



**Chairman's Address  
to the Annual General Meeting of Shareholders - Melbourne  
Thursday, December 13, 2001 at 10.00 am**

**K M Hoggard**

The factors which influenced performance in the 2001 year have been detailed in the annual report and I will shortly ask the Managing Director to review current business performance and talk about future development prospects for the company.

In summary however, it was gratifying in the 2001 year to see the continued progress of the majority of the northern hemisphere business operations and for the first time, have sales in these regions exceed the sales in home markets.

The company has truly become international in its operations.

The Australian trading result was disappointing where margins earned are unsustainable.

The major influencing factor was the result of market disruption whilst the rationalisation of the distribution sector continued.

Shareholders will be aware that the company played a significant role in this rationalisation and management is confident that what has resulted will be of considerable benefit to the company in servicing at appropriate margins this important geographical area of our business.

The reasons for the decision to write off the Canadian sulphur plant have been fully dealt with in the annual report. Whilst sulphur based fertilisers are considered to have future potential, there were too many logistical problems to overcome and the continuing losses from this operation were undoubtedly having a detrimental impact on share price.

Since the announcement was made the share price has risen by 25% and although that is not the only reason for the improvement, it is clearly a contributing factor.

The issue that I now want to address is executive remuneration and the use of incentives as part of the total packages paid to senior staff.

The issue has become somewhat controversial in recent times.

Our Remuneration Committee has spent considerable time over the last 2 years developing packages designed to adequately compensate senior staff at market rates and provide (at risk) incentives relative to the performance of the company.

The Board believes that over time the share price will reflect the market perception of the ability of the company to consistently increase economic value added, from its continuing operations. For that reason one off gains or losses from business disposals are ignored in our calculations.

The basic element of our executive remuneration (employment cost) has been benchmarked against 200 other major companies and we have adopted the median position to establish payment rates for our executive staff. In the case of the Managing Director this represents 50% of his total potential package and for other senior executives 60%. The remainder of the packages are in a combination of short and long term incentives, the latter of which must be taken in equities and both payments are at risk. They will only be paid if predetermined investment returns are achieved on defined total funds invested in the company.

We believe that these incentives are an important element of remuneration for these executives, including the Managing Director, who can significantly influence the growth in sustainable economic value added and hence share value for stockholders.

Your Board strongly supports the resolution in respect of the issue of equities to the Managing Director that will be put later in this meeting.

The company has developed a strong manufacturing and marketing position in many of the world's largest markets for our products, and there are increasing opportunities to be pursued in some developing markets.

The Board has considerable confidence (even in these uncertain turbulent times) in the future of the company and I will now ask Mr Rathbone to address you.