



**Managing Director's Address  
to the Annual General Meeting of Shareholders - Melbourne  
Thursday, December 4, 2008 at 10.00 am**

**D J Rathbone**

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Thank you Mr Chairman.

I would also like to welcome Nufarm shareholders – and others with an interest in our business – to the meeting this morning. Your ongoing support for the company is very much appreciated.

As the Chairman has remarked, this annual general meeting comes at a time when global financial markets are under great strain and many parts of the economy have weakened, or are heading towards some very difficult times.

Today, I will update you on how management sees these factors as they relate to Nufarm. But my key message this morning is that the company remains in a very sound position; we see agriculture - and specifically crop protection - as an industry in which the fundamentals remain very positive over the medium to long term; and our growth prospects remain robust.

Before moving to that update and reporting on how the business has performed over the first quarter of the year, I will briefly review the results of the 2008 financial year.

In the 12 months to July 31 this year, the company generated a record tax paid operating profit of \$163.9 million – up by just over 35% on the previous year – with strong growth across all of our regional operations. Operating EBIT was \$308.9 million, an increase of some 53% and earnings per share increased 18% to 69.7 cents.

Group revenues increased 41% to \$2.49 billion, with Australia, New Zealand and Asia accounting for 35% of total sales; North America 26% of sales; Europe 22%; and South America 17%.

The sales split of the business underlines our progress in diversifying our geographic base, which has been a key element of the company's strategic growth plan.

While Australia remains our largest single country market, it now constitutes less than 30% of total revenues and a lower exposure to what have been significant climatic impacts in this country.

In the 2008 year, we saw improved seasonal conditions in Australia and a subsequent improvement in our sales and profit. After several years of severe drought, it was very pleasing to see a return to what we would describe as an average season. Certainly, not all Australian farmers saw the season unfold as they would wish....but Australian agriculture is always a case of some cropping regions doing much better than others.

For the most part, irrigated agriculture remains depressed, especially the Murray Darling basin. And we believe it will be some years before we see cropping activity – and the sales that activity generates for Nufarm - return to normal levels in that area.

Both our New Zealand and Asian businesses also posted improved results in the 2008 financial year. During the period, we concluded an agreement with Monsanto to assume management of the 'Roundup' glyphosate brand in Indonesia and this will considerably strengthen the company's position in that market.

Segment profit for the Australasian region – which includes Asia – was \$147.6 million, an improvement of 44% on the previous year.

Our business in North America posted another excellent result, continuing a trend of strong growth over a number of years. Segment profit improved by 32% to \$84.5 million.

Nufarm's business in the US – the world's largest crop protection market – grew a further 25%, with new product introductions and volume expansion in key chemistries such as glyphosate and phenoxy herbicides.

These results might have been better but for the flooding that occurred in the Midwest of the US through June and July resulting in the deferral or loss of sales during those months.

In March of this year, we announced the acquisition of the US based Etigra business. This acquisition considerably strengthens our position in the turf and ornamental markets; broadens our distribution relationships and provides important product expansion opportunities in crops such as cotton.

We have completed the integration of the business and our US management and sales force is benefiting from the addition of some very good people who have joined Nufarm from Etigra as part of that deal.

A number of new co-distribution agreements in Canada helped our business generate stronger results and there remains substantial scope for further growth for Nufarm in that market over coming years.

The 2008 year was the first full year in which Nufarm had 100% ownership and management control of the former Agripec business in Brazil. We saw strong revenue and profit growth during the period, with a total EBIT contribution from Brazil of some \$51 million.

A key driver of this growth was Nufarm's continued diversification into additional crop segments in Brazil.

As a whole, the South American region generated sales of \$431 million and segment profit of \$59.3 million, with our business in Argentina also making an important contribution despite disruptions caused by farmer demonstrations in the last quarter of the financial year.

European sales increased by 26% to \$555 million. The highlight of our results in Europe was the strong improvement in EBIT margin as we expanded sales of fully branded products and introduced higher margin fungicide and insecticide positions into the portfolio. These initiatives helped drive segment profit to \$56.2 million from \$36.8 million in the previous year.

All of our Western European businesses saw positive growth and we continued expanding into Eastern Europe with local markets including Poland and Romania experiencing strong sales growth. A new marketing operation was also opened in Hungary.

In our seeds business, the 2008 year saw the commercial launch in Australia of Roundup Ready canola. Grower feedback has been very positive and we anticipate a rapid take-up of the technology as we expand seed availability in coming years.

More recently, Nufarm acquired the Lefroy Seeds business, giving us an important position in sunflower and sorghum and expanding our opportunities to develop further seeds sales in international markets.

Overall, the 2008 financial year operating performance was very good. Our regional management and their teams delivered outstanding results and again demonstrated the quality and commitment of all Nufarm employees.

