shares is expensed in the year of issue.

32 Employee share purchase schemes continued

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

	Number of options 2004	Weighted average exercise price 2004	Number of options 2003	Weighted average exercise price 2003
Balance at the beginning of the period	1,528,279	2.72	1,668,925	2.79
Granted	–	–	–	–
Expired	(13,073)	3.08	(140,646)	3.46
Balance at the end of the period	1,515,206	2.72	1,528,279	2.72

Number of options	Grant date	Exercise date	Expiry date	Weighted average exercise price
		2004		
77,514	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	13.12.2004	13.12.2011	2.70
		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	13.12.2004	13.12.2011	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 pensions 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	2004 $000	2003 $000
Accrued benefits	34,528	28,079
Net market value of plan assets	20,391	17,319
Deficit	14,137	10,760

The above amounts were measured at 31 July 2004.

The company operates a defined benefit pension scheme in the Netherlands, where the benefits are based on pensionable salary. 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 first full actuarial valuation of the scheme was completed as at 31 July 2004.

Liabilities have been calculated using the projected unit method with the advice of independent qualified actuaries.

Details of superannuation funds as extracted from their most recent financial report	2004 $000	2003 $000
Accrued benefits	12,816	–
Net market value of plan assets	8,375	–
Deficit	4,441	–

The above amounts were measured at 31 July 2004.

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 2004, an actuarial assessment of the future potential liability was EUR 5.9 million (AUD$10.1 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.

		Consolidated 2004 $000	Consolidated 2003 $000
b) Transactions with other related parties			
Bayer CropScience Nufarm Limited	sales to	11,200	10,976
	purchases from	11,182	8,553
Agchem Receivables Corp	loan payable	52,769	32,127
SRFA LLC	sales to	2,388	–
	loan payable	1,424	–

c) Ultimate controlling entity

The ultimate controlling entity of the consolidated entity is Nufarm Limited (ABN 37 091 323 312).

35 Auditors' remuneration

	Consolidated 2004 $000	Consolidated 2003 $000	Parent 2004 $000	Parent 2003 $000
Amounts received or due and receivable by Ernst & Young Australia for				
Audit services	394	378	58	96
Tax compliance services	315	225	–	34
IFRS conversion advice	43	–	–	–
Tax – assistance	178	–	–	–
Tax consolidation advice	176	–	–	–
Receivables securitisation program review	–	84	–	–
Total fees – Ernst & Young Australia	1,106	687	58	130
Amounts received or due and receivable by Ernst & Young affiliates for				
Audit services	705	641	–	–
Tax compliance services	208	141	–	–
Receivables securitisation program review	–	56	–	–
Corporate structure advice	120	122	–	–
Other services	21	–	–	–
Total fees – Ernst & Young affiliates	1,054	960	–	–
Amounts received or due and receivable by other audit firms for				
Audit services	148	117	–	–

36 Discontinuing operation

Businesses sold during 2004 include the Florigene group (Oct 2003), Agrow (Mar 2004), MCFI (Aug 2003), Pharma Pacific (July 2004) and the Wettasoil trademark (July 2004). The Florigene business is included in the other product segment and Agrow and MCFI are in the Crop Protection segment. The 2003 business sold was the Fernz specialty chemical business in Australia and New Zealand. The disposal of fixed assets and inventories gave rise to the following items of revenue and expense during the year.

	Consolidated 2004 $000	Consolidated 2003 $000
Financial performance information		
Revenues from ordinary activities	2,917	50,922
Expenses	3,475	51,445
Profit from ordinary activities before income tax expense	(558)	(523)
Income tax expense relating to ordinary activities	(71)	(287)
Net profit	(487)	(236)
Asset disposals		
Total assets	12,045	50,055
Total liabilities	1,724	403
Net assets	10,321	49,652
Proceeds from divestment of business	11,672	57,852
Carrying value of assets sold in divestment	(10,321)	(49,652)
Amortisation of intellectual property	–	(6,194)
Other costs of divestment	–	(2,460)
Loss on divestment	1,351	(454)
Related income tax	–	1,722
Loss on divestment (net of income tax expense)	1,351	(2,176)
Cash flows		
Operating	(411)	17,542
Investing	(23)	(134)
Financing	(1,310)	(16,096)
Net cash flows	(1,744)	1,312

37 Subsequent events

On 29 September 2004, the directors declared a final dividend of 15 cents per share, fully franked, payable 12 November 2004.

