

A young corn plant with several large, green leaves is the central focus, growing out of dark, rich soil. The background is a blurred field of crops under a clear blue sky, with the sun setting on the right side, creating a warm, golden glow and lens flare. The overall scene conveys a sense of agricultural growth and natural beauty.

**Nufarm Limited** 2004 Half Year Report





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## key events

- Crop protection revenues increase by 25%
- Acquisition of global BASF phenoxy herbicides business
- Successful capital raising

## facts in brief

12 months ended 31.7.2003		6 months ended 31.1.2004	6 months ended 31.1.2003	% change
<b>Trading results (\$000)</b>				
1,458,811	Revenue from ordinary activities	530,993	509,633	4%
64,269	Profit/(loss) from ordinary activities after tax attributable to members	(1,876)	(3,990)	53%
77,093	*Net profit/(loss) attributable to members	(1,876)	(3,990)	53%
<b>Other summary data</b>				
<b>Ratios</b>				
98%	Gearing ratio	113%	188%	
34.0%	Equity ratio	32.2%	26.1%	
1.4	Current ratio	1.4	1.5	
\$2.05	Net tangible assets per ordinary share	\$1.74	\$1.49	
2,566	Staff employed	2,645	2,403	

<b>Distribution to shareholders</b>	Amount per security	Franked amount per security
Dividend paid per ordinary share on 7 November 2003	13c	13c
Dividend paid per ordinary share on 8 November 2002		11c
Dividend proposed 8 cents per ordinary share fully franked, with record date for entitlement 8 April 2004		

\*The 31 July 2003 net profit of \$77,093 includes a \$12,824 tax benefit arising from increased depreciation allowances upon entering into the Australian tax consolidation regime

# report to shareholders

## Six months ended 31 January 2004

Nufarm Limited incurred an after tax loss of \$1.87 million for the half year period ending on 31 January 2004. This result is marginally better than the guidance provided by the company and is an improvement on the interim loss of \$3.99 million for the corresponding period last year.

We confidently believe the company remains on target to achieve strong profit growth for the full year, with seasonal and business conditions looking positive and recent acquisitions poised to make valuable earnings contributions within the current 12 month period.

The interim dividend has increased from seven cents to eight cents (fully franked) and will be paid on 28 April to all holders of ordinary shares in the company as of 8 April.

Crop protection revenues in the first half were up 25 per cent on the same period last year, with sales generated by the Australian businesses significantly ahead of the previous period due to the far more favourable seasonal conditions.

Industrial chemical revenues were down by almost 60 per cent, reflecting the sale of the Fernz specialty chemicals business in November 2003, which recorded sales of some \$50 million in the first half of last year.

Overall, group revenues increased by four per cent to \$531 million. 57 per cent of revenues were generated in Australasia; 19 per cent in the Americas; and 24 per cent in Europe.

With a continued focus on growing the company's core crop protection business, Nufarm's earnings remain highly seasonal. Approximately two thirds of the company's sales are generated in the second half, coinciding with the major broad acre cropping activity in Australia (winter crops), Europe and the United States (both summer crops).

Operating expenses reflect the full six months of the Crop Care business in Australia and the German operations, both of which were acquired during the previous year.

Working capital as at 31 January 2004 was \$362.5 million, which is some \$130.4 million lower than for the same period last year.

Inventory levels were reduced – particularly in relation to high stock levels associated with the Crop Care acquisition in late 2002 – and better management of receivables and payables led to improvements in both areas.

Consistent with the company's objective of reducing its gearing levels, net debt to equity was 113 per cent, compared to 188 per cent at 31 January 2003.

## Crop protection

The crop protection business accounted for some 88 per cent (\$471.4 million) of group sales and generated a segment profit of \$26.8 million, up 63 per cent on the previous half year.

The Australian business capitalised on much improved seasonal conditions, particularly in the latter part of the six month period. Good rains were received in most of the key cropping regions, driving sales related to summer weed control and early stocking ahead of the key winter planting period.

