



**Managing Director's Address
to the Annual General Meeting of Shareholders - Melbourne
Wednesday, December 5, 2007 at 10.00 am**

D J Rathbone

Thank you Mr Chairman.

I would like to add my welcome to shareholders who have made the effort to join us here this morning and to others in attendance with an interest in the company.

I will briefly review the performance of the company for the most recently completed financial year before updating you on our current year to date performance. I would then like to take the opportunity to add my comments to those of the Chairman on the proposed takeover.

Given the impact of severe drought conditions in Australia, the company's performance for the 12 months to July 31, 2007, was satisfactory. I was disappointed, however, to deliver a profit result that was below our target for the year.

While the headline profit result – inclusive of non operating items – was \$148.8 million, our 2007 operating profit of \$120.9 million was just below that of the previous year and approximately 7% short of our guidance to the market.

The principal contributing factor to our below budget result was clearly the adverse climatic conditions here in Australia. This was highlighted by an \$18 million dollar fall in earnings before interest and tax in our Australasian business.

The combination of a very poor summer cropping season – in Nufarm's first half of the 2007 financial period – and difficult conditions throughout most of the balance of the financial year, saw Australian sales fall by about 7% on the previous year.

In many respects, the conditions confronted by cereal farmers in most of Australia's major cropping regions were unusually cruel. After some good early rains encouraged reasonable plantings, the prolonged dry spell thereafter ruined much of that crop, and has been a major setback for growers looking to recover their positions after several years of testing conditions.

Nufarm's sales into irrigated crop segments, such as horticulture, and our post emergent and cereal fungicide opportunities, were dramatically curtailed by these seasonal pressures.

Australia remains Nufarm's largest market and negative impacts on our performance within Australia were certainly reflected in our overall results. However, our efforts and success in developing and growing opportunities in other global markets will continue to reduce our exposure to adverse business conditions in any one country.

On a more positive note, Nufarm's 2007 financial year performance in the Americas region was again very strong. Sales increased by 20% on the previous year, with regional profit up nearly 40%, excluding the positive impact of the Agripec contribution in Brazil.

Revenues in the USA grew by some 20%, continuing a run of excellent results in this, the world's largest crop protection market. A strong new product pipeline and the first full year of imidacloprid sales were important contributors.

In other regional markets, Canada, Argentina and Chile all saw improved sales and profit numbers.

A major undertaking for Nufarm during last financial year was the acquisition of the balance of the Agripec business in Brazil. In May we announced an agreement to acquire the outstanding 50.1% of Agripec, moving to 100% control at the beginning of June. Our full year results reflect 10 months of equity accounted earnings from Agripec and the final two months of consolidated results.

The total Agripec profit contribution of \$17.2 million compared to \$8.5 million in the 2006 year, reflecting a positive recovery from the farm sector credit pressures that had impacted business in Brazil.

I'm pleased to report that the integration of the Agripec business into the broader Nufarm platform has progressed very smoothly. We have an excellent management team in place, an enthusiastic group of employees; and a business well positioned to seize new growth opportunities.

The European results for 2007 were mixed. While revenue growth was achieved in a number of European markets – and across the region as a whole - overall profitability was down due to a combination of regulatory issues and seasonal factors.

The withdrawal of a product registration in the UK had a significant negative EBIT impact, with lost sales in both the UK and a flow-on impact in France. That matter has now been resolved, with the registration reinstated.

Unseasonably warm spring conditions in Germany dramatically reduced the sales window for our high margin proprietary grass herbicide. And we saw lower global sales of MCPA from our Botlek facility in Holland, mainly due to the Australian drought.

An acquisition in Italy (in October, 2006) helped drive a doubling of sales and provided a good base for ongoing expansion of our position in that market.

In Central and Eastern Europe, Nufarm's position continues to strengthen. Our new Romanian business recorded impressive first year sales on the back of important product registrations and the joint venture with FMC, covering markets such as Poland, the Czech Republic and Slovakia, was also a strong performer.

At the end of the 2007 period, net debt to equity had come down to 36%. It should be noted that this substantial improvement was partly achieved because settlement of the payment associated with the Agripec acquisition did not take place until mid August (after the end of the financial year); and – more significantly - the company issued a new hybrid equity instrument, the 'Nufarm Step-up Securities', in place of capital notes.

A fully franked dividend of 21 cents per share was declared and has now been paid to shareholders. That resulted in the full year dividend increasing by 7% on the previous year.

The major non operating item was the sale of the company's interest in the Nufarm Coogee joint venture chlor alkali plants in Western Australia. This divestment resulted in an after tax gain of \$32.6 million; and was consistent with our stated objective to become a focused 'pure play' crop protection company.

In summary.....the 2007 financial year certainly had its challenges. But the company's global platform continued to strengthen; and we saw good results from a number of our strongest growth markets.

I will now update you on the first few months of this, the 2008 financial year.

It is again important to remind you that, due to the seasonal nature of Nufarm's business, the period from August through to October represents a relatively quiet period for the company in terms of sales activity. It is also a period in which the year to date performance of the business can track below budget due to timing issues.

Given the continuation of dry conditions in most parts of Australia, the first quarter of the financial year has been challenging for our Australian businesses.

Sales and profit contribution are both lagging due to a range of factors including significantly lower sales of post emergent herbicides into the drought affected winter cereal crop; relatively low sales of cereal fungicides; and the ongoing impact on our horticulture business caused by lack of water for irrigated farming in the Murray Darling basin.