The July 31, 2008 balance sheet was adversely impacted by a necessary and deliberate step to build glyphosate inventory late in the second half of the 2008 financial year. This was a one-off requirement and ensured we had sufficient stocks to meet customer commitments while transitioning to new supply arrangements involving the construction of new production facilities in China.

The first of those facilities is now on-line and producing product, with the second new plant scheduled to be commissioned in April of next year.

The additional inventory adversely impacted our working capital, cash flow and year-end debt positions. The increase in net working capital amounted to some \$250 million.

I am very confident we can reduce working capital over the course of this year; leading to a strong improvement in our cash flow. We also aim to return the gearing level – which moved from 57% the previous year to 69% – back to our targeted range of between 50 and 55% by the end of the current financial year.

We are now selling 'Roundup' and our other glyphosate brands in various markets, and the inventory that existed at July 31 – which was about 20% of our forecast full year volume requirement – is being reduced. It needs to be remembered, however, that the business builds stocks of most products in the first half of our financial year and inventory levels will – as always – be relatively high at January 31...in readiness for the key selling seasons that occur in our second six months.

Still on balance sheet issues....I would like to update shareholders on progress relating to the refinancing of our debt facilities.

At July 31, the company had drawn some \$940 million in debt from total facilities of \$1.6 billion. In the period between July 31 and December 31 this year, we were scheduled to renew short term borrowings totaling about \$300 million.

I can report today that, following an accelerated program of negotiations with our bankers, we have renewed those short term borrowings, as part of a package of renegotiated facilities totaling \$1.4 billion. A number of those banks have also provided additional facilities so that the total facilities currently available to the company are just under \$1.8 billion.

Importantly, we have extended the maturity profile on a number of those debt facilities, giving us a higher proportion of longer term credit lines.

I am confident that discussions with the banks involved in the \$200 million that remains due for renewal by July next year will also be successfully completed.

We will continue to monitor conditions in the credit markets and, when appropriate, take further measures to ensure the company has the balance sheet strength to meet the needs of the business.

As is to be expected in the current environment, higher margins will apply to our facilities, however these higher margins are more than offset by reductions in base interest rates.

This refinancing has, I believe, weighed heavily on the company's share price over the past couple of months. The fact that we have secured ongoing support from our banking partners – and, in fact, have increased the limits on a number of facilities – should be seen as a strong reflection of their confidence in the business and the strength of Nufarm's growth prospects.

During the past six months, we have seen a substantial change in the relative value of the Australian dollar.

The company has a substantial and diverse global asset base with which to secure our borrowing requirements in various parts of the world. Cash flow generated by the Nufarm businesses in those locations is used to service our debt and this ensures we do not have any material currency or exchange rate exposure in this area.

More generally...the balance of currency flows in our business remains such that, while exchange rate movements will adversely impact certain parts of the business at certain times, the impact at a corporate level will not be material over the course of the full financial year.

Before moving to an update on business conditions, I would also like to report to you on progress relating to the regulatory review of our acquisition of the A H Marks business.

This UK based business was acquired in March of this year and delivers increased manufacturing capacity to help us grow this business internationally and valuable formulation technology in our core phenoxy herbicide business.

As you would expect, we completed this acquisition having formed the view that the acquisition was in compliance of all applicable competition laws, given that Nufarm operates in very competitive markets around the world. However, an apparent complaint from another company has resulted in the acquisition now being reviewed by competition regulators in some jurisdictions.

The UK Competition Commission is investigating possible competition concerns that might arise in the UK from the A H Marks acquisition. A H Marks' UK sales of the main products under review amount to less than £4 million, a very small component of total sales from the business, which is principally involved in the export of phenoxy herbicides from the UK manufacturing facility. Nufarm continues to co-operate with the UK Competition Commission and has allocated substantial resources in an effort to clarify relevant matters for the Commission. The UK review is currently scheduled to be complete by mid February next year.

Regulators in the US have also sought information on the products and markets that might be impacted by this acquisition. This review is continuing, and will require additional company resources. In Australia, we are continuing to co-operate with a review by the Australian Competition and Consumer Commission and we have recently been asked to provide some information relating to the acquisition to the Canadian Competition Bureau.

While I am unable to speculate on the outcome of the investigations, I believe that we can address possible concerns with a limited impact on the overall synergies that we had expected to achieve from making this acquisition. Our view, as you know, is that we continue to face intense competition from a number of global competitors in these markets.

We will keep shareholders advised of any material developments in this matter.

Let me now provide you with an update on how the business is performing in the first few months of this, our 2009 financial year.

For the most part, these months constitute the low point in seasonal demand for crop protection products and generally do not provide a great deal of insight into how the full year will unfold.

