

28 October 2008

Company Announcements
Australian Securities Exchange

**FUTURIS CORPORATION LIMITED
ANNUAL GENERAL MEETING – 28 OCTOBER 2008
CHAIRMAN AND CHIEF EXECUTIVE OFFICER ADDRESSES**

In accordance with Listing Rule 3.13.3, I attach a copy of the prepared addresses to be given by the Futuris Corporation Limited Chairman and Chief Executive Officer respectively at the Annual General Meeting of Futuris to be held at 10:00am (Adelaide Time) today.

Ross Mallett
Company Secretary

Address by the Chairman, Mr Stephen Gerlach
to the 2008 Annual General Meeting of Futuris Corporation
28 October 2008

The twelve months since the Company's last Annual General Meeting have seen unprecedented volatility within the world's capital markets. This has affected the value of all listed companies and hence shareholder value. It has been a testing time for shareholders.

Clearly, Futuris has not been immune to those events. However, in 2008 we have also experienced some company specific events which have weighed on our performance which I will discuss today.

Shareholders will be aware from my public comments that Futuris is moving forward with new leadership on a refocussed, and re-energised, strategic agenda which your Directors believe will bring better performance and better value for shareholders.

This strategic agenda is the result of an eventful year for the Company and the Board's determination that intensified effort was required for Futuris to deliver on the trust placed in it.

In my address today I will:

- brief you on the critical events and outcomes from the year;
- explain the broad focus of our strategy and why we believe it will result in improved results for our shareholders;
- and comment on the Company's current position and its outlook for the remainder of the current financial year.

A detailed account of the year's results has been provided in the Company's Annual Report which has been mailed to shareholders who elect to receive it. Accordingly I will briefly re-cap the key results for 2008.

First, the Company recorded an underlying profit¹ of \$84.2 million, down from the previous year's record result of \$106.4 million.

Within this result, there was good improvement from Elders Rural Services, Elders Rural Bank, and Automotive operations with the former two reporting their strongest results yet.

However, these gains were offset by higher interest expense and lower earnings contribution from other sources, most significantly from Australian Agricultural Company. While the final underlying result was 21% lower than the record result set in 2007, it is still one of the highest reported by Futuris, having only been exceeded twice in Company history.

Statutory, or reported profit, for 2008 was affected by a number of non-recurring items which have been detailed in announcements to the ASX and in the Company's Annual Report. These non-recurring items totalled a charge of \$47.8 million. The large majority of this arises from the Elders operations and asset review during the year and charges to write-off expenditure for the Company's telco initiative after the decision by the incoming Federal Government to withdraw previously awarded

¹ Underlying profit = Net profit after tax and minority interests prior to non-recurring items.

funding for the OPEL rural and regional broadband projects. I will discuss OPEL again shortly.

After non-recurring items, Futuris reported a statutory profit of \$36.4 million compared with \$105.4 million in the previous year.

Directors have elected to maintain the final dividend of 5.5 cents per share after having regard to the Company's underlying performance and in acknowledgement of the loyalty of shareholders in a difficult year. The underwriting of both the interim and final dividend has enabled dividend distributions to shareholders without any impact on the Company's net debt position.

Futuris has customarily maintained a conservative balance sheet policy, as befits the holder of prudentially regulated financial services businesses. Year-end gearing and debt levels increased in 2008, but remained comfortably within our finance covenants and funding facilities.

Gross borrowings rose from \$610 million to \$768 million. The increase in borrowings is the result of a number of factors. These include higher interest and tax payments, and the application of cash to fund redemption of convertible notes that matured on 31 December 2007.

As at 30 June, Futuris had approximately \$550 million of spare capacity within its facilities of \$1.38 billion. The Company's financing is heavily weighted to the long term with no impending re-financing requirements. Debt and gearing trends for 2009 are expected to follow our typical annual pattern, peaking at the half year and reducing in line with the seasonally driven cash inflow that occurs over the final quarter.

Further impetus will be provided by the realisation of capital from the divestment of non-core assets. On this point, I wish to state clearly that the Company's forecasts are that it will remain comfortably within its finance covenants and funding facilities over the course of the 2009 financial year irrespective of the outcome or progress of the non-core asset divestment program.