The combination of the Nufarm, Crop Care and Roundup brands has given the company a strong leadership position in the Australian market. The recently announced arrangements for Nufarm to take over the distribution of the BASF crop protection business will further consolidate that position.

The New Zealand business is slightly ahead of expectations at the half year, which is a good outcome given that climatic conditions in that country have not been ideal.

In Asia, Nufarm is extending its sales, with the high value Japanese market generating good earnings and continued growth in Indonesia and Malaysia. Regional sales were ahead of the previous year.

An expanded product range and improved access to market helped the US crop protection business achieve growth in both the agriculture and turf/specialty sectors (when measured in local currency). Glyphosate sales were strong, with increased volumes compensating for a continued easing in price.

Canadian sales were in line with forecast and sales in South America – where Nufarm is establishing a new regional headquarters in Santiago, Chile – are showing steady growth as new product registrations are achieved and the product range is expanded in local markets.

Nufarm recently announced that it had acquired the international phenoxy herbicides business of BASF (Germany), as well as licensing rights to several fungicide products for Germany and Austria. Sales and earnings associated with these acquisitions will have a positive impact on the company's second half, with particular benefits for Nufarm's European operations.

In the first six months, the German business produced an excellent result and is on track to achieve strong sales growth for the full year. The BASF phenoxy business will assist both sales and profit outcomes in this market, where Nufarm is establishing a strong product presence in the important cereals and corn segments.

# report to shareholders

continued

The UK, Spain and Portugal all recorded increased sales and are well positioned for the full year. Additional fungicide sales were important contributors.

The restructuring of the French operations is proceeding on plan. While overall sales will contract in the short term, a move away from third party business to direct, branded sales will assist margins and improve the outlook of this business in the medium to long term.

Due to the timing of sales from Nufarm's 25 per cent owned bromoxynil joint venture with Bayer Cropscience, the performance of this business was significantly down in the first half. This is a phasing issue that will correct in the second half.

## Chemicals division

This division generated sales of \$59 million and a segment profit of \$2.1 million for the first half.

The SEAC pharmaceutical intermediates subsidiary in France generated an improved profit to that achieved in the same period last year, although below budget.

Removing the impact of the sale of the Fernz specialty chemicals business, the fine and performance chemicals businesses were slightly behind last year's first half result. An improvement will be seen in the second six months but these businesses are unlikely to meet initial expectations for the full year.

The company's chlor alkali plants (80 per cent owned) in Western Australia continue to generate good returns, with the first half performance on budget.

## Other developments

The company successfully completed a new equity raising during January/February. \$40 million was raised via a placement of shares to institutional investors on 14 January and a share purchase plan made available to retail investors – which closed on 13 February – raised a further \$18 million. The new equity was placed at \$5.20 per share.

On 23 February, Nufarm announced that it had entered into an agreement with BASF to distribute that company's crop protection products in Australia. The new arrangements came into effect on 1 March. The BASF product range is complementary to Nufarm's existing product portfolio and will strengthen the company's position in a number of market segments.

## Outlook

As the key selling periods approach in Nufarm's major crop protection markets, the company is well positioned to take advantage of average to good seasonal conditions in most regions.

Australia, which remains the company's largest market, has experienced widespread rains that continue to drive strong sales into the second half of the year. The company's production facilities are operating at full capacity to meet current and anticipated demand.

Elsewhere, the company is expecting sales and profit growth in most markets, as measured in local currencies. The exception is Southern Europe, which will generate lower sales associated with the restructuring activity in France.

The newly acquired businesses and products will make positive contributions for the full year, and there is expected to be a continued strengthening of key balance sheet ratios.

Given a continuation of reasonable conditions over the remainder of the year, a record half is expected and the company is now forecasting growth in operating profit over 2003 of approximately 15 per cent.



Doug Rathbone  
Managing Director and Chief Executive

Melbourne  
24 March 2004

# directors' report

The board of directors of Nufarm Limited has pleasure in submitting its report in respect of the six months period ended 31 January 2004.

