



**Managing Director's Address  
Annual General Meeting of Shareholders - Melbourne  
Thursday, December 2, 2010 at 10.00 am**

**D J Rathbone**

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Thank you Mr Chairman.

I would also like to thank the shareholders in attendance today for your ongoing interest in the company.

When I addressed you at the Annual General Meeting last year, I talked about a 12 month period that had been both challenging and eventful. While the *most recent* 12 months have certainly been both challenging and eventful, I need to acknowledge that it has also been an extremely disappointing period for Nufarm. And I know that you – as shareholders – very much share that disappointment.

From a business perspective, the two major impacts on our 2010 financial year results were continued deterioration in earnings associated with the glyphosate segment, and a combination of adverse climatic conditions across our geographies that negatively impacted demand for our products and contributed to pricing pressure in relation to some of those products.

The glyphosate impacts were very substantial. Following the 2008 spike in demand and pricing associated with glyphosate and the subsequent and severe deterioration in glyphosate pricing that affected all glyphosate suppliers, we began the 2010 financial year with excess inventory and an uncompetitive cost base

The very damaging outcome was that we recorded significant writedowns on glyphosate stock and – for much of the year – we were forced to sell glyphosate at a loss.

We generated an average gross margin of just 12% on glyphosate sales in the 2010 financial year.....which is significantly below the 30-percent-plus margins we generated on glyphosate sales in 2008, before the over-capacity issues and other impacts brought about major changes to this chemistry segment over the past two years.

It is important to note that Nufarm began this current 2011 financial year with normal levels of glyphosate inventory that was purchased at market competitive prices. There are no legacy issues associated with high cost glyphosate inventory still to be addressed.

But it is also important to note that glyphosate has been and remains one of the most important chemistry segments in agriculture – and still the single biggest selling crop protection product by a large factor. Nufarm will retain a position in glyphosate as it forms part of a valuable strategic positioning with our distribution and grower customers in many of our global businesses.

Given the changes in the glyphosate market – and the subsequent deterioration in value of that market – we are making the necessary adjustments to reduce the weighting of glyphosate sales in our overall portfolio; and we are focusing on higher value segments in the market.

Whereas glyphosate comprised about 40% of our total revenues in 2008, we expect it to be in the vicinity of 25% of our business in the current 2011 year.

We expect glyphosate pricing to remain very competitive, but our adjusted cost base will enable us to generate increased margins on glyphosate sales within that competitive pricing environment.

We have also implemented important improvements in our sourcing and supply chain. These improvements further reduce the risk of the company holding inappropriate inventory levels at any one time.

While the glyphosate story was clearly a big negative for our 2010 results, our performance in products other than glyphosate was much more positive, albeit we saw lower demand and volumes due to the adverse climatic impacts.

The softer demand resulted in increased competition for fewer sales opportunities and the pricing environment was certainly subdued in most markets.....but Nufarm held its market shares and the margins achieved across the various product segments – other than glyphosate – were satisfactory.

Our core phenoxy herbicide business also performed strongly, although volumes were down generally in this segment. After resolving protracted regulatory issues associated with the 2008 acquisition of the AH Marks business, we are now realizing some of the synergies we expected to capture when the acquisition was completed.

2010 also saw the continued roll-out of important new product positions, particularly relating to our 'Nuprid' insecticide approval and launch in Brazil and markets in Europe; and additional launches for tebuconazole based products which strengthen our fungicide position.

Our seeds business experienced profitable growth in 2010 and we integrated newly acquired businesses which will considerably strengthen our core crop positions.

From a regional perspective, all of our major businesses generated lower operating profits than in the previous year. Again....glyphosate related issues were the principal contributing factor in those results.

As I have mentioned, however, those businesses were also negatively impacted by various climatic factors which reduced the selling opportunities for a number of Nufarm products.

Here in Australia, we experienced contrasting seasons last year which saw the summer cropping period down by some 25% on average and – during the winter cropping period – Eastern and Southern states receiving above average rainfalls and very positive cropping conditions. These were offset by some of the driest weather experienced in much of the West Australian wheat belt in many years.

Both North America and Europe had long and very severe winters and a relatively short spring that meant a very narrow window for sales of some of our key products. And in Canada, a substantial amount of acreage went unplanted due to flooding in the west of the country.

As an agricultural inputs company, Nufarm will always be exposed to the inherent variability of climatic conditions. Part of the rationale for establishing a global presence is that this generally mitigates the risks of adverse climatic conditions in any one major region. As the 2010 year demonstrates, however, it is possible to experience a combination of poor seasonal conditions in a number of regions within the one year.