I would now like to address the Company's growth strategy, more particularly the nature and rationale for the changes that have been made and what can be expected from Futuris in the future.

At last year's AGM we advised shareholders of our focus on the Australian rural and regional sectors, through Rural Services, Financial Services, Forestry and Telecommunications. The foundation of the telecommunications business was the OPEL joint venture, which had been selected by the previous Federal Government for funding to build and operate a rural and regional broadband network. The Company also identified the need to improve returns and announced the commencement of a sales process for our 43% shareholding in AAcO.

As I have said, the incoming Federal Government did not proceed with funding the OPEL broadband network. This was a particularly disappointing outcome, not only

for Futuris, and the employees who had joined the Company to fulfil its obligations under the OPEL contract, but also for those underserved for broadband in rural and regional Australia.

It is important to record that the Company's investment in the OPEL network was the result of detailed business and technical modelling and supported by a thorough, comprehensively researched and tested network solution designed to meet the performance and cost requirements of the government of the day. Substantial time and expense was incurred by both the OPEL joint venture partners, Optus and Futuris, in designing a network that would bring broadband to underserved rural and regional communities at metropolitan comparable prices.

The decision by the incoming government that the OPEL broadband network would not proceed and that it would pursue the policy option it proposed whilst in Opposition has resulted in significant writedowns for both of the OPEL joint venturers as no material recompense of expenses incurred was offered or made available. The Government's actions were very disappointing.

The Company maintains that OPEL satisfied prescribed coverage requirements of the Funding Agreement. While Futuris may not agree with the government's decision, the cold hard facts are that the government was the customer.

The OPEL decision, and a disappointing result in MIS sales, were two of a number of events during the June quarter which precipitated a loss of investor confidence in Futuris, a dramatic decline in our share price and the resignation of our Chief Executive Les Wozniczka.

Throughout this period Futuris maintained dialogue with the investment community and media and, as Chairman, I was involved to a significant extent. The board took a proactive approach in assessing the Company's position, the changes required for better market recognition of its value and earnings prospects and the steps necessary for management to take the Company forward over the next few years. The bottom line was the Company's share price performance was inadequate and that action was required to effect improvement.

As a result, the Board set 4 high level strategic imperatives for Futuris:

- the concentration of Company resources behind its core performing rural and regional assets.
- the divestment of assets which are considered either non-core or non-performing on the basis the Board does not believe they are capable of producing an acceptable return within a reasonable timeframe;
- the reduction of debt and gearing levels; and
- as you can see, we have already recruited a new Chief Executive to lead Futuris through this process.

It's important to appreciate that this agenda is not a change in direction for Futuris. Rather, the board has committed to tighter alignment of strategy and capital behind our key performing businesses; a focus on strategy execution and the divestment of non-core or non-performing assets as quickly as shareholder value considerations permits.

Futuris has strong businesses at its core which are well positioned in their sectors. They are capable of generating good returns and have good growth prospects. The strategic agenda set by the Board is an acknowledgment that Futuris must give investors more direct exposure to businesses such as Elders and back that with disciplined shareholder-value-focussed capital management.

We are pleased to have secured Malcolm Jackman to succeed Les Wozniczka. Malcolm brings to Futuris proven capabilities in the leadership of a publicly listed company. His experience in engaging with markets and overseeing company rationalisation and restructuring are highly relevant to Futuris' current needs.

The first stage of our realignment of Company resources behind our performing rural and regional assets is the divestment, or discontinuation, of non-core businesses. Actions taken during and subsequent to the financial year just completed include:

- the sale of the Company's shareholding in Clean Seas Tuna for a profit \$1.5 million;
- The selldown of the Company's shareholding in Amcom Telecommunications from 50% to 18% through an institutional bookbuild. The selldown had a net debt benefit of \$45 million. We will seek to sell the balance of the shareholding with the objective of completing divestment as rapidly as shareholder value considerations permit.
- The completion of an asset, operation and project review by the incoming Elders management team. The review resulted in the decision to discontinue operations and projects in a number of areas which were non-core and or non-performing. I will speak more on Elders shortly.
- We have also divested the Rail and Bus Thermal operations formerly conducted by Air International. Futuris Automotive, and its 35% owned associate Global Thermal, remain the Company's sole remaining manufacturing assets; and
- We have completed the sale and leaseback by ITC of plantation land valued at \$90 million to Agricultural Land Trust. This transaction is intended to be the precursor of similar agreements that will enable ITC to establish forest plantations on a capital efficient basis.

