



***Managing Director's Address
to the Extraordinary General Meeting of Shareholders - Melbourne
Tuesday, March 2, 2010 at 10.00 am***

D J Rathbone

Thank you Mr Chairman.

Sumitomo's strategic investment in Nufarm facilitates a relationship between the two companies that will result in a number of important and valuable opportunities.

Sumitomo is an established global company involved in the discovery, development, manufacture and supply of quality crop protection products. Ranked the 9th largest supplier in the global industry, Sumitomo generates crop protection revenues of approximately \$1.3 billion US dollars.

Sumitomo and Nufarm have committed to enter into a number of co-operation agreements that will cover product distribution, product development, and logistics and manufacturing.

The respective product portfolios of Nufarm and Sumitomo involve very little duplication. Sumitomo has strong positions in insecticides and fungicides – relatively small product segments for Nufarm – and Sumitomo's herbicide portfolio involves different chemistry and targets different market segments to our own herbicide business.

Nufarm also has a direct operating presence in a number of important global markets where Sumitomo is not present in its own right. Conversely, Sumitomo has much stronger distribution positions in markets such as Japan.

The complementary nature of our respective product portfolios and geographic positions present a number of immediate product distribution opportunities that will add value for both organisations.

We have been working with Sumitomo management since its proposed investment was announced at the end of December to identify specific areas of co-operation and to progress negotiations on terms.

I can report today that Nufarm and Sumitomo have within the last few days executed a formal agreement covering product distribution in Brazil. That agreement – contingent on Sumitomo completing its strategic investment in Nufarm – will initially see Nufarm distribute five Sumitomo products in Brazil, focused on a range of crops.

We have identified additional distribution opportunities involving Sumitomo chemistry across Nufarm's platform in other parts of the world and have committed to execute agreements by the middle of this year covering Canada; Indonesia; and a number of markets in Europe.

We estimate that these agreements will generate meaningful additional revenues for Nufarm and will be an important contribution to Nufarm's product diversification strategy over the next few years.

In addition, we will explore and formalise arrangements for Nufarm chemistry to be distributed by Sumitomo in a number of markets.

The companies have also committed to work together on product development. This will encompass projects that involve new proprietary products utilizing Sumitomo's basic research capabilities; formulation improvements; mixture products; and label extensions on existing chemistry that will broaden the target crops and segments for those products.

And we are working with Sumitomo to identify savings and efficiencies for both companies in the areas of sourcing; warehousing and transport; and manufacturing.

Nufarm's ability to work co-operatively with other industry players is a strategic advantage that will help drive additional growth and value. The Sumitomo relationship will help fast track our entry into new crops and new markets and it has been refreshing to work with such a professional management team as these opportunities have been discussed and negotiated during the past two months.

While this is an exciting development for the company and will, I'm sure, contribute to important benefits over future years, the immediate focus must remain on the current operating performance of the business and a clear need to improve that performance.

Our detailed results for the six months to the end of January will be released on March 30. Those results (which are still to be finalised and are subject to audit review) will reflect the fact that some of the negative impacts that contributed to such a disappointing full year result last year have extended into the first half of the current year.

I expect the company to be reporting a headline loss for the six months of approximately \$40 million. Of this figure, some \$33 million represents material items including glyphosate trading impacts.

The major factors contributing to the first half result are lower than projected glyphosate pricing and margins in all global markets compared to the previous corresponding period; and relatively low demand for crop protection products and some production interruptions due to climatic conditions in Europe and North America.

Average selling prices for glyphosate in most markets in the six months to January this year were less than half the prices achieved in the corresponding period of the previous year. Over the past 18 months, we have seen those prices trend from near historic highs to historic lows.

Shareholders will recall that the company wrote down the value of glyphosate inventory at the end of last financial year. We did so with an expectation that pricing had reached its low point in most markets and that the company could clear remaining inventory without incurring further losses on those sales.

The continued pressure on pricing has largely been driven by intense competition from suppliers who held much higher than average product inventory levels at the end of last season. As we have previously disclosed, at the end of July last year Nufarm held glyphosate inventories in the US that equated to some six months of sales.

Faced with the option of either standing out of the market in the hope that prices would begin to recover – and potentially losing long term market access – or clearing those inventories so that we could reduce our cost position on subsequent sales and maintain market share, we have opted to suffer a further short-term loss by electing to maintain our market positions by selling at the lower market prices.

