

**WRIGHTSON LIMITED ANNUAL MEETING  
ADDRESS BY BARRY BROOK, ACTING CHIEF EXECUTIVE**

**WELLINGTON, 11 OCTOBER 2004**

Good afternoon ladies and gentlemen.

In my presentation to you I will talk about our current priorities, put them into the context of our past year's performance, and cover off how we are going to improve on that.

But before I start I want to acknowledge the support and guidance that the Senior Management Team and I have received from our Directors as we have made the transition to new ownership and a new Board over the past few months.

As Keith said, change on the scale that Wrightson has recently experienced can be value destroying for a Company. However, the productive, open and honest working relationship that has been established very quickly between the new Board and the Senior Management Team has ensured that your Company has not faltered. It has provided a base from which we have been able to rapidly focus on what needs to be done to improve performance, and then move to implement the necessary actions.

It has been refreshing to work alongside our new Directors, hear their views and ideas, and collectively assess what we have been doing and agree new approaches and strategies to take the business forward.

I have been impressed by the willingness of Directors to get out amongst our District staff, build an understanding of the depth and breadth of the business, and hear first hand about our issues and challenges. I know that staff are certainly appreciating the opportunity to share their views with Directors, and I believe this is reflected in very positive levels of morale in the Company at present.

Without question, Wrightson's strength is in the knowledge and experience of our staff and the relationships they have with our clients. The high levels of staff morale also reflects staff enthusiasm and support for the Board's drive to refocus the Company around our clients.

I share the Board's view that Wrightson had become operationally complicated and bureaucratic, with too much decision-making being done in corporate office, somewhat removed from the client and front-line perspective. By shifting decision-making nearer to the front line we will release energy and enthusiasm, freeing our people up to spend more time with clients. In turn, this will flow through to improved financial performance.

The business of farming is becoming increasingly complex as the new generation of farmers push the boundaries of productivity and profitability. The challenge for us in Wrightson is to ensure that we have the people, the products and the services to continue to enable leading farmers to break new ground and take their sophisticated and professionally run businesses to new levels of performance.

For us, that process starts by understanding what is happening on-farm, appreciating the challenges our farmer clients face and using our relationships to assist with the solutions. That is why the strength of the Company will develop from our relationships with our clients and that is why the focus on clients and customers is so essential for our future.

There is no doubt that last year's result was a disappointment for us all.

There were a number of one-off costs that impacted on the result, but even at an underlying earnings level we should have done better. We need to do much better. It was a challenging year, particularly the first half, with a very high exchange rate, rising interest rates and the late arrival of spring over most of the country. This combination of factors affected farmer confidence. But we also have to acknowledge that some key strategies failed to get traction, and areas of the business simply under-performed.

For example, our Solutions strategy failed to get the traction that we had planned. With the benefit of hindsight, we believe that although the ideas are sound, their execution was made more complicated than necessary.

This is more particularly the case with our on-farm Solutions activity, but is not the case with our industry supply or value-chain Solutions. Our activity in organising the supply of lambs and wool to specification for our key customers continues to be a valuable and expanding area of activity.

Our Rural Supplies business experienced an extremely challenging year on several fronts, and this was reflected in a significant drop in profit from our merchandising activities. Fierce competition from an over serviced market, suppliers selling fertiliser direct to farmers, and the withdrawal of Fonterra from rationalisation discussions all took their toll.

Naturally, we were disappointed when Fonterra called a halt to discussions over a merger between its RD1 and our rural supplies business. Significant synergies and benefits would have accrued from such a merger. However, this alone would not have resolved the underlying issues we are facing in rural retailing.

Considerable effort is being focused on implementing actions to improve the performance of this business. Our overarching strategy for achieving this will be built around our relationships with our clients. We must know and understand their needs and then deliver on them better than our competitors.

It is in that day-to-day interaction with clients that we need to win.

We have to confront the reality that the traditional store model is no longer sufficient, with farmers increasingly wanting to be serviced via other sales channels. We are addressing this by developing our capacity in terms of more reps on the road rather than in stores, as well as looking at catalogue and call centre sales channels. Another strand to our strategy is to focus more attention on providing clients with merchandise inputs that will assist them improve their farm productivity and profitability.

The Pasture Partners programme that we launched this year is a good example of this. Together with our other commercial partners we are encouraging farmers to take advantage of the improvements in animal performance available from our proprietary pasture plants.

The answers to improving performance in Rural Supplies are not just about strategy; they also lie in operational issues – practical actions applied with discipline and rigour. These answers will differ from area to area, as the market demands and peculiarities of each District are taken into account. As well, our managers are given more autonomy to make decisions relevant to their particular client base.

The fierce competition in an over serviced market and the direct selling to farmers, bypassing our retail store network, are issues that we must face. We will find ways of remaining competitive and improving our customer focus.

During the 2003/04 financial year there were some standout performers across the Group. It was a year of strong performances from our Real Estate, Livestock Export and Grain businesses. We also saw continued growth in the sale of our proprietary seeds, and our Seeds business in Uruguay continued to build on its market leadership position.

Another highlight of the year was seeing Wrightson's determination to lead wool industry rationalisation finally come to fruition with the formation of New Zealand Wool Handlers Limited, the joint venture company we put together with Pyne Gould Guinness. The new business consolidates the wool warehousing and handling operations of the two shareholding partners to achieve significant gains in productivity and a freeing-up of capital.

