1 September 2008

Company Announcements
Australian Securities Exchange

Agreement for sale of shareholding in Amcom Telecommunications Limited.

Futuris announces that it has commenced the divestment of its 50% shareholding in Amcom Telecommunications.

The sale process comprises a now completed selldown by Futuris of 170 million shares to institutional investors and a selective buyback and cancellation by Amcom of the remaining 99 million shares beneficially held by Futuris for an average price of 18 cents per share, equating to a total value of $48.5 million.

Proceeds will be applied to debt reduction and the divestment will have a total net debt reduction benefit to Futuris of approximately $64 million, with the sale proceeds being supplemented by the deconsolidation of net debt attributable to Amcom.

The institutional selldown, managed by Euroz Securities Limited, was successfully completed at 17 cents per share. The selldown has reduced Futuris' shareholding in Amcom to 18.6%.

Amcom has agreed to buy back and cancel the remaining 99 million shares beneficially held by Futuris for $19.6 million, subject only to shareholder approval (excluding votes cast by Futuris and shareholders associated with Futuris). The transaction has the unanimous support of independent Amcom directors. In addition, an independent expert engaged by Amcom to assess the selective buyback in accordance with the requirements of the Corporations Act and ASX Listing Rules has concluded that the transaction is fair and reasonable to Amcom shareholders.

Futuris Chief Executive Les Wozniczka said that the transaction was another step forward in the Company's strategy of divesting non-core assets and concentrating resources on its performing rural and regional operations.

"Amcom is a great Company, with a bright future. Unfortunately, the decision by the incoming Federal Government to cancel funding for the OPEL rural and regional broadband network meant that pursuit of our telecommunications strategy became untenable and the Amcom shareholding non-core.

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“Accordingly we are realising our capital and reapplying it to our strategy of debt reduction and in reinvestment in our core performing rural and regional assets.”

Sale of the Amcom shareholding follows other transactions completed by Futuris in the 2008 financial year including the sale of its shareholding in Clean Seas Tuna, sale and leaseback of 15,000 hectares of plantation land and the divestment of the Rail and Bus thermal operations. In addition, wholly owned subsidiary Elders has announced the discontinuation of a number of non-core operations and projects.

The transaction as proposed represents sale at book value. Futuris previously recognised a $9.9 million gain arising from discount on acquisition realised with the consolidation of Amcom into its FY08 full year accounts as a non-recurring item.

Under the terms of the buyback agreement between Amcom and Futuris, payment of $7.0 million of the $19.6 million of the buy back consideration will be deferred until 31 January 2009. Futuris has the right to terminate the proposed selective buy-back in certain circumstances, including where a superior proposal (compared to the proposed buy-back) emerges to acquire all of Amcom.

Further Comment:

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Further information:

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