FUTURIS CORPORATION LIMITED

12 February 2004

Company Announcements Office
Australian Stock Exchange

FUTURIS INTERIM RESULTS PRESENTION

Please find enclosed a copy of the results presentation to analysts for the interim period ending 31 December 2003.

Michael Sadlon
Company Secretary

2004 Half-year briefing

February 2004

Good morning Ladies and Gentlemen.

My name is Les Wozniczka, Chief Executive of Futuris. Welcome to our briefing on our 2004 first half results. A special welcome to any shareholders here or listening on the phone or our webcast.

Presentation outline

1	Overview of '04 first half results & progress	Les Wozniczka	CEO, Futuris
2	Financial results	Peter Zachert	CFO, Futuris
3	Elders	Greg Hunt	MD, Elders
4	Air International	Bruce Griffiths	MD, Air International
5	Summary and outlook	Les Wozniczka	

Before I start, I would like to introduce my colleagues – Peter Zachert our CFO; Greg Hunt – the Managing Director of Elders; Bruce Griffiths – our Managing Director of Air International who is in Melbourne and Don Murchland our Investor Relations Manager here in Sydney.

This morning's presentation should take just over around 45 minutes prior to questions.

We welcome questions, but it will work better for everyone if they are raised during the formal question and answer session at the end. That way we can be sure that all participants have fair access.

2004 Half–year investor briefing

Overview of '04 First half results and progress

Les Wozniczka
Chief Executive

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Over the past two years we have consistently set our objective as improving operational performance and looking at growth once performance thresholds have been achieved. We are pleased that, when one excludes the impact of events external to our business, the underlying picture is showing real progress.

Elders has performed extremely well, driven by the work done in previous periods, improved industry conditions and the acceptance by its customers of the Elders business model.

Last year, when Air International managed to more than double unit production across a wider product range, we committed to a process to improve the profit performance. Considering that process involved engineering and component resourcing, we set a two year timeframe to achieve material improvement. Although the outward signs of improvement are not yet evident, the process is underway and we are comfortable with our rate of progress.

The impact on our reported profit to shareholders from events such as BWK's plant rationalisation and the receivership of Fares is extremely disappointing. We are working to recover the value for shareholders in both instances.

However these provisions, and the reported result, need to be kept in perspective – our underlying result is higher than last year and both of our major businesses have either maintained or improved their market position despite major challenges in their respective competitive landscape.

Futuris and every one of its major business interests has concluded the period stronger than it began. We look forward to continuing our improvement over the second half of the year.

But first lets deal with the six months to December…

2004 First half: main features

Underlying improvement and progress

- Sales revenue up 8% to $1,210 million
- Underlying profit to shareholders up 6% to $21.4 million vs $20.2 million
- Reported profit affected by non-recurring items of $(44.2) million to give loss to shareholders of $17.6 million vs profit to shareholders $17.1 million in 2003 first half
- Dividend maintained at 4 cents/share
- Growth from most business areas
- Investments made to build our businesses

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The main outcomes were:

• an 8% rise in sales due to Elders, our property operations and ITC.

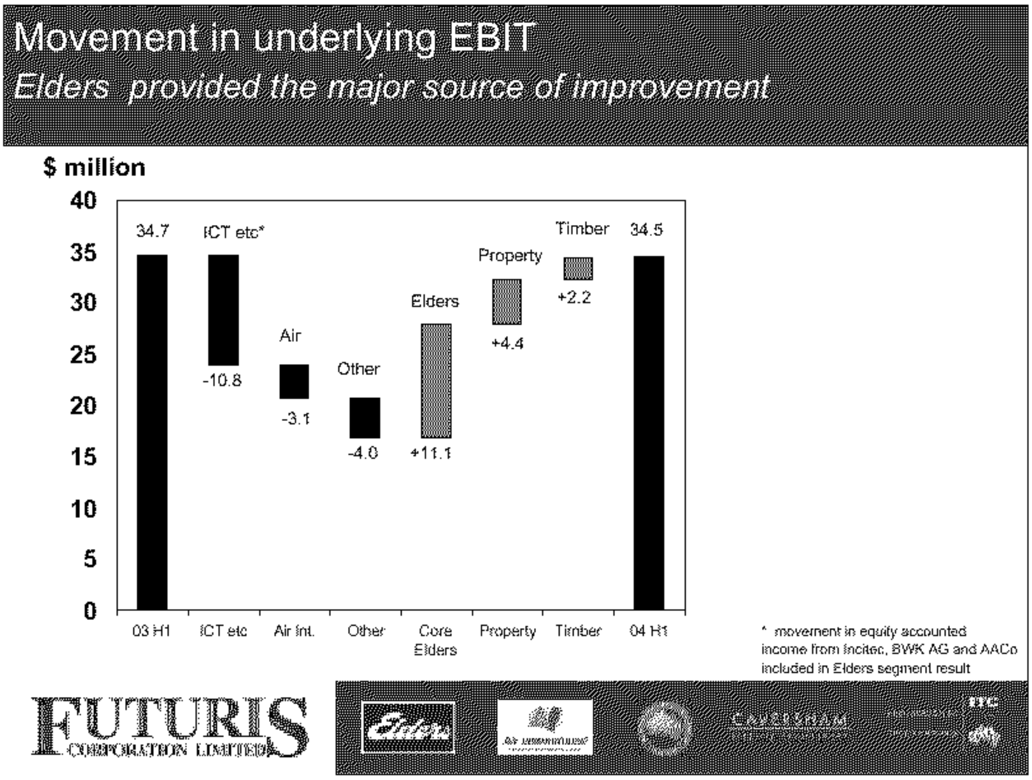
• Underlying profit to shareholders was up 6% to be $21.4 million compared with $20.2 million in the 2003 first half.

• Reported profit was affected by non-recurring items of $44.2 million resulting in a loss to shareholders of $17.6 million. Peter will discuss these in more detail shortly.

• The interim dividend has been maintained at 4 cents per share, with franking at 75%.

• Almost all areas of our business lifted their underlying earnings generation.

• and finally, we made a number of investments to build the earnings capacity of our businesses, particularly Elders.



Underlying EBIT for the period was maintained at $35 million - despite an $11 million reduction in equity accounted earnings due to the sale of our shareholding in Incitec, a lower contribution from AACo and the no contribution from BWK AG.

However this reduction was more than offset by the $11 million increase in underlying EBIT achieved by Elders' own operations . The inclusion of Incitec, AACo and BWK in the Rural Services segment earnings means that this improvement is not evident in the segment analysis.

But as this chart illustrates, Elders was by far the largest source of earnings growth. Services delivered under the Elders brand doubled their total earnings contribution for the period.

Property and timber operations also made important positive contributions – providing a broad base of improvement within the company.

Underlying EBIT from Air International was down by $3.1 million but, as Bruce will outline, 2004 is very much a year of re-development for Air.

Looking forward we see plenty of upside: not only through improvement from Air and AACo but in the potential for ongoing growth by Elders.