On 29 September, Nufarm signed a memorandum of understanding, subject to due diligence and board approval, to acquire 49.9% of Agripec, a Brazilian crop protection company. The consideration is expected to be USD 120 million.

The company is in advanced discussions relating to the sale of its pharmaceutical intermediate business (SEAC) and its Nufarm Specialty Products subsidiary. The expected proceeds will be in excess of their carrying values.

38 Impact of adopting AASB equivalents to IASB standards

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. This means that Nufarm will be required to prepare financial statements for the year ending 31 July 2006 that comply with Australian equivalents of IFRS and their related pronouncements as issued and recognised by the AASB.

Nufarm will report its compliance with IFRS for the first time for the half-year ended 31 January 2006. The transitional rules for the first time adoption of IFRS require entities to restate their comparative financial statements using all Australian equivalents of IFRS. The majority of the adjustments required on transition will be made to opening retained earnings in the opening IFRS balance sheet as at 1 August 2004. Comparatives restated under IFRS will not be reported in the financial statements until 31 January 2006, being the first half year reported in compliance with IFRS.

Nufarm has commenced transitioning its accounting policies and financial reporting from current Australian standards to Australian equivalents of IFRS. The company has allocated internal resources and engaged external consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, Nufarm has graded the impact of each change in standard as either high, medium or low.

Set out below are the key areas where accounting policies may change and have an impact on the financial reports of Nufarm. It should be noted that at this stage Nufarm has not fully quantified the impact of each area on the financial statements.

Goodwill

Under AASB 3 Business Combinations, goodwill will no longer be amortised but instead will be subject to annual impairment testing focusing on the cash flows of related cash generating units. This will result in a change in the group's current accounting policy which amortises goodwill on a straight line basis over the period in which benefits are expected to arise, not exceeding 20 years.

Impairment of assets

Under AASB 136 Impairment of Assets, the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new policy, if there is impairment of assets, it will likely be recognised sooner and the amount of write-downs will be greater.

Employee benefits

Nufarm does not currently recognise an asset or liability for the net position of the defined benefit schemes it sponsors. Under AASB 119 Employee Benefits, Nufarm will be required to recognise the net surplus or deficit in their employer sponsored defined benefit funds as an asset or liability, respectively, based on actuarial valuations of each scheme. The initial adjustment on transition will be recognised through retained earnings and subsequent adjustments will be to the statement of financial performance.

Income taxes

Under AASB112 Income Taxes, a new method of accounting for income taxes, known as the 'balance sheet liability method', will be adopted, replacing the current 'tax effect income statement' approach. The new method recognises deferred tax balances in the statement of financial position when there is a difference between the carrying value of an asset or liability and its tax base. Adoption of this new method may result in increased deferred tax assets and liabilities in the balance sheet.

Hedging and financial instruments

AASB 139 Financial Instruments: Recognition and Measurement, is required to be adopted by Nufarm prospectively from 1 August 2005. This standard requires all financial instruments to be recognised in the statement of financial position and most financial assets to be carried at fair value. AASB 139 recognises fair value hedge accounting, cash flow hedge accounting and hedges of investments in foreign operations. Fair value and cash flow hedge accounting can only be considered where effectiveness tests are met on both a prospective and retrospective basis. Ineffectiveness outside the prescribed range precludes the use of hedge accounting and may result in amounts recognised in the statement of financial performance, which had not been recognised previously.

