

APPENDIX 4E

NUFARM LIMITED
ABN 37 091 323 312

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 JULY 2003**Results for announcement to the market**

	\$'000's This year		\$'000's Prior Year	
Revenue from ordinary activities	1,458,811		1,429,275	
Increase on prior period	2.1%		8.0%	
Profit from ordinary activities after tax attributable to members*	64,269		56,834	
Increase on prior period	13.1%		11.1%	
Net profit attributable to members*	64,269		56,834	
Increase on prior period	13.1%		11.1%	
Dividends				
	Amount per Security		Franked amount Per security	
	This year	Prior year	This year	Prior year
Final dividend	13¢	11¢	13¢	11¢
Record date 24/10/03				

- * Operating profit attributable to members of AUD64.3 million **excludes** the AUD12.8 million tax credit applicable to Australian entities entering the Australian consolidated tax regime effective 1 August 2002. If this amount is included, profit from ordinary activities attributable to members is \$77.1 million, an increase of 35.6% over the prior year.

	This year	Prior Year
Final Dividend		
Amount per security	\$ 0.13	\$ 0.11
Total value of dividend	\$20,257,000	\$17,082,000
Franked amount per security at 30%	\$ 0.13	\$ 0.11
Amount per security of Foreign Source Dividend	Nil	Nil
Date payable	07/11/2003	
Record date for entitlement	24/10/2003	
Interim Dividend		
Amount per security	\$ 0.07	\$ 0.07
Franked amount per security at 30%	\$ 0.07	\$ 0.07
Amount per security of Foreign Source Dividend	Nil	Nil
Date paid	02/05/03	
Total Dividends		
Amount per security	\$ 0.20	\$ 0.18
Dividend Reinvestment Plans	None	None
Net Tangible assets per ordinary share	\$ 2.05	\$ 1.57
Control Gained Over Entities		
Name Crop Care Australasia Pty Ltd		
Date of ownership control 01/10/02		
Contribution to consolidated profit from ordinary activities \$2.65 million		
Control Lost Over Entities		
Name N/A		
Date of ownership control		
Contribution to consolidated profit from ordinary activities		

Audit Status

This Appendix 4E is based on accounts which have been audited, and the accounts, including the audit opinion is attached.

Commentary

A commentary on the results for the year is attached.



D J Rathbone
Managing Director

Nufarm Limited

Statement of financial performance

12 months ended 31 July 2003

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

The accompanying notes form an integral part of these financial statements

Nufarm Limited
Statement of financial position
At 31 July 2003

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

The accompanying notes form an integral part of these financial statements

Statement of cash flows

12 months ended 31 July 2003

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

The accompanying notes form an integral part of these financial statements

Notes

Notes to the financial statements (continued)

Consolidated

Parent

2003 2002
\$000 \$000

2003 2002
\$000 \$000

2 Financial performance disclosures

Profit from ordinary activities is after charging the following revenues

Interest income

Wholly owned controlled entities	-	-	15,282	7,397
Partly owned controlled entities	-	-	-	31
Other	1,220	1,011	41	206
Total interest income	1,220	1,011	15,323	7,634

Other revenue

Dividends from				
Wholly owned controlled entities	-	-	29,383	27,615
Total dividends	-	-	29,383	27,615
Management fees from controlled entities	-	-	2,665	5,305
Sundry income	3,708	3,577	384	2,392
Gross proceeds from sale of non-current assets	17,326	10,416	8,992	195
Total other revenue	21,034	13,993	41,424	35,507

Profit from ordinary activities is after charging the following expenses

Depreciation and amortisation

Amortisation of				
Goodwill	11,198	12,508	-	-
Technology rights and trademarks	2,956	871	-	-
Accelerated amortisation of Fernz Specialty Chemicals intangibles	6,194	-	-	-
Plant and equipment under lease	330	669	-	-
Deferred expenditure	4,324	1,128	-	-
Depreciation of				
Buildings and improvements	6,520	5,188	1,433	55
Plant and equipment	35,742	36,355	1,021	1,562
Total depreciation and amortisation	67,264	56,719	2,454	1,617

Borrowing costs

Interest paid or payable to				
Wholly owned controlled entities	-	-	21,084	8,118
Other unrelated parties	39,186	42,128	(5,307)	-
Finance lease charges	359	322	-	-
Total borrowing costs	39,545	42,450	15,777	8,118

Operating expenses

Carrying cost of non-current assets disposed of	(19,727)	(10,667)	(9,633)	(228)
Staff expenses	(202,053)	(201,582)	(9,696)	(7,059)
Occupancy expenses	(24,640)	(26,858)	(1,656)	(3,596)
Plant related expenses	(59,518)	(60,485)	(2,372)	(3,169)
Sales and distribution expenses	(68,113)	(56,470)	(5,073)	(4,363)
Research and development costs	(8,236)	(9,328)	(885)	(678)
Travel	(19,704)	(21,467)	(931)	(1,191)
Insurance	(14,843)	(9,857)	(860)	(528)
Other operating expenses	(44,953)	(45,542)	(495)	(2,701)
Total operating expenses	(461,787)	(442,256)	(31,601)	(23,513)

Notes

Notes to the financial statements continued

Consolidated

Parent

2003

2002

2003

2002

\$'000

\$'000

\$'000

\$'000

2 Financial performance disclosures continued

Operating expenses include

Net foreign exchange gains (losses) from

Hedges on foreign currency earnings for year

1,847

436

-

-

Unhedged receivables and payables

3,312

4,005

40

(970)

Bad debts written off

(657)

(765)

(11)

126

Net charge to provision for doubtful debts

(983)

(988)

99

128

Net charge to provision for stock obsolescence

(1,027)

(227)

-

(1)

Donations

(59)

(230)

-

(9)

Operating lease rentals

(8,394)

(7,131)

(61)

(119)

Other disclosures

Gain (loss) on disposal of plant and equipment

(2,022)

(251)

(641)

(33)

Loss on sale of investment

(379)

-

-

-

Loss on sale of businesses

(454)

-

114

-

Superannuation contributions - defined benefit fund

1,382

1,497

-

-

Consolidated

2003

2002

\$'000

\$'000

3 Earnings per share

Net profit/(loss)

78,919

57,777

Net profit attributable to outside equity interest

(1,826)

(943)

Earnings used in the calculations of basic and diluted earnings per share

77,093

56,834

Subtract non-recurring item (refer note 5)

(12,824)

-

Earnings excluding non-operating item used in the calculations of operating earnings per share

64,269

56,834

Number of shares

Weighted average number of ordinary shares used in calculation of basic earnings per share

155,660,979

155,054,565

Weighted average number of shares options used in calculation of diluted earnings per share

1,564,115

1,280,453

Weighted average number of ordinary shares used in calculation of diluted earnings per share

157,225,094

156,335,018

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

Basic earnings per share (cents per share)

49.5

36.7

Diluted earnings per share (cents per share)

49.0

36.4

Operating earnings per share

Basic earnings per share excluding non-recurring tax consolidation item (cents per shares)

41.3

36.7

Diluted earnings per share excluding non-recurring tax consolidation item (cents per shares)

40.9

36.4

Notes

Notes to the financial statements continued

Crop protection \$000	Industrial chemicals \$000	Other \$000	Eliminations \$000	Consolidated \$000
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4 Segments

Business segments

2003

Revenue

Sales to outside customers	1,233,789	222,297	2,725	-	1,458,811
Inter segment sales	4,008	1,378	-	(5,386)	-
Sales revenue	1,237,797	223,675	2,725	(5,386)	1,458,811
Other revenue	2,503	16,380	2,151	-	21,034
Share of net profits of associates	3,744	53	-	-	3,797
Total segment revenue	1,244,044	240,108	4,876	(5,386)	1,483,642
Unallocated revenue					1,220
Total consolidated revenue					1,484,862

Results

Segment result	134,856	23,552	(1,821)	-	156,587
Unallocated expenses					(62,935)
Profit from ordinary activities before taxation					93,652
Income tax expense					14,733
Net profit					78,919

