

14 August 2008

Company Announcements Platform
Australian Securities Exchange

Futuris Annual Results – Year Ending 30 June 2008
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Attached is the Futuris Corporation Limited Preliminary Final Report – ASX Appendix 4E for the financial year ending 30 June 2008, together with press release and discussion & analysis of the Company's results.

Ross Mallett
Company Secretary

14 August 2008

Company Announcements Platform
Australian Securities Exchange

Solid Underlying Result, Reported Profit down on Non-recurring items

- Profit, dividend and Net debt within guidance
- Underlying EBIT up 1% to \$171.7 million
- Underlying profit to shareholders of \$84.2 million, within guidance, down from \$106.4 million
- Non-recurring items of \$47.8 million after tax, as previously announced
- Reported profit of \$36.4 million down from \$105.4 million
- Final dividend maintained
- Net debt at 30 June of \$523.0 million

Futuris has announced its financial results for the 2008 financial year today, featuring an underlying¹ net profit after tax of \$84.2 million, and a Reported Profit to shareholders of \$36.4 million following recognition of a number of non-recurring items totalling \$47.8 million after tax.

A final dividend for the year ending 30 June 2008 of 5.5 cents per share fully franked has been declared, taking the total dividend to the year to 9.5 cents fully franked. Futuris' dividend reinvestment plan (DRP) will be in operation in respect of the final dividend. The shortfall in respect of the DRP will be fully underwritten by Citi.

The 2008 result compares to the record underlying profit to shareholders of \$106.4 million and reported profit of \$105.4 million in the previous year. The 2007 results incorporate profit after tax of \$21.5 million from Property operations that were divested during the course of that year. The 2007 profit, earnings and revenue numbers have also been restated upwards by \$4.7 million to recognise the impact of a change in accounting policy on the Company's equity share of FEA's 2007 profit.

Underlying Earnings Before Interest and Tax (EBIT) was \$171.7 million compared with \$169.4 million in 2007.

The underlying profit result falls within the range of \$80 million to \$85 million advised in earlier earnings guidance while the year-end net debt figure of \$523.0 million is lower than the forecast of approximately \$600 million.

Non-recurring items are as announced and detailed previously by an earlier announcement and include charges arising from the Federal Government's decision to cancel funding for the OPEL rural and regional broadband network, loss on sale of the Rail and Bus thermal operations, and restructuring, business closure and writedown costs arising from the change and improvement program being conducted by Elders Rural Services.

¹ Underlying = prior to non-recurring items

Futuris Chief Executive Les Wozniczka said that the key factors in the movement in underlying profit to shareholders compared with the previous year were a \$16.9 million increase in interest expense, a \$9.3 million reduction in profit after tax contributed by AACo and the absence of the \$21.5 million contribution made to the 2007 result by the divested property operations.

“Although higher interest and lower income from AACo impacted our overall result, the year featured strong performances from our Elders Rural Services, Elders Rural Bank and Automotive operations.

“Elders Rural Services recorded the greatest improvement, achieving its best ever result in lifting underlying EBIT from \$49.1 million to \$60.7 million.

“Elders’ strong result was driven by its core traditional network operations. The Elders network and its associated joint ventures had an outstanding year, lifting its EBIT by 43%, after a lower, drought affected first half.

“With strong grain markets our agency operations have performed well, with particularly good results from the sale of merchandise, chemicals, our initiatives in grain and the HiFert fertiliser business.”

This momentum was also reflected in higher distribution fee income from financial services and real estate activities.

“Elders has responded to the new management and initiatives introduced during the year and we know Elders has the capacity to deliver further gains as it progresses through the change program now well underway” he said.

Changes made to date within Elders Rural Services include the move from a state office based structure to a more focussed regionally based management structure, the scaling back of greasy wool trading to indent trading and the decision to exit fruit packing operations.

The growth in earnings generation by the Elders network was offset by lower income from its Agribusiness interests as livestock and wool processing operations were affected by lower volumes brought by tough drought conditions during calendar 2007.

“Earnings contribution from Elders Financial Services was in line with our expectations with excellent banking results offsetting softer insurance markets and the return of claims ratios to customary levels.