Work on a number of other items, such as the sale of our shareholding in AAco is ongoing and the task of sustaining satisfactory returns and stock price for the Company's asset base remains.

Notwithstanding this, Directors believe that shareholder value gains will be progressively realised as the share market stabilises and the Company continues on the path it has set.

Non-core assets are the focus of a rationalisation program which our Chief Executive has been charged to execute as expeditiously as shareholder value considerations

permit. Our shareholding in AAcO and our Automotive interests have been identified as non-core and are the subject of divestment actions.

Divestment of our AAcO shareholding has been complicated by a number of events since we announced our intentions at last year's AGM. We were not able to meet our target of completion within the 2008 financial year but are positive about prospects of a satisfactory transaction. Whilst non-core to us, AAcO is a quality asset and a globally unique business. Notwithstanding the disruption brought by the recent financial crisis, we have continued to experience a level of interest and ongoing dialogue regarding the shareholding that supports our expectation that the divestment will be concluded.

Review of operations

I would now like to report on the status of our businesses and their positioning in current conditions.

Elders Rural Services

Elders Rural Services achieved its best financial results yet in 2008 – notwithstanding the adverse impact of a drought-affected first half. The business has a new management team under the leadership of Mike Guerin, who joined in March.

The new management team has confirmed our assessment of the potential of the business and is implementing a business transformation project to realise that potential and its opportunities across both the supply and demand profile of the Australian rural sector.

The business transformation process has already involved significant change for Elders, with more to come over the course of this year.

Under the first stage of the transformation process Elders has completely reconfigured how it organises and conducts its front end operations.

We have closed down State offices that managed network operations across individual States and relocated the management to the regions they will serve - where they are more in touch with the needs of their clients.

We have redefined our areas of focus: we've gone from sales territories defined by the state boundaries set in colonial times to discrete regions defined by commonality of agricultural activity and needs.

We've redesigned our management, incentive and reporting structures from the branch level right back to head office. This provides greater focus, and clear career paths in the two ingredients for network success: operational excellence and sales excellence.

With Stage 1 largely completed, attention and resources have shifted to the second stage which will create lean, network-facing support and back office functions. By shifting from a state-based to a national support structure, we expect to eliminate duplication in functions. Further savings are expected from economies in aggregation; by better leveraging our position as a major buyer and logistics provider in our field and application of IT.

As a result, Elders is becoming an organisation more focussed on client sales and service, improved margins and a disciplined approach to the achievement of commercial returns on invested capital.

As is always the case with these processes, the investment in change will bring some additional costs and expenditure, most of which will be incurred in the current year. However we are in no doubt about the benefits to be gained, with Elders reconfigured to a 21st century organisation better able to service its clients and shareholders. We expect that the benefits of the business transformation will be demonstrably apparent in results from 2010.

Elders Rural Services' 2008 results indicate that its core network business generated adequate returns but can do much better. However its downstream agribusiness interests in wool and meat need to lift their performance to meet threshold return rates. A review and assessment is currently being conducted of the downstream wool assets.

Since 2002, Elders has been building its grain business and systems to be ready for the deregulation of wheat exports. As has been highlighted today with the DVD presentation earlier, the Elders Toepfer Grain joint venture was in the very first group of new exporters to be accredited by the Australian Government for the deregulated bulk wheat market.

We are pleased with our relationship with Toepfer. It has been proven effective in deregulated barley markets and provides a capital efficient vehicle for Elders' opportunity to now participate in export wheat accumulation and sales. We have set modest targets for the initial years of deregulation, but expect to grow to a material market share within a few years.