## Directors

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

KM Hoggard (Chairman)  
DJ Rathbone  
GDW Curlewis  
Dr WB Goodfellow  
DG McGauchie AO (appointed 19 December 2003)  
GW McGregor AO  
Sir Dryden Spring (retired 11 December 2003)  
Dr JW Stocker AO  
RFE Warburton

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

## Principal activities

Nufarm Limited is an Australian science-based company, operating in two core business sectors: crop protection and fine and performance chemicals.

It has manufacturing and marketing operations in Asia, Australia, Europe, New Zealand and North America.

## Results

The consolidated loss of the economic entity for the period was \$1,876,000 after income tax, and outside equity interests.

## Review of operations

The review of operations forms part of the report to shareholders.

## Rounding of amounts

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

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



KM Hoggard  
Director



DJ Rathbone  
Director

Melbourne  
24 March 2004

## Independent review 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 and accompanying notes to the financial statements for the consolidated entity comprising both Nufarm Limited (the company) and the entities it controlled during the half year, and the directors' declaration for the company, for the period ended 31 January 2004.

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 consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", 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.

### Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

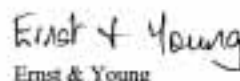
### Independence

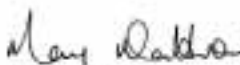
We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our review of the financial report, we were engaged to undertake certain non-audit services. The provision of these services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

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Nufarm Limited and the entities it controlled during the half year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the consolidated entity at 31 January 2004 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

  
Ernst & Young



Mary Waldron  
Partner  
Melbourne  
24 March 2004

## Condensed statement of financial performance

6 months ended 31 January 2004

	Note	Consolidated	
		31.1.2004 \$000	31.1.2003 \$000
<b>Revenue from sale of goods</b>		530,993	509,633
Cost of sales		(271,743)	(261,204)
Gross profit		259,250	248,429
Interest income		618	487
Other revenue from ordinary activities	3	9,021	61,702
		268,889	310,618
Expenses			
Depreciation and amortisation		(28,441)	(37,078)
Borrowing costs		(15,631)	(19,135)
Operating expenses	3	(225,617)	(262,006)
<b>Total expenses</b>		(269,689)	(318,219)
		(800)	(7,601)
Share of net profits/(losses) of associates		(60)	1,483
<b>Profit/(loss) from ordinary activities before income tax expense</b>		(860)	(6,118)
Income tax expense relating to ordinary activities		153	(2,820)
<b>Net profit/(loss)</b>		(1,013)	(3,298)
Net profit attributable to outside equity interest		863	692
<b>Net profit/(loss) attributable to members of the parent entity</b>		<b>(1,876)</b>	<b>(3,990)</b>
Net exchange differences arising on translation of opening net investment in foreign operations, net of related hedges		(5,958)	4,617
Share issue costs		(450)	—
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		(6,408)	4,617
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>(8,284)</b>	<b>627</b>
<b>Earnings per share</b>			
Basic earnings per share (cents per share)		(1.2)	(2.6)
Diluted earnings per share (cents per share)		(1.2)	(2.5)