Elders
Improvement, organic growth and momentum

- Equity income contribution to '03H1 hides full extent of improvement
- Drought recovery and organic business growth
- Good cost management- again
- Strategy delivering broad based improvement and momentum

$ million	**04H1**	03H1
Sales	**784.0**	714.5
EBIT underlying		
Elders rural services	**21.3**	**10.2**
Incitec/AACo/BWK AG	**(0.4)**	**10.4**
Total	**20.9**	**20.6**
ROFE (underlying & annualised)	**8.6%**	5.8%

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Improved seasonal conditions contributed to Elders' growth. However much of eastern Australian was still drought affected throughout the period and the major financial benefits from winter cropping flows occur in the second half.

The results evidence the improvement and growth that has occurred within the business. Elders increased market share in most of the areas in which it competes and there is particular momentum in merchandise and new areas such as financial services .

This has been backed up by another disciplined performance in meeting cost targets.

Greg will speak more on the Elders result shortly.

Air International
Reorganising, rebuilding

- Completed comprehensive review and analysis
- Recovery and growth achievable
- Re-structuring

$ million	04H1	03H1
Sales	367.5	370.4
EBIT normalised	9.8	12.9
ROFE	7.6%	11.5%
(underlying & annualised)		

Air International's results for the period are lower than the previous first half with the difference being due to lower earned margins in Australia, the impact of reduced US volumes from the US and Bus and coach operations.

The margins from Australia did not meet financial targets - but on the whole the business is meeting operational targets.

With the delivery needs of our customers being achieved, we have been able to review the Australian operations thoroughly, leading to the restructure announced at our AGM and prior to the new year.

Bruce will have more to say on the developments at Air shortly.

Property
Delivered increased earnings from increased activity

- New retirement villages
- Perth residential
  - completed Seagrove
- Advanced new projects
  - Campbelltown
  - Byford
  - Waymouth St

$ million	04H1	03H1
Sales	41.0	18.3
EBIT underlying	5.7	1.3
ROFE (underlying & annualised)	10.0%	3.2%

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We announced with the 2003 results that our property operations had been rationalised. While there is still a little way to go in this process, we have seen the benefit in this half.

We have had a buoyant market and we have taken advantage of demand to achieve strong residential sales and retirement village development.

We have some excellent projects coming onstream.

That completes my overview. Peter Zachert will now address the detail of the financial results.

Good morning Ladies and Gentlemen.

What I would like to do today is:

- examine the company's earnings result
- detail and discuss the associated underlying earnings, non-recurring items and review the company's balance sheet position, cash flow and gearing
- and then conclude with a discussion of dividend.

Statement of financial performance – key items $ million

	04H1	03H1	
Sales revenue	**1209.8**	1116.6	
Share of associates profit (equity acc)	**4.6**	14.8	
Underlying EBIT	**34.5**	**34.7**	**-**
Net borrowing costs	**7.1**	9.1	-22%
Underlying profit before tax	**27.4**	**25.6**	**+7%**
Underlying profit to shareholders	**21.4**	**20.2**	**+6%**
Non-recurring items	**(44.2)**	(3.1)	
Reported profit before tax	**(16.8)**	22.5	
Outside equity interests	**(0.8)**	1.3	
Reported net profit to shareholders	**(17.6)**	17.1	-203%

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The company generated sales revenue of approximately $1.2 billion, up 8% on the 2003 first half. Roughly three-quarters of the $94 million increase came from Elders, with the balance attributable to property and the new hardwood plantation interests.

As Les has already highlighted, income from the company's equity share of associate's earnings was down by approximately $10 million. The balance of $4.6 million received from associates principally represents Futuris' share of Elders Rural Bank and of the Elders BWK joint ventures.

Before non-recurring items, underlying ebit was $34.5 million broadly unchanged from the 2003 first half.

Net borrowing costs fell by 22%, reflecting debt reduction and higher interest income, given the Incitec proceeds.

Underlying profit before tax was up 7% to $27.4 million. After minority interests, the underlying profit was $21.4 million, 6% above the 2003 first half result of $20.2 million.

I will shortly detail the non-recurring items which totalled $44 million. As a result of these non-recurring items the company reported a loss for the period of $17.6 million which compares with last year's profit of $17.1 million.

But before I cover these non-recurring times I should first analyse the underlying result.

Underlying EBIT by operating division
$ million

	04 H1	03 H1
Elders		
Elders	**21.3**	10.2
Incitec/AACo/BWK AG	**(0.4)**	10.4
Total Elders	**20.9**	20.6
Air International	**9.8**	12.9
Property	**5.7**	1.3
Plantation timber (ITC)	**2.2**	-
Investment and other	**(4.1)**	(0.1)
Total Futuris Corporation	**34.5**	34.7

The improvement in underlying ebit was from higher contributions from all operating divisions with the exception of Air International. Greg and Bruce will cover their areas in detail but at this stage a high level summary will help put the results in perspective.

The total increase in underlying EBIT from Elders was $0.3 million but as Les highlighted this obscures the major change in composition. Ebit from Elders' operations increased by $11 million more than offsetting a $10.8 million reduction in equity earnings from sources such as Incitec (which has been sold), BWK AG (which has been written down to zero value) and AACo- which contributed a loss of $0.4 million.

Air International's underlying ebit was down $3 million due to lower margins from Australian automotive and lower volumes from US Auto and rail and bus operations. The drop in US volumes is only expected to be temporary as volumes from one model run down and another goes into production in the second half of 2005.

Property posted a higher result on the back of increased residential real estate and retirement village activity.

ITC's results have been included in the Investment and Other segment of the half yearly report.

For the purpose of this briefing we have disclosed ITC's earnings separately. Our 50% interest in ITC was acquired in May 2003, so there is no comparative in the prior period.

So from our perspective, the earnings result is the product of broadly based improvement and growth within Futuris.

First half profit
$ million

	04 H1	03 H1	
Reported profit before tax	**(16.8)**	22.5	
Provision for BWK AG writedown	**26.0**		
Fares: provision for doubtful debts	**15.0**		
Provision for Air restructuring costs	**2.0**		
Share of Stanbroke bid costs	**1.2**		
Writedown of VAIL India		(1.2)	
Crop care sale adjustment		(1.9)	
Underlying profit before tax	**27.4**	25.6	+7%

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Let me now cover the non-recurring items.

Four items from the period have been treated as non-recurring and excluded from underlying profit:

• a provision of $26 million announced in September against the value of the company's investment in BWK AG thereby writing down the investment to nil. This decision was made following BWK's decision to indefinitely cease operations at one of its two Australian wool processing plants and in view of the depressed outlook for the wool combing sector. Greg will talk more on BWK shortly.

• a provision of $15 million for doubtful debts was also announced at the same time in relation to amounts owed to Elders by live exporter Fares Group. The provision was made following advice that Fares was investigating the appointment of a provisional liquidator.