Assets

Segment assets	1,076,835	178,336	59,322	-	1,314,493
Unallocated assets					43,321
Total assets					1,357,814

Liabilities

Segment liabilities	311,437	42,370	10,044	-	363,851
Unallocated liabilities					531,642
Total liabilities					895,493

Other segment information

Equity accounted investments included in segment assets	16,854	1,427	-	-	18,281
Acquisition of property, plant and equipment, intangible assets and other non-current assets	87,350	16,797	10	-	104,157
Depreciation	33,145	8,949	168	-	42,262
Amortisation	15,276	8,080	1,646	-	25,002
Other non-cash expenses	9,201	3,914	420	-	13,535

Australasia \$000	Europe \$000	Americas \$000	Consolidated \$000
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Geographic segments

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
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Other segment information

Acquisition of property, plant and equipment, intangible assets and other non-current assets	49,988	48,067	6,102	104,157
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Notes

Notes to the financial statements continued

	Crop protection \$000	Industrial chemicals \$000	Other \$000	Eliminations \$000	Consolidated \$000
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4 Segments continued

Business segments

2002

Revenue

Sales to outside customers	1,050,369	376,929	1,977	-	1,429,275
Inter segment sales	275	2,102	-	(2,377)	-
Sales revenue	1,050,644	379,031	1,977	(2,377)	1,429,275
Other revenue	4,329	6,728	2,936	-	13,993
Share of net profits of associates	3,651	-	-	-	3,651
Total segment revenue	1,058,624	385,759	4,913	(2,377)	1,446,919
Unallocated revenue					1,011
Total consolidated revenue					1,447,930

Results

Segment result	118,396	31,315	(3,033)	-	146,678
Unallocated expenses					(64,496)
Profit from ordinary activities before taxation					82,182
Income tax expense					24,405
Net profit					57,777

Assets

Segment assets	984,778	271,011	37,353	-	1,293,142
Unallocated assets					33,080
Total assets					1,326,222

Liabilities

Segment liabilities	189,029	68,998	28,576	-	286,603
Unallocated liabilities					648,580
Total liabilities					935,183

Other segment information

Equity accounted investments included in segment assets	27,253	752	-	-	28,005
Acquisition of property, plant and equipment, intangible assets and other non-current assets	66,984	13,252	193	-	80,429
Depreciation	30,529	11,064	265	-	41,858
Amortisation	12,014	1,975	872	-	14,861
Other non-cash expenses	3,754	104	26	-	3,884

	Australasia \$000	Europe \$000	Americas \$000	Consolidated \$000
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Geographic segments

Revenue

Sales to outside customers	672,597	372,880	383,798	1,429,275
Interest and other revenue	6,915	5,950	4,779	17,644
Total segment revenue	679,512	378,830	388,577	1,446,919

Assets

Segment assets	504,005	525,763	296,454	1,326,222
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Other segment information

Acquisition of property, plant and equipment, intangible assets and other non-current assets	43,421	26,340	10,668	80,429
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Notes

Notes to the financial statements continued

4 Segments continued

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

- The crop protection segment manufactures and distributes a range of herbicides, fungicides and other products that are sold into the agricultural, turf and specialty markets.
- The industrial chemicals segment manufactures and distributes a range of industrial, fine and performance chemicals which draw on Nufarm's core strengths in chemical synthesis and formulation.
- The other segment includes other minor businesses and investments which are separately managed from the above segments. Geographically the group operates globally with operations in many countries and sales being made in over 100 countries, which are split into three segments. Australasia covers Australia, New Zealand and Asia. The Americas cover North, South and Latin America. Europe covers United Kingdom, continental Europe and Africa. The geographic sales reflect the domicile of the company's customers. All inter-segment sales are at market prices.

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

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

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

Reconciliation to income tax expense provided in the financial statements

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

Tax consolidation

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

Notes

Notes to the financial statements continued

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

Notes

Notes to the financial statements continued

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

	Retained earnings \$000	Cost \$000	Carrying value \$000
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9 Equity accounted investments

2003

Aggregate carrying amount of associates

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	<u>15,365</u>	<u>2,916</u>	<u>18,281</u>

2002

Balance at the beginning of the year	10,072	13,359	23,431
Exchange adjustment	153	294	447
Share of net result	3,651	-	3,651
New investment	-	9,291	9,291
Investments in which a controlling interest was acquired	(1,119)	(4,700)	(5,819)
Investments written off	-	(72)	(72)
Dividends received	-	(2,924)	(2,924)
Balance at the end of the year	<u>12,757</u>	<u>15,248</u>	<u>28,005</u>

Consolidated

2003 \$000	2002 \$000
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Share of associates profits

Operating profits before income tax	4,332	5,733
Amortisation of goodwill on acquisition	-	(262)
Income tax expense	(535)	(1,820)
Share of net profits of associates	<u>3,797</u>	<u>3,651</u>

(See note 27 for other disclosures of associated companies)

Financial summary of material associate

Bayer CropScience Nufarm Limited

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

Notes

Notes to the financial statements continued

Balance date of associate	Ownership and voting interest		Carrying amount	
	2003	2002	2003 \$000	2002 \$000

9 Equity accounted investments continued

Details of material interests in
associated entities are as follows:

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

Associated entities have the following commitments.

Nufarm's share of capital commitments is \$Nil (2002: \$112,000)

and share of finance lease commitments is \$Nil (2002: \$2,029,000).

There are no contingent liabilities.

10 Other financial assets

Investment in controlled entities

	Consolidated		Parent	
	\$000	\$000	\$000	\$000
Balance at the beginning of the year	-	-	245,210	245,210
Buy-back of shares in controlled entity	-	-	-	-
Balance at the end of the year	-	-	245,210	245,210

Investment in other companies (at cost)

Balance at the beginning of the year	226	397	-	-
Exchange adjustment	(2)	2	-	-
Investments in which a controlling interest was acquired	-	(173)	-	-
Investments disposed of during the year	-	-	-	-
Balance at the end of the year	224	226	-	-

Other loans including loans to the staff
share purchase schemes (Refer note 32).

Balance at the beginning of the year	7,827	10,594	192,111	2
Exchange adjustment	(2)	91	(15,360)	-
Loans to wholly owned controlled entities	-	-	-	192,110
New investments during the year	151	41	-	-
Reclassified from receivables	510	-	-	-
Loans repaid during the year	(2,538)	(2,899)	-	(1)
Balance at the end of the year	5,948	7,827	176,751	192,111
Total other financial assets	6,172	8,053	421,961	437,321

Notes

Notes to the financial statements continued

	Freehold land and improvements \$000	Buildings \$000	Consolidated Plant and machinery \$000	Leased plant and machinery \$000	Capital work in progress \$000	Total \$000
11. Property, plant and equipment						
2003						
Cost						
At cost	32,379	135,748	579,275	5,610	23,342	776,354
At deemed cost	2,680	8,250	-	-	-	10,930
Balance at the beginning of the year	35,059	143,998	579,275	5,610	23,342	787,284
Exchange adjustment	(1,754)	(8,749)	(26,305)	(216)	(1,528)	(38,552)
Additions	319	3,376	18,679	519	25,551	48,444
Additions through acquisition of entities	-	315	34,108	-	-	34,423
Disposals/write-offs	-	(208)	(47,430)	-	(619)	(48,257)
Disposals through sale of entities	(370)	(953)	(14,838)	(509)	-	(16,670)
Transfers	1,899	5,936	12,823	-	(20,658)	-
Balance at the end of the year	35,153	143,715	556,312	5,404	26,088	766,672
Accumulated depreciation						
Balance at the beginning of the year	(178)	(58,182)	(340,890)	(2,342)	-	(401,592)
Exchange adjustment	16	3,035	13,134	77	-	16,262
Depreciated during the year	(193)	(6,520)	(35,549)	(330)	-	(42,592)
Additions through acquisition of entities	-	-	(11,152)	-	-	(11,152)
Disposals/write-offs	-	183	46,705	-	-	46,888
Disposals through sale of entities	7	51	7,213	509	-	7,780
Transfers	(1,033)	(70)	1,103	-	-	-
Balance at the end of the year	(1,381)	(61,503)	(319,436)	(2,086)	-	(384,406)
Total property, plant and equipment, net	33,772	82,212	236,876	3,318	26,088	382,266
2002						
Cost						
At cost	27,617	114,555	536,202	4,893	35,030	718,297
At deemed cost	2,680	8,250	-	-	-	10,930
Balance at the beginning of the year	30,297	122,805	536,202	4,893	35,030	729,227
Exchange adjustment	436	1,153	6,401	162	(914)	7,238
Additions	3,232	18,835	27,499	826	16,002	66,394
Disposals/write-offs	(387)	(328)	(14,860)	-	-	(15,575)
Transfers	1,481	1,533	24,033	(271)	(26,776)	-
Balance at the end of the year	35,059	143,998	579,275	5,610	23,342	787,284
Accumulated depreciation						
Balance at the beginning of the year	(151)	(52,949)	(305,738)	(1,786)	-	(360,624)
Exchange adjustment	5	(1,126)	(5,061)	(55)	-	(6,237)
Depreciated during the year	(32)	(5,156)	(36,355)	(669)	-	(42,212)
Disposals/write-offs	-	71	7,411	-	-	7,482
Transfers	-	978	(1,146)	168	-	-
Balance at the end of the year	(178)	(58,182)	(340,890)	(2,342)	-	(401,592)
Total property, plant and equipment, net	34,881	85,816	238,385	3,268	23,342	385,692