The accompanying notes form an integral part of these financial statements

## Condensed statement of financial position

6 months ended 31 January 2004

	Note	Consolidated		
		31.1.2004 \$000	31.7.2003 \$000	31.1.2003 \$000
<b>Current assets</b>				
Cash assets		37,586	28,507	27,057
Receivables		304,129	316,141	316,403
Inventories		429,138	356,943	459,250
Tax assets		5,370	6,625	18,665
Prepayments		28,670	7,774	23,509
<b>Total current assets</b>		<b>804,893</b>	<b>715,990</b>	<b>844,884</b>
<b>Non-current assets</b>				
Receivables		43,141	33,241	26,131
Equity accounted investments		16,986	18,281	29,317
Other financial assets		5,307	6,172	8,524
Property, plant and equipment		362,016	382,266	389,855
Deferred tax assets		36,608	36,632	24,556
Intangible assets		191,525	142,897	160,608
Other		21,667	22,335	20,272
<b>Total non-current assets</b>		<b>677,250</b>	<b>641,824</b>	<b>659,263</b>
<b>TOTAL ASSETS</b>		<b>1,482,143</b>	<b>1,357,814</b>	<b>1,504,147</b>
Current liabilities				
Payables		370,773	336,460	282,694
Interest bearing liabilities		186,577	126,850	270,598
Tax liabilities		6,032	25,711	6,180
Provisions		17,643	17,904	16,104
<b>Total current liabilities</b>		<b>581,025</b>	<b>506,925</b>	<b>575,576</b>
Non-current liabilities				
Interest bearing liabilities		389,703	353,670	497,898
Deferred tax liabilities		25,208	25,347	28,020
Provisions		9,398	9,551	9,589
<b>Total non-current liabilities</b>		<b>424,309</b>	<b>388,568</b>	<b>535,507</b>
<b>TOTAL LIABILITIES</b>		<b>1,005,334</b>	<b>895,493</b>	<b>1,111,083</b>
<b>NET ASSETS</b>		<b>476,809</b>	<b>462,321</b>	<b>393,064</b>
Equity				
Contributed equity	5	191,674	149,219	148,757
Reserves		19,738	25,671	24,695
Retained profits	6	258,448	280,793	213,332
<b>Equity attributable to members of the parent entity</b>		<b>469,860</b>	<b>455,683</b>	<b>386,784</b>
Outside equity interest		6,949	6,638	6,280
<b>TOTAL EQUITY</b>		<b>476,809</b>	<b>462,321</b>	<b>393,064</b>

The accompanying notes form an integral part of these financial statements

## Condensed statement of cash flows

6 months ended 31 January 2004

## Inflows/(Outflows)

	Consolidated		
	Note	31.1.2004 \$000	31.1.2003 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		570,991	580,607
Interest received		3,371	2,765
Payments to suppliers and employees		(635,523)	(609,210)
Borrowing costs paid		(18,605)	(21,113)
Income tax paid		(28,434)	(14,525)
<b>Net operating cash flows</b>		<b>(108,200)</b>	<b>(61,476)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		443	2,085
Proceeds from sale of investments		794	1,241
Proceeds from business sale	7	6,347	59,408
Payments for plant and equipment		(19,127)	(27,811)
Payments for investments		(66)	(1,832)
Payments for major project development expenditure, trademarks and technology rights		(1,998)	(3,575)
Proceeds from foreign currency investment hedges (net)		28,445	6,944
Purchase of businesses, net of cash acquired	7	(21,885)	(97,770)
<b>Net investing cash flows</b>		<b>(7,047)</b>	<b>(61,310)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		39,550	1,424
Proceeds from call on partly paid shares		2	—
Proceeds from borrowings		83,544	155,970
Proceeds from foreign currency loans hedges (net)		—	160
Dividends paid		(20,470)	(17,421)
<b>Net financing cash flows</b>		<b>102,626</b>	<b>140,133</b>
Net increase (decrease) in cash held		(12,621)	17,347
Cash at the beginning of the period		(15,880)	(40,228)
Exchange rate fluctuations on foreign cash balances		(2,320)	(1,417)
<b>Cash at the end of the period</b>		<b>(30,821)</b>	<b>(24,298)</b>

The accompanying notes form an integral part of these financial statements

## Notes

Notes to the half-year financial statements

## 1 Basis of preparation

These general purpose condensed financial statements have been prepared for the half year ended 31 January 2004 in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB1029 'Interim Financial Reporting' and Urgent Issues Group Consensus Views. It is recommended that this report be read in conjunction with the 31 July 2003 Annual Report and any public announcements made by Nufarm Limited during the half year in accordance with the continuous disclosure obligations of the Corporations Act 2001 and Australia Stock Exchange Listing Rules. The notes to the condensed financial statements do not include all information normally contained with the notes to an annual financial report.

