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Company Announcements Office
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Elders Asian supply chain strategy to increase sales options for growers

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Michael Sadlon
Secretary

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MEDIA RELEASE

Elders Asian supply chain strategy to increase sales options for growers

Futuris' subsidiary, Elders Australia Limited, announces a major escalation of its Asian supply chain strategy.

Agreement has been reached with major buyers of agricultural products for the formation of two Asian supply chain alliances.

The alliances will result from corporate relationships between Futuris and long standing customers of Elders:

- Salim Group, one of Indonesia's leading business groups and, through companies controlled by the Salim Group, a leader in food processing and distribution in Indonesia, Singapore, the Philippines and Malaysia.
- Nissho Iwai Corporation, one of the leading trading and investing companies in Japan. Nissho Iwai has a large market share in the import of agriculture and food products to Japan and in Asian trade generally.

The alliances will enable an acceleration of Elders' supply chain strategy. As a result, Australian farmers will be brought closer to Asian customers and new value adding opportunities that will be created.

Futuris Chief Operating Officer Les Wozniczka said: "The alliances are the culmination of many years of development work with major Asian customers".

"Consumers worldwide are becoming more demanding in terms of the quality, environmental, genetic and other characteristics they expect in their food. As a result, assurance of supply qualities as well as quantity, has become increasingly valuable for food processors and suppliers."

"The alliances combine the extensive food production and distribution capabilities of the Salim Group in South East Asia, Nissho Iwai's Japanese and Asian market understanding and distribution operations with Elders' knowledge of the production capabilities of 100,000 farmers who use the Elders network."

The alliance with the Salim Group has been effected by the issue of 31.8 million ordinary shares in Futuris to Droxford International Ltd, a company controlled by the Salim Group, at an issue price of $1.4475 per share. The shares were issued ex-dividend[1] on 3 March 2003. Mr Anthoni Salim, Principal of the Salim Group is to be appointed to the Board of Directors of Futuris and Elders Australia Ltd. Prior to subscription, the Salim Group had no holding in

[1] The value of the 2003 Interim Dividend was 4 cents per share franked to 75%. This represents a grossed up value of 5.25 cents per share.

Futuris. The shares issued to Droxford International Ltd rank equally with other fully paid ordinary shares in the company.

A corporate relationship with Nissho Iwai has been agreed in principle and will be finalised and announced after the completion of its recently announced business integration.

Mr Wozniczka said: "the alliances will build on Elders' highly successful supply management activities in wool meat, livestock and horticulture. Besides opportunities in these products, the alliances will foster an expansion of Elders' grain marketing activities with customers who have indicated a desire to source from Elders as an extension of their current trading relationship".

"Supply chain management enables financial rewards to flow to producers who invest in farm management practices to meet the product expectations of major customers."

"We think the potential for gains in the grain sector, particularly for wheat, is just as great. We know from our contact with Australian grain growers that they would welcome the opportunity to have greater choice in their marketing options."

The Bogasari Flour Mills division of PT Indofood Sukses Makmur Tbk, a member of the Salim Group, is one of the largest purchasers of Australian wheat in Asia and offers potential for Elders to develop relationships with grain end-users in Indonesia, Singapore and the Philippines. Nissho Iwai offers similar advantages in Japan and other Asian countries.

"We are looking forward to being able to present Australian wheat growers with attractive alternative sales options that deliver a win-win-win outcome for grower, Elders and our alliance partners."

Elders believes that supply management strategies can co-exist with "single desk" marketing arrangements. When required, Elders will apply for relevant export authorisation.

"Our experience suggests there are savings to be shared from a more customer focused and integrated supply chain, with the potential for major efficiency improvements. In addition, generally, customers will be prepared to pay premiums to get exactly what they want and farmers will benefit from additional marketing options and customer feedback."

Elders is continuing to develop supply chain initiatives for other important trading regions.

