



**Managing Director's Address
to the Annual General Meeting of Shareholders - Melbourne
Thursday, December 9, 2004 at 10.00 am**

DJ Rathbone

Thank you Mr Chairman.

I would like to welcome those shareholders who are in attendance at today's meeting. We appreciate your interest, and we very much value your ongoing support.

Echoing the comments of the Chairman, I believe the company is in very strong shape; delivering excellent growth in profitability; and positioned to take advantage of a number of opportunities which will continue to drive strong results and improved shareholder returns in the years ahead.

The 2004 full year financial result was a tax paid operating profit of \$76.2 million, an increase of more than 18% on the previous year – and another record for the company.

This was achieved on sales of \$1.58 billion, an 8% increase over the prior year's revenues.

Earnings per share were 47.1 cents (up by 14%) and a final dividend of 15 cents per share took the full year dividend to 23 cents, which is a 15% increase on 2003.

In the year 2000, we set ourselves a five year strategic objective to have the company strongly focused on Nufarm's core crop protection business. It is a reflection of the progress we have made that, in 2004, industrial chemicals comprised just 9% of revenues; and are expected to be less than 5% going forward.

2004 sales in the crop protection business were up by 17% and the business generated a profit of some 20% greater than the previous year.

The performance of the business has been covered in some detail in the year end announcement and in the annual report, so I will confine my comments to some of the more significant developments which underlined the 2004 results.

From a seasonal perspective, we saw average to good conditions in most of our major markets.

Australia, which generated some 41% of crop protection sales, remains a critically important profit centre for the company. Seasonal conditions were mixed, with adequate rains in many cropping regions and continuing dry conditions in other parts of the country.

Total Australian sales increased by almost 15%, helped by the addition of the BASF range of products which transferred to Nufarm in a distribution deal concluded in March of this year. This transaction further consolidates our leadership position in the Australian market and provides some good growth opportunities in market sectors such as horticulture.

Australian glyphosate sales were strong, with the premium 'Roundup' branded products achieving an increasing market share.

Sales under the Crop Care brand – the business acquired from Orica in 2003 – were also up on the previous year; and there has been very positive acceptance of Nufarm's dual branding approach in maintaining the presence of Crop Care in the market.

The company's second largest country market is the USA and I am pleased to report that this business is experiencing strong growth driven by a broader product portfolio and increased access to distribution. US branded sales increased by more than 37% in US dollars.

We achieved stronger market penetration in both the agriculture sector and in the turf and specialty sector.

In Europe, the businesses in Germany and the UK reported excellent results, again assisted by a larger product offering and additional support from distribution customers.

We invested a considerable effort in making the necessary changes to realign the French business, and sacrificed some third party sales in order to achieve better margin branded sales over the longer term. We are already seeing the benefit of those changes in the current year.

Other markets such as New Zealand, Spain and the Asian businesses all made important contributions to the overall results.

In January, we acquired the global phenoxy herbicides business from BASF. This acquisition delivered market leading brands for a core Nufarm product range and a number of our regional businesses benefited from sales of those brands in the 2004 period.

The acquisition was partly funded by a capital raising which was strongly supported by both institutional investors, and by our retail shareholders via a share purchase plan. This is the first time since 1994 that we have elected to use equity to help fund the expansion of the business. A higher share price and a strong demand for Nufarm stock made this an appropriate option. Clearly, it is an option that remains available to us as we consider future acquisitions.

Turning to the industrial chemicals business, the 2004 year saw a 40% reduction in sales. Most of that decline is explained by the sale of the Fernz speciality business which generated just over \$50 million in revenues before being acquired by Orica in the 2003 financial period.

The chlor alkali plants in Western Australia were the strongest contributors in this division. These plants have a very reliable earnings profile and involve a strong technology link with our herbicide manufacturing operations.

At the year end results announcement on September 30, we indicated our intention to sell the pharmaceutical intermediates business – SEAC – based in France; and the Nufarm Specialty Products business, which is based in Lobeco, South Carolina.

We remain on track to complete these divestments within the next month.

Also on September 30, we announced a proposed move into Brazil via a 49.9% investment in a local crop protection company called Agripec. We have made substantial progress on this transaction. The shareholders agreement is now finalised and I anticipate that the purchase agreement will be executed within the next month.

The due diligence we have completed over the past three months has reinforced our view that the Agripec investment represents the best possible vehicle via which Nufarm can take advantage of the substantial growth potential in the Brazilian crop protection market.

On 2004 sales data, Brazil will rank as the world's second largest market by value; and is seeing substantial growth as Brazilian agriculture continues to develop and expand.