Despite those impacts, it certainly remains valid to pursue a strategy of geographic diversification.

While the financial performance of the business was poor – and well below our expectations – equally disappointing was the company's capacity to identify and respond to some of the business challenges with which we were faced during the 2010 financial year.

I want to make it clear that the company recognizes that we have fallen short of shareholders' expectations in recent times and we need to do much better.

You have our absolute commitment that we are putting in place appropriate changes to ensure we have an improved capacity to meet the challenges of the business...and we have a strong focus – throughout the company – to deliver earnings recovery this year and profitable growth in the years ahead.

As the Chairman has reported, we are now in the concluding stages of a comprehensive strategic review of the business.

The review process has been thorough and has benefitted from the input of external consultants who were asked by the Board of Directors to independently review a number of areas of the business and to challenge and validate our thinking on how best to take the company forward.

Given the increasingly competitive nature of the industry in which we operate, the detail of that review and our specific execution plans will, of course, remain confidential. I do, however, want to share some of the broader conclusions and actions that result from the review process.

Firstly, the review confirmed that the earnings deterioration in the business over the past two years was predominantly the result of substantial changes in the glyphosate market and the impact of excess and high cost glyphosate inventory held by Nufarm over that period.

Recognising that fact – and acknowledging the lessons that can be learnt from the glyphosate experience – the review has concluded that Nufarm's business has many important strengths, including a valuable global distribution base and a well recognized and respected brand. And we operate in an industry that will continue to provide profitable growth opportunities.

That being said, we have identified a number of important areas where we can more clearly focus our operations; and target our growth objectives. The commitment we are making is to make a good company a great company. We will do this by enhancing our operating model and implementing improvements in all areas of the business, from our sourcing, supply chain and manufacturing activity, through product development, regulatory affairs and portfolio management, and our marketing and selling capabilities.

While the industry remains competitive, Nufarm has core chemistry positions that will continue to generate value for the business. To supplement those core chemistry positions, the company will look to strengthen its presence in more defensible, higher value segments by leveraging our strengths in product development and strong commercial partnerships.

This will include a continued commitment to build our seeds and seed treatment business, a segment in which we have already established some very valuable positions.

We will aim to further develop our entrepreneurial approach to business within a more disciplined framework. We will enhance our ability to measure investment returns in specific areas of the business and to develop additional key performance indicators that reflect appropriate return on investment targets.

We will continue to operate in global markets, but we don't need to be present in all global markets. The near term priority is to consolidate and improve earnings returns from our existing market positions.

We have also identified opportunities to rationalise our product portfolio – removing underperforming products and SKUs from the portfolio – and to increase the efficiency of our product development programs.

And we have targeted some specific cost savings and efficiencies in various areas of the business.

Our ability to execute on this strategy will be partly determined by the systems we employ to monitor and analyse the business and by our strength and depth of management. We are making important changes in both of these areas.

For the 2011 budget and the current five year forecast, a systems enhancement was implemented that allows the company to budget and track sales and margin data by specific product at an individual business entity level. This provided the business with the ability to review and interrogate the budget assumptions at a far more detailed level than was previously possible. This includes a cross-check between product sales and margin forecasts put forward by various country businesses and the market analysis available to our global product management group.

The upgraded system will facilitate a greater level of visibility on the performance of the business and the far more regular updating of sales and margin data. This will also ensure that our forecasting process – within any financial year – is more robust and reliable than was previously the case.

The company is also implementing further improvements to its data management and reporting systems.

We are currently moving forward with the design and implementation of a global data warehouse that will fully integrate both financial and operational areas. We expect phase 1 of this project to be up and running in the first quarter of the 2011 calendar year.

An improved ability to combine and analyse data from different functional areas of the business will further enhance our integrated business planning and provide more accuracy and efficiency in purchasing and other supply chain areas, as well as a more comprehensive level of management reporting.

We recognise that systems improvements are only part of what makes an organisation efficient and responsive.

To extract the full benefit of those improvements it is important that we have the resources and capabilities to review and analyse the data and act quickly in terms of a business response.

To assist in that regard, Nufarm last month established a Business Analysis Unit.

The Business Analysis Unit is tasked with ensuring that the commercial, analytical and business intelligence needs of the organisation are met; with contributing to the ongoing development and maintenance of group level management reporting protocols; and with supporting global processes for budgeting, planning and forecasting.

Again, the establishment of this Unit is an important new initiative that will lift our performance in terms of data analysis and management reporting.

More broadly, we have taken measures to strengthen the management of the company and to ensure we continue to make the organisational and operating changes necessary to support the future growth of the business.