"From Futuris' perspective, these Asian agriculture supply chain alliances are an exciting and major step forward in the execution of Elders' growth strategy. The Company's strong balance sheet means that Futuris is amply resourced to continue to implement its initiatives for delivering increases in shareholder value and returns."

4 March 2003

Further comment:
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Background information

Salim Group

The Salim Group is one of Asia's leading business groups. The Salim Group has diverse business investments and interests and is a market leader in Indonesia and other Asian markets in the sale and distribution of foods, beverages and dairy products. The Salim Group also operates retail outlets throughout Indonesia and Singapore.

The Salim Group's primary investments in the food sector are held through publicly listed entities, First Pacific Company Limited and QAF Ltd.

The Salim Group has a 45% interest in First Pacific, a Hong Kong listed investment and management company which has a 51.91% interest in Jakarta-listed PT Indofood Sukses Makmur Tbk, the leading processed food company in Indonesia. Indofood and its subsidiaries manufacture instant noodles (and is the largest noodle maker in the world), wheat flour, baby food, food seasonings, cooking oil and snacks. Indofood has the leading market position in every one of these categories in Indonesia – except seasoning where Indofood is ranked second. Indofood has a 100% interest in Bogasari flour mills, Indonesia's largest flour miller (with flour milling capacity of 3.6 million tonnes) and only pasta manufacturer. Indofood and its subsidiaries have annual sales of approximately US$1.5 billion per annum.

The Salim Group has a 47% interest in QAF, a company listed on the Singapore Stock Exchange engaged in food manufacturing and trading, distribution, retailing and colds storage. QAF is one of the largest food importers and distributors in Singapore and Malaysia. Apart from Gardenia brand bread and baked products, QAF also produces meat through its Australian subsidiary Bunge Meats Group, the largest producer and supplier of pork in the Asian Pacific region.

Nissho Iwai Corporation

Nissho Iwai have diverse interests that include the importation of foodstuffs including grains, sugar, oils, meat and livestock and timber products. It also has a longstanding relationship with Elders in agricultural products and live cattle export to Japan.

Nissho Iwai Corporation have agreed with Nichimen Corporation, another leading trading and investing company in Japan, to establish a joint holding company, Nissho Iwai-Nichimen Holdings Corporation, and to integrate the businesses of each company. The integration shall give good influence to the alliance with Futuris for the importation of foodstuffs including grains, sugar, oils, meat and livestock and timber products into Japanese and Asian Markets.

Elders

Elders Limited is a 100% owned subsidiary of Futuris, with a history of serving Australian agricultural producers that extends over 100 years.

From a network of branches and agents in over 400 locations throughout Australia, Elders has developed into a rural service business of world scale. Elders is the world's largest wool seller and is second ranked in the world as a wool processor.

In Australia, Elders is the largest seller/supplier of wool, cattle and sheep and has a 25% market share of the farm merchandise supply market. Elders is working to add value to the Australian agricultural produce – either through its services in animal and plant genetics (which include genetics for premium livestock, grain and vegetable varieties) or through its supply chain initiatives in wool, meat and livestock.

The Elders network has approximately 100,000 clients spread across every state of Australia. In 2002 Elders was responsible for the sale of approximately: 16 million sheep; 3 million cattle; 1 million bales of wool; 350,000 tonnes of grain and 7,000 properties in rural and urban Australia.

Elders employs approximately 3,500 people in Australia and has operations in New Zealand, China, Italy, Germany, Turkey, Korea, Philippines, South Africa and Indonesia where it is working to improve international sale options for Australian agricultural producers.

Elders is responsible for export sales of approximately $900 million per annum.

Elders Rural Bank, a joint venture with Bendigo Bank Ltd, is Australia's only bank created to provide a specialist banking service to rural producers. Elders Rural Bank's commitment to rural communities is recognised with its number of depositors increasing from 19,000 to 31,000 in the six months to 31 December 2002.

END