



**Managing Director's Address  
Annual General Meeting of Shareholders - Melbourne  
Thursday, December 1, 2011 at 10.00 am**

**D J Rathbone**

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Thank you Mr Chairman.

I would like to add my welcome to shareholders and others with an interest in the company. Thank you for joining us this morning.

It is very pleasing to be able to report to you today on important and positive progress associated with the turn-around of the business.

The past 12 months have been extremely challenging but we have accomplished a great deal:

- Our full year financial results for the 2011 financial year – released on September 28 – showed a strong improvement in the underlying performance of the business.
- Importantly, those results also reflect good progress against the specific growth objectives we identified as part of a comprehensive strategic review of the business undertaken over the course of 2010 and the early part of 2011. We now have a solid strategic plan that provides a clear blueprint for both relevant change and future direction of the company.
- And last week, we announced the completion of the refinancing process with the execution of a three year \$625 million facility agreement. This provides certainty and stability and ensures we have a capital structure to support future growth.

I will address some of these matters in more detail shortly, but they represent important milestones in returning the company to a position of sustainable and profitable growth and reflect a determined effort to strengthen certain areas of management and impose increased discipline right across the business.

We will continue this process of improvement and we have more to do. But I can assure you that the Board and management of the company – and all Nufarm employees – share a renewed determination and confidence about the future of Nufarm.

I would now like to review the 2011 results in a little more detail; discuss the major elements of the strategic plan; and update you on trading conditions in the early part of this, our 2012 financial year.

Underlying net profit after tax increased by 68% to \$98.3 million in the 12 months to July 31, 2011. The operating EBIT result was \$192 million, an improvement of 42% on the previous year.

The headline result was a loss of \$49.5 million, after the impact of \$148.1 million in material items.

The most significant of those items was an impairment loss associated with the carrying value of intangible assets in our Brazilian business (some \$74.3 million).

We also recorded a writedown of \$27.7 million in relation to a receivables dispute that was settled during the year; and a charge of \$14.7 million on a mark to market revaluation of the company's step-up securities. Other one-off material items included refinancing, legal and restructuring costs.

I would like to note that the company does not anticipate a substantial impact from material items in the current financial year. We will report some one-offs associated with financing and legal costs, but the quantum of material items is expected to be significantly below that reported in the past two financial years.

Total revenues in 2011 were \$2.08 billion, some 4% lower than in the previous year. The gross profit margin improved from 26% to 28%.

Shareholders will be aware of the major changes and value shift in the glyphosate segment which caused significant earnings damage to the business in the 2009 and 2010 periods. In 2011, Nufarm reduced its participation in this segment, with glyphosate representing just 20% of total revenues and generating a slightly improved gross margin. It was encouraging to see some stability return to this segment, albeit the value of the chemistry remains well below what it was in 2008.

While glyphosate sales dropped by 30%, sales of other products increased by 6%. That increase was much higher – some 18% - when measured on a constant currency basis. Importantly, we achieved strong growth in higher value product segments such as insecticides, fungicides, seeds and seed treatment.

The repositioning of glyphosate within our portfolio, and stronger growth in non-glyphosate offerings is consistent with the company's strategic objective of securing larger positions in higher value and more defensible product and market segments.

On a regional basis, the Australian business posted a very strong result. Seasonal conditions in Australia were positive, with above average rainfalls boosting activity and demand in both the summer and winter cropping periods.

Strong sales across a broad range of product segments helped deliver an increased gross margin and higher profit outcome in Australia.

While New Zealand saw a slow start to the season, the important pastoral market – in which we have a very solid position – responded to buoyant farm commodity prices and we finished the year with increased sales.

Our Asian businesses have been very consistent performers in recent years. We have a strong market position in Indonesia; an operating presence in Malaysia and Japan; and sales into a number of other regional markets.

Segment profit in Asia was up on the previous year, with increased sales of insecticides and fungicides complementing a robust performance from our 'Roundup' business in Indonesia.

North American sales were down by some 19% on the previous financial year, however segment profit improved due to higher margins.

Climatic factors were a negative impact in both the USA and Canada, with excess rainfall and flood-related disruptions to cropping activity in some regions as well as prolonged drought in the south of the US.

Our US turf and specialty business experienced lower demand due to climatic factors and, of course, a depressed housing sector.

We significantly downsized our US glyphosate position, with sales down 58% on the previous year. This reflected a deliberate repositioning of our business and an intention to further diversify our product portfolio.

The 2011 financial year saw an important turnaround in our Brazil business. Having generated a \$17.1 million loss at the operating EBIT level in 2010, the business posted a \$6.3 million EBIT profit in 2011.

New management leadership; restructuring initiatives; and a more diverse and profitable product portfolio all contributed to the much improved outcome and we can now look with considerable confidence to continued profitable growth in this important market.

On a regional basis, sales in South America were slightly down on the previous year. This was mostly the outcome of a substantial reduction in lower value glyphosate sales. The segment profit result for South America was \$17.9 million, against a loss in the previous year of \$14.6 million.