Since that time Fares Australia has been placed into administration and Futuris has moved to exercise security over various assets of the Fares Group on which it holds charges. It is Elders' policy to only extend credit where there is adequate credit insurance or realisable security is held. In the case of Fares, the value of assets over which Elders held security was independently assessed as being in excess of the amounts owed to Elders.

However a provision of $15 million was made as a contingency if anticipated value was not realised. This position has been reviewed at balance date and no change to the provision is considered necessary at this stage. We are working with the proprietors of Fares on the plans for the recovery of the amounts outstanding.

• a provision of $2.0 million for restructuring of Air International. This provision chiefly relates to redundancy costs. Bruce will outline the restructuring shortly in his address.

• Futuris' share of the costs associated with AACo's bid for the Stanbroke pastoral assets. This covers our share of AACo costs and costs incurred by Futuris in supporting the bid.

Collectively these items amount to $44.2 million before tax.

The non-recurring items of the 2003 first half are as recognised in last years announcement and cover the cost of closure of Air International's Indian operations and Futuris share of the loss arising from Incitec's sale of Crop Care.

First half cash flow

- First half typically cash negative due to seasonal pattern
- Improved operating cash flow from Elders and Air
- Outlays on property acquisition and development

Cash flow from operating activities	$ million 04H1	03H1
Elders	**(100.8)**	(131.1)
Air International	**0.8**	(12.7)
Property	**(23.8)**	0.1
Other	**(27.4)**	(16.3)
Total FCL	**(151.3)**	**(160.0)**

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There is a distinct seasonal pattern to Futuris' cash flow. Elders typically experiences a strong cash outflow in the first half of the year with the pattern being reversed in the six months to June. The turnaround in cash between the periods can range as high as $100 million to $200 million.

Cash flow for the 2004 first half has been consistent with this pattern with a net outflow of $150 million, driven largely by a $100 million outflow from Elders.

Both Elders and Air International recorded stronger operating cash flows than in the 2003 first half. Increased activity by the property division generated a working capital requirement of $24 million.

Statement of financial position
$ million

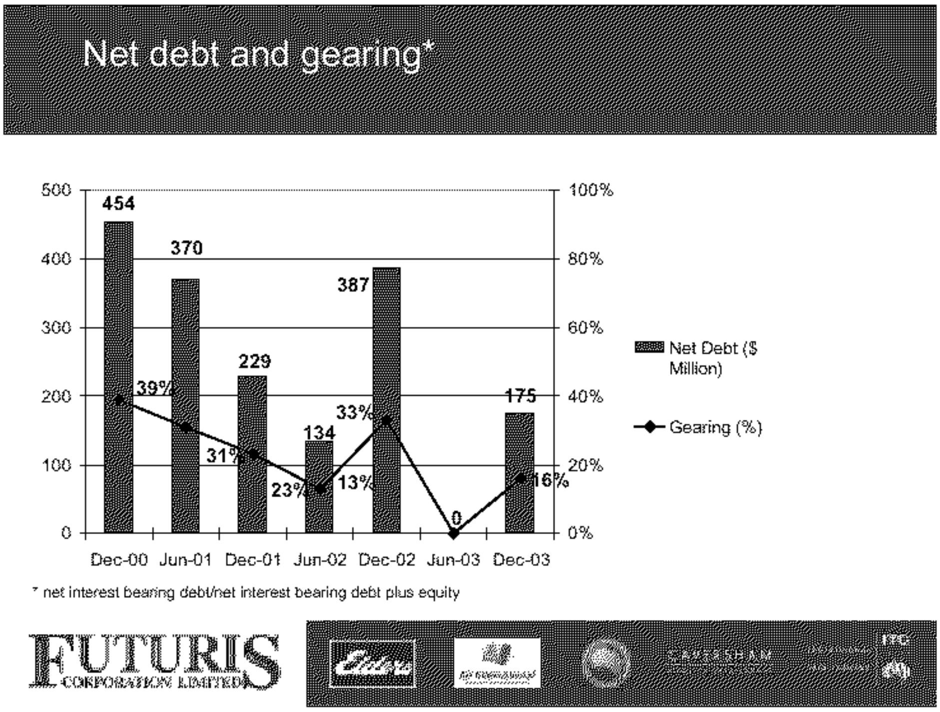
	Dec 03	Jun. 03	Dec 02
Cash*	**202.1**	428.2	126.2
Borrowings	**376.9**	423.9	513.0
Net debt*	**174.8**	-	386.8
Shareholders equity	**900.8**	901.4	775.1
Gearing*	**16%**	0%	33%

* includes insurance reserves and cash held in trust totalling $122.4 million as at 31/12/03 ($83.9 million at 31/12/02)

The seasonal cash flows are naturally reflected in the cash balance at the end of the period.

Cash at 31 December was well below that recorded at June, with the difference attributable to seasonal patterns, the expenditure by the company on property assets and application of cash to debt repayment and in prepayments. As we note in the Discussion and Analysis paper, just over half the cash at 31 December is accounted for by insurance reserves and cash held in trust.

Borrowings have been reduced by 11% since June and by 27% from December 2002. Net debt at the conclusion of the 2004 first half was $175 million and gearing 16% - but if you adjust to exclude the insurance cash and cash in trust the corresponding amounts are $298 million and 25%.



While gearing has increased over the last 6 months, we retain a strong financial position in line with expectations.

Consideration of our cash and gearing levels at balance date should take into account the company's seasonal cash flows and our obligations to retain reserves to support our prudentially regulated entities.

We manage our businesses conservatively within this context and consider that in the current position Futuris is well placed to pursue its growth strategies without being overexposed.

Dividend

- Interim dividend maintained
- Distribution reflects underlying result and strong cash position

cents	04H1	03H1
Interim dividend	**4.0**	**4.0**
Franking	**75%**	**75%**

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The dividend has been maintained at 4 cents per share, franked to 75%.

While this represents a payout of over 100% of both the reported and underlying eps, it recognises the relative strength of the company's cash position, the improved underlying result and the seasonality of the company's earnings expectations, which given normal conditions would see much strong earnings generation in the second six months of the year.

That completes my overview of the financial results and I look forward to later answering any questions you may have.

2004 First half performance

Greg Hunt, Managing Director

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Thank you Peter and good morning.

What a difference a year makes! Seasonal conditions have improved dramatically since I addressed you a year ago.

The rains in late December and January in Eastern Australia were very welcome for those areas that remained drought affected for virtually all of calendar 2003. These rains came too late to be of real benefit in the 2004 first half.

Regardless, I am pleased to be able to present a more positive story than this time last year. Our 2004 first half results are much more than the beginnings of drought recovery and show that business improvement and growth is ongoing within Elders.

Elders 2004 First half: **main features**

- Increased underlying profit from $20.6 million to $20.9 million despite $11 million reduction in earnings from ICT/BWK AG/AACo
- Strong growth in earnings generated through Elders network
- Reported profit affected by provisions of $42 million
- Some areas still drought affected
- Increased or maintained market share in all key sectors
- Wool affected by global conditions, all other product areas increased financial contribution
- Continued record of disciplined cost management
- Business development: building the value of the network
  - Elders Webster joint venture
  - Barley sales from Western Australia
  - Amcom Telecommunications
  - Elders Trustee

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As Peter outlined, segment EBIT reported by Elders was affected by the non-recurring items (BWK, Fares, Stanbroke costs).