“Elders Rural Bank showed the soundness of its business despite the year’s volatile financial markets. The Bank’s profit after tax rose by 14 % and credit quality improved as net non-performing loans fell to 0.33% from 0.36% the previous year. Retail deposits continued to grow, which is impressive given the challenges in global credit markets.” Mr Wozniczka said.

Underlying EBIT generated by ITC of \$61.3 million was broadly in line with the 2007 result of \$61.6 million despite significantly lower MIS sales. ITC was able to largely overcome the impact of the reduction in MIS sales through earnings increments generated across the balance of its operations including higher woodchip prices, growth in harvest and accrued income, increases to the value of plantation land holdings and improved results from timber processing.

ITC’s 2008 financial results include estimates of its equity accounted earnings from Forest Enterprises Australia (FEA) of \$11.2 million (\$11.0 million in 2007). Subsequent to the closing of Futuris’ 2008 accounts FEA announced unaudited financial results which suggest

that Futuris' final equity income from FEA for FY08 will be approximately \$15 million. Any variation between the \$11.2 million equity share recognised in the Futuris 2008 accounts and that arising from FEA's audited financial results will be recognised in FY09.

Futuris' Automotive operations lifted its underlying EBIT from \$9.5 million to \$26.1 million as a result of its global expansion strategy, efficiency and new product initiatives taken in 2007.

Gearing and net debt rose compared to the previous year, largely reflecting the higher opening debt and the cash redemption of convertible notes maturing on 31 December 2007. Gearing as at 30 June was 29% and net debt \$523.0 million compared with 24% and \$364.9 million at the beginning of the year.

Mr Wozniczka said that Futuris was comfortably within its debt facilities and covenants. "As at 30 June we had roughly \$550 million of spare capacity within our corporate debt and finance sources, a position which will be enhanced by the proceeds of the sale of non-core assets."

Comment by Chairman

Chairman Stephen Gerlach said: "Futuris' 2008 results affirm the Company's renewed focus on paring back to core businesses, divestment of under-performing and non-core assets and further debt reduction. They show that our core operations, particularly Elders Rural Services, are strong and generating good EBIT growth."

"It is disappointing that this growth, and our higher EBIT, did not flow through to profit to shareholders this year due to higher interest and lower contribution from non-core assets.

"The Board and senior management are also very cognisant of the poor share price performance, particularly over the last twelve months, notwithstanding the difficulties facing equity and debt markets generally.

"We are intent on fully realising the potential in the core businesses, reducing interest and addressing unsatisfactory returns on shareholder capital that is invested in under-performing and non-core assets. We expect to advance our strategy during the current year through realisation of capital from non-core assets.

"We will be looking to make further material advances with this strategy over the balance of the year. The recruitment search for a new Chief Executive to replace Les Wozniczka is also progressing and we look forward to announcing an appointment in due course."

Outlook

Conditions within rural and regional Australia remain generally better than 12 months ago, and agricultural markets remain strong. The Company's current expectations for FY09 profit are unchanged from that advised previously of an underlying profit to shareholders within the range of \$85 million to \$90 million, subject to the customary qualifications concerning seasonal conditions and MIS sales. This expectation does not include additional equity earnings from FEA as a result of the release of its audited accounts as discussed above.

14 August 2008

Further comment: Chief Executive: Les Wozniczka 08 8425 4999
Chairman: Stephen Gerlach [no]
Further information: Don Murchland 0439 300 932

Discussion and Analysis of 2008 Financial Results

Results for the twelve months ended 30 June 2008

1. Profit

Futuris Corporation has recorded an Underlying Profit to Shareholders of \$84.2 million for the 2008 financial year, 21% lower than the corresponding result of \$106.4 million in 2007. Reported profit for 2008 was \$36.4 million after non-recurring items of (\$47.8) million.

