WRIGHTSON LIMITED ANNUAL MEETING
ADDRESS BY KEITH SMITH, CHAIRMAN

WELLINGTON, 11 OCTOBER 2004

In my address this afternoon I propose to cover four key areas:

1. The recent changes in Wrightson's ownership and at Board level
2. Wrightson's financial performance over the past year
3. The Board's current focus and strategy for improving Company performance
4. The proposed share buyback

Recent ownership changes

The last four months have been characterised by significant change, both in the Company's ownership and around the Board table. Following the success of the partial takeover offer by Rural Portfolio Investments Limited, RPI, in late June, your Company now has a new, strongly committed shareholder, and a new Board of Directors.

As part of the changes, I was invited to join the Board as its independent Chairman. I was impressed by what RPI were wanting to achieve with Wrightson and was privileged to be offered the opportunity to serve you, our shareholders, and to contribute to the ongoing success of a Company that has a pivotal role to play in the future of New Zealand agriculture.

Changes such as those Wrightson has experienced in recent months can be hugely unsettling and potentially value destroying for a Company if they are not managed competently, with all parties working cohesively in the best interests of the Company. I want to acknowledge the professionalism of the previous Board, including its Chairman John Palmer, and Wrightson's current Senior Management Team, for supporting Wrightson's successful and swift transition to new ownership and a new Board.

The smooth transition also reflects how RPI has quickly established itself as a very constructive, supportive majority shareholder, committed to working in the best interests of all shareholders. The RPI representatives on the Board - Craig Norgate, Alan and Baird McConnon and Sandra Keay – have bought a wealth of expertise and experience in building and operating successful agri-related businesses.

A special thanks must also go to Alison Paterson and David Brownrigg who agreed to remain as directors until this Annual Meeting to provide very valuable continuity between the previous and new Boards. Both these Directors have made a significant contribution to the Company. Alison has been a Director since Wrightson was floated in 1993, and David joined the Board in 1994. Both Alison and David retire by rotation at this meeting and have decided not to offer themselves for re-election.

Following the director elections at this meeting, you will have a six member Board, including Murray Flett and myself as independent directors, well supported by a strong and competent Senior Management Team, led by Acting Chief Executive, Barry Brook, who will address you shortly.

As well as acquiring a new majority shareholder, and appointing new Directors, in recent months we have also seen the sell down by Fonterra of its remaining 8 per cent stake in the Company. While Fonterra's exit is a good outcome in that it removed a share overhang, we are disappointed that Fonterra has said that the sale of its stake signals an end to any possibility of a merger between its RD1 retail chain and Wrightson's Rural Supplies business. There was value for both Wrightson and Fonterra shareholders in the proposed merger, however it would not have resolved all the underlying issues in rural retailing, and we are now firmly focused on ensuring our Rural Supplies business delivers acceptable profitability in its own right.

Since their appointment, members of the Board have moved quickly to establish an understanding of the many facets of Wrightson's business, to meet staff, and to come to understand why the Company's performance last year was so disappointing, and what is required to deliver better profitability into the future.

A review of each business area is largely complete, and has identified the strategies required to achieve better performance.

We are not talking here about any strategy 'u-turns', or major changes to Wrightson's asset base, however, there is no doubt that we must diversify our revenue and earnings streams, but we also need to give more attention to the basics while we do it.

By that I mean focusing more on clients, removing the complexities in our business, and moving decision-making as close a possible to the front line.

You could call it a 'back to basics' approach.

In the Board's view the Company had become too bureaucratic and complex and lost sight of serving clients effectively and executing the day-to-day business at the coal face. The fundamentals were sound, but in our view the Company had 'lost its way', with too much focus on complex strategies and structures at the expense of staff and clients.

The Senior Management Team has the capability, commitment and enthusiasm to implement our new approach, and is working with the Board to execute necessary changes as swiftly as possible. Good progress is evident, underpinned by strong support from frontline staff for the ‘back to basics’ approach and their desire to get our focus clearly back on our clients.

Overview of financial performance

As we stated at the time of our annual result announcement in August, the results for the year ended 30 June 2004 were disappointing, with under performance in areas of the business, and the failure of some key strategies to gain traction. While performance at underlying earnings level was slightly better than expected, in that it was at the higher end of the range indicated in the Target Company Statement issued during the takeover process, 2003/04 was a challenging year for the Company.

