FUTURIS
CORPORATION LIMITED

Futuris Corporation Limited
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25 September 2003

Company Announcements Office
Australian Stock Exchange

**PROVISIONS IN RESPECT OF BWK AND FARES**

Michael Sadlon
Company Secretary

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## Provisions in respect of BWK and Fares

Futuris Corporation (Futuris) reports that the company has received advice from its associate Bremer Woll Kammerei AG ("BWK") and Fares Group, that may affect the carrying values of relevant assets, as detailed in the following.

### *BWK: Geelong Wool Combing Plant*

BWK has advised Futuris that it is to formally consider closure of its Geelong Wool Combing plant.

Operations at the plant have been suspended for almost 5 months as a result of failed negotiations over a new Enterprise Bargaining Agreement to replace a previous agreement that lapsed in December 2002.

Recent further downgrades to projections of Australian wool production have forced BWK to reconsider the future of the plant given the financial and customer losses caused by the dispute. Futuris has been advised by BWK that the closure of the plant will be considered by the board of BWK at its meeting on Monday 29 October (to be held in Germany).

Given these circumstances, and the unfavourable near term outlook for wool combing, Futuris believes it prudent to make a provision of $26 million against the value of its investments in the BWK Group. The effect of this provision will be to reduce the net value of Futuris' 42% investment in BWK to zero.

Elders remains committed to the growers and end-customers of Australian wool and believes the industry will recover from the current extreme market conditions.

### *Fares Group*

Fares Group Holdings Limited (Fares) is a livestock exporter with whom Elders has conducted business for over 30 years. Fares is one of a number of major exporters to whom Elders supplies livestock.

The live export trade is an important contributor to the Australian agriculture sector which is developing new markets for Australian growers.

However, Fares' trading operations have been affected by disruption to its livestock trade to the Middle East as a result of the Iraq war and other market developments.

Fares has advised its creditors of its intention to apply for the appointment of provisional liquidators.

Elders is a secured creditor of Fares and holds security over Fares' Australian assets, ships mortgages and guarantees from a Fares director and other Fares companies. Futuris believes that, having regard to the current state of the live export trade, and the security and guarantees held, it is prudent for Elders to raise a provision of $15 million (before tax) against amounts outstanding to cover the possibility of a shortfall.

Elders is Australia's largest supplier of livestock to the live export trade and will continue to support and develop its business in this sector.

Elders will maintain its efforts to ensure that it, and its grower clients, participate in the value the live export trade offers the Australian agricultural sector. Utilising the company's existing security in Fares to assume an equity position as an exporter is an option that will be investigated.

The developments in respect of Fares are not expected to have any significant impact on the total revenue or volume of Elders' meat and livestock activities in comparison with 2003 levels.

Futuris will pursue recovery of value for shareholders in relation to these matters.

The creation of these provisions to cover potential losses is considered to be of a non-recurring nature.

**Further comment:**
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