FY2008 Profit¹: Underlying and Reported					
	\$ million	Underlying Profit		Change %	
		FY08	FY07		
Underlying EBIT	171.7	169.4	+1%		<i>Increased earnings from Elders Rural Services & Auto. FY07 ebit and profit restated upwards by \$4.7 million to recognise impact of FEA accounting policy change on FY07 results.</i>
Net interest	56.9	40.0	+42%		<i>Higher debt and higher interest rates</i>
Underlying profit before tax	114.8	129.4	-11%		<i>Increased interest expense</i>
Minority interests	9.6	2.8	+ 243%		<i>Consolidation of Amcom</i>
Tax	21.0	20.2	+ 4%		<i>Tax on underlying profit, total tax expense of \$9.0 million includes tax benefit attributable to non- recurring items</i>
Underlying Profit to shareholders	84.2	106.4	-21%		<i>Lower due to interest in 08 and property income in 07,</i>
Non-recurring items after tax	47.8	(1.0)	n/m		<i>Detailed following</i>
Reported profit	36.4	105.4	- 65%		<i>Impacted by non-recurring items, & underlying income factors</i>
Earnings per share – underlying basic	11.13	14.65	- 24%		
Earnings per share – reported basic	4.82	14.51	- 66%		
Earnings per share – reported diluted	4.40	13.50	- 67%		

Movement in underlying profit before tax

Factors in PBT growth	
	<i>\$ million</i>
2007 Underlying profit before tax	129.4
Elders Rural services EBIT	+ 11.6
Elders Financial Services EBIT	- 4.8
Automotive EBIT	+ 16.6
Forestry EBIT	-0.3
Amcom EBIT	+ 13.3
AACo/Webster	-10.4
Investment and other EBIT	-2.2
Discontinued Operation Property EBIT	-21.5
Total EBIT movement	2.3
Net interest	-16.9
2008 Underlying profit before tax	114.8

2008 underlying profit before tax movement includes:

- EBIT growth totalling \$36.4 million from operations (Elders Rural Services, Elders Financial Services Forestry, Automotive and Amcom)
- Absence of contribution from discontinued property operations (EBIT of \$21.5 million)
- \$10.4 million reduction in equity accounted contribution from AACo and Webster.
- Insurance investment income up by \$0.9 million
- Net interest expense rose by \$16.9 million.

Non-recurring items

Calculation of underlying profit						
\$ million	EBIT		Profit before tax		Profit after tax and OEI	
	08	07	08	07	08	07
Reported	94.0	168.8	37.1	128.8	36.4	105.4
Non-recurring items:						
Rail & Bus opns	(16.2)		(16.2)		(8.2)	
Elders	(36.7)		(36.7)		(25.4)	
Other restructuring	(9.3)		(9.3)		(7.6)	
Telecom.	(9.5)		(9.5)		(3.7)	
Other	(6.0)		(6.0)		(2.9)	
2007 non-recurring items		0.6		0.6		1.0
Adjustments for underlying profit	77.7		77.7		47.8	
Underlying	171.7	169.4	114.8	129.4	84.2	106.4

The 2008 reported profit includes a number of non-recurring items which total a loss of \$47.8 million after tax and which were disclosed by way or prior announcement. These items include:

- a net charge of \$3.7 million from telecommunications initiatives comprising discount on acquisition and fair value adjustment totalling \$9.9 million on the consolidation of Amcom Telecommunications; offset by charges of \$13.6 million arising from the Federal Government's cancellation of funding for the OPEL rural and regional broadband network.
- a loss on book value of \$8.2 million incurred in the sale of the Rail and Bus HVAC business.
- A total charge of \$25.4 million relating to Elders, principally being charges and provisions arising from review and restructuring of Elders Rural Services. This item is detailed in the Review of Operations following.
- Other restructuring costs totalling \$7.6 million principally relating to the restructuring of Transit operations for divestment.
- Other items totalling a net loss of \$2.9 million comprising gain on acquisition, loss on sale/writedown of other non-core assets to anticipated realisable value.

The 2007 result included a non-recurring charge totalling \$1.0 million after tax, comprising gains arising from the sale of the Company's property development operations and expenditure on the successful OPEL bid for Broadband Guarantee Infrastructure Program funding.