At the underlying level, our ebit of $20.9 million was up by 1%. This may not seem a large increase but it was achieved after the $11 million fall in Elders' equity accounted income Peter has noted.

We more than replaced the fall in equity earnings with higher earnings from our own operations.

We increased or maintained market share in all product areas. All product areas, excluding wool, increased their financial contribution.

We maintained strong management of our costs.

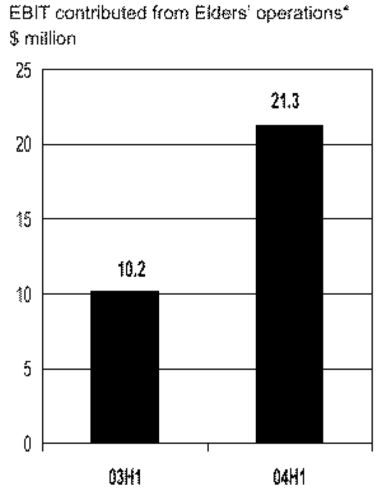
The bottom line is, that despite the patchy drought recovery and the downturn in the wool sector we have delivered an increase in underlying earnings.

We have continued to build the value of the Elders network both through extension – such as the joint venture with Websters in Tasmania - or through new business areas - such as securing approval for the export of 120,000 tonnes of barley from WA to the middle east.

Through Amcom, we are investigating the potential for the Elders network and our business in telecommunications. More recently the re-launching of Elders Trustees has added to the financial services we can deliver through the network.

2004 First half: **growth from Elders' core business**

$ million	**04H1**	03H1	
Underlying EBIT	**20.9**	20.6	+1%
Incitec (sold)	**-**	7.9	
BWK AG (w/down to zero)	**-**	1.2	
AACo	**-0.4**	1.3	
Underlying EBIT from Elders operations*	**21.3**	10.2	+109%



* Includes Elders Rural Bank and Elders BWK joint ventures

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We have managed to combine improvement in earnings, revenue and market share.

Once you factor in the effect of the loss or reduction in equity from Incitec, BWK AG and AACo, you can see that there has been a substantial increase in the earnings that Elders is generating from its operations.

In fact, underlying EBIT generated by Elders operations more than doubled compared with the 2003 first half. Considering New South Wales and Queensland were still drought affected during the first half, this is a very good outcome.

Another disciplined performance in the management of our costs assisted this. Our objective for 2004 was to keep cost increases within CPI and we have achieved that so far.

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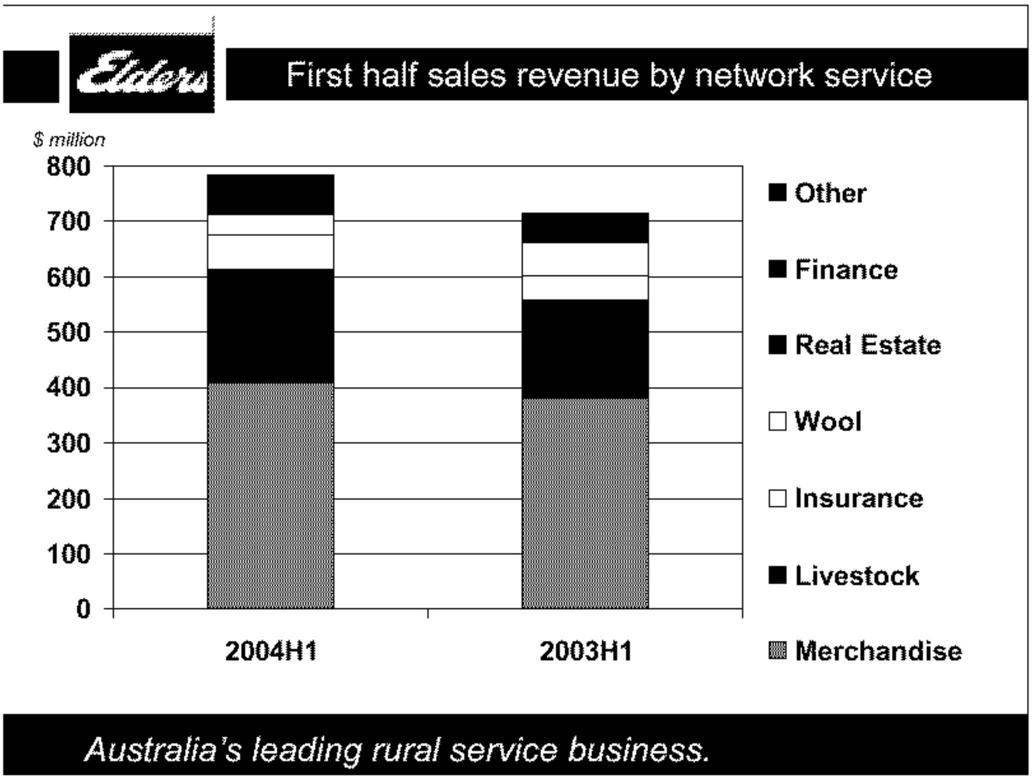

Our sales revenue increased for the first half by approximately $70 million to $784 million. This was achieved despite the fact that revenue from wool operations (shown in this graph as the yellow section of the bar) contracted by one-third.

Revenue from all other product areas increased, with the major areas of growth being in livestock, merchandise and insurance.

We increased our market share in most key sectors, and where share was not increased, it was maintained.

Network products: **Meat and Livestock**

- Increased financial contribution due to higher prices
  - revenue up 16%
- Herd re-building reduced livestock availability, volumes traded down
- A$ prices reduced international demand. US BSE increased short term demand for beef after balance date
- Live Export to non-Saudi destinations continuing but at lower volume
- Recent rainfall + lower grain prices positive

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Those of you who attended our full year and half year briefings last year will recall that we were not expecting growth from our meat and livestock operations as the process of herd-rebuilding reduced volumes.

So far, results are better than expected, with revenue and financial contributions up on the 2003 first half result. Elders has held its position in a lower volume market.

Revenue from meat and livestock grew by 16% compared with the previous corresponding period as higher prices offset the impact of reduced volumes.

The future of the live export industry attracted attention and speculation in the wake of the Cormo Express.

We have a positive view of the future prospects of the industry – provided it is conducted properly. There is good demand for livestock from a number of markets. Subject to price and exchange rate competitiveness, Australia can expect to be a major player in this trade.

Live export is continuing to non-Saudi destinations - although at reduced volumes due to the high A$ prices. We are experiencing increased demand and volumes into Asian markets.

The announcement of BSE in US cattle created some additional international demand and prices for Australian beef, but the longevity of that additional demand is unclear.

More recently the rainfall in north and eastern Australia and lower grain prices will be beneficial for the livestock industry as a whole but especially to our feedlot operations.