Wrightson managed to deliver only limited results from ongoing strategic initiatives to strengthen the business, and a series of one-off costs also impacted the result. Included in these one-off costs were a number of provisions and write-downs, which reflected prudent decisions by the Board’s Audit Committee.

Earnings before interest and tax were $16.5 million, compared with $26 million the previous year, and net profit after tax declined from $18.5 million to $10.3 million.

Needless to say, the Board is determined to see the Company perform much better in the future.

Barry Brook will talk in more detail about last year’s financial result and the steps being taken to address the areas of business under-performance.

Current focus

The Board’s strategy for taking the Company forward and creating shareholder value involves a focus on three key areas:

The first area of focus recognises that client relationships and interactions are one, if not the most, essential component of success in our business. As already mentioned, we are refocusing around our clients, making it easier for them to do business with us by reducing the complexity of our business, and giving more autonomy to the front line.

Not only will our clients benefit from this approach, but cost savings will also flow from reducing the complexity of our business and ceasing activities that don’t add value for clients. Our overheads are too high for a business of our scale and scope, primarily because of our complexity.

Our second area of focus is on improving the performance of Rural Supplies – a major Wrightson business from which we expect better results. Wrightson is not alone in the major challenges it faces with its rural merchandising business – the market is fiercely competitive and over serviced, and traditional providers are being disintermediated by suppliers selling direct on farm.

This is a tough business to be in, but we are determined to succeed, and Barry will outline the combination of strategy and practical actions we are using to achieve this.

Our third area of focus is around building the Finance business. We have well defined plans for growing this business, and these are making rapid progress following the appointment of a highly experienced rural banker, Ian Walsh, to lead Wrightson Finance Limited.

With no further restriction on our full re-entry into the finance business, we are expanding our range of products and services including, as of this week, offering an attractive range of fixed term deposits outlined in this Prospectus (hold up) that I am delighted to launch today.

We are confident about the significant potential Wrightson Finance offers. This is based on Wrightson's enviable track record of establishing and running the highly successful Wrightson Farmers Finance, prior to its sale to Rabobank in 1998, coupled with strong, and as yet largely untapped, demand from our clients and others in the rural community wishing to access financial services from Wrightson.

When Wrightson Farmers Finance was sold to Rabobank, the rural lending market was around $11 billion. Today it is $20 billion, so the potential has almost doubled. Wrightson, with its large client base and deep understanding of the financial needs of rural New Zealand is well positioned to make strong inroads into this market.

An additional area of focus for the Board is around the appointment of a new Chief Executive. A search, which extends overseas, is underway, but we do not expect to make an appointment until after the first quarter of next year. This is a demanding role and we are pleased to have Barry Brook as Acting Chief Executive in the interim, ably supported by the Senior Management Team.

Share Buyback

The Board is proposing a share buyback, which we believe will benefit the Company and all shareholders. The proposal is to buy back one in every six Wrightson shares at a price of $1.56 per share.

With capital returned to our shareholders in this way and a corresponding increase in debt on the balance sheet, the Company will move to a capital structure that is more cost effective and more appropriate for our business.

The details of the buyback proposal are set out in the Notice of Annual Meeting as circulated, along with an appraisal report by independent advisers Grant Samuel. The buyback will proceed only if approved at this meeting by a majority of shareholders other than RPI and its associates, and there is a resolution to this effect on the agenda for this Meeting.

I will say more about the resolution when we reach Special Business. At that stage, there will also be an opportunity for questions and comments from the floor before the resolution is put to the vote. In this part of my address, I would like to emphasise three key points about the buyback proposal.

First, the buyback is intended to benefit all shareholders by returning capital to them on favourable terms, and by increasing the level of Company earnings per remaining share. The Grant Samuel report outlines these benefits, along with other factors related to the buyback that might impact on the Wrightson share price over time. The Board is confident that the proposal is, overall, in the best interests of shareholders.

Over recent years, Wrightson has operated without term debt and has made very limited use of established lines of credit. As the financial statements clearly show, almost all borrowing activity has been short term and used to fund the Company's working capital requirements that fluctuate with the seasonal nature of our businesses. All of Wrightson's longer term capital requirements have been met by shareholders' funds – something that is rare in any business. In short, the Board believes this Company is under-geared and making less than efficient use of shareholders' investment.