The 2009 financial year will bear the large bulk of the costs associated with Elders Rural Services transformation project. Most of these costs will be incurred in the current half year period, which is also being affected by recent softening of business in areas such as real estate. Gains from the project will accumulate over several years but are expected to commence emerging in the second half, the period in which Elders typically earns the large majority of its earnings. Over the course of the full year, Elders Rural Services is expected to increase its underlying earnings contribution, given the normal qualifications on seasonal conditions.

Elders Financial Services

Results achieved in 2008 highlighted the quality and soundness of our banking and insurance operations.

Elders Rural Bank increased its profit 14% while improving credit quality ratios. Elders Rural Bank has no exposure to sub-prime instruments or offshore financial institutions. The Bank's lending is focussed on agricultural lending to Australian primary producers and its funds are totally sourced from within Australia, the major share of which is through retail deposits.

Our growth expectations for the bank this year have been confirmed by trading. The critical point for Futuris shareholders is that, notwithstanding increased funding costs and slightly lower loan demand, ERB is trading positively compared with 2008. The bank is in a very sound position and has no direct exposure to the factors driving the current problems in offshore credit markets.

On this note, Futuris welcomes the initiative demonstrated by the Federal Government in moving to guarantee deposits for banking institutions. Measures that

support the retention of confidence in the Australian banking system are vital in view of the uncertainty created by the failure of foreign banks offshore recently.

Our insurance operations are also performing to expectations. Elders Insurance, like Elders Rural Bank, operates on a conservative business model. Elders Insurance has no exposure to equity markets at all and all investments are in interest bearing cash bearing deposits with Australian banks. Recent reductions to interest rates will impact returns from insurance, but once again the critical point is that Elders Insurance is sound with no exposure to commercial paper, sub-prime or other factors impacting international financial services operations.

Forestry

In Forestry we have taken a conservative approach to the sale of MIS products and the funding of land requirements.

This year's MIS market was characterised by aggressive finance-based competition through the provision by some players of "low-doc" loan packages which feature reduced credit assessment requirements. ITC was not prepared to relax its credit criteria in this market, a policy which resulted in loss of market share and lower sales but which has preserved the quality of its business. ITC has negligible grower loans on its balance sheet.

The lower MIS sales have reduced ITC's earnings in the 2008 financial year and its expectations for the current year. However, as is becoming apparent, ITC has a sustainable and relatively conservative business model, with conservative up-front profit recognition and significant retained interest in the cash generated by harvest and sale. This approach, combined with ITC's employment of capital efficient land acquisition, has the business soundly equipped to compete for both wholesale and retail funds.

ITC's efforts to reduce its reliance on the MIS market have been progressed since year-end with an in-principle agreement reached with IDEENKAPITAL- GROUP, a subsidiary of Munich Re. IDEENKAPITAL has selected ITC as its preferred partner for the development of forest based investment products for retail investors in Germany.

In the longer term, ITC stands as one of the potentially major beneficiaries of the carbon management and trading schemes outlined by the Federal Government during the year. ITC's estate under management is estimated to sequester over 3 million tonnes of carbon per annum.

Automotive

Over the past three years the management team at Futuris Automotive have invested considerable effort in reforming the business to meet the demands of its market. The benefits of these initiatives are apparent in the 2008 results, in which Futuris Automotive increased its EBIT contribution from \$9.5 million to \$26.2 million.

Futuris Automotive has developed into a world class business in its sector. Its interior systems have been selected by vehicle producers in Australia, China, Thailand and South Africa and it is receiving growing acknowledgement for product design and operational efficiency.

Most recently, Boston Strategies International announced last week that Futuris Automotive had been selected from 500 companies worldwide as the winner of its 2008 award for excellence in achieving reliable and flawless supply chain execution. It has also been listed with some of the worlds leading automotive industry suppliers, as a finalist in the global PACE Awards for its carpet system products.

The progress made by the business in improving efficiency and earnings whilst developing from local supplier to global leader is a credit to Mark de Wit and his team.

However, notwithstanding the improvements made in the business, the downturn in vehicle build production schedules in Australia and the United States is having a significant impact on trading for Futuris Automotive, as it is for the whole automotive components sector.