Ms Bonita Croft this week joined the Nufarm senior management team as Group Executive, Human Resources and Organisation Development. This is a significant appointment for the

company and reflects the very high priority given to areas such as management transition and succession planning; talent development; and other initiatives relating to the company's most valuable asset...our people.

Bonita is a highly experienced professional who has worked in senior executive roles in large public companies with global operations. I am very much looking forward to working with Bonita as we continue to address organisational change and improvement issues.

It is important to note that we are already underway on a number of fronts.

In the US, we have downsized and restructured the business over the past six months as part of a plan to realign the cost base and redirect our focus into higher value segments of the market.

In Brazil we have made a number of important changes following the appointment in March of a new regional head of South America, Valdemar Fischer. Valdemar has extensive industry experience in very senior management roles with Syngenta and brings to Nufarm a discipline and skill set that will help drive the much-needed improvement in business performance expected of Brazil. We have subsequently made several other changes in Brazil, including a restructuring of the sales force.

On a corporate basis, we are also moving to strengthen the financial management of the company. We have instigated a process to recruit a senior finance manager into a Group Treasurer role. This role will provide additional oversight of cash flow management; foreign exchange exposure; working capital; and debt positions. We plan to have someone in place in this new role early in the new calendar year.

These are some examples of the initiatives that will help facilitate a strong earnings recovery and a profitable growth outlook for Nufarm.

The review process is now coming to a close, with our various external consultants having completed their briefs. Management will now proceed with the implementation program...it is time to get on with the job.

As the chairman has acknowledged, we can now focus all of our attention on rebuilding the profitability of the business and shareholder value.

The refinancing arrangements – announced earlier this week -are largely in place, with some final documentation to be completed over the next two weeks. This has been a very substantial exercise but I am extremely satisfied with the outcome. As all shareholders will appreciate, it has been critically important to get clarification and certainty around the funding position of the company.

I would now like to update you on trading conditions and on the performance of the business during the first quarter of this, the 2011 financial year.

While the early months of our financial year are a comparatively quiet sales period in our northern hemisphere markets, it never-the-less encompasses the summer cropping season in Australia and the initial business associated with the major season in Brazil.

Here in Australia, above average rainfall in most areas of the country has provided excellent conditions for the final growing stages of our winter cereal crops. Western Australia is the exception and has had a poor winter cropping season with dry conditions there leading to crop failures, particularly in the central and northern areas of the wheat belt.

Elsewhere, the increased rainfall has provided a very good lead-in to summer crops such as cotton, rice, sugar and sorghum.....with the highest plantings we have seen in a number of years in several of those crops.

The high moisture levels are contributing to increased pest and disease pressure and many of you will have seen the extensive publicity relating to the threat of locust damage to cereal crops.

Market segments such as horticulture have been particularly strong this quarter and this is expected to continue.

The demand for Roundup Ready Crops has also grown substantially with significant increases in both Cotton – which has now been planted – and Canola, which will be planted in the autumn of 2011. This benefits both our chemistry and Nuseed businesses.

As we speak the harvest is underway in a number of regions across Australia with some farmers experiencing difficulties with continued wet weather. This causes delays to harvest and, in turn, can delay or reduce summer weed control management.

We are certainly taking advantage of the generally positive conditions in Australia and our Australian business is tracking ahead of budget for the first quarter of the year; and well ahead of its first quarter performance – on both a sales and margin basis – for the same period last year.

While climatic conditions have generally been very positive in Australia, we have seen a late start to the season in Brazil.

The southern cropping regions and some areas in the north received timely and adequate rainfall, but in the important soybean growing regions in the central areas of Brazil rains came late and delayed planting for 30-45 days. Rainfall is now normal and planting is well under way.

The late season is reflected in Nufarm first quarter sales being behind target. We are, however, slightly ahead of our internal forecasts with respect to margins on those sales. In part, this is due to a decision not to participate in low margin glyphosate business in Brazil, where the earnings on that business are seen as unacceptable.

We now have the flexibility to choose whether to participate in the glyphosate segment – and we are not offering price support guarantees that have the potential to reverse positive margins later in the financial year.

In terms of other product sales in Brazil, Nufarm is generating improved profitability from sales of an expanded range of fungicides and insecticides as well as our phenoxy herbicides.

Selective herbicides for the soybean segment are also performing well, and sales of the newly launched imidacloprid range (Nuprid and Kit Nuprid) are in line with our expectations.

Nufarm now has access to several Sumitomo-sourced products in Brazil and we are very pleased with initial sales of those products.

While we have seen a late start to the season in Brazil, key soft commodity prices are strong and growers have a substantial economic incentive to produce high yielding crops. This is encouraging Brazilian growers to optimize their use of inputs, including crop protection products.

