23 March 2004

Company Announcements Office
Australian Stock Exchange

Futuris Half Year Report to Shareholders

As per listing rule 3.17, please find as follows, copy of our half year report to shareholders for the period ending 31 December 2003.

Sonya Furey
Company Secretary

FUTURIS CORPORATION LIMITED

2004 Half Yearly Report

Growing businesses... backed by financial strength

Key financial results

six months ended 31 December

$ million unless otherwise indicated	**2003**	2002	**change**
Sales revenue	**1209.8**	1116.6	**8%**
Earnings before interest and tax (underlying)	**34.5**	34.7	-
Net borrowing costs	**7.1**	9.1	**-22%**
Profit before tax (underlying)	**27.4**	25.6	**7%**
Profit after tax (underlying)	**21.4**	20.2	**6%**
Significant recurring items (pre-tax)	**(44.2)**	(3.1)	**1326%**
Reported profit to shareholders	**(17.6)**	17.1	**-203%**
Earnings per share (underlying) cents	**3.3**	3.3	**-**
Earnings per share (reported) cents	**-2.7**	2.8	**-196%**
Net cash from operating activities	**(151.2)**	(160.0)	**6%**
Net debt	**174.8**	386.8	**-55%**
Shareholders' equity	**900.8**	775.1	**16%**
Net tangible assets per share ($)	**0.86**	0.77	**12%**
Gearing (net debt/net debt+shareholders equity)	**16%**	33%	**n/a**

2004 Half Yearly Report

Main features

six months ended 31 December 2003

- Underlying profit to shareholders up 6% to $21.4 million from $20.2 million
- Reported profit affected by recurring items of ($44.2 million) to give loss to shareholders of $17.6 million vs 2003 first half profit of $17.1 million.
- Interim dividend maintained at 4 cents share
- Net debt as at 31 December of $175 million vs $387 million at 31 December 2002
- Growth from most business areas
- Strong growth from Elders' operations and Property.
- Maiden six month contribution from hardwood plantations
- Restructuring and improvement initiatives at Air International.

Financial results

1. Profit

Futuris Corporation has recorded an underlying profit before tax and minority interests of $27.4 million for the six months to 31 December 2003 (2004 first half), 7% higher than the corresponding result of $25.6 million in the 2003 first half.

The underlying profit before tax excludes the following non-recurring items:

- provisions made by Elders totalling $41 million in respect of its investment in BWK ($26 million) and amounts outstanding from Fares Group ($15 million) as announced to the Australian Stock Exchange in September 2003.
- a provision of $2.0 million for costs arising from the restructuring of Air International's automotive operations announced during the period. The restructure will take effect during January 2004.
- costs of $1.2 million arising from Australian Agricultural Company's (AACo) unsuccessful bid for the Stanbroke pastoral assets. These costs include Futuris' share of AACo's costs.
- items recognised as non-recurring in the 2003 first half accounts, being the costs of closure of Air International's Indian operations and Futuris' equity accounted share of losses arising from Incitec's divestment of Crop Care.

Underlying profit to shareholders after tax and minorities for the period was $21.4 million, 6% above the 2003 first half underlying profit to shareholders of $20.2 million.

Inclusive of significant non-recurring items, tax and minority interests, Futuris reported a loss for the period of $17.6 million which compares to the profit to shareholders of $17.1 million reported for the 2003 first half.

Revenue and expenses

Revenue from sales or services rose by 8% to be $1,209.8 million compared with $1,116.6 million in the 2003 first half. The growth in revenue is attributable to increased sales by Elders, property operations and the first full six-month contribution from ITC.

Total revenue from ordinary activities of $1,253.5 million compares with $1,155.2 million for the prior corresponding period. Other revenue increased from $16.5 million to $30.7 million, chiefly due to Intergrated Tree Cropping (ITC).

Income contribution from associates and joint ventures was $4.6 million compared with $14.8 million in the 2003 first half. The reduction is principally accounted for by the sale of the Company's shareholding in Incitec which contributed $7.9 million equity accounted income in the 2003 first half. Other factors in the reduction were lower equity accounted income from AACo (down from $1.3 million to –0.4 million) and BWK AG following the writing down of the latter investment to zero value during the period. BWK AG contributed equity accounted income of $1.2 million to the 2003 first half result.

Borrowing costs of $15.6 million were 5% lower than the corresponding figure of $16.5 million for the 2003 first half. The reduction reflects lower levels of indebtedness.

Depreciation and amortisation for the period of $23.6 million was 4% higher than the corresponding figure of $22.6 million in the 2003 first half. The increase is due to Air International.

Discussion of the results achieved by the company's operating divisions is provided below under the heading "Review of Operations".

2. Dividend

Directors have declared an unchanged interim dividend of 4.0 cents per share, franked to 3 cents per share. The dividend will be payable on 5 April 2004, to shareholders registered in the books of the company as at 22 March 2004.

3. Cash Flow

Net cash flow from operations for the period was ($151.2 million) compared with ($160.0 million) in the six months to 31 December 2002.

