FUTURIS

27 February 2006

Company Announcements Platform
Australian Stock Exchange Limited

FUTURIS HYBRID SUPPLEMENTARY PROSPECTUS

Futuris Corporation Limited (**Futuris**) advises that the prospectus for the offer of Futuris Hybrid Securities (**Futuris Hybrids**), lodged with the Australian Securities and Investments Commission (**ASIC**) and the Australian Stock Exchange (**ASX**) on 17 February 2006 (**Original Prospectus**), has been amended. The amendments are for the purposes of clarification and are not the result of any new circumstance which is adverse to investors' interests.

Accordingly, Futuris has today lodged the attached Futuris Hybrid supplementary prospectus with ASIC and ASX (**Supplementary Prospectus**). The Supplementary Prospectus should be read in conjunction with the Original Prospectus.

Futuris expects to lodge a replacement prospectus on 28 February 2006 in order to include the Initial Margin for the Futuris Hybrids established following the bookbuild which closes today. The Original Prospectus and the Supplementary Prospectus will be consolidated in the replacement prospectus.

The offer of Futuris Hybrids is expected to open on 28 February 2006.

Michael Sadlon
Company Secretary

Further information about the Offer:

Futuris Hybrids Information Line:
- 1300 782 135 within Australia; or
- +61 3 9415 4251 from outside Australia

Web site: www.futuris.com.au

Further information about Futuris:

Web site: www.futuris.com.au or call **Don Murchland, Investor Relations Manager**: (08) 8425 4617 / 0439 300 932

SUPPLEMENTARY PROSPECTUS

Futuris Corporation Limited

ABN 34 004 336 636

This supplementary prospectus (**Supplementary Prospectus**) relates to the prospectus dated 17 February 2006, which was lodged by Futuris Corporation Limited (**Futuris**) with the Australian Securities and Investments Commission (**ASIC**) on that date (**Prospectus**). The offer contained in the Prospectus (the **Offer**) is made by Futuris.

This Supplementary prospectus supplements, and should be read together with, the Prospectus. If there is any inconsistency between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Words and expressions used in this Supplementary Prospectus have the meanings given to them in the Prospectus.

This Supplementary Prospectus is dated 27 February 2006. It was lodged with ASIC on that date. No responsibility for the contents of this Supplementary Prospectus is taken by ASX or ASIC.

AMENDMENTS TO PROSPECTUS

1. Distributions restrictions

The statements in the Prospectus relating to the consequences of non-payment of a Distribution have been amended as follows.

- Replacement of the first sub-section of the section titled "Distributions" in Section 1.1 (Key features) with the following:

Distributions	If the Board resolves to pay them, Distributions will be paid quarterly in arrears on 31 March, 30 June, 30 September and 31 December each year. The first date for payment of a Distribution is 30 June 2006. Distributions are payable at the discretion of the Board of Futuris and, if not paid, are non-cumulative. If a Distribution is not paid, Futuris may not pay a dividend or other distribution to its ordinary shareholders. This restriction may be removed by Futuris in certain circumstances including by Futuris paying Holders an Optional Distribution of not less than the unpaid Distributions during the previous 12 months or by subsequently paying Distributions in full to Holders for a period of 12 months (see clause 3 of the Futuris Hybrid Terms on page 36).

- Replacement of the sub-section titled "Request by Holder to be Converted or Resold" in Section 1.1 (Key features) with the following:

Request by Holder to be Converted or Resold	Holders may require Futuris to Convert or Resell all of their Futuris Hybrids if: • Futuris has breached any restriction on paying dividends or other distributions to Ordinary Shareholders (as described under "Distributions" above); or • the Directors of Futuris have recommended a takeover bid for Futuris or a scheme involving a change of control of Futuris.

- Replacement in Section 7 of the heading to clause 3.1 of the Terms of the Futuris Hybrids ("3.1 Dividend and distribution stopper") with ("3.1 Dividend and distribution restriction").

