



Chairman's Address
to the Annual General Meeting of Shareholders - Melbourne
Thursday, December 12, 2002 at 10.00 am

K M Hoggard

The Directors consider the operating result in the 2002 financial year was good, especially as it was achieved in a very competitive international market, and adverse climatic conditions prevailed in a number of the company's geographic markets, particularly Australia.

Growth in operating earnings was generally in line with market expectations and at a level consistent with what has been achieved over the last ten (10) years. The return on total funds invested was upper quartile performance relative to major Australian industrial organisations.

The share price therefore, is disappointing with the Company currently trading at approximately 65% of the value placed on the stock by the share market analysts who follow and report on Nufarm.

- Over the last 12 months, Management has spent considerable time providing the market and institutional investors with detailed background on the business and its sustainable growth expectations.
- We have delisted the stock on the NZ Stock Exchange to ensure that all trade is conducted in Australia and to regain a top 200 index position on the ASX.
- Since balance date, the chemical trading business has been sold and the Company has retained only those businesses with both manufacturing and marketing capacity, and international growth prospects in agricultural and specialty chemicals.
- The Company executive remuneration, especially the long-term incentive component, is designed to reward for earnings growth and shareholder value addition based on returns on total investment (both shareholders and lenders) in the Company. The Directors believe that, over time, consistent sustainable value creation should be recognised and reflected in share price.
- The Company has continued with strategic investment in the agricultural chemicals business in selected geographies and in the Northern Hemisphere in particular. These operations have a high seasonal profitability bias to our second half, to the extent that now, virtually all of our corporate profits are generated in the second half.

For the 2003 year, the Company budgets have been developed showing operating profit growth similar to the 2002 year, but with reduced capital investment levels. In producing these figures Management made some provision for the drought in Australia. Its impact is cushioned to some extent by operating growth in the Northern Hemisphere. Australia is however, still a major market for the Company and a continuation and/or increase in the severity of these current drought conditions would have an impact on the Australian business which would flow through to the group's full year results.

I will now ask Mr Rathbone to address the operations of the Company and its prospects in more detail.