The accounting policies used are consistent with those applied to the 31 July 2003 Annual Report. This condensed financial report has been prepared in accordance with the historical cost convention and does not take account of changes in either general purchasing power of the dollar or in the prices of specific assets.

## 2 Seasonality

The profitability and cash flow of the business remains seasonal with a strong weighting towards the second half. This reflects the key selling period for the crop protection business, particularly in Europe and North America. Refer to the report to shareholders for further commentary on operations.

## 3 Profit from ordinary activities

Profit from ordinary activities after charging the following revenues and expenses

## Other revenue

	Consolidated	
	31.1.2004 \$000	31.1.2003 \$000
Sundry income	2,018	2,539
Gross proceeds from sale of non-current assets	7,003	59,163
<b>Total other revenue</b>	<b>9,021</b>	<b>61,702</b>

## Operating expenses

Carrying cost of non-current assets disposed of	7,058	51,606
Staff expenses	97,666	102,555
Occupancy expenses	11,429	14,117
Plant related expenses	28,794	30,259
Sales and distribution expenses	34,649	21,387
Research and development costs	3,315	5,283
Travel	9,940	10,444
Insurance	7,268	5,561
Other operating expenses	25,498	20,794
<b>Total operating expenses</b>	<b>225,617</b>	<b>262,006</b>

## Notes

Notes to the half-year financial statements continued

## 4 Segments

	Crop protection		Industrial chemicals		Other		Eliminations		Consolidated	
	31.1.2004 \$000	31.12.2003 \$000	31.1.2004 \$000	31.1.2003 \$000	31.1.2004 \$000	31.1.2003 \$000	31.1.2004 \$000	31.1.2003 \$000	31.1.2004 \$000	31.1.2003 \$000
<b>Business segments</b>										
<b>Revenue</b>										
Sales to outside customers	471,424	375,090	59,107	133,339	462	1,204	—	—	530,993	509,633
Inter segment sales	854	59	68	8	—	—	(922)	(67)	—	—
Sales revenue	472,278	375,149	59,175	133,347	462	1,204	(922)	(67)	530,993	509,633
Other revenue	767	1,651	818	58,410	7,436	1,641	—	—	9,021	61,702
Share of net profits/(losses) of associates	(151)	1,483	91	—	—	—	—	—	(60)	1,483
Total segment revenue	472,894	378,283	60,084	191,757	7,898	2,845	(922)	(67)	539,954	572,818
Unallocated revenue									618	487
Total consolidated revenue									540,572	573,305
<b>Results</b>										
Segment result	26,793	16,409	2,145	8,008	(754)	(364)	—	—	28,184	24,053
Unallocated expenses									(29,044)	(30,171)
Profit/(loss) from ordinary activities before taxes									(860)	(6,118)
Income tax expense									153	(2,820)
Net profit/(loss)									(1,013)	(3,298)
<b>Assets</b>										
Segment assets	1,215,388	1,198,782	166,682	203,085	58,096	59,059	—	—	1,440,166	1,460,926
Unallocated assets									41,977	43,221
Total assets									1,482,143	1,504,147
<b>Liabilities</b>										
Segment liabilities	348,028	234,901	36,334	58,725	13,452	14,761	—	—	397,814	308,387
Unallocated liabilities									607,520	802,696
Total liabilities									1,005,334	1,111,083
<b>Other segment information</b>										
Equity accounted investments included in segment assets	15,680	28,565	1,306	752	—	—	—	—	16,986	29,317
Acquisition of property, plant and equipment, intangible assets and other non-current assets	85,863	72,039	4,178	12,530	45	23	—	—	90,086	84,592
Depreciation	15,850	17,077	4,263	5,356	87	20	—	—	20,200	22,453
Amortisation	7,238	6,608	228	7,842	775	175	—	—	8,241	14,625
Other non-cash expenses	4,243	4,173	1,472	69	1,540	1,190	—	—	7,255	5,432

