

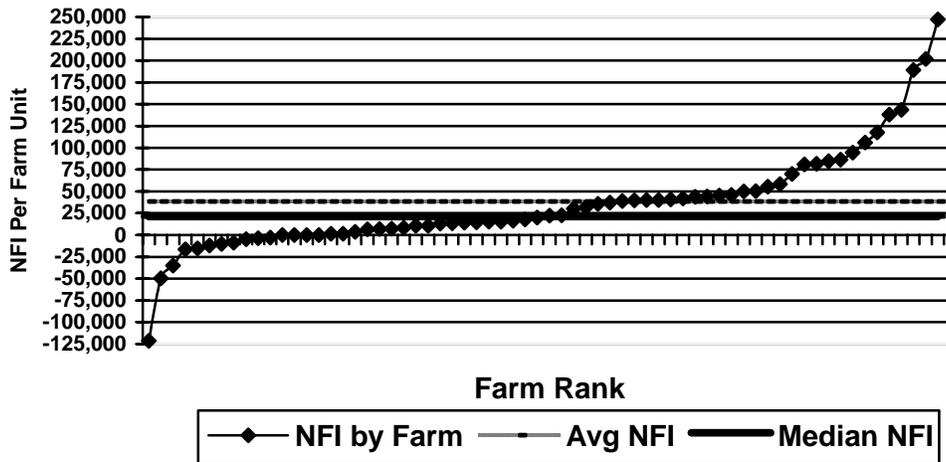
EXECUTIVE SUMMARY

2003 ANNUAL REPORT OF MISSOURI FARM BUSINESS MANAGEMENT ANALYSIS PROGRAM

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The average net farm income (NFI) was \$38,369 for the 66 farms included in the 2003 annual report of the Missouri Farm Business Management Analysis Program. As in previous years, there was a wide range in income from lowest to highest. The bottom 25% of farms (16) showed an average NFI of -\$16,232, while the top 25% averaged \$109,594. Of the 66 farms, 11 had a negative net farm income.

2003 Distribution of Net Farm Income (Cost)



The average age of operator on the 66 FBMA farms was 47.8 years and the average years in farming was 26.5 years. It's interesting to note that there was no significant difference in operators age or years farming between any of the low to high profit groups.

The net farm income/unpaid labor hour averaged \$20.40/hr. and ranged from -\$16.07 in the low profit group to \$42.83 in the high profit group. This figure is used for comparison to a per-hour wage in non-farm occupations.

Government payments (of all types) averaged \$16,116, representing approximately 5% of the average gross cash farm income and approximately 42% of the average net farm income. In all likelihood, some counter cyclical payments will have to be repaid in 2004 because of grain market rallies in later 2003.

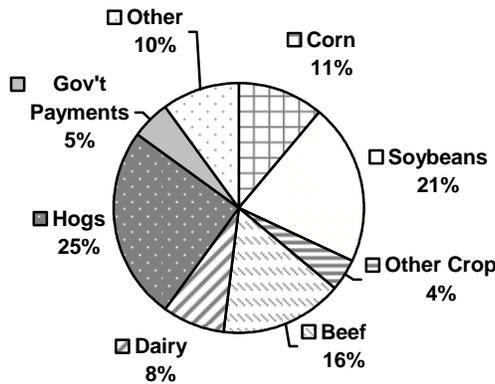
The average rates of returns on assets (ROA) and equity (ROE) were 4.2% and 3.8% respectively, with assets valued at cost.

The 62 farms completing a cost balance sheet ended the year with a net worth of \$453,521 (farm and non-farm). The average increase in net worth for the year was \$27,951. The average debt to

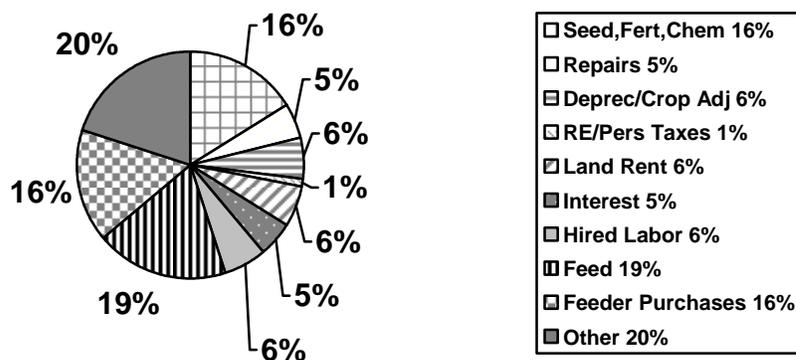
asset ratio was 38%. The average farm borrowed \$113,624 and paid \$121,829 in principal payments in 2003.

It is safe to say that less than normal soybean and corn yields, because of drought conditions over much of the state, had a significant impact on the profits of many FBMA farms in 2003. Soybeans averaged 28 bushels per acre while corn averaged 74 bushels. The average wheat yield of 77 bushels per acre on the other hand, made it a profitable crop for the small number of farms producing it, in one of the best wheat years ever.