Elders

Network products: **Merchandise**

- Merchandise revenue up 7%
- Grew market share without loss of margin
- Growth driven by lift from fertiliser, cropping inputs
- Major flow-on of drought recovery to come in second half (subject to seasons)
- Expansion of network
  - Elders Webster JV lifted profile and market share in Tasmania from 1 January

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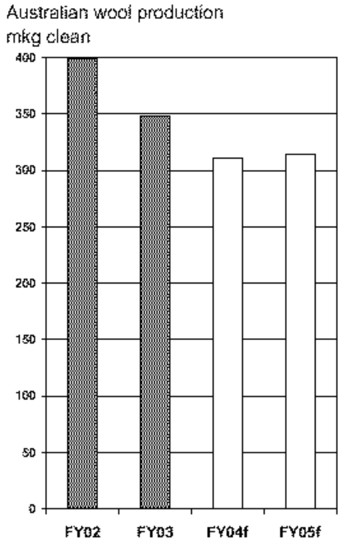
Revenue from the sale of merchandise grew by 7% compared with the previous half year. Inputs for winter crops account for a large share of our merchandise sales. As these are principally sold in the June quarter, the flow-on to merchandise sales of improved seasonal conditions does not feature as prominently in our first half accounts.

The lift in merchandise sales was driven by increased fertiliser and agricultural chemical sales. Sales of animal health products, which were strong during the drought, declined due to improved seasonal conditions and the simple fact that the farm animal population has contracted.

However our information indicates that Elders has continued to increase its share of the farm merchandise market. We are pleased with the momentum and progress we are making in our merchandise sales and expect further growth as a result of network expansion and our competitiveness in the market place.

Network products: **Wool**



- Contribution down due to impact on sales of global markets and events and low Aust. production
  - A$, SARS, Iraq
- Increased market share of agency business
- Rationalisation of BWK production assets – closure of GWC
  - improvement in remaining local capacity utilisation
- BWK EE & EA result reflects low volume

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Our experience in wool during the period reflects the testing conditions being faced by the industry worldwide.

Wool production has fallen by more than 15% as a result of drought and the lower national flock size. As you can see from the graph, a further contraction in Australian production is forecast this year with recovery expected to commence from 2005.

Demand for wool has been softened for a number of reasons including the impact of international events such as the SARS outbreak, the Iraq war and the appreciation of the Australian dollar.

For Elders, this translated into lower revenue from agency sales as less wool has been available and some growers have chosen to defer sale.

Wool processors have arguably borne the brunt of the adjustment process with capacity utilisation falling. In Australia, BWK has closed one of its two combing plants, which as Peter has outlined, led to the write down of our investment in BWK.

BWK's remaining Australian plant, Austops, increased its capacity utilisation and was cash flow positive for the period.

Just when there will be a turnaround in industry cannot be predicted with confidence.

The benefits of improved seasonal conditions should support some recovery in production – but the drop in flock numbers and the relatively high meat prices will act to offset this. On the demand side, international factors such as exchange rates, and demand from offshore buyers will continue to have a big influence on prices.

BWK is taking action so that it continues in the industry as a viable and competitive supplier. The modernisation of the Bremen plant is underway and, as I noted earlier, the closure of the Geelong plant has left BWK with high utilisation rates in Australia.

At the agency level, while sales are down, Elders has continued to make progress and we continue to build our leading market share.

Network products: **Elders Rural Bank**

- Income contribution to Elders up 20%
- Strong fully funded growth:
  - loans up 29% to $1.6 billion
  - deposits up 29% to $1.7 billion
- Net non-performing loans as % of loan book down
- Focus on sustainable business
- Broadening business base to include low risk non-primary producers from regional and metropolitan regions

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Elders Rural Bank has continued to grow. The bank's income contribution to Elders was up 20%.

The gross value of loans by the bank rose 29% to $1.6 billion. The bank continues to grow on a fully funded basis with with deposits rising by 29% to $1.7 billion.

It's important to note that this growth continues to be achieved within a conservative approach to new business.

The improved seasonal conditions have generated a substantial expansion in rural finance opportunities. However ERB has chosen to take a cautious approach and limit its lending to those operations in areas where we have been traditionally active and which are clearly sustainable through the range of seasonal conditions that typically occur.

While competition in the rural finance sector has intensified, the bank has continued to grow and gradually lift its market share – notwithstanding its conservative approach. We think this demonstrates the value of what is a unique business model and the recognition by our client base of Elders' commitment to the rural sector.

Network products: **Insurance**

- Showing benefits of restructuring and new management/board team
- Continued trend of technical and financial improvement
- On track for good improvement over FY2003 figure of $1.1 million
- Gross written premium of $184 million up 14%

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Our insurance operations have continued to vindicate the faith shown in this business.

Revenue and earnings from insurance grew strongly and the business is responding to tighter management of risk and agents and the technical focus brought by the new management and board. We think there is scope for further improvement.

Conditions within the insurance market continue to be strong.

Naturally, the full year result will be influenced by exposure to claims which are typically higher in the second half of the financial year. However as things stand, the insurance operations are on track to meet our expectations of a significant improvement over last year's earnings of $1.1 million.

Network products: **Real Estate**

- Benefited from strong property prices and volumes
- Increased financial contribution, revenue up 24%
- Broadacre volumes down, urban volumes up for YTD
- Improved seasons in Qld & NSW important for lift in broadacre volumes

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The continued growth in our real estate business reflects the strategy taken to increase our exposure to new market segments as much as it reflects improved seasonal conditions.

The strong property prices for the period supported returns – particularly from the broadacre section of the market where property owners have tended to delay sales until conditions improve. Elders Real Estate increased its market share of that segment.

Our strategy of building our business in the major regional centres and city fringes has paid dividends as we have grown our sales of the lifestyle, rural residential and hobby farm segments. Property management has been another growth area and we have targeted locations where we can get the advantages of cross-selling of Elders products or better exploit existing Elders presence.

The result is that we've significantly reduced the exposure of Elders Real Estate to drought and brought added scale and momentum to this business.