Jones Lang LaSalle valued the land and buildings portfolio, excluding the Sulfer Works assets in 2001, on an existing use valuation at \$96.9 million. The book value at that time was \$97.0M

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

Notes

Notes to the financial statements continued

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

Notes

Notes to the financial statements continued

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

Notes

Notes to the financial statements continued

	Consolidated		Parent	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
15 Interest bearing liabilities				
Capital notes				
Face value NZD 225,000,000 (2002 NZD 225,000,000)				
Long term unsecured subordinated fixed interest debt security with an election date of 15 October 2006.	201,523	192,885	-	-
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	271,277	391,393	15,963	4,582
Bank loans - secured	-	17,212	-	-
Other loans - unsecured	2,304	3,504	-	-
Subordinated loans from wholly owned controlled entities	-	-	210,802	196,412
Finance lease liabilities - secured	5,416	6,386	-	-
	480,520	611,380	226,765	200,994
Less current portion				
Bank loans - unsecured	125,407	281,060	15,963	4,582
- secured	-	14,362	-	-
Other loans - unsecured	37	977	-	-
Finance lease liabilities - secured	1,406	1,391	-	-
Total current interest bearing liabilities	126,850	297,790	15,963	4,582
Total non-current interest bearing liabilities	353,670	313,590	210,802	196,412
Repayment of borrowings (excluding finance leases)				
Periods ending 31 July, 2004	125,444	96,414	15,963	-
2005	44,736	6,431	-	-
2006	101,134	10,264	-	-
2007	201,523	192,885	210,802	196,412
No specified repayment date	2,267	2,601	-	-
The obligations with no specified repayment date are repayable upon certain contingent events, which the directors believe will not occur in the foreseeable future.				
	%	%	%	%
Average interest rates				
Capital notes coupon	8.6	8.6	-	-
Bank loans	4.5	4.3	7.9	7.9
Other loans	3.1	6.8	-	-
Subordinated loans from wholly owned controlled entities	-	-	9.2	9.2
Finance lease liabilities - secured	7.7	8.1	-	-

All unsecured bank borrowings are provided by banks that are parties to the Group Negative Pledge Deed. The assets of all the entities included in the Negative Pledge Deed (Note 25) are in excess of their related borrowings.

At 31 July 2003 there was no utilisation of facilities that are secured over certain assets of controlled entities.

Finance lease liabilities are secured over certain plant of controlled entities.

Notes

Notes to the financial statements continued

	Consolidated		Parent	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
16 Provisions				
Dividends	-	17,082	-	17,082
Employee entitlements	24,307	25,393	573	454
Other	3,148	2,530	107	17
	<u>27,455</u>	<u>45,005</u>	<u>680</u>	<u>17,553</u>
Less current portion				
Dividends	-	17,082	-	17,082
Employee entitlements	14,756	16,754	515	413
Other	3,148	2,530	107	17
	<u>17,904</u>	<u>36,366</u>	<u>622</u>	<u>17,512</u>
Total current provisions				
Total non-current provisions	<u>9,551</u>	<u>8,639</u>	<u>58</u>	<u>41</u>
Other provisions				
Balance at the beginning of the year	2,530		17	
Exchange adjustment	(74)		1	
Additional provision	1,477		107	
Amounts utilised during the year	(785)		(18)	
Balance at the end of the year	<u>3,148</u>		<u>107</u>	
17 Contingent Liabilities				
The parent entity has entered into a Deed of Cross Guarantee (refer note 25) in accordance with a class order issued by the Australian Securities and Investments Commission. The parent entity and all the Australian controlled entities which are a party to the deed, have guaranteed the repayment of all current and future creditors in the event any of these companies are wound up. The parent entity together with all the material wholly owned controlled entities have entered into a Negative Pledge Deed with the group's lenders whereby all group entities which are a party to the deed have guaranteed the repayment of all liabilities in the event that any of these companies are wound up.				
Guarantees for the payment of liabilities	-	2,143	-	2,143
Receivables sold to financiers for which there is either partial or full recourse to the company in the event that the debt is not collected from the customer. Receivables sold that have come due for payment since year end have been collected by the financiers. (Refer Note 28)	-	6,250	-	-
The parent entity has guaranteed with the noteholders the issuers' obligations under the capital notes.	-	-	201,523	192,885
Environmental claim warranty				
Guarantee upon sale of a business limited to EUR 6.1 million on account of possible remediation costs for soil and groundwater contamination. This guarantee decreases from 2003 progressively to nil in 2011. The Directors do not believe that any material costs will be incurred as a result of this guarantee.	10,550	10,987	-	-
	<u>10,550</u>	<u>17,237</u>	<u>201,523</u>	<u>192,885</u>

Notes

Notes to the financial statements continued

Consolidated		Parent	
2003	2002	2003	2002
\$'000	\$'000	\$'000	\$'000

18 Commitments

Capital expenditure

Estimated cost of capital work covering buildings and plant authorised by the board of directors and contracted for but not yet provided for in the financial statements, together with capital work required to meet regulatory consents. All these commitments are expected to be completed within 12 months.

9,999	4,480	-	1,136
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Investments

In February 2002 the company acquired a further 30% of the Australian and Malaysian chemical formulating businesses of Mastra Holdings, which are now controlled entities. The company has a commitment to acquire the remaining shares by December 2005. The cost will be USD 3.0 million.

The company has committed to buying 14% of the shares in the Agchem business of Excel Industries Ltd, an Indian company listed on the Mumbai Stock Exchange. The cost is INR 190 million and is expected to be settled in late 2003. The company has committed to buying from Bayer product registration rights in Europe for EUR 2.0 million. This acquisition will be settled in late 2003.