2003 Missouri FBMA Income Sources



2003 Missouri FBMA Expense Sources

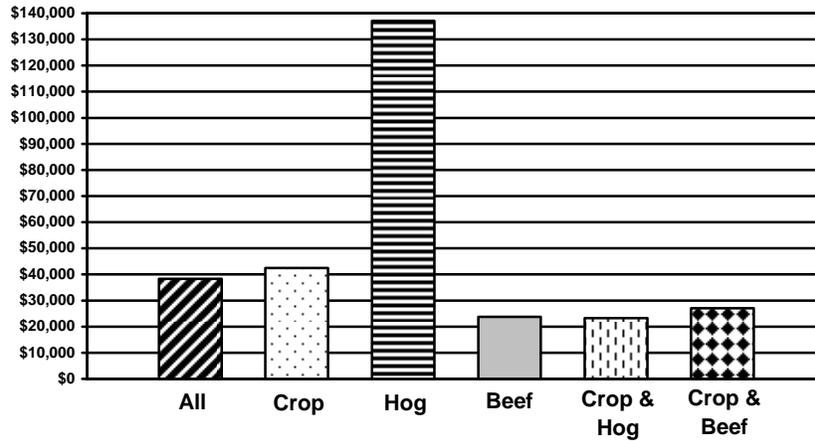


Results by Type of Farm

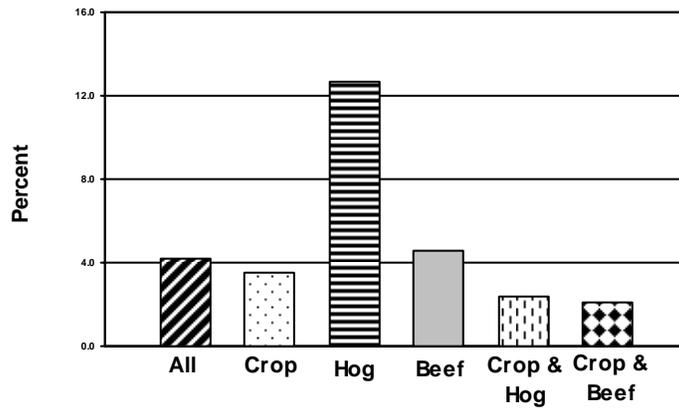
The 66 farms in the report were classified by type (e.g. crop) on the basis of having at least 70% of gross sales in each category (reference page 40) using this 70% rule, there were 23 crop farms, 4 hog farms, 12 beef farms, 5 crop and hog farms, and 12 crop and beef farms. Nine of the farms

did not have a single source (or pair of sources) of income over 70%. The average hog farm stood well above the other farm types in 2003, but represented a small number of very specialized operations. Those hog farms represented by far the best rates of return on assets and equity.

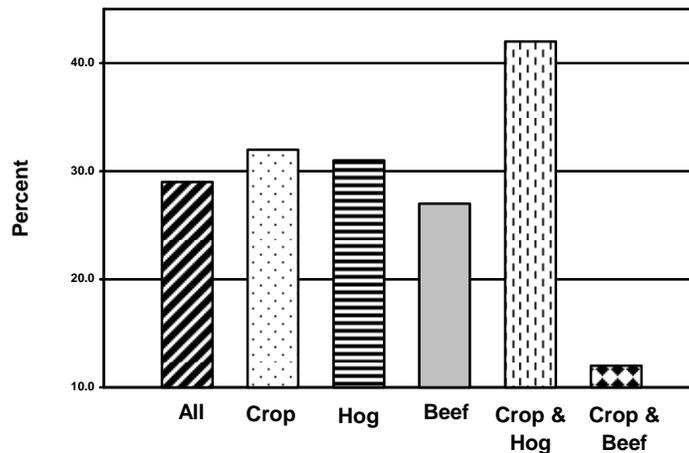
2003 Net Farm Income by Type



2003 Return on Assets by Type (Cost)



2003 Farm Debt to Asset Ratio by Type (Market)



Results by Farms with a Full-Time Operator

Page 43 of the report represents 48 of the 66 FBMA farms that reported at least 2000 hours operator/manager labor. This included sole proprietorships with 2000 or more unpaid operator hours and four corporations with more than 2000 paid manager/operator hours. The 12 remaining farms were classified as part-time farms. When sorted this way, the average 2003 NFI went from \$38,369 to \$50,597.

Key Points and Limitations in Interpreting the Data

1. There is a wide range in size and type of farms included in the group of 66. A few large farms can have considerable input on the averages, particularly when sorted down to a small number for comparison (e.g. four hog enterprises or 4 wheat enterprises).
2. The farm financial information throughout the report is carefully checked for complete and defensible data. However, the non-farm income and expenses and non-farm assets and liabilities, while complete on many farms, were incomplete on a number of others, making any data resulting from non-farm information less useful for accurate comparisons.
3. Naturally, the greater the number of farms or enterprises in a database, the more reliable the output information will be. Consequently, when as small a group as four farms is averaged for crop or livestock enterprise data, comparisons are more limited than for a larger group.