FUTURIS
CORPORATION LIMITED

Futuris Corporation Limited
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23 May 2003

Company Announcements Office
Australian Stock Exchange

MARKET GUIDANCE STATEMENT
2003 Full Year Results

Sonya Furey
Company Secretary

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Market guidance statement

Projected results for 2003 financial year

- Strong result likely despite tough operating environment
- Underlying earnings expected within market expectations

Futuris Corporation advises that, on the basis of unaudited management accounts for the 10 months to 30 April, the company anticipates reporting a profit after tax to shareholders of over $100 million for the 2003 financial year.

The expectation of a full year profit exceeding $100 million incorporates:

- an underlying profit to shareholders consistent with market expectations of $45 million to $52 million. This underlying profit to shareholders does not include non-recurring items excluded from normalised profit in the first half and those incurred or expected in the six-month period to 30 June 2003.
- a profit after tax of approximately $60 million from non-recurring items. These items include the profit on sale from the company's shareholding in Incitec (approximately $115 million pre-tax) and charges (approximately $30 million pre-tax for the full year) arising from reviews of operations, assets and investments in developing businesses not performing and other non-recurring items. The principal non-recurring charges arising are outlined under the heading "Operations" below.

The company's projections are based upon unaudited management accounts for the 10 months to 30 April, normal seasonal and trading conditions over the period to June 30 and on the assumption of no material adverse SGARA adjustments at balance date.

Operations

In a difficult operating environment, management elevated its focus on business improvement through the pursuit of cost savings, closure of operations not required for the long term strategy of the business and a vigorous approach to the management of non-core assets. This response has enabled the business to produce an acceptable underlying earnings result despite the adverse conditions.

The proceeds of successful investment strategies have been applied on a limited basis to building on strategic acquisition opportunities at a time when stockmarket and asset values are attractive.

Elders

Elders' results are tracking to management expectations with reasonable rains recently in most agricultural areas. In some areas, the rainfall has been late and as yet inadequate for a normal season. This delay has been factored into the company's outlook.

Earnings from sale of cropping related inputs have been very strong reflecting both confidence and the need on the part of farmers to establish a crop. In part this improvement has been offset by reduced livestock activity as farmers restock. This is normal post drought experience.

Special factors affecting the result include the impact of SARS on Chinese wool demand and wool markets and the contraction of Middle East livestock trade brought by the Iraq war. Livestock trade to the Middle East is yet to recover from this disruption.

Management has reviewed business establishment costs and expects to raise provisions of approximately $10 million, most of which will be recovered through lower amortisation charges in the future.

Air International

Air International is on track to achieve an improved underlying result in the six months to June compared with the first half of the year. The underlying 2003 full year result will be below Air International's previous year result.

In Australia, progress has been made in improving the results of the automotive operations whilst accommodating a substantial increase in production required to meet demand from General Motors Holden and Ford Australia. This has been achieved without disruption to supply albeit at a higher cost than originally budgeted. Retention of customer confidence at a time of major upscaling in production volumes has been a critical objective to demonstrate the business can compete on a world scale.

Having secured that objective, strategies to achieve operating improvements are in place and will be aggressively pursued. The improvement of margins in the Australian operations is the single largest opportunity for the company and can be achieved from a significantly higher revenue base and with strong customer support.

To reinforce the need to improve core businesses, management further streamlined Air International's activities and assets during the second half. The US rail and UK automotive operations were closed. The closure of the Indian operation referred to in the first half result was completed within expected parameters.

The financial impact of these "one-off" items in the six months to 30 June is estimated to total a charge of approximately $6 million. This figure includes the anticipated costs to Air International of the disruption to the US operations from tornado damage to General Motors' Oklahoma facility after insurance recoveries. At this stage, production from the facility remains suspended indefinitely.

Property and other

The Property division continued its process of portfolio management and improvement with the divestiture of non-core assets and the development of opportunities to deliver profits over the medium to long term.

The Company has sold non-core assets and written down the value of other assets earmarked for divestment resulting in a charge of approximately $11 million in the full year accounts.

The core property portfolio is performing to the company's expectations. Under company policy property is not revalued to take account of appreciation in market value.

Timber

The Company has now unveiled its plantation timber strategy through the exercise of options to acquire a 50% shareholding in Integrated Tree Cropping (ITC) and the proposed joint venture with Timbercorp. ITC is not expected to have a material effect on the company's year-end results.

Reporting date

The company will report its results for the 2003 financial year on Thursday 14 August 2003.

2004 Financial Year

Further information on the outlook for the 2004 financial year will be provided in the announcement and briefing that follow the release of the company's 2003 financial results.

Further comment:

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