The performance of our European businesses was mixed, with the regional segment result down on the previous year.

While some country markets performed well – in particular, Spain, Italy, Greece and our smaller Eastern European businesses – the major western European markets of France, Germany and the UK were all seriously impacted by adverse seasonal conditions, with some of the hottest and driest spring conditions experienced in those markets in many years.

Low demand for some of our higher value products in both the important spring season, and in the previous European autumn, resulted in reduced sales and profitability. The performance of our business in France was particularly disappointing.

On a much brighter note, our emerging seeds business turned in an excellent result in 2011. Generating gross margins well above the balance of the business, the seeds business contributed almost 10% of group EBIT on sales that equated to less than 5% of group revenues.

We strengthened our positions in our core crops – canola, sorghum and sunflower – with increased sales of elite hybrid seeds and we saw additional demand for products such as Nuseed's specialty canola oil which is marketed as 'Monola'.

The headquarters for Nuseed were relocated to Chicago during the period, reflecting our view that the majority of future growth will be generated in the Americas.

Turning to the balance sheet, the company finished the year with net debt down to \$465 million (from \$620 million at the end of the 2010 financial year). Net working capital was down by \$199 million and the company generated nearly \$154 million in operating cash flow.

These outcomes reflected a very disciplined approach to working capital and cash flow management...and to the allocation of capital in general.

As I have already mentioned, the past year saw the completion of a comprehensive strategic review of the business.

That review was undertaken with the support of several external, independent advisers and looked closely at the company's overall position in the crop protection industry and various industry trends and changes; our strengths and weaknesses; key opportunities for the business; and the management structures and systems that support the business.

The review concluded that Nufarm's strong global platform; our access to distribution; and our regulatory and innovation skills are key competitive strengths that can be leveraged to drive strong profit growth.

It also reinforced the need to downsize our position in glyphosate and to accelerate growth in other, higher value and more defensible product segments. As I have just outlined, the past year's performance reflects important progress on that front.

There is now a clear emphasis on generating value rather than chasing volume. Our development efforts will support additional growth in differentiated and higher value product and market positions.

The review identified areas where management could be strengthened and where systems could be upgraded to facilitate better visibility on our operations and – consequently – better management decisions.

We have implemented important changes to address those areas.

In the financial management area, an experienced and very capable Chief Financial Officer, Paul Binfield, has been recruited and commenced in his new role in early November. We are very pleased to have Paul on board and look forward to his input and contribution.

Several new senior positions have been created under Paul in the finance department, with the appointment in February of a new Group Treasurer and additional management resource in financial planning and analysis, and corporate accounting.

Again, these changes are a clear indication of a much stronger discipline in financial management and capital allocation.

I reported to you last year on various improvements being implemented in our data analysis and reporting systems – and very positive progress has been made in those areas over the past 12 months.

These changes – together with a renewed focus on Nufarm's ability to develop and bring to market innovative and differentiated crop protection solutions for our grower customers around the world – will ensure we have a strong platform on which to grow the business over future years.

The 2011 financial year was also the first full year of our strategic relationship with Sumitomo Chemical Company.

Sumitomo now holds a 23% ownership stake in Nufarm. Earlier this year, Sumitomo exercised its right to the 3% 'creep' provision and lifted its stake from 20%. Under our shareholder agreement, Sumitomo is unable to increase its investment in the company without putting a formal proposal to the Board.

The Sumitomo relationship has facilitated a range of commercial co-operation arrangements between the two companies and these arrangements are already adding value for Nufarm.

We have completed product distribution agreements in various markets around the world, enabling Nufarm to distribute Sumitomo chemistry and – in some cases – for Sumitomo to distribute Nufarm products. These agreements generated meaningful sales and margin in the 2011 financial year – and we are now looking to extend those arrangements into other markets.

Nufarm and Sumitomo are also engaged in co-development projects involving the field testing of new combination products that may provide additional business opportunities for both companies. Increase of spectrum and improved control for a number of pests will be the key benefit offered by these combination products which will be unique to Nufarm in the market place.

And we are utilizing our manufacturing and logistics presence in markets such as Australia to provide tolling and warehouse support for the local Sumitomo business.

Both companies are continuing to explore further opportunities for co-operation and I am very confident that the value created from this strategic relationship will grow.

The company announced last week that we have executed final documentation relating to the refinancing of our syndicated bank facility.

The new facility provides an extended term (3 years) and other terms and conditions that represent a more cost-effective and flexible financing base for the business.

This is an extremely important accomplishment, and – as the Chairman has commented - one that has been undertaken against a backdrop of very unstable global credit markets.

Together with the receivables backed securitization facility put in place earlier in the year – and some regional banking facilities that specifically support our Brazilian and European businesses – the new facility provides funding certainty and stability and will support the future growth of the business.

Our new banking group – ANZ, Credit Suisse, Deutsche Bank, Mizuho, Rabobank, UBS and Unicredit - has shown very strong support for the company and confidence in our future prospects. I would like to acknowledge the company's appreciation for that support, and for the interest shown by a number of other banks who put proposals forward, but were not included in the final syndicate.