4,615	5,496	-	-
6,348	7,221	-	-
3,460	-	-	-
14,423	12,717	-	-

Leases

Operating leases are generally entered to access the use of shorter term assets such as motor vehicles, mobile plant and some office equipment. Rentals are fixed for the duration of these leases. There are also a small number of leases for office properties. These rentals have regular reviews based on market rentals at the time of review. Lease commitments for non-cancellable operating leases are payable as follows:

Not later than one year	5,725	7,515	890	1,509
Later than one year but not later than two years	4,811	5,016	777	1,362
Later than two years but not later than five years	7,101	10,949	1,939	2,324
Later than five years	2,651	1,901	1,170	1,660
	20,288	25,381	4,776	6,855

Finance leases are entered to fund the acquisition of minor items of plant and equipment, mainly by partly-owned entities of the group. Rentals are fixed for the duration of these leases. Lease commitments for capitalised finance leases are payable as follows:

Not later than one year	1,636	1,549	-	-
Later than one year but not later than two years	1,363	1,421	-	-
Later than two years but not later than five years	2,908	3,312	-	-
Later than five years	-	1,783	-	-
	5,907	8,065	-	-
Less future finance charges	(492)	(1,679)	-	-
	5,415	6,386	-	-

Notes

Notes to the financial statements continued

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

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

	Consolidated		Parent	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
20 Reserves				
a) Foreign currency translation				
This reserve records exchange differences arising from the translation of the financial statements of self-sustaining foreign operations together with the net result of hedging the foreign currency exposures arising from the net investment in those foreign operations.				
Balance at the beginning of the year	(10,942)	(13,315)	-	-
Exchange fluctuation on opening net investment in overseas controlled entities	(30,985)	(6,521)	-	-
Hedging of net investment in overseas controlled entities	34,445	8,902	-	-
Transferred to retained profits	(2,108)	(8)	-	-
Balance at the end of the year	(9,590)	(10,942)	-	-
b) Asset revaluation				
This reserve records increments in the value of land and buildings that were revalued prior to 1992 when the company implemented a policy of recording assets at cost unless there is a permanent diminution in carrying values.				
Balance at the beginning of the year	1,841	2,039	-	-
Transferred to retained profits	(432)	(198)	-	-
Balance at the end of the year	1,409	1,841	-	-
c) Capital profits reserve				
This reserve is used to accumulate realised capital profits				
Balance at the beginning of the year	33,852	33,713	40,074	40,074
Transferred from retained profits	-	139	-	-
Balance at the end of the year	33,852	33,852	40,074	40,074
Total reserves	25,671	24,751	40,074	40,074

Notes

Notes to the financial statements continued

	Consolidated		Parent	
	2003	2002	2003	2002
	\$000	\$000	\$000	\$000
21 Retained profits				
Balance at the beginning of the year	212,670	183,721	105,018	93,919
Increase in retained profits on adoption of revised accounting standards				
AASB 1028: Employee benefits	(616)	-	(6)	-
AASB 1044: Provision for dividend	17,082	-	17,082	-
Net profit attributable to members of the parent entity	77,093	56,834	55,387	39,051
Aggregate amounts transferred from reserves	2,540	206	-	-
Dividends paid	(27,976)	(10,870)	(27,976)	(10,870)
Dividends provided	-	(17,082)	-	(17,082)
Aggregate amounts transferred to reserves	-	(139)	-	-
Balance at the end of the year	280,793	212,670	149,505	105,018
Franking credit balance				
The amount of franking credits available for the subsequent financial year are:				
Franking account balance as at the end of the year at 30% (2002: 30%)	2,285	3,912	2,285	124
Franking credits that will arise from the payment of income tax payable as at the end of the year	3,076	-	3,016	-
Balance at the end of the year	5,361	3,912	5,301	124
22 Outside equity interests				
Balance at the beginning of the year	6,285	1,050	-	-
Exchange adjustment	(735)	(245)	-	-
Investments in which a controlling interest was acquired	-	4,537	-	-
Share of operating profit	1,826	943	-	-
Decrease in outside equity interests on adoption of revised accounting standards	(56)	-	-	-
Dividends paid	(682)	-	-	-
Balance at the end of the year	6,638	6,285	-	-
23 Equity				
Balance at the beginning of the year	391,039	352,801	292,425	279,586
Total changes in equity recognised in the statement of financial performance	79,937	59,215	55,381	39,051
Transactions with owners as owners				
Contributed equity	1,886	1,740	1,886	1,740
Dividends	(10,894)	(27,952)	(10,894)	(27,952)
Movement in outside equity interest	353	5,235	-	-
Balance at the end of the year	462,321	391,039	338,798	292,425
24 Statement of cash flows				
a) Reconciliation of cash				
For the purposes of the statement of cash flows, cash includes cash on hand and in banks and deposits at call, net of outstanding overdrafts.				
The statements of cash flows are reconciled to respective items in the statement of financial position as follows:				
Cash assets	28,507	15,780	507	752
Bank overdrafts	(44,387)	(56,008)	(15,963)	(4,582)
	(15,880)	(40,228)	(15,456)	(3,830)

Notes

Notes to the financial statements continued

	Consolidated		Parent	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
24 Statement of cash flows continued				
b) Reconciliation of net profit (loss) after income tax to net operating cash flows				
Net profit (loss) after income tax	78,919	57,777	55,387	39,051
Dividend from associated company	2,979	2,924	-	-
Less cash profit on disposal of Fernz Specialty Chemicals	(5,740)	-	-	-
Sulfer Works costs prior to sale	-	2,284	-	-
Non-cash items:				
Amortisation	24,672	14,861	-	-
Depreciation	42,592	41,858	2,454	1,617
Losses on disposal of fixed assets	2,401	251	641	33
Unrealised foreign currency gains	-	-	(209)	(1,669)
Movement in provisions for:				
Deferred tax	2,372	4,084	3,727	705
Tax assets	(7,854)	45	(15,405)	2,276
Deferred product development expenses	(8,578)	(8,345)	-	-
Exchange rate change on foreign controlled entities provisions	1,132	447	535	798
	56,737	53,201	(8,257)	3,760
Movements in working capital items:				
(Increase)/decrease in receivables	37,102	(45,765)	5,670	1,785
(Increase)/decrease in inventories	347	(17,119)	736	(2,541)
Increase/(decrease) in payables	82,602	2,430	(6,930)	(1,016)
Increase/(decrease) in income tax payable	(3,346)	2,784	6,534	815
Exchange rate change on foreign controlled entities working capital items	(27,502)	(4,156)	1,410	1,029
Share of profits of associates net of tax	(3,797)	(3,651)	-	-
Group tax setoff	-	-	455	341
Movements in intercompany balances relating to cash transactions	-	-	(83)	(906)
	85,406	(65,477)	7,792	(493)
Net operating cash flows	218,301	50,709	54,922	42,318
c) Businesses sold				
The company sold the business and assets of Fernz Specialty Chemicals in Australia and New Zealand (2002: the company sold the business and assets of Fernz Sulfer Works in Canada)				
Net assets disposed of were				
Inventory	41,165	2,307	12,714	-
Property, plant and equipment	8,890	4,906	7,271	-
Payables	(403)	-	(120)	-
Cash gain on disposal	8,200	-	1,687	-
Amounts settled for businesses sold in prior years	2,252	686	717	686
Total consideration	60,104	7,899	22,269	686
Cash deferred	-	(5,119)	-	-
Cash consideration received	60,104	2,780	22,269	686
Cash paid for closure costs	(2,460)	(6,092)	-	-
Net cash effect	57,644	(3,312)	22,269	686
Shown as				
Proceeds from business sale	57,644	686	22,269	686
Sulfer Works closure costs net of disposal proceeds	-	(3,998)	-	-

Notes

Notes to the financial statements continued

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

24 Statement of cash flows continued**d) Businesses acquired**

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

The aggregate amounts of net assets acquired were

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

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

e) Non cash financing and investing activities

During the financial year plant and equipment with an aggregate value of \$519,000 (2002: \$826,000) was acquired by means of finance leases.

During the financial year 394,436 ordinary shares were issued as fully paid to staff under the Executive Share Purchase Scheme. The deemed value of the shares, \$1,423,000 (2002: \$1,076,000) was expensed in the statement of financial performance.