We, like other participants, are keenly awaiting the Government's response to the Bracks Report. The current global financial crisis is clearly an extraordinary economic event that is exerting a mounting effect on automotive production. Consumer confidence will return in due course but in the meantime there is the danger that irreparable damage is being incurred to a major employment sector within the Australian economy.

I would now like to make a few comments about the board.

Board of Directors

Futuris has an ongoing process of board renewal which balances the introduction of fresh ideas and approaches through new appointments and the desirable retention of a core understanding of the Company and its operations.

Under this process, the Company has made new appointments to the board in 5 of the past 8 years. The board has a range of experience which is weighted towards new appointments. Four of the nine directors on the board today have served the Company less than 5 years and another three directors have served less than 7 years. We consider this to be an appropriate balance of fresh talent and thinking with corporate memory and continuity.

Hutch Ranck joined our board in June 2008. Shareholders will shortly have the opportunity to vote on Hutch's appointment. The benefits of his experience in business, acquired through a 29 year career at DuPont, are already evident. In particular, Hutch's experience in products such as agricultural chemicals and in Asian Pacific markets is especially relevant to the Company's rural and regional operations. The Board is looking forward to his ongoing contribution to Board deliberations.

Malcolm Jackman joined the board subsequent to year end as result of his appointment as Chief Executive Officer and Managing Director.

I would like to take this opportunity to publicly express to shareholders the board's acknowledgement of the contribution made to Futuris by Les Wozniczka. As I noted in the Company's Annual Report, Les' efforts have been critical to the development of Futuris' best assets, with the securing of a banking licence and the establishment of Elders Rural Bank and the re-building of Elders being particular highlights. Les departs with our thanks and best wishes for the future.

Before I close my address with comments on the Company's trading results and outlook for the current financial year, I would like to invite our new Chief Executive Malcolm Jackman to address the meeting.

First quarter results and outlook

Results for the first quarter reflect the trading patterns and developments I have outlined in my earlier review of operations:

- **Elders Rural Services** has recorded increased network sales, but EBIT has been affected by the costs arising from the business transformation project in train, the downturn in real estate activity and lower returns from wool processing as volumes contract.

Our full year earnings expectations for this business are essentially unchanged. Elders Rural Services' results for the six months to December are projected to be well below that recorded in the 2008 first half, with gains accruing from the transformation project in the second half forecast to enable growth in full year underlying EBIT.

- **Elders Financial Services'** results for the first quarter are right on schedule for the year. Ordinarily, this would be sufficient for affirmation of its full year earnings outlook. However, we must expect that the mounting deterioration in the confidence and outlook of financial and consumer markets that has occurred this month will depress earnings potential for financial services businesses generally.
- **ITC** is trading in line with expectations. A pleasing feature of the ITC result for the first quarter is the ongoing improvement in earnings generation from timber processing operations.
- Our **Automotive** operations are expecting the impact of the lower build schedules and the credit crisis to be greatest in the second half, although the extent is difficult to quantify at this stage.

The strong second half weighting of our profit emergence and the seasonal nature of our business means that earnings projections in the September quarter are highly conditional. This year's position is even more unclear as the timing and progress of our non-core asset divestment program can affect full year underlying earnings. In addition, it is still too early to assess what flow-on impact will arise from the global financial crisis.

However, as things stand today, our expectation is that full year underlying net profit to shareholders will approximate the lower end of the current range of market expectations.

This full year result is expected to comprise a substantially lower first half profit, chiefly due to the impact of business transformation project costs on Elders.

However, benefits arising from the program are expected to accumulate in the six months to June and provide added impetus to the Company's traditionally strong second half. More importantly, our earnings outlook for 2010 is anticipated to be much improved through the contribution from a reinvigorated and leaner Elders.

Conclusion

In conclusion, 2008 was an especially challenging year for Futuris and its shareholders. More recently, the company-specific events I described in my address have been overshadowed by those currently affecting the international economy.

In the face of unprecedented financial market volatility, Elders, Elders Rural Bank, Elders Insurance and ITC have all been shown to be strong, soundly-based and of growing significance in their markets. They are managed by an enthusiastic and capable team of managers.

Our task at Futuris remains to provide shareholders with the best risk adjusted return possible from the capital invested.