The buyback proposal will return some of that capital to shareholders and, because it will be funded out of borrowings, it will add term debt to the balance sheet. The Company will move to a more effective capital structure and achieve an overall reduction in the cost of its capital – and this will support growth in the value of Wrightson over time. The Company has substantial capacity to increase its debt funding and the Board proposes to do this in a prudent manner, without impact on the operations of Wrightson or on the current dividend distribution policy of paying 60 to 80 per cent of net profit as dividends.

The proposed increase in gearing will impact on financial flexibility and the Company's ability to undertake any major acquisitions in the near future. The Board does not see this as any hindrance to its strategies for strengthening Wrightson businesses and their performance for shareholders, clients and staff. In short, we have a clear and coherent strategy for Wrightson that does not require the retention of so much equity in the business for future growth through acquisition.

In the immediate term, we are certainly looking to grow the profitable lending activities of Wrightson Finance and this will be funded largely through financing specific to that business.

The second important point about the buyback is that there is no compulsion in this proposal. Participation is completely at the discretion of each shareholder. It might, however, be a particularly good opportunity for those who experienced scaling in their acceptance of the RPI partial takeover offer for Wrightson in recent months to realise more of their investment in Wrightson. These shareholders would be able to cash up more of their investment at a price equivalent to the partial takeover offer price.

Third, the current RPI shareholding of 50.01 per cent is likely to increase as a consequence of this shareholder's intention not to participate in the buyback. In voting to approve the resolution at this meeting, shareholders would be also approving any increase in the percentage of RPI's stake resulting from the buyback. The increase in RPI's shareholding would come about simply because of a reduction in the total number of Wrightson shares on issue with no change in the number of shares owned by RPI. Under this scenario, if the buyback is taken up in full, RPI's shareholding would become approximately 60.03 per cent.

This situation can only occur with approval from a majority of shareholders not associated with RPI. In voting for the resolution at this meeting, you will also be approving the upward adjustment of RPI's shareholding. Of course, RPI has had effective control of Wrightson since completion of the successful partial takeover offer in June – and the Board's view is that there will be no material change in that situation if its shareholding does move from 50.01 to 60.03 per cent.

Your Company has a strong and committed shareholder in RPI. The independent Directors take the view that an increase in its shareholding, as likely through the buyback, would further demonstrate that commitment, at no detriment to other shareholders.

The buyback proposal, and the particular aspect relating to an increase in RPI's shareholding, have been assessed by Grant Samuel, and as you will see in their report, they consider that the consideration and the terms and conditions of the buyback proposal are fair to shareholders not associated with RPI. This is an important consideration in this type of situation.

The buyback proposal has the support of the independent directors, but as mentioned before, it will not proceed if the resolution is not passed at this meeting. The matter is in the hands of you, our shareholders and of course, RPI and its associates will be excluded from the voting. We will have further discussion on the proposal in the Special Business part of the agenda.

Conclusion

In concluding my address I would like to thank my fellow directors for the experience, expertise and commitment that they have brought to the Company. And a special thanks and farewell to Alison Paterson and David Brownrigg, whose valuable input will be missed around the Board table.

The past four months have impressed upon us the calibre of Wrightson's 1,600 staff and their total commitment to working with the Board to take the Company forward. On behalf of the Board I want to acknowledge their hard work and dedication across New Zealand, Australia and Uruguay. People are at the heart of our Company and looking ahead, I know they will rise to the challenges ahead of us and serve shareholders well.

While we expect our operating environment in 2004/05 to be similar to 2003/04, our focus is on improving our performance whatever the sector conditions, and the Board is using the Business Plan outlined in the Target Company Statement as a base to work from.

The Board's focus is firmly on improving Company performance in the current financial year and beyond, in the interests of all shareholders. We are confident of Wrightson's future as a leading agri-business that adds increasing value for clients, staff and shareholders, and we see significant potential in the business strategies we are pursuing.

Before continuing with the formal business of the meeting I will ask Barry Brook to address you.   Barry was appointed to the role of Acting Chief Executive when Allan Freeth stepped down in mid July. He is a highly respected and experienced Company and industry veteran, having been with Wrightson for 20 years.   Barry has been a member of the Senior Management Team for a number of years, most recently as the General Manager with responsibility for our highly successful Seeds business.

Thank you.