Notes	Place of incorporation	Percentage of shares held	2003	2002
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25 Controlled entities

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

Abel Lemon and Company Pty Ltd	(a)	Australia	100	100
Agcare Biotech Pty Ltd	(c)	Australia	70	70
Agrow Australia Pty Ltd	(a),(b)	Australia	100	100

	Notes	Place of incorporation	Percentage of shares held	
			2003	2002
25 Controlled entities continued				
Agryl Holdings Limited	(a),(b)	Australia	100	100
Allrad No1 Pty Ltd		Australia	90	90
Artfern Pty Ltd		Australia	100	50
Australis Services Pty Ltd	(a)	Australia	100	100
Bioclip NZ Pty Limited	(c)	New Zealand	100	100
Biotech Innovations Pty Ltd	(c)	Australia	90	90
Camper Vertriebs	(c)	Germany	100	100
Captec (NZ) Limited	(b)	New Zealand	100	100
Captec Pty Limited	(a),(b)	Australia	100	100
CFPI GmbH	(c)	Germany	100	100
Chemicca Limited	(a)	Australia	100	100
Chemicca Limited	(c)	New Zealand	100	100
Chemturf Pty Ltd	(a)	Australia	100	100
Chloral Investment Trust		Australia	80	80
Chloral Unit Trust No1		Australia	80	80
Chloral Unit Trust No2		Australia	80	80
Compagnie D'Applications Chimiques a L'Industrie	(c)	France	100	100
CNG Holdings BV		Netherlands	100	100
Crop Care Australasia Pty Ltd	(a),(b)	Australia	100	-
Crop Care Holdings Limited		New Zealand	100	-
Croplands Equipment Limited	(b)	New Zealand	100	100
Croplands Equipment Pty Ltd	(a),(b)	Australia	100	100
Danestoke Pty Limited	(c)	Australia	80	80
Davco New Zealand Limited	(c)	New Zealand	100	100
Eltrick Pty Ltd		Australia	90	90
Electronic Agriculture Limited	(a),(c)	Australia	100	100
Esoorblue Pty Ltd		Australia	90	90
Fchem Limited (formerly Fernz Australia Limited)	(a),(b)	Australia	100	100
Fchem Limited (formerly Fernz Chemicals (NZ) Limited)	(b)	New Zealand	100	100
Fernz Canada Limited	(b)	Canada	100	100
Fernz Corporation (NZ) Limited	(b)	New Zealand	100	100
Fernz Singapore Pte Ltd	(b)	Singapore	100	100
Fernz Timber Protection (M) Sdn Bhd	(c)	Malaysia	51	51
Fidene Limited	(c)	New Zealand	100	100
Finotech BV	(b),(c)	Netherlands	100	100
Florigene Europe BV		Netherlands	90	90
Florigene Flowers Pty Ltd		Australia	90	90
Florigene International BV		Netherlands	90	90
Florigene Investments Pty Ltd		Australia	90	90
Florigene Investments No2 Pty Ltd		Australia	90	90
Florigene Limited		Australia	90	90
Florigene Marketing Pty Ltd		Australia	90	90
Framchem SA	(c)	Egypt	100	100
Health & Sciences Limited (formerly Fernz Health & Sciences Limited)	(b)	New Zealand	100	100
Interferon Ltd	(a)	Australia	100	100
Interferon NZ Limited	(b)	New Zealand	100	100
International Flower Developments Pty Ltd		Australia	90	90
Laboratoire Europeen de Biotechnologie	(c)	France	100	100
Manaus Holdings Sdn Bhd		Malaysia	100	100
Marman Holdings LLC	(c)	USA	70	70
Marman de Centroamerica Sociedad Anonima	(c)	Costa Rica	70	70
Marman del Ecuador Sociedad Anonima	(c)	Ecuador	70	70

	Notes	Place of incorporation	Percentage of shares held 2003	2002
25 Controlled entities continued				
Marman de Mexico Sociedad Anonima	(c)	Mexico	70	70
Marman Sociedad Anonima	(c)	Guatemala	70	70
Marman (Nufarm) Inc (formerly Marman USA Inc)	(c)	USA	70	70
Mastra Corporation Pty Limited	(c)	Australia	70	70
Mastra Corporation USA Pty Limited	(c)	Australia	70	70
Mastra Corporation Sdn Bhd	(c)	Malaysia	70	70
Mastra Holdings Sdn Bhd	(c)	Malaysia	70	70
Mastra Industries Sdn Bhd	(c)	Malaysia	70	70
MCFI International (SA) Pty Ltd	(c)	South Africa	100	100
Medisup Securities Limited	(a),(b)	Australia	100	100
Medisup International NV	(c)	N. Antillies	100	100
Mequab Pty Ltd		Australia	90	90
Neuchatel Pty Ltd	(a)	Australia	100	100
Nufarm Agriculture Inc	(b)	Canada	100	100
Nufarm Agriculture (Pty) Ltd	(c)	South Africa	100	100
Nufarm Agriculture Zimbabwe (Pvt) Ltd	(c)	Zimbabwe	100	100
Nufarm Americas Holding Company	(b)	USA	100	100
Nufarm Americas Inc	(b)	USA	100	100
Nufarm Argentina SRL	(c)	Argentina	100	100
Nufarm Asia Pte Ltd	(b)	Singapore	100	100
Nufarm Asia Sdn Bhd	(c)	Malaysia	100	-
Nufarm Australia Limited	(a),(b)	Australia	100	100
Nufarm BV	(b)	Netherlands	100	100
Nufarm Chile Limitada	(c)	Chile	100	100
Nufarm Coogee Pty Ltd		Australia	80	80
Nufarm Columbia Ltda	(c)	Columbia	100	100
Nufarm de Costa Rica	(c)	Costa Rica	100	100
Nufarm de Guatemala SA	(c)	Guatemala	100	100
Nufarm de Mexico Sa de CV	(c)	Mexico	100	100
Nufarm Deutschland GmbH		Germany	100	-
Nufarm do Brazil	(c)	Brazil	100	100
Nufarm Energy Pty Ltd	(a)	Australia	100	100
Nufarm Espana SA	(b),(c)	Spain	100	100
Nufarm GmbH	(b)	Germany	100	100
Nufarm GmbH	(b)	Austria	100	100
Nufarm GmbH & Co KG	(b)	Austria	100	100
Nufarm Holdings BV	(b)	Netherlands	100	100
Nufarm Holdings (NZ) Limited (formerly Fernz holdings (NZ) Limited)	(b)	New Zealand	100	100
Nufarm Inc.	(b)	USA	100	100
Nufarm Insurance Pte Ltd (formerly Fernz Insurance Pte Ltd)		Singapore	100	100
Nufarm Ireland Limited	(c)	Ireland	100	100
Nufarm KK	(c)	Japan	100	100
Nufarm Malaysia Sdn Bhd		Malaysia	100	100
Nufarm Materials Ltd (formerly Fernz Construction Materials Ltd)	(a),(b)	Australia	100	100
Nufarm NZ Limited	(b)	New Zealand	100	100
Nufarm Panama SA	(c)	Panama	100	100
Nufarm Phillipines Inc	(c)	Phillipines	80	80
Nufarm Platte Pty Ltd	(c)	Australia	100	100
Nufarm Portugal LDA (formerly Agro Permutadora Produtos Agroquimicos LDA)	(c)	Portugal	100	100
Nufarm SA	(b),(c)	France	100	100
Nufarm SC	(b)	France	100	100
Nufarm Specialty Products Inc (formerly Lobeco Products Inc)	(b)	USA	100	100

	Notes	Place of incorporation	Percentage of shares held 2003	2002
25 Controlled entities continued				
Nufarm Technologies USA		New Zealand	100	100
Nufarm Technologies USA Pty Limited		Australia	100	100
Nufarm (Thailand) Ltd	(c)	Thailand	100	100
Nufarm Treasury Pty Ltd	(a),(b)	Australia	100	100
Nufarm UK Limited	(b)	United Kingdom	100	100
Nufarm USA Inc.	(c)	USA	100	100
Nuturf Pty Ltd	(a),(b)	Australia	100	100
Opti-Crop Systems Pty Ltd	(b)	Australia	75	75
Pacific Raw Materials Australia Pty Ltd	(a)	Australia	100	100
Pacific Raw Materials Limited	(c)	New Zealand	100	100
Pharma Pacific Pty Limited	(a)	Australia	100	100
PT Nufarm Indonesia		Indonesia	70	70
Resfun Pty Ltd		Australia	90	90
Rockmere Pty Ltd	(a)	Australia	100	100
Safepak Industries Sdn Bhd	(c)	Malaysia	70	70
SC Inpar	(c)	France	100	100
Selchem Pty Limited	(a)	Australia	100	100
Societe d'Etudes et Applications Chimiques	(b)	France	100	100
Societe Civile Mobiliere Clama	(c)	France	100	100
Societe des Ecluses de la Garenne	(c)	France	100	100
TPL Limited (formerly Fernz Timber Protection Limited)	(b)	New Zealand	100	100

Note (a). These entities have entered into a deed of cross guarantee dated 10 July 2000 with Nufarm Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of a class order issued by the Australian Securities and Investment Commission (dated 14 July 2000), these companies are relieved from the requirement to prepare financial statements.