2. Taxation risks

- Insertion of the following risk in Section 1.3 (Risks):

  "changes in tax laws or their interpretation or administration can impact on Holders. Futuris has not obtained a class ruling or a private ruling from the Australian Taxation Office in relation to the Futuris Hybrids."

- Insertion of the following sentence at the end of Section 1.3 (Risks):

  "Please refer to Section 5 of the Prospectus where additional risks associated with investing in Futuris Hybrids are set out."

- Insertion of "unfranked" before "Distribution" in the second sentence of Section 2.6.1 (Provisions of Tax File Number and/or Australian Business Number).

- Insertion of the following sentence at the end Section 5.1.11 (Taxation implications):

  "Futuris has not obtained a class ruling or a private ruling from the Australian Taxation Office in relation to the Futuris Hybrids."

- Insertion of the following sentence after "2006" in paragraph 3 of Section 6.1 (Introduction):

  "and has been prepared on the basis that Futuris has not obtained a class ruling or a private ruling from the Australian Taxation Office in relation to the Futuris Hybrids."

- Insertion of the following sentence at the end of the second paragraph of Section 6.4.1:

  "The unpaid Distribution amount should be taxable as a Distribution (see Section 6.3 above) and will form part of the cost base of the Ordinary Shares."

- Replacement of "48.5%" with "47%" in Section 6.6 (Quotation of Tax File Number (TFN) or Australian Business Number (ABN)).

3. Financial ratios

- Replacement of existing Section 4.4 (Effect of issuing the Futuris Hybrids on selected financial ratios) with the following tables:

"4.4 Effect of issuing the Futuris Hybrids on selected financial ratios

4.4.1 Selected financial ratios - reported results

The following table sets out the effect of issuing the Futuris Hybrids on selected financial ratios using reported EBITDA and EBIT for the full year to 31 December 2005.

		Pro forma 31-December-05[2]	
	12 months ended 31-December-05[1]	$100m Futuris Hybrid Issue	$150m Futuris Hybrid Issue
Net debt / EBITDA[3]	3.0x	2.3x	1.9x
EBITDA / net interest[3]	3.4x	4.1x	4.6x
EBIT / net interest[3]	2.4x	2.9x	3.2x
EBITDA / (net interest + distribution)[3]	3.4x	3.5x	3.5x
EBIT / (net interest + distribution)[3]	2.4x	2.4x	2.4x
Net debt / equity * 100	35.4%	24.4%	19.6%
Net debt / (equity + net debt) * 100	26.1%	19.6%	16.4%

Notes:

1. Derived from Futuris reviewed results for the half year ended 31 December 2005 and audited results for the year ended 30 June 2005.
2. Pro forma calculations assume proceeds from the Futuris Hybrids used to repay debt.
3. Full year data to 31 December 2005 has been used to calculate these ratios. Reported EBITDA of $128.6m and Reported EBIT of $88.9m have been used in these ratios.

4.4.2 Selected financial ratios - adjusted results

The Selected Financial Ratios presented above have been prepared on a Reported Basis and include all non-recurring items. To further assist investors in their assessment of the underlying credit quality of Futuris, the table below shows what the key ratios of Futuris would be if they were adjusted to remove:

a. The negative impact of non-recurring items of $24.1m, which were largely attributable to writedown and expenses associated with the retirement of a livestock carrier vessel and costs associated with the exit of the Middle Eastern livestock business;
b. Further non-recurring adjustments under AIFRS of $36.2m relating to the recognition of Impairment Losses, raising of a Redundancy Provision and the restatement of the profit on the divestment of Thermal division.

		Pro forma 31-December-05[2]	
	12 months ended 31-December-05[1]	$100m Futuris Hybrid Issue	$150m Futuris Hybrid Issue
Net debt / EBITDA[3]	2.1x	1.5x	1.3x
EBITDA / net interest[3]	5.1x	6.1x	6.8x
EBIT / net interest[3]	4.0x	4.8x	5.3x
EBITDA / (net interest + distribution)[3]	5.1x	5.2x	5.2x
EBIT / (net interest + distribution)[3]	4.0x	4.1x	4.1x

Notes:

1. Derived from Futuris reviewed results for the half year ended 31 December 2005 and audited results for the year ended 30 June 2005.
2. Pro forma calculations assume proceeds from the Futuris Hybrids used to repay debt.
3. Full year data to 31 December 2005 has been used to calculate these ratios. Adjusted EBITDA of $188.9m and Adjusted EBIT of $149.2m have been used in these ratios."