The syndicated facility provides \$625 million in funding to the group. While we announced in August that the securitization facility will have a limit of \$300 million, we have now scaled that back to \$250 million reflecting the value of receivables that can currently be utilized to secure funding within that facility.

Before handing back to the Chairman, I would like to provide you with an update on how we are seeing business conditions in the early part of this, the 2012 financial year.

As we regularly remind you, the first quarter of our financial year is a relatively quiet sales period in most of our geographic markets and is often not a reliable predictor of how our full year will unfold.

Australian cereal growers will be hoping for dry conditions to enable the completion of the winter crop harvest. Recent rainfall has delayed some harvest activity and downgraded the quality of the crop in some areas. Crop yields have been excellent, however, in many cereal growing regions in Australia and – together with a relatively strong price for wheat and other cereals – those growers should be in a good position.

The current summer cropping period in Australia is benefitting from good soil moisture profiles and improved water storages. Cotton plantings are expected to be at similar levels to last year's relatively large crop. Conditions will also support another reasonable rice crop. Given the large winter cereal acreage, sorghum plantings are expected to be down.

Insect and fungal disease pressures are – at this point – not as prevalent as in the spring months of last year, particularly in the horticulture segment, and this has dampened demand for some of our higher value insecticide and fungicide products. Shareholders may recall events such as the locust plague which certainly provided additional sales opportunities for Nufarm in late calendar year 2010.

First quarter results in Australia are consequently down on the same period last year, but there is strong optimism within the business of a solid performance over the course of the full year.

Our business in Brazil and Argentina is performing strongly, capitalizing on good seasonal conditions and strong demand. Crop plantings are estimated to be up on last year and – with relatively high soft commodity prices – there is a strong incentive for farmers to maximize yield.

Margins on most product segments are tracking ahead of last year, contributing to a stronger EBIT performance for the first quarter. We have been able to implement some price increases, particularly in our phenoxy herbicide range and our imidacloprid insecticide offerings are also performing very well.

The pasture segment – where Nufarm has a strong position – is seeing very strong demand, driven by high prices for cattle.

Our ability to distribute a number of Sumitomo products in Brazil will again make an important contribution to our results in the current financial year.

Following last financial year's strong turn-around in Brazil, we are confident that the 2012 financial year will again see an improved performance from this important business.

In the early part of the year, seasons have been slightly delayed in other South American markets such as Chile and Colombia.

The first quarter represents relatively quiet sales periods in Asia, North America and Europe.

We will be looking for a return to at least average seasonal conditions in our Northern Hemisphere markets when activity typically gets underway in about March of next year. Given the relatively poor climatic conditions experienced in 2011, this would provide an opportunity for an improved performance from the business in the current year.

The early months of our financial year are also a quiet period for our seeds business, but we remain confident that this business will continue to generate profitable growth over the balance of the year.

The company has announced today the acquisition of a US based seeds business called Seeds 2000.

Seeds 2000 is a sunflower seed research and production company with annual revenues of approximately US\$20 million and breeding and sales activities in the USA, Canada, China, Argentina, and a number of European markets.

The transaction was undertaken by Nufarm's wholly owned subsidiary, Nuseed, and was completed at a total cost of US\$55.2 million. These costs cover the value of assets, debt and working capital associated with the business.

Sunflower is a core crop focus for Nuseed and an important oilseed and snack food crop, occupying approximately 24 million hectares of land globally, and producing approximately 32 million metric tonnes of grain annually.

Nuseed has existing sunflower breeding and marketing operations based in California, Argentina and Australia and recently secured the breeding and germplasm assets of the Superseeds sunflower business in Serbia.

The Seeds 2000 acquisition will complement Nuseed's position in sunflower and, in particular, its strong confectionary sunflower operations.

The operational, breeding and commercial teams of Seeds 2000 will be retained and integrated into Nuseed, providing additional industry expertise and resources to support further growth.

Our seeds business is generating excellent returns for the company and this acquisition is a great fit with our existing operations.

Looking to the half year, our current forecasts suggest we will deliver a net profit result broadly in line with the \$22.7 million profit reported at the half year in 2011.

It is worth noting that the 2011 half year result included a positive currency impact, given the relatively high Australian dollar was generating transaction gains in that period. Of course, many of those gains were balanced by margin-related impacts and translation losses in the second half of 2011 as our dollar remained above parity with the US dollar.

A recent fall in the value of the Australian dollar means we may well not see those currency benefits in our first half this year.

On an operating basis – and ignoring any currency impact – the performance of the business in the first half of 2012 is expected to be stronger, particularly in Brazil, which continues to show very positive growth.

Achieving this forecast is, of course, dependant on December and January trading results.

We stated our confidence in an improved operating profit outcome for the full year when we released our financial year 2011 results at the end of September. Our view has not changed and we will remain very focused on driving the business over the remaining months of the year to achieve that outcome.

I would now like to hand back to the Chairman. Thank you.