Conclusion and outlook

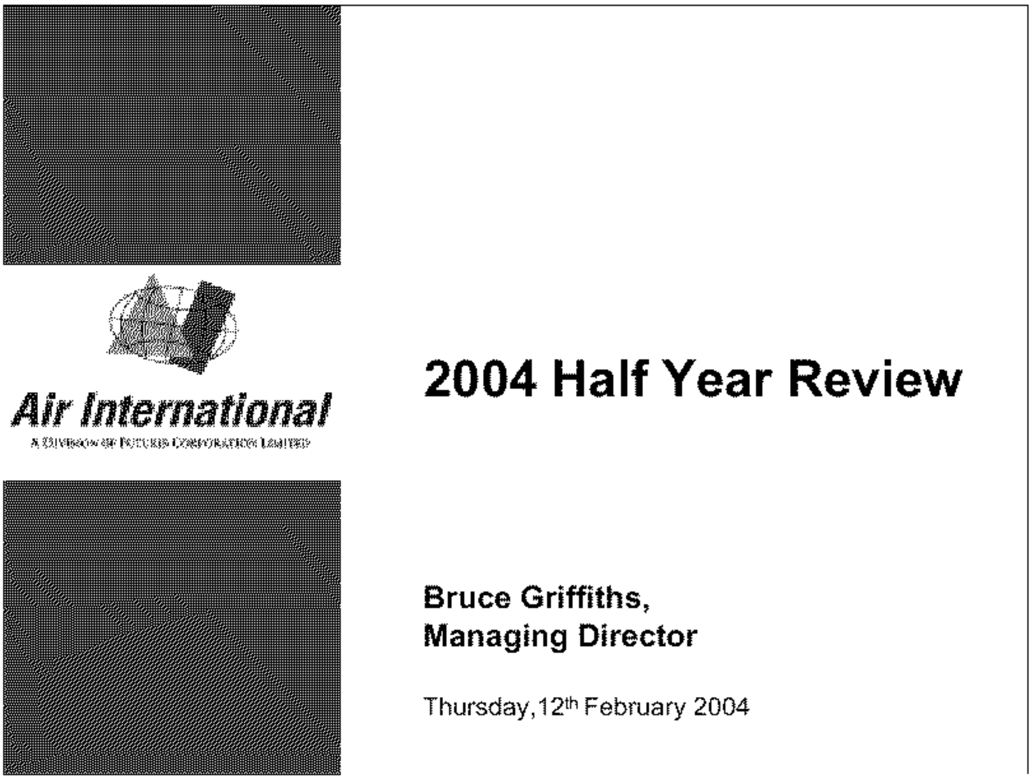
- Strong recovery from drought by Elders
- Elders network services have momentum and have substantially increased their earnings contribution
- Improvement driven by a combination of business growth and improved seasonal conditions
- Achievement of full year results will be subject to,
  - Second half seasonal conditions critical to full year result, especially the start of the winter cropping season (typically late April-May)
  - SGARA price revaluation at 30 June for AACo

Australia's leading rural service business.

In conclusion, Elders underlying performance for the 2004 first half is much stronger than suggested by first glance at the bottom line. Despite the impact of the one-offs our business is in good shape.

Healthy progress is being made within Elders - both as a result of better seasonal conditions and the growth that is flowing from our strategies to develop the business. In our established market sectors we have increased or maintained market share and our new businesses in financial services, and supply chain initiatives such as grain are growing.

Our performance for the first half was consistent with our expectations and has Elders on track to achieve its full year targets.



Six months ago, when I presented the 2003 full year results, I spoke of the financial and operational impact that the year's extraordinary growth has had on our business.

Since then we have conducted a comprehensive review of what we need to do in order to improve the company's financial performance. We have set about addressing improvements in our efficiency, our product design and in the value recognition of our products by our customers. We advised this process would be substantial and would take time.

As expected, there have been no immediate financial gains from this process in the first half of 2004. The benefits will be apparent in FY2005.

Our challenges in the period included the rapid development of export quality seating for the GM Pontiac GTO and contests to retain or win new work.

As I will shortly outline, we have met and succeeded in these challenges. While this is encouraging, our focus is on achieving improved financial performance. We believe the progress we have made in the six months has set the business on the path to achieve the right financial outcomes.

Main features of 2004 first half

- Sales of $368 million vs $370 million in '03 first half
- Underlying EBIT of $9.8 million down from $12.9 million in pcp.
- Reported EBIT of $7.8 million after $2.0 million non-recurring item for restructuring
- Completed total business review
- Initiated total restructuring of Australian automotive operations
- Successful launch/development of new products for Australian and US markets
- Retained all significant existing business due for renewal and added orders for new/expanded work in Australia and North America.

The main features of the 2004 first half for Air International were:

• Sales revenue was broadly unchanged at $368 million. The stronger A$/US$ exchange rate reduced sales from the US and Chinese operations by $15 million on translation.

• Underlying EBIT was $9.8 million, which compares with a corresponding figure of $12.9 million in the 2003 first half. The principal reason for the downturn was lower margins earned from Australian automotive operations and lower sales volumes from the US and Rail and Bus operations.

• Reported profit was $7.8 million, and as Peter outlined earlier, includes a $2.0 million provision for the restructuring of the business.

• We have completed a total business review encompassing - plant design & layout, logistics, staffing levels, systems & processes, corporate structure and customer relations.

• We have implemented a total restructure of our automotive operations into two divisions - Global Thermal Systems & Australian Interior Systems.

I will speak more on this later, but it is probably the most profound change we have made in the way our company operates in the past decade.

- We have also:
  - successfully launched and supplied new products to customers in Australia and the USA;
  - retained all significant business that was open for competition during the period and
  - provided for future growth through winning new work in Australia and North America.

Review of operations: **Australia**

Air International

- Sales up 9% to $257 million
- Demanding period of review & restructuring
- Commenced supply of new product for:
  - Pontiac GTO (USA)
  - Holden Adventra
  - Holden crew cab
  - Holden VYII Commodore
- Won new contracts for VE Commodore HVAC & Mitsubishi seating

Our Australian automotive operations increased its sales revenue by 9% to $257 million.

Apart from strong demand from Holden and Ford, sales were boosted by the supply of product for new vehicles launched by our customers. These included the export coupe, or Pontiac GTO as it is known in the US, the Adventra and Crew Cab vehicles for Holden as well as new seats for the VY2 Commodore.

All of these products have been well received. In particular we have been extremely pleased with the response in the USA to our seats for the Pontiac. One US vehicle critic went into print to applaud our seats for this vehicle as the “best seats in any GM vehicle ever”.

During the first half we also completed the development of the seats for the Ford Territory vehicle which has commenced pilot production and will reach volume production in the last quarter of FY2004. The pent up demand for this vehicle is strong and we anticipate it will perform strongly in the Australia market.

On top of the development work we have completed, we have also been in competition for new work.

New contracts and orders won by Air International recently include the design & development of the VE Commodore HVAC for 2006 and the design, development & manufacture of seating for the new series Magna for 2006. The Mitsubishi seat represents new business for Air International.

These successes have come in a climate where a number of incumbent Australian component suppliers have lost future business to overseas sources with product offerings from low cost countries .

We think our success in winning business such as the HVAC design and the VE seating program (which was won late in 2003) is evidence of the quality and competitiveness of Air International's products.

I would now like to spend a few minutes on the improvement activities we have undertaken.

We believe that the changes we are making will see Air International maintain its competitiveness while delivering financially for its shareholder.

We are making progress in our efforts to achieve better recognition of the value of the service we provide.