It is encouraging to note, however, that we have recently seen rain in parts of Northern NSW and Southern Queensland and this augurs well for a better planting of summer crops in those areas than what we saw last year.

While we will clearly need to see a marked improvement in climatic conditions in Australia over the summer and into next year's autumn period, we are mindful that near record commodity prices and strong underlying growth and demand drivers will encourage very robust cropping activity if conditions allow.

We need to be – and will be – ready to meet that demand as Australia looks to recover from what has been a very difficult period for agriculture in this country.

Our North American businesses are tracking ahead of budget, with the US business, in particular, having a very strong start to the year.

With exceptionally strong commodity prices, there is a very positive sentiment in the US agriculture sector and this is translating into additional business opportunities as farmers invest in protecting their crops.

This is having a positive impact on sales of glyphosate, phenoxies, our imidacloprid product, 'Nuprid', and a range of other Nufarm products.

I am very confident that this position can be maintained for the balance of the year and that we will see another excellent performance from our North American business.

The Brazilian farm sector continues to recover strongly from the credit related issues that negatively impacted business conditions in that market over the past two years.

Industry forecasts for the 2007 calendar year suggest that crop protection sales in Brazil could reach five billion US dollars, an increase of some 25% on 2006 sales.

A larger soybean crop and continued expansion of sugarcane will be major contributors to the growth. Slightly later than normal rains will hold back expansion of the 'second season' corn crop, but very strong corn prices will encourage farmers to take advantage if they can.

Industrial action in Brazil during August and September led to substantial delays in raw material deliveries to our manufacturing plant in Fortaleza. These supply chain issues

caused a below budget start to the financial year, but the position is now recovering and should be back in line with expectations by the end of the first half.

We have also recently become aware of a one-off liability associated with Agripec's hedging of product sales against the price of soybeans. This system of barter trade – implemented by the company prior to Nufarm assuming 100% control – involves entering into contracts with growers and accepting soybeans as security for the July 2008 receivable.

We are continuing to investigate the detail associated with this matter, but there is a current after tax liability of approximately \$10 million resulting from a very strong soybean price. We will be monitoring this closely over coming months.

There have been several product launches in the first quarter, with additional launches expected over coming months.

It is also a relatively quiet period for our European businesses. While some of those businesses are currently behind budget, this is mainly due to the timing of sales. Some variability in timing of sales is not unusual at this point in the financial year.

We have launched new products in France, Spain, Italy and Greece and the continued expansion of the product portfolio will be an important profit driver for our European businesses.

On a very positive note, I am pleased to report that both the Victorian and NSW state governments have made recent announcements that will allow Nufarm's Roundup Ready canola to be marketed to growers in Australia.

Our Nuseed business is already established as the leading supplier of canola seed in Australia. The Roundup Ready varieties will provide an important additional option for our grower customers and will allow them to secure the benefits and production efficiencies that are enjoyed by canola growers who already have access to genetically modified seed technology.

Our guidance for the company's full year profit growth is predicated on a number of assumptions. Included among those assumptions is that we will secure adequate supplies of glyphosate to meet our forecast sales.

Nufarm is the second largest supplier of glyphosate behind Monsanto. This product provides a very solid growth position for Nufarm and we have been very successful in leveraging that position to achieve growth across the business as a whole.

The very strong demand for glyphosate – driven by increased penetration of Roundup Ready crops and continued expansion of minimum tillage farming practices – is currently placing a substantial strain on global production capacity.

The company is exploring a range of options to secure our glyphosate supplies for the immediate future and for the long term. I have recently returned from very constructive meetings in the United States with Monsanto and I am confident that Monsanto will continue to play a very important role as a Nufarm supplier of glyphosate and its raw materials.

We have also announced that we have several initiatives in place in China with glyphosate technical manufacturers.

These plans are strategically very important to the future growth of Nufarm and I look forward to providing more details in due course.

We are currently forecasting to meet the approximate \$145 million net profit guidance provided in late September when we released last year's annual results. We'll need to see a strong recovery here in Australia, but we now have a robust and geographically diverse business, with excellent growth opportunities in a number of markets around the world.

At the January half year – exclusive of any impact from the barter trade liability in Brazil - I anticipate that we will report a net operating profit of between \$18 million and \$23 million.

As the Chairman has noted in relation to the consortium's proposal to acquire Nufarm, due diligence is underway, with the exclusivity period scheduled to expire on December 10. Nufarm has committed substantial resources to the due diligence process.

While there is no certainty that the proposal will proceed, the consortium has stated that, should the acquisition be successful it will retain the Nufarm management and Australian headquarters, the Nufarm brand and the existing global platform of the business.

I see those statements as a strong endorsement of our success in building a successful, global company, and of the capabilities and commitment of Nufarm management and employees.

I would like to add my thanks to our retiring Director, Dick Warburton, for his contribution and support over his 14 years on the Board. Dick's experience has added a great deal to our deliberations and decision making at Board level and his insight has been invaluable.

Today marks the Chairman's 50th consecutive year of employment with the company. As many of you will be aware, Kerry Hoggard retired as Managing Director of Fernz Corporation at the time of the company's migration to Australia in 2000.

His Chairmanship since that time has ensured Kerry's knowledge and wisdom has not been lost to the company. He has provided tremendous support and sound advice and shareholders have benefited greatly from his ongoing involvement.

Before I conclude, I would like to acknowledge the hardworking and very talented Nufarm employees who continue to be the core strength of this business. While the past year has had its challenges – particularly here in Australia – the dedication of our employees has remained as steadfast as ever.

I will now hand back to the Chairman....