Revenue and expenses

Profit and loss items			
<i>\$ million</i>	2008	2007	Change
Sales Revenue	3,312.1	3,228.5	+ 3%
EBITDA (underlying)	214.3	207.0	+ 4%
Depreciation & amortisation	42.6	37.6	+ 13%
Income from associates	51.2	45.9	+12%
Interest Revenue	15.4	13.9	+ 10%
Borrowing costs	72.3	54.0	- 34%
Net Borrowing costs	56.9	40.0	+ 42%

Dividend

<i>Cents per share</i>	2008	2007
Interim	4.0	4.0
Final	5.5	5.5
Total	9.5	9.5

Significant revenue and expense outcomes for the year include:

- Sales revenue rose 3% (\$84 million) chiefly due to growth contributed by all Elders Rural Services and the contribution of sales from Amcom, which was consolidated during the year. These items offset the absence of contribution from the divested Property operations which generated sales revenue of \$137.7 million in FY07.
- Income contribution from associates and joint ventures up \$5 million (12%) due to increases from HiFert ; and Elders Rural Bank and the commencement of the Elders Toepfer Grain joint venture which offset reduction from Australian Wool Handlers, AACo and Webster. The FY2007 comparative has been restated by \$4.7 million to reflect change in the impact of a change in accounting policy by FEA.
- Interest revenue rose by 10% due to higher interest rates.
- Net Borrowing costs rose \$16.9 million due to higher average debt levels and interest rates.
- Depreciation and amortisation charge rose by \$5.0 million, essentially due to the consolidation of Amcom (\$5.1 million).
- Tax expense of \$9.0 million includes tax on underlying earnings of \$21.0 million offset by tax benefit on non-recurring items.

Dividends have been maintained. The 2008 total dividend represents a distribution to shareholders of \$ 73.4 million compared with \$69.5 million in 2007. Futuris' dividend reinvestment plan (DRP) will be in operation in respect of the final dividend. The shortfall in respect of the DRP will be fully underwritten by Citi.

3. Cash Flow

Cash Flow Items			
<i>\$ million</i>	2008	2007	Change
Net operating cash flows	(14.1)	85.0	-116%
PP & E payments	129.8	105.1	+ 24%
Payments for Investments	107.5	77.0	+ 40%
Net investing cash flows	(82.4)	(190.8)	- 57%
Net financing cash flows	96.3	(187.4)	- 151%
Cash movement	(0.3)	(293.2)	<i>n/m</i>
Net debt movement	158.0	162.9	<i>n/m</i>

n/m = not meaningful

Operating activities generated a net outflow of \$14.1 million (inflow of \$85.0 million in FY07). Factors in the result included:

- \$18.7 million increase in net interest payments;
- \$35.2 million increase in tax paid;
- unfavourable cash impact of a number of non-recurring items, which collectively impacted cash flows by a total of \$47.8 million.
- lower cash generation from Forestry and Elders Rural Services operations
- improved cash generation by Automotive operations.

Cash outflow from investing activities included:

- 24% increase in capital expenditure (\$129.8 million vs \$105.1 million) with major items being:
 - investment in forestry assets, principally being plantation land of \$86.4 million (\$63.2 million);
 - investment by Elders Rural Services of \$28.8 million,
- Proceeds of \$97.4 million from sale of investments, chiefly being sale of plantation land (\$90.3 million);
- Application of \$107.5 million to investments, which included capital contribution for Elders Rural Bank (\$19.0 million); investment in Amcom and iiNet (\$14.5 million); investment in Webster and aquaculture related investments (\$18.2 million); and contribution of capital to the Elders Toepfer Joint Venture (\$5.0 million).

Financing resulted in a net in-flow of \$96.3 million. Cash of \$136.1 million was applied to repayment of convertible notes which matured at 31 December 2007. Debt was drawn down by \$250.2 million and a further cash inflow of \$46.8 million from the underwriting of dividends.