5. Terms of the Futuris Hybrids

- Insertion of the following as new clause 16.7 (Ownership Requests) in Section 7 (Terms of the Futuris Hybrids and Terms of the Futuris Preference Shares):

" **16.7 Ownership Requests**

The Issuer may at any time (but no more than once a year) by notice in writing (**Ownership Request**) request a Holder or a person identified in a response to an Ownership Request (each a **Relevant Person**) to give the Issuer the following information:

(a) whether the Relevant Person is the beneficial owner of the Hybrids registered in the name of the Holder; and

(b) if not the beneficial owner, then to the best of the Relevant Person's knowledge after making due enquiry:

(i) the names and addresses of the person or persons who are the beneficial owners of the Hybrid (or on whose behalf of the Relevant Person holds those Hybrids or an interest in those Hybrids); and

(ii) for each person identified in paragraph (i), the number of Hybrids in which the person holds a beneficial interest (or which are held on behalf of the person).

A Relevant Person must provide the Issuer with the information requested in an Ownership Request as soon as practicable, and in any event within 3 Business Days of receipt by the Relevant Person of the Ownership Request. Failure to provide information under this clause 16.7 does not affect the Holder's rights under these Terms."

- Insertion of the following definition to clause 19.1 (Definitions):

"**Ownership Request** has the meaning given to it in clause 16.7."

- Re-ordering in alphabetical order of the following definitions in clause 19.1 (Definitions):
  - "Convert";
  - "Foreign Holder";
  - "Initial Margin";
  - "Realise".

6. Offer Management Agreement (OMA)

Amendment of Section 8.3.2 (Summary of Offer Management Agreement) as follows:

- Insertion of "institutional investors and" before "Syndicate Brokers" in paragraph 2;
- Under the heading "Termination Events":
  - moving "this Prospectus does not comply with the Corporations Act" from the section listing Termination Events that are **not** subject to materiality to Termination Events that **are** subject to materiality;

    - insertion of "the OMA is terminated" and "breach of the OMA" as Termination Events which are subject to materiality;
    - amendment of the last Termination Event to clarify that an adverse change to the assets, liabilities, profits, losses etc of **any entity in the Futuris group of companies** amounts to a Termination Event if it is material;
    - insertion of "the Corporations Act" before "the ASX Listing Rules" under the sixth bullet point of Termination Events subject to materiality;
- Under the heading "Indemnity":
    - Insertion of "related bodies corporate and each of their directors, officers, advisers" before "employees" to clarify that the indemnity extends to such persons;
    - insertion of "or from the Lead Manager's breach of the OMA" at the end of the paragraph, to clarify that the indemnity may not apply in that situation.

7. ASX waivers and confirmations

- Insertion of new paragraph (e) in Section 8.8 (ASX waivers and confirmations):

  "(e) Provided that Futuris' issue of the Futuris Hybrids falls within its issuing capacity under Listing Rule 7.1, Futuris is entitled to rely on Exception 4 in Listing Rule 7.2 in respect of the issue of Ordinary Shares on Conversion of the Futuris Hybrids; and"

8. Miscellaneous

- Deletion of "Futuris Corporation Limited - Futuris Hybrids Offer" under each reference to "Computershare Investor Services Pty Ltd" in Section 2.6.3 (Where do you send completed Application Forms?).

- Replacement of "will be" with "has been" in the last sentence of Section 3.4 (Availability of documents).

Consent to lodgment

Each director of Futuris has given and has not withdrawn, their consent to the lodgment of this Supplementary Prospectus with ASIC. This Supplementary Prospectus has been signed by Michael Sadlon, Company Secretary, on behalf of Futuris.

Michael Sadlon
Company Secretary
Futuris Corporation Limited