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

Note (c). These entities have not been audited by Ernst & Young. These companies are mostly dormant or immaterial to the group.

Consolidated	
31.7.2003	31.7.2002
\$000	\$000

26 Closed group

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

Statement of financial performance

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

Notes

Notes to the financial statements continued

	Consolidated	
	31.7.2003	31.7.2002
	\$'000	\$'000
26 Closed group continued		
Statement of financial position		
Current Assets		
Cash assets	4,134	4,851
Receivables	332,952	176,240
Inventories	154,321	131,378
Tax assets	-	2,909
Prepayments	3,237	2,306
Total current assets	494,644	317,684
Non-current Assets		
Property, plant and equipment	136,529	101,680
Related company investments	176,750	215,167
Other financial assets	123,191	199,264
Intangible assets	11,487	9,665
Deferred tax assets	28,106	18,510
Other	3,814	601
Total non-current assets	479,877	544,887
TOTAL ASSETS	974,521	862,571
Current liabilities		
Payables	204,513	139,251
Interest bearing liabilities	68,114	65,366
Tax liabilities	10,459	218
Provisions	7,289	22,852
Total current liabilities	290,375	227,687
Non-current liabilities		
Interest bearing liabilities	281,302	321,012
Deferred tax liabilities	4,432	705
Provisions	6,504	5,504
Total non-current liabilities	292,238	327,221
TOTAL LIABILITIES	582,613	554,908
NET ASSETS	391,908	307,663
Equity		
Contributed equity	149,219	147,333
Reserves	55,963	20,697
Retained profits	186,726	139,633
TOTAL EQUITY	391,908	307,663
	2003	2002
27 Interests in joint venture operations	\$'000	\$'000
The company has an 80% interest in the Nufarm - Coogee Joint Venture representing its two chlor alkali plants in Western Australia.		
Assets employed		
Cash	1,276	1,239
Receivables	1,954	2,109
Inventory	614	966
Prepayments	115	102
Property, plant and equipment	13,253	17,894
Total assets employed	17,212	22,310
Capital expenditure commitments	1,201	221

Notes

Notes to the financial statements continued

Consolidated		Parent	
Accessible	Drawn down	Accessible	Drawn down
\$000	\$000	\$000	\$000

28 Financing arrangements

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

2003

Bank loan facilities	621,657	271,277	-	15,963
Other facilities	2,304	2,304	-	-
Subordinated debt facility	201,523	201,523	-	-
On - balance sheet financing facilities	825,484	475,104	-	15,963
Off - balance sheet receivables securitisation-type facilities	183,846	75,697	-	-
Total financing facilities	1,009,330	550,801	-	15,963

2002

Bank loan facilities	601,442	408,605	-	4,582
Other facilities	3,504	3,504	-	-
Subordinated debt facility	192,885	192,885	-	-
On - balance sheet financing facilities	797,831	604,994	-	4,582
Off - balance sheet receivables securitisation-type facilities	66,866	13,613	-	-
Total financing facilities	864,697	618,607	-	4,582

Receivables Securitisation

Receivables from Nufarm Australia Limited, Nufarm Americas Inc and Nufarm Agriculture Inc are sold to an unrelated third party, in which the consolidated entity has no ownership interest. The consolidated entity does not have the capacity to control the unrelated third party and accordingly does not consolidate the entity.

Receivables, uncollected from customers as at 31 July 2003, that have been sold to the third party amounted to \$75.697M (2002: Nil). The unrelated third party retains the risk for bad debts in respect of the total portfolio of securitised receivables.

Other receivables programs

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

Consolidated

2003	2002
\$000	\$000

29 Foreign currency exposures**a) Current assets**

Amounts receivable in foreign currency which are not effectively hedged

US dollars	20,299	42,975
Canadian dollars	-	9,574
Euros	12,946	15,147
Other	3,669	3,734
	<u>36,914</u>	<u>71,430</u>

b) Current liabilities

Amounts payable in foreign currency which are not effectively hedged

US dollars	43,482	30,881
Euros	5,089	20,800
British pounds	4,479	7,073
Other	2,718	1,198
	<u>55,768</u>	<u>59,952</u>

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

30 Financial instruments**a) Objectives for holding derivative financial instruments**

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

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

b) Credit risk exposure

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

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

c) Foreign exchange

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

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

Notes

Notes to the financial statements continued

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

	Floating interest rate \$000	Fixed interest maturing in < 1 year \$000	1 to 5 years \$000	Non - interest bearing \$000	Total \$000
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e) Interest rate risk exposures

The following table summarises interest rate risk for the consolidated entity. Interest rate swaps had an average effective interest rate of 4.2% (2002: 5.9%)

2003**Financial assets**

Cash on deposit

Financial liabilities

Capital notes

Bank loans

Other loans

Finance leases

Interest rate swaps

2,820	-	-	-	2,820
-	-	201,523	-	201,523
271,277	-	-	-	271,277
2,304	-	-	-	2,304
-	1,406	4,010	-	5,416
(179,204)	-	179,204	-	-
94,377	1,406	384,737	-	480,520

2002**Financial assets**

Cash on deposit

Financial liabilities

Capital notes

Bank loans

Other loans

Finance leases

Interest rate swaps

2,652	-	-	-	2,652
-	-	192,885	-	192,885
408,605	-	-	-	408,605
3,504	-	-	-	3,504
-	1,391	4,995	-	6,386
(60,000)	30,000	30,000	-	-
352,109	31,391	227,880	-	611,380

Notes

Notes to the financial statements continued

30 Financial instruments continued**e) Interest rate risk exposures**

The weighted average interest rate for cash on deposit was 2.0% (2002: 4.3%)

All other assets and liabilities are non-interest bearing.

f) Hedges of anticipated future transactions

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

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

31 Remuneration of officers**a) Income of directors of Nufarm Limited**

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

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

b) Income of executives

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

\$	Consolidated	
	2003	2002
100,000 - 110,000	20	17
110,001 - 120,000	6	7
120,001 - 130,000	7	9
130,001 - 140,000	4	7
140,001 - 150,000	5	7
150,001 - 160,000	6	5

31 Remuneration of officers continued

b) Income of executives

\$		
160,001 - 170,000	-	1
170,001 - 180,000	5	1
180,001 - 190,000	3	2
190,001 - 200,000	1	2
220,001 - 230,000	1	3
230,001 - 240,000	1	1
240,001 - 250,000	-	1
320,001 - 330,000	-	1
330,001 - 340,000	1	-
390,001 - 400,000	1	-
400,001 - 410,000	1	-
440,001 - 450,000	1	-
450,001 - 460,000	-	1
490,001 - 500,000	-	1
500,001 - 510,000	-	1
610,001 - 620,000	1	-
620,001 - 630,000	1	-
630,001 - 640,000	-	1
640,001 - 650,000	1	-
650,001 - 660,000	-	1
660,001 - 670,000	1	-
670,001 - 680,000	-	1
680,001 - 690,000	-	1
1,510,001 - 1,520,000	1	-
1,620,001 - 1,630,000	-	1
	\$000	\$000

The aggregate income of the executives above

13,576 14,322

Retirement benefits

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

c) Number of full-time equivalent staff employed by the consolidated entity at the end of the period

2,566 2,345

32 Employee share purchase schemes

The Nufarm Limited Staff Share Purchase Scheme No.2 (1990) enabled the issue of partly paid ordinary shares to all staff who had completed two years service with the company, issued at a 10% discount on market price at the date of the offer. The shares have been issued partly paid with 1 cent per share paid on acceptance and the balance payable over four calls which are made at the end of the second, third, fourth and fifth years. Once the call is paid to the company, one quarter of the total shares allocated will vest directly to the employee as fully paid shares. Partly paid shares do not rank for dividends until fully paid and voting rights are exercised by the trustees in proportion to the amount paid up on the shares, while the shares remain partly paid. At 31 July 2003, the trustees of the Staff Share Purchase Scheme No.2 held 386,800 (2002: 525,450) ordinary shares paid to 1 cent per share, with \$1,265,000 (2002: \$1,733,000) remaining uncalled.