4. Balance Sheet

Balance sheet: key items			
<i>\$ million (unless otherwise indicated) as at:</i>	30 June 2008	31 Dec 2007	30 June 2007
Shareholders' equity	1,296.0	1,309.7	1,196.6
Cash*	244.0	225.6	244.3
Current inventories	396.8	436.9	358.0
Property, P & E	313.0	325.4	220.4
Investments- equity a/c	694.5	620.8	586.2
Investment property	256.4	298.1	248.3
Intangibles	306.8	311.7	288.3
Current borrowings	164.9	314.4	214.2
Non-current borrowings	603.1	647.1	396.2
Gross Borrowings	768.0	961.5	610.4
Net debt*	523.0	734.9	364.9
Gearing# (%)	29%	36%	24%
NTA per share (\$)	\$1.14	\$1.06	1.22

*Includes insurance reserves and cash held in trust of \$174.9 million (\$183.8 million as at 30 June '07)

Calculated as net debt/net debt+ shareholders' equity

Gearing as at 30 June was 29% compared with 24% at the beginning of the year. Cash was maintained at \$244 million, while gross borrowings increased \$157.5 million due to financing requirements including cash redemption of convertible notes at maturity (\$136.1 million).

Year-end cash includes insurance reserves and cash held in trust totalling \$174.9 million. If this restricted cash is excluded, net debt at year-end would be \$697.9 million and gearing 35%.

Net debt is calculated as follows: current and non-current borrowings + derivatives on financial instruments less cash and less deferred receivable on financial instruments (\$0.9 million in FY08).

Significant movements in the balance sheet during the year included:

- Current inventories were \$396.8 million, 11% higher due to higher prices of merchandise stock within Elders Rural Services.
- a 21 % increase in Investments accounted for using the equity method. The reduction to this item resulting from the consolidation of Amcom was more than offset by increments arising from reinvestment in Elders Rural Bank, Webster and recognition of iiNet as an associate of Amcom.
- Property, plant and equipment rose by 42%, with the increase due to the consolidation of Amcom.
- Investment properties rose from \$248.3 million to \$256.4 million, due to net acquisition of plantation land by ITC.
- Intangibles rose 6%, with the increase reflecting the consolidation of Amcom.

Review of operations

Rural Services
Elders Rural Services

Elders Financial Results			
<i>\$ million, 12 months to 30 June:</i>	2008	2007	Change
Sales Revenue	2,472.3	2,309.5	+7%
Depreciation & amortn.	15.3	15.2	-
EBIT			
Network & related	63.5	44.6	+43%
Other Agribusiness	(2.8)	4.5	- 162%
Underlying EBIT	60.7	49.1	+24%
Non-recurring items:			
Discontinued opns: Horticulture/Seed fodder	(15.9)	-	
Other discontinued opns	(13.9)	-	
Redundancies / restruct.	(10.0)	-	
Other	3.1	-	
Total non-recurring	36.7	-	
Reported EBIT	24.0	49.1	- 50%
Net operating cash flows	48.2	102.1	- 53%
Capital Expenditure	28.8	27.0	+ 7%

Underlying result

- Underlying EBIT up 24% due to strong recovery by network operations
- Network and related operations increased EBIT by \$19.0 million; (43%) due to:
 - 29% lift in EBIT generated by network
 - 116% increase in equity accounted income from network related JV's (HiFert, Australian Wool Handlers, Elders Toepfer grain). Equity accounted contribution from HiFert rose from \$0.8 million to \$10.8 million.
- Income from Other Agribusiness (wool processing, meat and livestock supply chain) fell by \$7.3 million with the downturn reflecting impact of lower volumes brought by drought and lower wool demand.

Non-recurring items

- Horticulture: non-recurring items result from the decision to cease or exit subscale and non-core horticultural operations. Going forward, Elders' horticultural activities will be principally focussed on supply merchandise and other inputs to the horticulture sector.
- Other operations and projects discontinued as non-core resulted in charge of \$13.9 million
- Redundancies and restructuring: relates to costs arising from restructuring and the review of Elders operations including redundancies arising from reorganisation.
- Other assets/projects includes sale and recognises gain on sale of shareholding in Clean Seas Tuna and discount on acquisition of insurance agency business.

Network Operations

After a drought affected first half, Elders Rural Services recovered to record its strongest annual result to date. The result was driven by strong performance in network operations supported by HiFert and improved results in grain.