Intangible assets

Under AASB 138 Intangible Assets, costs incurred in the research phase of the development of an internally generated intangible must be expensed. This will result in a change to the group's current accounting policy which allows capitalisation of the research and development costs of major new businesses to the extent that future benefits are expected beyond reasonable doubt. Under the new policy all research costs will be expensed.

39 Significant non–operating items

The company completed several transactions in 2004 which, collectively, did not have a material impact on the final results.

1. Intellectual property
   The intellectual property associated with several non-core and discontinued development projects was either sold or written off. The net impact was a loss of $0.7 million.

2. Sale of operations
   Florigene Limited, Nufarm's South African operations and Agrow, a small importing business, were sold. The net impact was nil.

3. European structural changes
   The plant at Mulhouse (France) was closed, the Paris head office building was sold and a reorganisation of the French and English workforces was initiated in 2004. The net impact was a loss of $0.3 million.

These initiatives combined to generate an after-tax loss of $1.0 million, which was further offset by an approximate $0.6 million taxation adjustment relating to prior years.

DIRECTORS' DECLARATION

The directors declare that the financial statements and associated notes:

1. comply with Accounting Standards and Corporations Regulations 2001;
2. give a true a fair view of the financial position as at 31 July 2004 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
29 September 2004

ERNST & YOUNG

■ 120 Collins Street
Melbourne VIC 3000
Australia

GPO Box 67
Melbourne VIC 3001

■ Tel 61 3 9288 8000
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DX 293 Melbourne

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 2004. 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 2004 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
29 September 2004

TREND STATEMENT

SUPPLEMENTARY INFORMATION

	2004 $000	2003 $000	2002 $000	2001 $000	2000 $000	1999 $000
Operating results						
Sales revenue	1,576,815	1,458,811	1,429,275	1,323,232	1,213,042	1,122,597
Operating profit after tax and minority interests	76,202	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	76,202	77,093	56,834	(4,526)	56,190	52,727
Dividends paid and provided	33,656	10,894	27,952	27,808	26,818	21,834
Retained profits	42,546	66,199	28,882	(32,334)	29,372	30,893
Total equity						
Contributed equity	210,530	149,219	147,333	145,593	145,066	129,150
Retained profits and reserves	349,964	313,102	243,706	207,208	243,446	224,980
	560,494	462,321	391,039	352,801	388,512	354,130
Represented by						
Current assets	736,292	711,456	710,976	618,179	560,170	524,826
Current liabilities	550,862	506,925	590,050	454,309	420,088	374,035
Net current assets	185,430	204,531	120,926	163,870	140,082	150,791
Non-current assets	695,286	646,358	615,246	573,702	578,766	532,540
	880,716	850,889	736,172	737,572	718,848	683,331
Non-current liabilities	116,602	187,045	152,248	246,323	197,524	189,121
Capital notes	203,620	201,523	192,885	138,448	132,812	140,080
	320,222	388,568	345,133	384,771	330,336	329,201
Net assets	560,494	462,321	391,039	352,801	388,512	354,130
Statistics						
Operating earnings after tax to average equity attributable to members of the parent entity	15.1%	15.3%	15.4%	13.8%	14.0%	13.2%
Dividend rate per share	23.0c	20.0c	18.0c	18.0c	17.2c	14.8c
Net tangible asset backing per share	$2.17	$2.05	$1.57	$1.42	$1.62	$1.61

SHAREHOLDER AND STATUTORY INFORMATION

Details of shareholders, shareholdings and top 20 shareholders

Listed securities – 8 October 2004

	Number of holders	Number of securities	Percentage held by top 20
Fully paid ordinary shares	10,625	167,735,767	64.72%
Partly paid (unquoted)		233,325	