In addition to the lower than expected selling prices over the past six months, we have supported our distribution partners in a number of markets with one-off price protection

measures on product that was sold last year. Our interim result will include a total impact from these measures of a loss of some \$28 million after tax that will be reported as a material item.

I recognise that these impacts will raise further concerns about the extent and timing of acceptable profit recovery in Nufarm's glyphosate business, but I am very confident that we are now seeing clear signs of that recovery.

We have previously described what we see as a 'transition' year for glyphosate in 2010 as excess inventory washed through the system and prices begin to stabilise.

Having cleared the glyphosate inventory that reflected much higher raw material costs, our second half glyphosate margins are benefiting from a much lower cost base.

As we reported last year, the average gross margin on glyphosate sales in 2009 was 15%. This compared to 31% in the 2008 year. Given the dramatic differential in pricing; increased global capacity for glyphosate manufacturing; and the margin impacts associated with raw material costs, we believe neither of those years are an appropriate base or reference point for projecting sustainable profit contributions from glyphosate on a forward looking basis.

We view gross margins in the order of 25% as being achievable, on sales prices that are likely to settle somewhere above the lows of 2009.

From a finished product pricing perspective, there are again early signs of recovery in a number of markets – although this is unlikely to be tested until seasonal demand strengthens and we enter the key selling period during the last quarter of our financial year.

With early seasonal demand already evident in Australia, Nufarm has implemented price increases – in part to reflect recent increases in raw material costs.

We continue to see global market access as a key determinant of rebuilding profitability in our glyphosate business. To that end we are continuing to focus our efforts on broadening and strengthening our global distribution relationships as well as developing and launching differentiated glyphosate products.

I remain absolutely convinced that Nufarm's position as a major global supplier of glyphosate – by far our industry's biggest selling chemistry – is very important and helps us access markets and distribution customers in many parts of the world. I am equally confident that we have a long term cost and margin position that ensures very acceptable profits from this part of our business in the future.

Turning to other first half impacts, our Brazil business – which has its key selling season in this period – generated a small loss at the EBIT level.

Business in Brazil was extremely competitive during this past season. While there are definite signs that some of the credit related pressures that contributed to tough market conditions last year are easing, we will not see the benefit of that change until next year. Pricing competition remained very intense during the key selling months of October to January and there is some distance to go to ensure we can consistently generate acceptable earnings in this very important market.

A very dry autumn followed by severe winter conditions throughout most of Europe dramatically impacted the opportunity for crop protection sales in that part of the world. In the first half of the previous year, Nufarm capitalised on sales of newly launched and higher margin products and we will need to wait until the European spring/summer to realise sales of many of those products this year.

The weather also disrupted manufacturing activity in some of our European production facilities. This had a two-fold impact of limiting the availability of a number of products and adversely affecting overhead recoveries in those facilities.

The very cold winter conditions in North America will also push back sales of some products from our first half into our second half.

And here in Australia, summer cropping activity was limited by January rains in Queensland and Northern NSW, with estimates that the area planted to summer crops was more than 25% down on the previous year.

While the poor first half result is extremely disappointing, some of the impacts I have just discussed are, in essence, timing issues with sales being pushed back into later months.

The outlook for the second half of the financial year provides grounds for confidence that acceptable profits can be generated in this period.

We have just completed a detailed internal review and updated forecast and we are now projecting a headline result for the full year – including the impact of material items – of between \$80 million and \$100 million and an operating result of between \$110 million and \$130 million.

Of the \$80 million headline profit result last year, just \$15 million was generated in the second half.

In the current year, we are forecasting a headline profit of between \$120 million and \$140 million in the second six months.

Our projected second half recovery is consistent with what we have been able to achieve in previous years and is based on realistic assumptions.

Here in Australia we expect to capitalise on additional demand for crop protection products resulting from very good recent rainfalls in important cropping regions.

Queensland, NSW and much of Victoria have experienced above average summer rainfall, with many storages and river systems receiving their best inflows for many years. Some areas in Northern Australia have not sown sorghum due to the high rainfall with land being fallowed for the coming winter wheat planting. In many instances, this will require an additional application of 'Roundup'.

Pricing in Australia – as in other global markets - was very competitive across a range of products last season. As we head into this year's major selling season, there is some encouraging signs of price recovery in product lines including phenoxy herbicides and glyphosate.