32 Employee share purchase schemes continued

The Nufarm Limited Executive Share Purchase Scheme (1984) enabled the issue of fully paid ordinary shares to Executive Directors and senior executives, issued at a price equal to 70% of the market price at the date of the offer. There is an eight year restrictive period during which time the allocated shares are held by the trustees and the consideration will be paid over the restrictive period with all dividends, net of tax, being applied in reduction of the advances by the company to the trustees which total \$4,490,842 at 31 July 2003 (2002: \$6,291,269). Each executive is entitled to exercise voting rights attached to the shares allocated. At 31 July 2003 the trustees of the Executive Share Purchase Scheme (1984) held 2,111,200 (2002: 2,854,400) ordinary shares, all of which were allocated.

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

A UK Savings Related Share Options Scheme (1997) enabled the issue of ordinary share options to eligible staff in the United Kingdom who had completed two years service with the company. Share options were issued at a 10% discount on market price at the date of the offer. Share options do not rank for dividends or carry voting rights. At 31 July 2003 and at 9 October 2003 90,587 (2002: 231,233) share options were outstanding allowing the 24 participants to exercise each option into one fully paid ordinary share. 114,903 options matured on 1 November 2002 but were not exercised, and 116,330 options mature on 1 March 2005 at an exercise price of \$3.08. During the year 140,646 of the above options expired either by not being exercised on their vesting date or upon the resignation of the related employees.

The above plans have been replaced by the plans below.

The Nufarm Executive Share Plan (2000) offers shares at no cost to executives. The executives may select an alternative mix of shares (at no cost) and options at a cost determined under the "Black Scholes" methodology. These benefits are only given when a predetermined return on capital employed is achieved over the relevant period. The shares and options are subject to forfeiture and dealing restrictions. The executive cannot deal in the shares or options for a period of between three and ten years without Board approval. An independent trustee holds the shares and options on behalf of the executives. At 31 July 2003 there were 57 participants (2002: 57 participants) in the scheme and 1,361,280 shares (2002: 1,015,736) have been allocated, and 1,437,692 (2002: 1,437,692) options granted, under the plan. The 1,437,692 options were granted for a term of ten years, for 44.7 cents each, and are exercisable for \$2.70 each from the third anniversary of the grant. The options will not be quoted on the ASX. The cost of issuing shares is expensed in the year of issue and the cost of granting options is expensed in the year they are exercised.

The Global Share Plan commenced in 2001, and is available to all permanent employees. Participants contribute a proportion of their salary to purchase shares. The company will contribute an amount equal to 10% of the value 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 participant's contribution. An independent trustee holds the shares on behalf of the participants. There are 764 participants at 31 July 2003 (2002: 696 participants). The cost of issuing shares is expensed in the year of issue.

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

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

Notes

Notes to the financial statements continued

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

33 Superannuation commitments

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

The 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	2002 \$000	2001 \$000
Accrued benefits	21,147	22,291
Net market value of plan assets	15,380	20,046
Deficit	5,767	2,245

The above amounts were measured at 31 July 2002

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

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

34 Related party disclosures**a) Transactions with related parties in the wholly-owned group**

In addition to those transactions disclosed in Note 2, the parent entity entered into the following transactions during the year with related parties in the wholly-owned group:

- Loans were advanced and repayments received on short term intercompany accounts
- Proceeds of the capital notes issue have been on-lent through the parent entity to fund group investments and working capital
- Market rates have been charged for these fixed term subordinated loans
- Management fees were received from several wholly-owned controlled entities

These transactions were undertaken on commercial terms and conditions.

	Consolidated 2003 \$000	2002 \$000
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b) Transactions with other related parties

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

Number of shares		Shareholding	
Bought	Sold	2003	2002

34 Related party disclosures continued**c) Transactions with directors**

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

K M Hoggard	-	-	5,848,181	5,848,181
D J Rathbone	80,474	-	31,709,739	31,629,265
G D W Curlewis	7,000	-	10,000	3,000
Dr W B Goodfellow	10,000	-	80,000	70,000
G W McGregor AO	-	-	20,000	20,000
Sir Dryden Spring	-	-	9,676	9,676
Dr J W Stocker AO	-	-	10,000	10,000
R F E Warburton	-	-	28,300	28,300

K M Hoggard, D J Rathbone and R Heath, as non-beneficial trustees, acquired and disposed of shares pursuant to the company's Staff Share Purchase Scheme No.2.

K M Hoggard, D J Rathbone and R F E Warburton, as non-beneficial trustees, acquired and disposed of shares pursuant to the company's Executive Share Purchase Scheme.

d) Ultimate controlling entity

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

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

35 Auditors' remuneration

Amounts received or due and receivable by Ernst & Young Australia for

Audit services	378	243	96	80
Tax compliance services	225	171	34	41
Receivables securitisation program review	84	-	-	-
Total fees - Ernst & Young Australia	687	414	130	121

Amounts received or due and receivable by Ernst & Young affiliates for

Audit services	641	508	-	-
Tax compliance services	141	133	-	-
Receivables securitisation program review	56	-	-	-
Legal advice - corporate structure	122	-	-	-
Capital notes prospectus review	-	185	-	-
Total fees - Ernst & Young affiliates	960	826	-	-

Amounts received or due and receivable by other audit firms for

Audit services	117	161	-	-
Audit services - Arthur Andersen	-	50	-	17

Notes

Notes to the financial statements continued

Consolidated

2003	2002
\$000	\$000

36 Discontinuing operation

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

Financial performance information

Revenues from ordinary activities	50,922	-
Expenses	51,445	-
Profit from ordinary activities before income tax expense	(523)	-
Income tax expense relating to ordinary activities	(287)	-
Net profit	(236)	-

Asset disposals

Total assets	50,055	-
Total liabilities	403	-
Net assets	49,652	-

Proceeds from divestment of business	57,852	-
Carrying value of assets sold in divestment	(49,652)	-
Amortisation of intellectual property	(6,194)	-
Other costs of divestment	(2,460)	-
Loss on divestment	(454)	-
Related income tax	1,722	-
Loss on divestment (net of income tax expense)	(2,176)	-

Cash flows

Operating	17,542	-
Investing	(134)	-
Financing	(16,096)	-
Net cash flows	1,312	-

37 Subsequent events

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

Nufarm Limited
Trend statement
 Supplementary information

2003	2002	2001	2000	1999
\$000	\$000	\$000	\$000	\$000

The years 2000 - 2003 figures are for the 12 month periods ended 31 July. 1999 is for the 12 month period ended 31 May.

Operating results

Sales revenue	1,458,811	1,429,275	1,323,232	1,213,042	1,122,597
Operating profit after tax and minority interests	64,269	56,834	51,138	51,984	43,949
Non-recurring item after tax	12,824	-	(55,664)	4,206	8,778
Profit attributable to members of the parent entity	77,093	56,834	(4,526)	56,190	52,727
Dividends paid and provided	10,894	27,952	27,808	26,818	21,834
Retained profits	66,199	28,882	(32,334)	29,372	30,894

Total equity

Contributed equity	149,219	147,333	145,593	145,066	129,150
Retained profits and reserves	313,102	243,706	207,208	243,446	224,980
	462,321	391,039	352,801	388,512	354,129

Represented by

Current assets	711,456	710,976	618,179	560,170	524,825
Current liabilities	506,925	590,050	454,309	420,088	374,035
Net current assets	204,531	120,926	163,870	140,082	150,790
Non-current assets	646,358	615,246	573,702	578,766	532,540
	850,889	736,172	737,572	718,848	683,330
Non-current liabilities	187,045	152,248	246,323	197,524	189,121
Capital notes	201,523	192,885	138,448	132,812	140,080
	388,568	345,133	384,771	330,336	329,201
Net assets	462,321	391,039	352,801	388,512	354,129

Statistics

Operating earnings after tax to average equity attributable to members of the parent entity	15.3%	15.4%	13.8%	14.0%	13.2%
Dividend rate per share	20.0c	18.0c	18.0c	17.2c	14.8c
Net tangible asset backing per share	\$2.05	\$1.57	\$1.42	\$1.62	\$1.61

Notes

Notes to the financial statements

1 Statement of significant accounting policies

Basis of accounting

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

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the accounting policies with respect to provision for dividends, employee benefits and foreign currency translation.