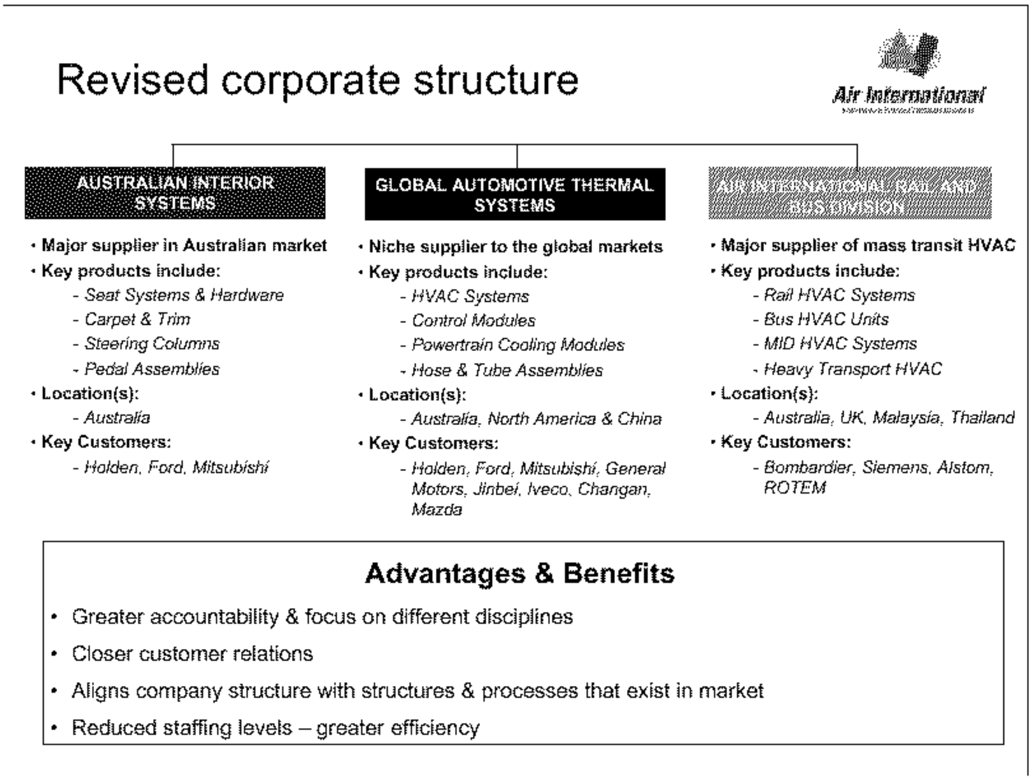
I mentioned earlier the business review process. A comprehensive range of initiatives are being implemented as a result of this review including:

- redesign of plant & plant processes
- product re-design for cost improvement
- streamlining of business processes
- new management structure
- reduction in staffing levels

By far the most significant initiative has been the re-organisation of our automotive business into two discreet divisions:

Global Automotive Thermal Systems

Australian Interior Systems.



This slide is better viewed directly from your booklets than on the screen. It outlines the new structure of the Air International Group and profiles each division.

Our business now consists of three highly focussed divisions.

Our **Australian Interior Systems Division** will focus purely on the Australian market where it is the dominant seat supplier in the market and a major supplier of other interior products.

Our other two businesses are truly global and will operate in various locations throughout the globe.

The **Global Automotive Thermal Systems Division** will exploit our capability as an innovative and competitive provider of thermal technology, particularly in the Australian, Chinese and North American markets.

Our **Rail and Bus Division** is also a global operation and incorporates our rail and bus air conditioning operations.

In introducing this new structure from January 2004 we have achieved significantly lower staffing levels which will have a positive impact on our cost structure going forward.

One point I would like to emphasise is that the new structure reflects logical and natural divisions in the automotive components sector. The growth achieved in 2003 gave us the necessary critical mass to structure divisions which can focus on the distinctly different needs of interior and thermal systems.

While the ultimate customer may be the same, there are actually very different markets for thermal systems than, say, seats and interior trim. Each involves very different engineering activities, process and timelines. The demands of each are also very different with thermal systems very much a functional product, while seats have a strong fashion focus.

Seat systems are extremely complex with many variations in colour, fabric, structure and functionality. They are subject to a number of changes over the product life as vehicle models are up-graded and enhanced. This is something that seat suppliers around the world have found very demanding. The new structure we have introduced will allow much greater concentration of resources and management in product specific areas.

We have received very positive response from our customers to the restructuring, they can see that it makes good sense.

Apart from the cost savings generated by a lower head count, we expect several other benefits will come form this re-organisation including:

- Greater management focus & accountability
- Increased product focus
- Improved customer relations
- Alignment with globally accepted structures & processes

Review of operations: **North America**

- Resumed production in USA on 1st July after tornado disruption
- Sales revenue down due to reduced production of GMT 370 & exchange appreciation.
- Won contracts with total value exceeding US$500 million to commence from 2005
- Developing product for three contracts with GM to commence in calendar 2005
  - GM Solstice
  - GM Equinox
  - GMT SUV

The US business has entered a period of transition as it implements new contracts that will commence in 2005.

Sales were down by around one third in A$ terms and 20% in US dollar terms due to lower vehicle production by our major customer.

We are currently working on three new contracts with GM in North America for start of production in 2005. We announced two of these to the AGM last October.

The contracts, for the Equinox, Solstice and Hummer vehicles, are due for start of production in calendar 2005 and have a projected total value of in excess of US$500 million over 5 years.

Work on all three contracts is proceeding on schedule and cost and are meeting all our expectations.

We are pleased with the way the US business is contributing and developing and believe that the market has growth upside for Air International going forward.

Review of operations: **China**

- Sales up 30% to $38 million
- Full 6 months of operations from Chongqing (opened November 2002) – more volume needed
- Shanghai continues to successfully negotiate post WTO environment

Our China operations consist of two joint ventures in Shanghai and Chongqing. Both these ventures now come under the new Thermal Systems Division.

Sales from our China activities were up by 30%. This was mainly due to the first full six month contribution from our Chongqing venture which commenced operations in November 2002.

The Chongqing venture is producing at high levels of quality and now needs greater volumes to generate satisfactory returns. This is the key priority for the management of the Chongqing venture.

Our Shanghai operation has faced significant competition and price pressures over the past 12 months and is generating acceptable returns in a tough business climate that has followed China's admission to the WTO.

We have recently introduced new management into the Shanghai operation and believe that several new opportunities exist for the venture to continue to grow and deliver solid returns for the Group.

Review of operations: **Rail and bus**

- Sales of $42 million, down due to reduced demand
  - particularly in Asia post SARS
- Exploring initiatives to improve competitiveness and efficiency

Our rail and bus operations were faced with a tougher market than in the 2003 first half. In Asia, investment in public transport has not fully recovered to pre-SARS levels.

Appreciation of the Australian currency has also impacted the division.

Management within the Division have implemented several new initiatives to improve competitiveness and is exploring several growth opportunities in Asia and Europe.

Second half outlook

Air International

- Complete implementation of restructuring
- **Australia:** Progress initiatives for earned margin improvement in Australia
- **North America:** Development of product for new contracts, cost management of lower volumes until new contracts commence
- **China:** Continued focus on securing additional volume & managing costs
- **Rail & Bus:** Expect some pick up in activity in rail, bus awaiting improved market confidence

The major tasks for Air International in the second half is the bedding down of the initiatives we have in place to achieve improvement.