Having said that... our businesses in Europe and North America are currently tracking ahead of internal forecasts. We remain on schedule to launch a number of new products into important crop segments in those regions and early discussions with our distribution

customers suggest underlying demand will remain strong as we enter the key seasons in the new year, with realistic expectations of strong herbicide applications in the spring.

Here in Australia, sales activity in the first quarter was relatively subdued. Harvest is now well underway in most cropping regions, with recent heavy rainfalls delaying some of that activity.

That rainfall will generate near ideal conditions for a big summer cropping season in Northern NSW and Queensland and I anticipate strong sales months here in Australia in both December and January. Early intentions for next year's autumn planting also remain very positive.

The one substantial market that sees its major season fall in our first six months is Brazil.

The global credit crisis has had – and continues to have – an impact on the ability of some Brazilian growers to secure credit positions that allow them to purchase the inputs required for the planting of crops.

We began to see evidence of these credit related issues in October and we were hopeful that Government announced measures to free-up credit in the Brazilian agriculture sector might see an improvement in the position during November.

With the season now well underway, it is apparent that insufficient credit has become available and our expectations are that the major soy crop will be down on plantings from last year due to these constraints. Current estimates put that reduction at between three and five percent.

Our position in Brazil is that we are not prepared to fill sales orders where there is an unacceptable risk relating to the eventual payment on those sales.

Together with our management in Brazil, this situation has been closely monitored. In some instances we have insisted on cash terms or other forms of security. And we have redirected sales efforts in Brazil to those regions, and those customers, where we believe the risk on receivables is considerably lower.

Our current assessment is that the first half profit contribution from our business in Brazil will be down on previous forecasts. The business had been forecast to see positive profit growth in this period, but the credit-related impacts will, we believe, result in a first half outcome below that of what was achieved in the corresponding period last year.

If we see some improvement in terms of credit availability, we believe there is still potential for a relatively strong second half performance in Brazil. Our crop diversification strategy means we have new opportunities to sell into segments such as pasture, cotton, sugar cane and citrus.

We have also taken decisions over these past two months to reallocate some product earmarked for sale in Brazil to other regional businesses. We anticipate very strong global demand this year for our phenoxy herbicides – and a number of other products – and certain volumes of those products will now be moved into other geographies where we can take additional advantage of that demand and have greater surety of payment.

While we will undoubtedly see signs of credit related pressure in other global markets, I do not believe this will translate to a material impact on our business. Our distribution customers in those markets are generally larger, corporate organizations...unlike the very fragmented and smaller, independent nature of distributors in Brazil. And business terms in these other markets mean we have a substantially lower exposure on receivables.

As we look forward to the balance of this financial year, management remains confident that the assumptions contained in our previous profit guidance to the market allow us to retain that guidance.

I am therefore restating today that the company expects to generate an operating net profit of between \$220 million and \$230 million for the full year.

While Brazil – which last year comprised 15% of group sales – will come in below our original estimates, the balance of the business is in an excellent position and our plans to achieve volume growth in existing products; introduce new products in various markets and crop segments around the world; and extract additional value from both our latest acquisitions and the restructuring of our glyphosate business are firmly on track.

Underlying demand for crop protection products remains strong and we expect to be able to at least maintain profit margins across our various product positions.

We have taken measures to improve our glyphosate supply chain and we will, for the first time, be participating in manufacturing margin as we look to benefit from increased volume availability resulting from the combination of our supply relationships with both Monsanto and our new Chinese partners. Global demand for glyphosate will, we believe, continue to expand, driven by the increased adoption of 'Roundup 'Ready' cropping systems; and the commercialization of agriculture in developing markets where farm yields are still to be optimized.

While soft commodity prices have fallen from the historic highs they achieved over the past 12 months, key crop prices remain relatively strong and well above their 10 year averages. Stocks-to-use ratios of major grains are at relatively low levels and this means yield improvements will still be necessary as we look to feed a growing global population and meet demand for higher protein diets. Current economic pressures might slow that demand, but it will continue to trend higher.

As a truly global player in the crop protection industry, Nufarm is well positioned to capitalize on these dynamics and we will stay firmly focused on our strategic growth drivers: Geographic and product portfolio expansion.

The downside risks to our guidance include the possibility of credit-related pressures impacting the business on a much broader, global basis; and a more negative than anticipated outcome to the regulatory reviews associated with the A H Marks acquisition.

As always, climatic conditions – particularly in Australia – remain a risk; and I remind shareholders that the company assumes average seasonal conditions in its budgeting and planning.

I am firmly of the view that we need to remain positive and show strong leadership at times when economic pressures weigh heavily in the broader environment. I can assure you that Nufarm management – and the entire Nufarm team – will continue to steward the business so that we can emerge from these challenges in good shape.

The company's fundamentals are strong. And it is still a very good time to be in the business of agriculture.

Again...thank you for your interest and support. I'll now hand back to the Chairman.