It is customary for Futuris to record a net cash outflow from operations for the period to December as working capital requirements for Elders follow seasonal rural expenditure patterns.

4. Statement of financial position

Futuris completed December 2003 with a significantly stronger financial position than 12 months earlier. The seasonal timing of much of Futuris' cash flows means that net debt typically peaks in the December accounts.

As at 31 December, Futuris had net debt of $174.8 million, less than half that recorded at the completion of the 2003 first half.

Cash as at 31 December was $202.1 million and gearing (as measured by the ratio of net interest bearing debt to net interest bearing debt + shareholders equity) was 16%. More than half of the company's cash reserves as at 31 December represent insurance reserves and cash held in trust of $122.4 million. If these amounts are excluded, net debt and gearing as at 31 December would be $297.5 million and 25% respectively.

Review of operations

Elders

Elders' underlying EBIT of $20.9 million for the period was 1% higher than the corresponding figure of $20.6 million in the 2003 first half.

Underlying EBIT is calculated after excluding the impact of the non-recurring items in respect of BWK, Fares, Stanbroke costs and Crop Care (2003 first half) detailed under the heading "1.Profit" earlier in this document.

Of relevance to the comparison of Elders' underlying EBIT for the periods is the fact that the 2003 first half incorporated $10.8 million in equity accounted income from sources which are either no longer relevant or which made a significantly reduced contribution to the 2004 first half:

- $7.9 million from the shareholding in Incitec which was sold in February 2003.
- $1.3 million from Australian Agricultural Company (-0.4 contribution in 2004 first half)
- a $1.2 million contribution from BWK AG (zero contribution in 2004 first half)

Once these items are excluded to enable a like-for-like comparison, it is evident that the Elders' operations have significantly increased their underlying earnings contribution. Underlying EBIT generated by Elders' operations (inclusive of Elders Rural Bank, Elders Real Estate and Insurance operations) rose by 109%. In assessing the quality of this result, it should be noted that EBIT includes contributions from Elders Rural Bank and other affiliates on an after tax basis with full allocation of interest and group costs to those affiliates.

Elders' sales revenue for the period rose by 10% to $784.0 million from $714.5 million in the 2003 first half. The increase in sales is attributable to the recovery in merchandise sales that followed improved seasonal conditions and growth in sales in all product areas with the exception of wool. This was supported by achievement of cost management targets.

Key features of Elders' performance in individual product areas for the 2004 first half is as follows:

- Livestock: livestock operations experienced lower trading volumes as herd re-building reduced animal availability. The impact of lower volumes on revenue was largely offset by higher prices (50% higher for sheep, 17% higher for cattle) and returns from livestock operations rose slightly compared with the 2003 first half.

- Merchandise: Sales rose 7%, due to increased sales of cropping inputs and fertiliser.
- Wool: returns and sales from wool were adversely affected by low production in Australia and weak global wool demand.

  Elders' share of earnings recorded by the BWKEE and BWKEA wool trading joint ventures for the period was $(0.7) million compared with $(0.5) million in the 2003 first half. The movement reflects a reduction in the volume of wool traded.

  The 2004 first half accounts do not include equity accounting of earnings from BWK AG as this investment has been reduced to zero value, as a result of provisions made and advised to the ASX during the period. Elders' earnings for the 2003 first half incorporate $1.2 million as equity accounting of BWK AG's result for the period.

- Bank: Elders Rural Bank, (a 50/50 joint venture with Bendigo Bank), contributed earnings of $6.6 million, 20% higher than its 2003 first half contribution of $5.5 million.

  Elders Rural Bank increased its profit for the period from $9.4 million to $11.0 million.

- Insurance: Insurance continued its trend of recovery and improvement. The gross written premium for the period of $184.1 million was 14% higher than the 2003 first half gross written premium of $161 million. Technical performance improved with progress in operating and loss ratios.
- Real Estate: Elders Real Estate increased its financial contribution, reflecting strong trading conditions in property sectors and the ongoing development of the Elders Real Estate business and its integration within the Elders network.

Air International

Air International generated sales revenue of $367.5 million in the six months to 31 December, broadly in-line with the 2003 first half sales of $370.4 million.

Underlying EBIT contributed by Air International for the period was $9.8 million compared with $12.9 million for the 2003 first half.

The underlying result was calculated after adjustment for redundancy costs of $2.0 million for the business restructuring initiated during the period. The restructuring involved the reformation of Air International's automotive operations around two distinct divisions, Global Thermal (heating, ventilation and cooling units) and Interior Systems (seats, seat tracks, carpet and interior components).

Underlying EBIT for the prior corresponding period incorporated adjustment of $1.2 million in relation to Air International's Indian operations, which were closed during the period.

The reduction in underlying EBIT generated by Air International in comparison with the 2003 first half is due to lower earned margins in Australia and lower sales volumes in the US and Rail and bus operations.

The restructuring of the automotive operations is the major initiative resulting from a review and analysis process conducted during the period with the objective of improving earned margins (with a focus on cost control, product development, customer relations and market growth).