Twenty largest shareholders

	Ordinary shares as at 8.10.04	Percentage of issued capital as at 8.10.04
Falls Creek No 2 Pty Ltd	25,680,987	15.31
Amalgamated Dairies Limited	14,951,602	8.91
JP Morgan Nominees Australia	14,328,368	8.54
National Nominees Limited	7,657,272	4.57
Lawrence Holdings Limited	5,743,750	3.42
ANZ Nominees Limited	5,455,531	3.25
RBC Global Services Australia	4,525,148	2.70
Grantali Pty Ltd	4,037,403	2.41
Citicorp Nominees Pty Limited	3,266,511	1.95
Westpac Custodian Nominees	3,134,815	1.87
Challenge Investment Company	2,982,868	1.78
The Avalon Investment Trust	2,491,448	1.49
Suncorp Custodian Services Pty Limited	2,322,177	1.38
AMP Life Limited	2,294,209	1.37
Cogent Nominees Pty Limited	1,945,561	1.16
Australian Foundation Investment Company Limited	1,910,785	1.14
Trustee Nufarm Global Share Plan	1,625,211	0.97
Trustee Nufarm Executive Share Plan	1,547,401	0.92
RBC Global Services Australia Nominees Pty Limited	1,503,629	0.90
First NZ Capital Custodians Limited	1,148,246	0.68

Distribution of shareholders

Size of holding	Number of Holders as at 8.10.04	Ordinary shares held as at 8.10.04
1 – 1,000	3,181	1,924,673
1,001 – 5,000	5,349	13,591,802
5,001 – 10,000	1,224	8,542,790
10,001 – 100,000	793	15,698,915
100,001 and over	78	127,977,587

Of these, 80 shareholders held less than a marketable parcel of shares of $500 worth of shares (71 shares).

In accordance with the ASX Listing Rules, the last sale price of the company's shares on the ASX on 8 October 2004 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 8 October 2004, 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]	25 February 2004	32,004,125	19.08
ING Australia Holdings Ltd (and related companies)	30 September 2004	8,640,409	5.15

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 286,603 shares as trustee of the Nufarm Limited staff share plan.

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 9 December 2004 at 10.00am in the Ballroom at the Duxton Hotel, 328 Flinders Street, Melbourne, Victoria.

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

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

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

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

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

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

SHAREHOLDER AND STATUTORY INFORMATION CONTINUED

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

User you 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 securityholder 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

Dividends

A final dividend of 15 cents per share will be paid on 12 November 2004 to shareholders registered on 29 October 2004. For Australian tax purposes, the dividend will be 100 per cent franked at the 30 per cent tax rate.

Australian and New Zealand shareholders can elect to have dividends paid directly into a bank account anywhere in Australia.

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

Key dates

- 29 October 2004
  Record date (books closing) for 2003–2004 final dividend
- 12 November 2004
  Final dividend for 2003–2004 payable
- 29 October 2004*
  Annual report sent to shareholders
- 9 December 2004
  Annual general meeting
- 29 March 2005*
  Announcement of profit result for half year ending 31 January 2005
- 31 July 2005
  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:
Corporate Affairs Office
Nufarm Limited
PO Box 103
Laverton Victoria 3028 Australia

DIRECTORY

Directors
KM Hoggard – Chairman
DJ Rathbone – Managing Director
GDW Curlewis
Dr WB Goodfellow
GA Hounsell
DG McGauchie AO
GW McGregor AO
Dr JW Stocker AO
RFE Warburton

Company secretary
R Heath

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

Sylvia Miller & Associates
Locked Bag 50
Toorak Victoria 3142 Australia

Auditors
Ernst & Young
120 Collins Street
Melbourne Victoria 3000 Australia

Trustee for capital note holders
New Zealand Permanent Trustees Ltd

Share registrar
Australia
Computershare Investor Services Pty Ltd
GPO Box 2975EE
Melbourne Victoria 3001 Australia
Telephone: 1300 85 05 05
Outside Australia: 61 3 9415 4000

Capital notes registrar
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Computershare Registry Services Limited
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Registered office
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Laverton North Victoria 3026 Australia
Telephone: 61 3 9282 1000
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