Futuris has underperformed in that respect. But through refocusing our strategy and concentrating our attention, capital and resources to our core performing businesses we expect to achieve improved earnings and share price performance, relative to market over the coming two to three years.

Futuris is changing, as it needs to. Our incoming CEO has been mandated to effect the changes necessary for your Company to consistently deliver superior performance and to realise the potential within its current assets as Australia's leading agribusiness.

Address by Malcolm Jackman
Chief Executive Officer and Managing Director Futuris
to the 2008 annual general meeting of Futuris Corporation
28 October 2008

Thank you Stephen and good morning fellow shareholders, ladies and gentlemen.

My tenure as CEO is not sufficient for me to deliver a meaningful presentation on my evaluation of Futuris, its future and strategy.

That's a task that will occupy a significant part of my time in the coming months prior to a formal presentation after our half year results of the strategy by which I plan to lead Futuris as we move forward.

What I would like to do this morning is briefly tell you a little about myself, what attracted me to Futuris and my broad objectives for the coming 12 months.

I have joined Futuris after 5 years with Coates Hire, an ASX 200 Company until its acquisition by a private equity consortium earlier this year.

I come to the role with a personal philosophy that the role of CEO has three key elements:

- Providing strategic and visionary leadership to the organisation.
- Recruiting, retaining, developing and coaching the key executive management team.
- Being the "Chief Sales Officer" to all stakeholders including shareholders, customers, staff and suppliers.

While improving shareholder value is of prime concern to any CEO of a public company my starting point in reviewing company performance is safety. There is no more fundamental duty for a manager than ensuring those in his responsibility can complete their day's work safely and without exposure to hazard. Its an area where our Company needs to improve and will be the first agenda item on all management meetings.

I'm the first to admit I come without any direct experience in agriculture but I bring experience in the successful leadership of a publicly listed company, of engagement with investment markets, building companies and leadership of an executive management team.

These are all critical issues for Futuris and I am pleased to note that my early impression is that the Company has a first rate understanding of agriculture, forestry and regional business within the capable and enthusiastic team of managers responsible for leading our rural and regional businesses.

I am delighted to have the appointment as the CEO of Futuris.

Australia is a world leader in primary production and Futuris has some outstanding businesses in this sector - from iconic market leaders such as Elders, its nimble and successful niche players in financial services and ITC, which has the assets to become an internationally significant player in woodfibre and carbon markets.

Not to mention that when we get in a car there is a good chance the seats were designed and made by Futuris Automotive.

However, as the Chairman has noted, shareholders have not received adequate rewards for their investment, with their exposure to the wealth generated by these assets diluted by other more diverse interests and strategies.

I am 100% supportive of the board's strategy outlined by the Chairman and will be working to advance it significantly over the next 12 months. Futuris has some great assets and the board's strategy is designed to ensure that:

- investors get better exposure to those businesses;
- the businesses themselves get the capital and management support that will enable them perform;
- and that the Company applies the capital discipline and balance sheet management that will encourage the right decisions to be made in the investment of shareholders funds and that growth is shareholder value accretive.

To achieve this I have 6 clear objectives:

1. Simplifying what is a very complex corporate structure.
2. Strengthening the Company's balance sheet
3. Delivering on the potential of the business - this is one of the features which particularly attracted me to the Company.
4. Improving the Company's engagement with the investment community.
- 5 Expanding the Company's potential to generate financial growth; and
6. Improving total shareholder return to attractive levels, with the objective of being "top of class" and sustaining superior performance within the ASX 200 Industrials.

There is a degree of natural dependency between these objectives. For example simplification of our corporate structure, strengthening our balance sheet and engagement with the investment community are close to being pre-requisites for the remaining three objectives.

For this reason they will have a high priority in the coming 9 months, whilst we steadily work towards realising the potential of the business and lifting shareholder returns.

I look forward to presenting the Corporate Strategy through which we plan to achieve these objectives later this year. I welcome your emails – you can find an address for me on the Company's new website which has been launched today and I am always available for you by phone.

Thank you for your attention this morning. I hope to get to meet you over a cuppa after the meeting.