	Australasia		Europe		Americas		Consolidated			
	31.1.2004 \$000	31.1.2003 \$000	31.1.2004 \$000	31.1.2003 \$000	31.1.2004 \$000	31.1.2003 \$000	31.1.2004 \$000	31.1.2003 \$000		
<b>Geographic segments</b>										
<b>Revenue</b>										
Sales to outside customers		303,284		249,315		125,057		117,374	530,993	509,633
Other revenue		8,521		60,554		172		2,340	8,961	63,185
Total segment revenue		311,805		309,869		125,229		119,714	539,954	572,818
<b>Assets</b>										
Segment assets		611,982		627,190		612,908		306,916	1,482,143	1,504,147
<b>Other segment information</b>										
Acquisition of property, plant and equipment, intangible assets and other non-current assets		8,246		39,084		69,052		5,152	90,086	84,592

## Notes

Notes to the half-year financial statements continued

	Number of shares	Consolidated	
		31.1.2004 \$000	31.1.2003 \$000
<b>5 Contributed equity</b>			
Ordinary shares issued and fully paid			
Balance at the beginning of the year	155,823,293	149,219	147,328
Issue of shares	8,257,287	42,452	1,424
Partly paid shares fully paid up during the year	900	—	—
Balance at the end of the year	164,081,480	191,671	148,752
Ordinary shares issued and partly paid to 1.0 cent			
Balance at the beginning of the year	386,800	3	5
Partly paid shares fully paid up during the year	(900)	—	—
Balance at the end of the year	385,900	3	5
Total contributed equity	164,467,380	191,674	148,757

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

	Consolidated	
	31.1.2004 \$000	31.1.2003 \$000
<b>6 Retained profits</b>		
Balance at the beginning of the year	280,793	212,670
Increase in retained profits on adoption of revised accounting standards		
AASB 1044: Provision for dividend	—	17,082
Net profit/(loss) attributable to members of the parent entity	(1,876)	(3,990)
Aggregate amounts transferred from reserves	10	4,673
Dividends paid	(20,479)	(17,103)
Balance at the end of the year	258,448	213,332

## Notes

Notes to the half-year financial statements continued

	Consolidated	
	31.1.2004 \$000	31.1.2003 \$000

**7 Changes in the composition of the entity****(a) Businesses acquired**

The BASF global phenoxy herbicide business and the distribution rights to various cereal fungicides for Germany and Austria were acquired in January 2004.

The 2003 acquisitions include the Crop Care business in Australia and New Zealand and the Bayer German agchem business.

The aggregate amounts of net assets acquired were

Cash	—	3,150
Receivables	—	13,816
Inventory	20,425	58,767
Tax assets	—	1,177
Property, plant and equipment	—	14,915
Intangibles	70,087	30,886
Payables	—	(17,325)
Tax liabilities	—	(1,305)
Total consideration	90,512	104,081
Amount paid for businesses acquired in prior years	—	6,000
Cash deferred	(68,627)	(9,161)
Cash consideration paid	21,885	100,920
Cash included in net assets acquired	—	(3,150)
Bank overdraft included in net assets acquired	—	—
Net cash effect	21,885	97,770

The deferred cash settlement represents the value of the remaining consideration payable. Payment of A\$56.4 million was made on 4 February 2004, with the remaining consideration due in the next financial year.

## Notes

Notes to the half-year financial statements continued

**(b) Businesses sold**

Sale of the Florigene business to Suntory Ltd.

The 2003 business sold was the specialty chemical businesses in Australia and New Zealand to Orica.