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

Principles of consolidation.

The consolidated financial statements include the financial statements of the parent entity, Nufarm Limited, and its controlled entities, referred to collectively throughout these financial statements as the 'Consolidated Entity'. All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with group policy and generally accepted accounting principles in Australia.

Foreign currency transactions

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

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

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

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

Notes

Notes to the financial statements

Statement of significant accounting policies continued

Revenue recognition

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

Taxes

♦ Income tax

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

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

♦ Indirect taxes (GST and VAT)

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

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

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

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

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

Cash and cash equivalents

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

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

Receivables

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

Inventories

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

Due allowance is also provided for obsolete and slow moving inventories

Recoverable amounts of non-current assets

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

Equity accounted investments

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

Notes

Notes to the financial statements

Statement of significant accounting policies continued

Joint ventures

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

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

Other financial assets

Interests in non-subsidiary, non-associated corporations are included in other financial assets at the lower of cost or recoverable amount.

Leased assets

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

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

Property, plant and equipment

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

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

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

Goodwill on acquisition

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

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

Patents and trademarks

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

Major projects development expenditure

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

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

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

Notes

Notes to the financial statements

Statement of significant accounting policies continued

Other non-current assets

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

- ◆ **Product development costs**

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

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

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

- ◆ **Borrowing costs**

Borrowing costs are expensed as incurred, except where:

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

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

Payables

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

Interest bearing liabilities

All loans are recorded at the principal amount, or in the case of the capital notes, at the face value of the note.

Borrowing costs, including interest are charged as they accrue.

Provisions

- ◆ **Provision for employee benefits**

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

All on-costs are included in the determination of provisions. Vested sick leave, annual leave and the current portion of long service leave and workers' compensation provisions are measured at their nominal amounts, based on remuneration rates which are expected to be paid when the liability is settled.

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

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

- ◆ **Dividends**

Provision is made for dividends only when declared.

Contributed equity

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

Earnings per share

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

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

Employee share and option ownership schemes

All employees are entitled to participate in share and option ownership schemes after a qualifying period. The remuneration costs associated with the new share plans (see note 32) will be expensed as incurred..

Notes

Notes to the financial statements

Statement of significant accounting policies continued

Financial instruments

- Included in equity - ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.
- Included in liabilities - capital notes are recorded at their issue price. Interest on borrowings (including capital notes) is recognised in the period in which it is incurred. Trade creditors and accruals are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received. Interest bearing liabilities are carried at the face value of the loans.
- Included in assets - trade debtors are initially recorded at the amount of contracted sale proceeds.

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

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

- Forward foreign exchange contracts, foreign currency swaps and option contracts are arranged to hedge major foreign currency sales and purchases, foreign currency loans and the translation of foreign currency earnings and investments.
- Interest rate swap agreements, options and forward rate agreements (FRAs) are arranged to hedge against adverse movements in interest rates on both long term and short term loans.
- Cross currency interest rate 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 counterparty banks to exchange the difference between the fixed interest rates of various currencies of advances made and to exchange the principal at an agreed rate of foreign currency conversion. Amounts receivable under the cross currency interest rate swap 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 as a result of the first time application of revised Accounting Standards AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets', and AASB 1028 'Employee Benefits'.

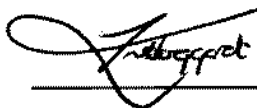
Nufarm Limited

Directors' Declaration

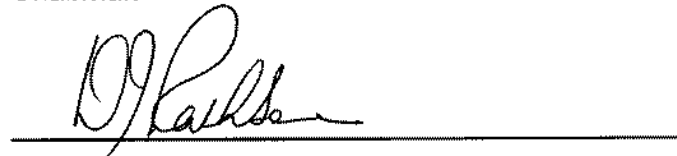
The Directors declare that the financial statements and associated notes

1. comply with accounting standards and urgent issues consensus views;
2. give a true and fair view of the financial position as at 31 July 2003 and performance of the company and consolidated entity for the 12 months then ended;
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:



K.M. HOGGARD
Chairman



D.J. RATHBONE
Director

Melbourne
9 October 2003

Independent audit report to members of Nufarm Limited

Scope

The financial report and directors' responsibility

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

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

Audit approach

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

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

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

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

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

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

Independence

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

Audit opinion

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

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Nufarm Limited and the consolidated entity at 31 July 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



Mary Waldron
Partner
Melbourne
9 October 2003

October 9, 2003

Preliminary announcement

Full year results for the period ending July 31, 2003

Financial highlights

Tax paid operating profit up by 13%

Crop protection sales increase by 18%

EBITDA increases by 10%

Operating cashflow increases to \$218 million

EBITDA – Interest cover increases to 5 times

Debt reduced by \$131 million

The directors of Nufarm Limited announced today a tax paid profit of \$77.1 million for the year ended July 31, 2003. This result includes a one-off taxation benefit of \$12.8 million resulting from the company adopting the new Australian consolidation taxation regime.

The operating tax paid profit of \$64.3 million is an excellent result and represents a 13% increase on the previous year (\$56.8 million). Total sales were \$1.458 billion, up 2% on the 2002 year.

The crop protection business accounted for 85% of total revenues and the industrial chemicals business 15%. In the 2003 year, Australasia generated 50% of total revenue, the Americas 25%, and Europe 25%.

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

Earnings per share, excluding the one off taxation benefit, were 41.3 cents, an increase of 13% on last year's 36.7 cents.

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

Final Dividend

Directors have declared a fully franked dividend of 13 cents per share (last year 11 cents per share) resulting in a full year dividend payment of 20 cents per share, an increase of 2 cents on the previous year.

The dividend increase recognises the excellent operating result and the confidence of directors in the sustainability of continued profit growth.

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

Crop protection

This segment of the company's business experienced strong revenue growth (sales increased from \$1,050 million to \$1,234 million). Segment profit increased 14% from \$118.4 million to \$134.8 million.

In Australia and New Zealand the acquisitions of the Monsanto 'Roundup' business and Crop Care Australasia Pty Ltd had a very positive impact. Good growth was also experienced in the United States and Asia, and the first year German result is very encouraging.

Important progress was made in converting technical (bulk) sales of a number of core products into finished, branded product sales in many of the offshore markets and this contributed to an increase in margins for the crop protection business in general.

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

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

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

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

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

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

Despite the increased sales, particularly over the last three months of the year, and the inclusion of Crop Care, net working capital in Australia increased by only \$6 million.

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

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

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

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

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

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

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

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

Industrial chemicals

Revenue in this division declined by 42% to \$222 million following the divestment of the Fernz specialty chemical business to Orica Limited in November, 2002. This business recorded only three months sales in this year. The remaining industrial chemical businesses sales fell by 7%. The pre-tax segment profit reduced to \$23.6 million from \$31.3 million in the previous year.

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

The South Carolina based Nufarm Specialty Products subsidiary – which produces intermediates for a number of manufacturing industries – recovered strongly from a depressed result in 2002 to post sales growth of 30% in local currency. Several new long-term tolling and custom manufacturing contracts were secured.

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

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

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

Outlook

Directors have reaffirmed the company's intention to continue to focus on its core crop protection business, with growth being pursued on both a geographic and product portfolio basis.

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

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

Further improvements in the working capital position and other key balance sheet ratios are being targeted in the current period.

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

Doug Rathbone
Managing Director

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Corporate Affairs
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