In addition to the savings achieved, the restructuring is expected to sponsor administrative and operational efficiencies and increase management accountability for financial and customer service objectives.

Air International won a number of contracts and orders during the period that have consolidated the business' strong order book position. These included:

- design and development of heating, ventilation and cooling (HVAC) units for the VE Commodore series.
- design and manufacture of seats for the new Mitsubishi Magna series due to commence production in 2005.
- two contracts with General Motors in the USA for the sale of HVAC units and powertrain cooling modules for vehicles to commence production in 2005. The two contracts are projected to have a total value exceeding US$500 million.

Property

EBIT contributed from property activities in the six months to December increased from $1.3 million to $5.7 million.

The increase is due to increased sales from retirement villages and residential property. In residential property, the company completed sales of all remaining property held in the Seagrove estate in Perth.

The division advanced business initiatives that are expected to add income from the 2004 second half onwards. These initiatives include plans for the commercial redevelopment of land held by the company in the Waymouth Street precinct of the Adelaide CBD and the launching of the Byford residential subdivision in Perth.

5. Second half outlook

The 2004 first half profit outcome was in line with company expectations. The level of underlying profit that is ultimately achieved for the full year will be influenced to a large extent by seasonal conditions over the third and fourth quarters of the year. In particular the timing and adequacy of autumn rains will dictate expenditure on winter cropping inputs as well as influencing other markets in which Elders operates such as banking, insurance and real estate.

Futuris anticipates that, subject to a satisfactory seasonal break occurring, and the impact of year-end SGARA price adjustments on AACo's results, its underlying profit to shareholders for the 2004 year will be within current market expectations.

12 February 2004

Summarised statement of financial performance

Six months ended 31 December

$ million	**2003**	2002
Sales revenue	**1209.8**	1116.6
Other revenue from ordinary activites	**30.7**	16.5
Share of net profits of associates and joint ventures using the equity method	**4.6**	14.8
Interest revenue	**8.5**	7.3
Total Revenue	**1,253.6**	1,155.2
Earnings before interest, tax, depreciation and amortisation (underlying)	**58.1**	57.3
Depreciation and amortisation	**23.6**	22.6
Earnings before interest and income tax (underlying)	**34.5**	34.7
Borrowing costs	**(15.6)**	(16.5)
Profit before tax and non-recurring items	**27.4**	25.6
Non-recurring items	**(44.2)**	(3.1)
Tax	**-**	(4.1)
Minority interests	**(0.8)**	(1.3)
Profit (loss) to shareholders	**(17.6)**	17.1

Statement of financial position

$ million as at end	Dec. 2003	Jun. 2003	Dec. 2002
CURRENT ASSETS			
Cash assets	**202.1**	428.2	**126.2**
Receivables	**580.3**	495.6	**547.8**
Livestock	**54.4**	43.6	**46.7**
Inventories	**271.6**	207.2	**195.7**
Other	**138.7**	121.0	**130.6**
TOTAL CURRENT ASSETS	**1247.1**	1295.6	**1047.0**
NON CURRENT ASSETS			
Receivables	**83.9**	112.9	**53.0**
Inventories	**77.5**	82.1	**65.4**
Investments accounted for using the equity method	**241.4**	219.5	**385.7**
Other financial assets	**10.6**	13.0	**3.7**
Property, plant and equipment	**167.4**	168.5	**152.6**
Intangibles	**134.8**	138.2	**141.3**
Deferred tax assets	**52.6**	45.3	**41.5**
Other (including design and development)	**87.1**	87.5	**91.0**
TOTAL NON CURRENT ASSETS	**855.3**	867.0	**934.2**
TOTAL ASSETS	**2102.4**	2162.6	**1981.2**
CURRENT LIABILITIES			
Payables	**577.6**	628.3	**543.5**
Interest bearing liabilities	**54.5**	79.5	**111.2**
Current tax liabilities	**24.8**	38.9	**2.8**
Provisions	**132.4**	115.0	**93.5**
TOTAL CURRENT LIABILITIES	**789.3**	861.7	**751.0**
NON CURRENT LIABILITIES			
Payables	**44.8**	12.6	**-**
Interest bearing liabilities	**322.4**	344.3	**413.1**
Deferred tax liabilities	**31.5**	27.1	**27.6**
Provisions	**13.6**	15.5	**14.5**
TOTAL NON CURRENT LIABILITIES	**412.3**	399.5	**455.1**
TOTAL LIABILITIES	**1201.6**	1261.2	**1206.1**
NET ASSETS	**900.8**	901.4	**775.1**
EQUITY			
Parent entity interest			
Contributed equity	**443.1**	437.2	**387.2**
Reserves	**28.6**	(10.5)	**3.0**
Retained profits	**373.3**	416.9	**356.5**
TOTAL PARENT ENTITY INTEREST IN EQUITY	**845.0**	843.6	**746.7**
Outside equity interest	**55.8**	57.8	**28.4**
TOTAL EQUITY	**900.8**	901.4	**775.1**

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