We expect to see a return to more normal inventory stocking patterns in Australian distribution, but this will not be properly tested until we advance further into the season. With reasonable climatic conditions and at least average demand from growers, the volume opportunity should be in excess of last year.

We will be looking for further rains in the Western and Southern regions of the country over the coming two months....but Australia – at this point in time – is shaping up well. Depending on the 'breaking' rains, indications are for a full winter plant with the possibility of above average planting activity.

In North America, the extent of improvement in full year profit from our US business is largely dependent on volume, pricing and margins associated with glyphosate sales over the next five months.

With the higher priced inventory out of our warehouse and converted into cash, our US business is now purchasing glyphosate intermediate at market competitive prices and will generate far more acceptable margins on sales that take place during the balance of the year. As the spring selling season unfolds, we will get a far clearer picture of pricing trends and volume demand.

Sales of other crop protection products in the US are expected to be relatively strong and the business is again well placed to achieve revenue and profit growth in our turf and specialty business over coming months.

Our Latin American business is very much dominated by Brazil. Due to the seasonality of the Brazil business, most of it is captured within our first six months. With a relatively quiet sales period ahead of us, I do not expect to see any material change in contribution from that posted at the end of January.

I am very pleased to report a related and very important appointment to Nufarm's senior management ranks. Valdemar Fischer commenced duties with Nufarm yesterday as Regional General Manager for Latin America.

Valdemar joins Nufarm from Syngenta – the leading global company by sales in our industry - where he was most recently Regional Head of Crop Protection in North America. In his five years in that role Valdemar led the growth and strategic direction of Syngenta's largest regional business. Prior to that appointment, Valdemar was head of Latin America for Syngenta so he returns to Brazil with a deep knowledge of and direct experience in the region.

He has some 25 years of experience in the crop protection industry, working in both technical and marketing roles before taking on country and regional business responsibilities.

Nufarm has a major investment in and commitment to successfully growing its business in Brazil and other regional markets. The unique challenges and opportunities presented in this region require strong leadership and experience and Nufarm is very fortunate to have been able to attract a manager of Valdemar's capabilities into the role.

Nufarm's European operations were the standout performers in last year's result with very strong autumn sales that were not repeated in the current year. It will therefore be a challenge to replicate that performance this year....but if climatic conditions are favourable, we remain well placed to generate a reasonable second half earnings contribution in Europe.

Like most of North America, Europe has experienced its coldest winter in many years. While climatic conditions were clearly a drag on our European numbers in the first half, there is an opportunity to capitalise on more favourable climatic factors in coming months.

Growers did not treat their land during what was a very dry autumn. And the extreme cold over the winter months also significantly dampened sales activity. If we see a timely spring, with temperatures gradually increasing, demand is likely to be strong for herbicides and a number of other Nufarm product lines.

Nufarm succeeded in broadening its reach into European distribution last year and it will be critically important that we build on those gains going forward.

In overall terms, we remain cautious about the various factors that will determine the profit outcome at year end. Our view is that we are through the worst of the pressures that led to

last year's setbacks and the additional impacts I have outlined over the first six months of the current year.

The next few months will be very important in terms of climatic conditions and the associated seasonal demand for crop protection products, and in relation to the extent of price recovery and volume demand relating to global glyphosate sales.

The company's balance sheet is also a major focus for improvement this year. Due to unexpectedly high working capital levels in 2009, our cashflow generation was constrained and we finished last financial year with a net debt level well in excess of target.

We have announced our intention to undertake a renounceable rights issue aimed at raising \$250 million. The Chairman will make some additional comments on the structure and timing of the rights issue shortly.

We are forecasting our net debt at the end of July this year to be down from the \$938 million reported for July 2009 to approximately \$350 million post the proposed April rights issue. The improvement in net debt level will begin to be apparent at the half year, with end January debt expected to be down to \$1 billion, compared with \$1.5 billion in the corresponding period in 2009.

Together with a substantial improvement in cashflow, the stronger year-end balance sheet will ensure the company can support the future growth of the business.

Looking further out - 2011 will see further improvements across all key areas of the business. Our long term growth strategy remains sound and – like others - we continue to have a very positive view on the long term fundamentals associated with the business of agriculture.

I will now hand back to the Chairman.