Net assets disposed of were

	Consolidated	
	31.1.2004	31.1.2003
	\$000	\$000
Receivables	561	2,084
Inventory	33	41,151
Property, plant and equipment	51	8,904
Intangibles	4,140	—
Cash assets	213	—
Tax assets	1,886	—
Payables	(703)	—
Other	379	—
Cash gain on disposal	—	7,269
Total consideration	6,560	59,408
Cash deferred	—	—
Cash consideration received	6,560	59,408
Cash included in assets sold	(213)	—
Net cash effect	6,347	59,408

## Notes

Notes to the half-year financial statements continued

**8 Discontinuing operation**

Effective 1 October 2003, the group sold its Florigene business to Suntory Ltd. The disposal of Florigene gave rise to the following items of revenue and expense during the year.

2003 includes the specialty chemical businesses in Australia and New Zealand, which were sold to Orica.

	Consolidated	
	31.1.2004	31.1.2003
	\$000	\$000
Proceeds from divestment of business	6,560	57,852
Carrying value of assets sold in divestment	(6,706)	(49,652)
Amortisation of intellectual property	—	(6,250)
Other costs of divestment	—	(1,950)
Loss on divestment	(146)	—
Related income tax	—	—
Loss on divestment (net of income tax expense)	(146)	—

**9 Interests in joint venture operations**

The company has an 80% interest in the Nufarm-Coogee joint venture representing its two chlor alkali plants in Western Australia.

Group's share of joint venture entities profits:

Profit from ordinary activities before tax	5,078	4,708
Income tax on ordinary activities	1,523	1,413
Net profit after tax	3,555	3,295

**10 Contingent liabilities**

Contingent liabilities total \$8.7 million. The liability results from an environmental warranty given upon the sale of a business in France. The warranty reduces progressively until 2011. The reduction from January 2003 of \$5.9 million is the result of there being no receivables sold to financiers where there is recourse to the company.

**11 Subsequent events**

At 31 January 2004, the company had offered shareholders the opportunity to acquire shares at the same price at which they were allocated to institutional investors on 21 January 2004. On 19 February 2004, the company announced that it had accepted applications for 3,501,712 shares raising \$18.3 million.

On 23 February 2004, Nufarm Ltd announced that it had entered an agreement with BASF to distribute BASF crop protection products in Australia. Under the agreement, Nufarm will have exclusive distribution rights to the current BASF product range and access to any new products emerging from the BASF global pipeline with application in Australia. The agreement becomes effective 1 March 2004.

On 24 March 2004, the directors declared an interim dividend of 8 cents per share, fully franked, payable 28 April 2004.

# directors' declaration

The directors declare that:

(a) the financial statements and associated notes comply with the accounting standards and urgent issues group consensus views;

(b) the financial statements and notes give a true and fair view of the financial position as at 31 January 2004 and performance of the consolidated entity for the half-year then ended; and

(c) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as they become due and payable, and the companies and the parent entity who are party to the deed of cross guarantee, will together be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee dated 10 July 2000.

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



KM Hoggard  
Director



DJ Rathbone  
Director

Melbourne  
24 March 2004

# directory

## Directors

KM Hoggard (Chairman)  
DJ Rathbone (Managing Director  
and Chief Executive)

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

## Company Secretary

R Heath

## Solicitors

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

Sylvia Miller & Associates  
Locked Bag 50  
Toorak Victoria 3142 Australia

## Auditors

Ernst & Young  
120 Collins Street  
Melbourne Victoria 3000 Australia

## Trustee for capital note holders

New Zealand Permanent Trustees Ltd

## Share registrar

### Australia

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne Victoria 3001 Australia  
Enquiries (within Australia): 1300 850 505  
(outside Australia): 61 3 9415 4000

## Capital notes registrar

### New Zealand

Computershare Registry Services Limited  
Private Bag 92119  
Auckland NZ 1020  
Telephone: (64) 9 488 8777

## Registered office

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

## New Zealand branch office

2 Sterling Avenue  
Manurewa, Auckland NZ  
Telephone: (64) 9 268 2920  
Facsimile: (64) 9 267 8444

## Website

[www.nufarm.com](http://www.nufarm.com)

## Nufarm Limited

ABN 37 091 323 312