I'm very pleased to announce that we have just completed new agreements that will significantly strengthen our product portfolio position in Brazil.

An agreement has been concluded with Syngenta to extend supply of the world's best selling fungicide, azoxystrobin, to Nufarm in Brazil. The agreement will facilitate Nufarm's supply of several Azoxystrobin based mixture products in the valuable soybean rust segment. First sales under the agreement are to be made in January next year.

The second agreement – completed last month with BASF – involves a co-distribution arrangement for an insecticide called fipronil. Brazil is the largest market for this insecticide, which is used globally on more than 100 different crops. Our agreement with BASF will facilitate our early entry into the market, where we will launch products for both sugar cane and an initial seed treatment product with application in corn, soybean, dry beans and cereal crops.

Both of these agreements reflect the company's strategy to build a more diversified product offering in Brazil and our new management team has done an outstanding job in working with both Syngenta and BASF to secure these deals.

As is typically the case, sales activity in our other key regions during the first quarter of the financial year is comparatively quiet.

I can report, however, that the business in Asia is tracking ahead of forecast and ahead of first quarter sales and gross margin last year, with the Indonesian business doing particularly well over the first three months.

In Europe, we are tracking behind forecast in some of the Southern European markets, particularly in France, Spain and Italy where channel inventory levels are higher than normal given last season's lower volume sales. The pricing environment remains generally competitive. The North Eastern European businesses are performing ahead of first quarter expectations on both a sales and margin basis (and ahead of the same period last year).

In general terms, the sentiment relating to agriculture in Europe is much more positive than at the same time last year, with stronger crop prices expected to encourage increased plantings in many European markets.

In North America, our US sales into the general agriculture market are below first quarter sales last year, but the stronger commodity prices are likely to influence some earlier than normal buying patterns, with activity expected to increase over the next few months. As in most other markets, glyphosate pricing remains very competitive and we expect that position to continue.

Very dry conditions across most of the Midwestern, Eastern and Southeastern regions of the US are negatively impacting turf and ornamental sales, but this part of our business certainly has the opportunity to make up that lost ground over the balance of the financial year.

Our glyphosate sales are significantly down and our non glyphosate sales in the US are up on the first quarter of 2010, reflecting a very deliberate rebalancing of Nufarm's portfolio into other higher margin and more defensible segments.

While total US sales are down, we are ahead on both a total gross margin and gross margin percentage basis.

In Canada, we have benefited from increased fallow spraying, resulting from the flooding that negatively impacted the business last year. Canadian distributors, however, are holding reasonably high stock levels.

Our North American seeds business is ahead of expectations.

In summary, our first quarter is generally in line with, or ahead of, expectations in Australia, Asia, North America and North Eastern Europe. Brazil and Southern Europe are tracking behind forecast...but we expect activity to pick up in Brazil now that growers have the conditions to accelerate planting activity.

On an overall basis, our first quarter EBIT result is well ahead of where we were at the same point last year and gives us continued confidence that the business can generate an improved profit outcome over the course of the full year.

For the current half year, we expect an improved operating result compared to the first six months of 2010 in which the company recorded a headline loss of \$40 million and an operating loss of \$4.5 million.

For the six months to January 31, 2011, we expect to record an operating profit in the range of between \$10 million and \$20 million. I need to emphasize that this estimate remains dependant on a number of variables including trading conditions over the next two months, and climatic factors.

We will be reporting a number of non-operating or material items at the half year. These will include the one-off costs associated with the interim financing arrangements and the strategic review.

The improved overall half year result will be driven by stronger earnings in most of our markets and the absence of the negative impacts associated with glyphosate related write-downs of last year

Net debt is anticipated to be lower at the half year than what it was at that point in the prior year. It will, however, be higher than at the July 2010 levels as we build working capital to levels required for the key second half selling period.

Finally, I would like to reinforce some of the statements made by the Chairman in relation to the Sumitomo Chemical Company's strategic investment in Nufarm. Since completing its 20% investment in April of this year, Sumitomo has worked with us to identify and put in place a number of commercial agreements that will add value for both companies.

Agreements, involving the sale of Sumitomo chemistry across Nufarm's distribution platform, have been executed in Brazil, Indonesia, the UK and Germany. Further distribution agreements are being considered in North America and other markets within Europe.

The two companies have also agreed to collaborate on product development opportunities and are considering further areas of co-operation.

The relationship with Sumitomo has been supportive and we have been extremely impressed with high level of professionalism and industry expertise that Sumitomo management displays in our very regular interactions.

I would now like to hand back to the Chairman. Thank you.