This innovative arrangement does not mean that we will be less involved in the wool business. On the contrary, it is designed to reduce costs in the wool value chain and while we have combined our handling operations, we will fiercely compete at the front line in servicing our clients.

This arrangement complements the establishment of the New Zealand Merino Company, which maintains our focus on the fine wool business through our 35 per cent shareholding.

The clear message implicit in Wrightson's decline in profit last year was that an NPAT of \$10.3 million is simply not good enough, and you as shareholders have every right to expect a significantly better performance. That is what the Senior Management Team and I are focused on achieving, and as the Chairman said, the business plan of \$16 million NPAT outlined in the Target Company Statement is the baseline that we are working from.

There is huge residual support for the Company from clients and stakeholders who want us to go forward and win. Their views reflect real confidence in the strength of the Wrightson brand and the quality of our front line staff, and we need to leverage off these positives.

The 'back to basics' approach that Keith outlined is designed to do just that. By concentrating on our priorities, that is, a refocus on clients, making it easier for them to do business with us, simplifying our internal processes, and giving more autonomy to the front line, we will improve the speed, effectiveness and quality of our decisions.

And by reducing the complexity of the business, cost savings will flow. In order to ensure that these cost savings are captured and maximised, we have a review under way of our cost structures. This review looks at what value is being added to clients from particular activities or internal processes. If there is no benefit, activities will cease or at a minimum, be modified, and costs reduced.

Along with the focus on the 'back to basics' approach and on improving the performance of Rural Supplies, there is a third strand to our strategy for improving overall Wrightson Group performance. This involves building our finance business.

With a commitment from the Board to resource the development and expansion of this business, and the appointment of Ian Walsh to lead its growth, we are ready to aggressively expand our Finance business beyond the transaction-type products we have been limited to offering over the last two years, into the broader finance needs of farmers. The new Wrightson Finance Limited Board is in place, and Ian's team has worked hard to get the Trust Deed and Prospectus developed to allow us to accept deposits, which will be used to fund the business.

We have identified a niche in the \$20 billion rural finance market that we believe we can fill, based on several points of difference that will distinguish Wrightson Finance from others in the rural finance market.

Not only do we have a deep understanding of the financial needs of rural New Zealand, but our long-standing and in-depth client relationships mean we can comprehensively and swiftly assess lending propositions and prudently manage the associated risks.

We will be ready to accept deposits later this month, an exciting prospect for everyone involved in re-establishing Wrightson as a real force in the rural finance market.

Earlier this year we launched a major television advertising campaign, based around the 'Agriculture. Its our culture.' theme. The campaign was designed to reinforce the values that Wrightson has so proudly stood for over many generations - values such as strong relationships, leadership, a passion for agriculture, and a breadth of knowledge that is unsurpassed.

We are delighted with the reaction to it from clients, staff and the marketplace.

The year also saw us launch a new three year sponsorship of the New Zealand Symphony Orchestra. Despite raising a few eyebrows at the beginning from people who could not see the fit between an agricultural company and a symphony orchestra, this sponsorship is providing us with some of our most valuable client hosting opportunities for many years.

During the Wrightson-sponsored NZSO Musical Muster tour of the South Island in February, we entertained over 1,000 clients, and joined with the NZSO to bring music to rural schools. And in March, we were able to bring some light relief to flood-affected people in the lower North Island by holding a free NZSO concert for 1,500 people in Palmerston North.

The sponsorship adds another valuable layer to our client relationships - and that's not just our view - that's the feedback we have received directly from our clients.

On the subject of floods, I was extremely proud to work for Wrightson when storms hit the lower North Island in February this year. Wrightson's response to the devastation, which was the worst in living memory, was humbling. For several months, staff across the Company made a huge contribution to minimising on-farm losses and to the tough process of recovery, pulling together to assist clients and local communities. It was a magnificent demonstration of Wrightson people working together to benefit clients, and ultimately the Company's reputation, during a period of real adversity.

Looking ahead, the outlook for the rural economy in 2004/05 is generally positive, driven off the record levels of commodity prices internationally. The strong New Zealand dollar exchange rate has reduced the impact of these high prices at farm gate level, but they are still above the levels of a year ago. Lamb and beef prices in particular are strong, and it was pleasing to hear last week's news of the increased milk payout expected by Fonterra for this year. The improved farm incomes will underpin the ability and willingness of farmers to continue to invest in their enterprises.

And while we always have an eye on the weather, it is now up to us in Wrightson to leverage value for shareholders from this positive rural economy.

In closing, I would like to thank my colleagues on the Senior Management Team for their support, and to the Board for the opportunity to lead the Company as Acting Chief Executive through this important phase of its development. And to all our staff in Australia, Uruguay and New Zealand, a special thank you for your efforts.

I strongly believe that your Board and the Senior Management Team have built a powerful coalition over recent months that will serve all shareholders well - we are aligned around agreed goals and strategies and a commitment to improved financial performance in 2004/05 and beyond.

While some things may have changed in recent months, one important thing has not. Wrightson is a company with a proud heritage and history of 165 years of commitment to its clients and to New Zealand agriculture. That commitment is as strong as ever.

Thank you.