We are now working under the new structure, with several improvement initiatives in their final stages of implementation. We expect that by the commencement of the 2005 financial year, the financial benefits of the commitment we have made to improvement will be apparent.

The rate of growth of the business has moderated and without the demands this brought in 2003, we are able to focus on identifying and achieving improvement.

In Australia we will have new sales as supply of components for the Ford Territory commences and our design and development activity will be focussed on VE Commodore seating and HVAC and the new Magna seating projects.

In the US, we will continue with an emphasis on managing costs and margins at the lower sales volumes that will prevail until the new contracts commence in 2005.

In China, the focus will remain on increasing volumes and reducing supplier and other costs. It is important that we increase volumes, particularly in Chongqing, if better returns are to be achieved.

In Rail and Bus we expect some pick up in activity driven mainly by a the commencement of rail projects deferred into the second half. Improvement in Asian confidence in public transport post SARS is necessary for recovery in sales.

I look forward to reporting to our full year briefing on the further progress we have made in the second half and our outlook for improved performance in 2005.

thank you.

Summary and outlook
Les Wozniczka

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Building the business

- Elders: new growth driven by leverage in the business model
- Australian Agricultural Company: operational efficiency and achievement of synergies and economies of scale
- Air International: restructuring and renewal
- Property: developing within niche areas and controlled exposure within long term horizons
- Hardwood plantations: emerging

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Moving to the future - as a diversified industrial, our objective is to build shareholder value through improving the assets that we own and using the company's resources to take positions in emerging areas of opportunity.

Overall our business should be strong enough to manage through cycles in specific areas. Our progress in the 2004 first half provides a good illustration of this.

Although long established, the Elders brand and the network can still be developed to provide better services to customers and better returns to shareholders.

Our results in the first half – particularly the growth from insurance and Elders Rural Bank – highlight the benefits of initiatives we have already taken.

A priority is to continue to invest in the network - hence the joint venture with Websters and the investment in Amcom.

We see a lot of scope to add to returns through increasing the value of trade through the Elders network.

The division of **Air International** into a thermal business and an Australian Interior business is driving change from a different perspective. There is significant growth within the business and our effort is directed at better operational and financial performance.

Property is an area which is developing – but within relatively tight constraints in relation to the type of ventures conducted and exposure. The 2004 first half shows the benefits of investments made in prior years and we will continue to use the Futuris balance sheet to support projects with the right profile that can create value for shareholders.

AACO's focus is clearly on operational efficiency – as evidenced by its recent corporate relocation. This is an emphasis we have long supported. But we are also recognise the potential gains that can be made through the right acquisition. We supported AACo's bid for Stanbroke and would be supportive of further acquisitions by AACO that are demonstrably beneficial. We believe the rationalisation of the beef industry still has some way to go and look forward to assisting AACo benefit from the process.

Hardwood plantations are an emerging area for Futuris. We are supporting the restructuring and listing of ITC. ITC offers a profile of increasing returns as its own plantations mature. In its re-capitalised and publicly listed form, ITC will be an attractive and active player in the rationalisation of the plantation forest and timber industry which we are anticipating.

We have a strong sense of momentum with the progress being achieved in our businesses. We believe that the headway made during the period in each case should lead to increased returns for Futuris shareholders in the future.

Full year outlook

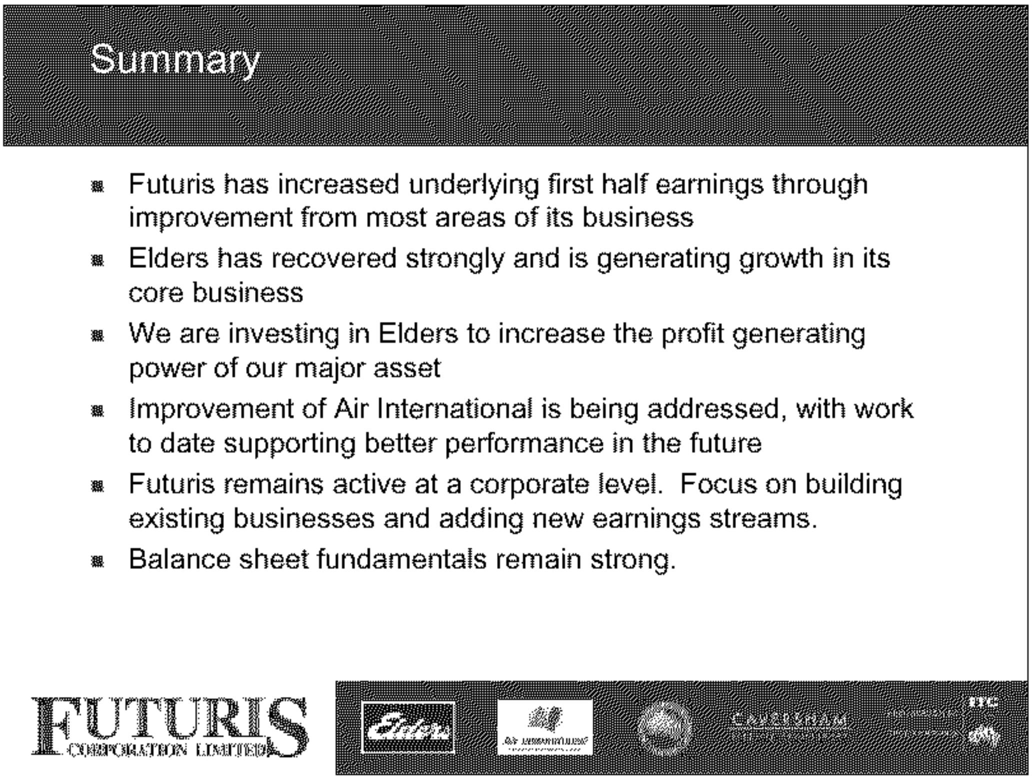
- 2004 first half underlying result was in line with expectations
- Full year result highly sensitive to:
  - autumn rains and cropping expenditure
  - AACo SGARA
- Earnings update to be provided when new season trends are established (May - June)

FUTURIS CORPORATION LIMITED

Our underlying first half result was broadly in line with our expectations at the start of the year.

Our expectations for the underlying full year result have not changed but, as ever, remain subject to the variations that can be brought by the timing and quality of seasonal breaks and AACo's balance date SGARA price revaluation.

As in previous years, we will provide an update on the outlook for the full year when the timing and quality of the seasonal change becomes evident. This typically occurs by mid to late May.



To conclude, while our reported results show the impact of some large non-recurring items, the underlying situation is one of broadly based improvement.

Elders has rebounded strongly from last year's drought experience and is competing successfully.

At **Air International,** we can see what the business is capable of and are getting on with what we need to do.

Our initiatives in timber are still at an early stage.

That completes the formal presentation. I look forward to answering any questions you may have.

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