Agripec is a well managed company, ideally positioned to capitalize on this growth. Approaching the end of its 2004 financial year – which runs from January to December - Agripec is on track to deliver sales of approximately US\$200 million, with solid growth forecast for 2005.

We believe our equity position in the Agripec business reduces some of the country specific risks associated with a major investment in a developing country such as Brazil. And while we are extremely comfortable about the existing management of the business remaining in

place, the shareholders agreement ensures Nufarm's interests are protected and puts in place a structure which encourages a very open and co-operative partnership as we look to build Agripec's position and ensure the sustainability of its profit growth.

In recent discussions, we have also reached agreement on the sale of Nufarm's existing branded products business into Agripec. The sale will be for a total cash consideration of US\$10 million.

We have previously indicated that the Agripec deal will see profit accrue to Nufarm from the beginning of our current financial year. We have also indicated that the investment will generate a net profit of some \$12 million in Nufarm's current financial year.

This guidance assumed a full 12 months of borrowing costs when, in fact, the company will only incur those costs for some 7 months of the current financial year. We will update that earnings guidance at the half year, when the majority of Agripec's annual contribution will have been booked by Nufarm. Unlike the other major markets in which Nufarm operates, the key selling period in Brazil is the September to December period.

I'm sure shareholders will welcome a contribution which adds to our profitability in the first half.

The cost of this acquisition – some US\$120 million – will be funded by debt, with the borrowing costs somewhat offset by the sale of the industrial chemical businesses I have already mentioned.

The impact of these transactions on the company's gearing levels will see the net debt to equity ratio increase from 61% at July 31 this year to about 75% by the end of the 2005 financial year.

I would now like to comment on the performance of the business during the period August to October, 2004, which constitutes the first quarter of our 2005 financial year.

This quarter represents Nufarm's quietest period in terms of sales.

Within that context, we are seeing strong demand for product, with all of our regional businesses ahead of budget; well ahead on sales for the corresponding period last year; and building very positive momentum for the remainder of the year.

In Australia, the stronger first quarter sales are partly driven by insect and fungus pressures in a number of cropping regions. Recent rains will encourage good summer cropping activity over the next few months. While sales are ahead of budget, higher raw material costs – flagged in the year end announcement – are impacting margins and will need to be recovered from the market place.

Both the USA agriculture, and turf and specialty businesses are well ahead of first quarter sales last year and ahead of budget due to strong sales of glyphosate, and phenoxy mixtures. Trading conditions are generally favorable; distribution is indicating a desire to do more business with Nufarm; and the outlook is for another good cropping year.

The current Nufarm business in South America also continues to grow strongly, even before accounting for the Agripec investment. Our existing business in Brazil is ahead of budget and sales of Nufarm phenoxy herbicides – which are already being distributed via Agripec – are strong.

In Argentina, sales are in line with budget, but margin pressure continues due to a very competitive glyphosate market.

It is encouraging to see early signs of a strong recovery in the French business, which was the subject of a reorganisation in the last financial year. Sales of branded products are

strengthening and several new product registrations – expected in the new calendar year - will facilitate a broader portfolio in the important French cereals market.

Spain has had a dry start to the year, but sales are tracking on budget.

It is a very quiet period for sales in Germany and the UK, but – again – we are ahead of the same period last year and confident of achieving further growth in both markets over the course of the full 12 months.

Finally, Asian sales, particularly in Indonesia and Malaysia, are well ahead of budget in the early part of the year.

Given the very strong sales performance in the first quarter, and the expectation that the business will maintain that momentum for the balance of the first half, we are anticipating an interim net profit – excluding any impact from Agripec – of between \$6 million and \$8 million.

Shareholders will recall that we posted an interim net loss of just under \$2 million for the corresponding period last year.

In overall terms, the business is looking strong and – seasonal conditions allowing – we are now very well placed to deliver our current earnings growth forecast of at least 15% for the full year.

As I am sure you will agree, it has been gratifying to see the much improved performance of the company's share price over the past 12 months. During that period the share price has risen by more than 65% and yesterday – in intra-day trading – reached an historical high of \$8.55.

I firmly believe that the stronger share price reflects a recognition by the investment market that Nufarm can deliver solid earnings growth, based on our clear strategic objective of continuing to build a strong, expanding and sustainable global position in crop protection.

I have never been more confident about the growth prospects of the business, and my fellow directors share that confidence. With the support of Nufarm's high quality management team, I look forward to meeting the ongoing challenges associated with taking the company forward.

Nufarm has extremely capable, committed and loyal employees who have worked extremely hard to build a global platform for Nufarm.

We continue to identify opportunities to develop and secure additional products; partnerships and potential acquisitions that will add genuine long term value to the business.

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