As anticipated, income from wool and livestock operations were lower than the previous year due to the lower volumes that characteristically occur following drought conditions.

The Elders network achieved strong revenue and volume growth in sale of merchandise, as well as improvement in revenue generated from financial services distribution, grain accumulation and real estate.

Features of the network revenue result by product include:

- Merchandise: revenue up 20% to record \$1,250.4 million, driven by higher sale of grain-related agricultural chemicals and fertiliser. Fertiliser volume of 771k tonnes up 2% from 757K tonnes.
- Livestock: cattle volumes down 7%; sheep volumes down 5%; due to drought.
- Wool: bales sold fell 19% to 601,300. The impact of this was mitigated by higher prices. Network wool revenue fell 10%
- Real Estate: increased revenue by 3%. Softer residential real estate markets were reflected in lower listing and settlement volumes, with residential markets (no sold down 12%) impacted the greatest. The impact of lower volumes was offset by higher broadacre sales values and higher property management income.
- Financial Services distribution: revenue up 5%,
- Grain revenue rose 31%. The Elders network accumulated 903,500 million tonnes of grain for sale. The majority was accumulated for the Elders Toepfer grain joint venture, which commenced in October 2007.

Elders Rural Services Sales Revenue				
<i>\$ million</i>	2008	2007	Change	
Merchandise	1,250.4	1038.7	+20%	
Livestock	444.5	520.9	-15%	
Wool	387.4	423.2	- 8%	
Real Estate	91.4	88.3	+3%	
Grain	229.4	175.7	+31%	
Financial services distbn	40.9	39.0	+5%	
Other	28.3	23.7	+20%	
Total	2,472.3	2,309.5	+7%	

Network related

Equity accounted income from network related joint ventures and associates rose by \$8.1 million, with the increase being due to HiFert.

- HiFert's contribution rose from \$0.8 million to \$10.8 million due to higher fertiliser prices. HiFert is a 50:50 joint venture with AWB.
- Australian Wool Handlers contribution fell from \$6.1 million to \$2.8 million due to lower wool volumes and shorter storage requirement for wool in store.
- Elders Toepfer Grain, which began in October 2007 contributed \$1.4 million.

Agricultural producing Associates

Rural Services segment includes equity accounted income from AAcO and Webster. These investments contributed a loss of \$4.1 million and profit of \$1.0 million respectively (profits of \$5.2 million and \$2.0 million in FY07).

Elders Financial Services

Elders Financial Services Results		
<i>\$ million, 12 months to 30 June</i>		
	2008	2007
Sales Revenue	218.5	204.0
Underlying EBT		
Elders Rural Bank (equity share npat)	20.5	17.9
Elders Insurance	18.1	23.9
Other	(2.9)	(2.3)
Total Underlying EBT	35.7	39.5
Reported EBIT	22.0	27.2
Reported EBT	35.3	39.5
Net operating cash flows	16.7	23.8

Earnings generated by Elders Financial Services was in line with that expected as a result of softer insurance markets and the return of claims experience to customary levels.

Elders Rural Bank, (a 50/50 joint venture with Bendigo and Adelaide Bank) increased its (equity accounted NPAT) contribution by 15%. Features of the Bank's performance included:

- loans under management rose 12% to \$3.63 billion from \$3.23 billion at 30 June 2007
- deposits rose 15% to \$3.73 billion (\$3.23 billion at 30/6/07)
- credit quality remained solid: ratio of net non-performing loans to gross loans improved to 0.33% (0.36%).

Elders Insurance results featured:

- 7% growth in gross written premium which rose from \$427.8 million to \$456.6 million. Premium growth was supported by expansion of product lines underwritten by Elders Insurance during the year.
- Increased claims experience and loss ratios from historically low levels of previous year:
 - o Net underwriting result excluding general and admin expenses and investment revenue of \$16.8 million (FY07: \$24.3 million)
 - o Net loss ratio of 66.8% vs (FY07:66.0%.)
- Investment income of \$13.3 million (FY07: \$12.3 million)

Capital of \$23.6 million was invested in business in 2008, principally capital contributions to Elders Rural Bank (\$19 million).

Forestry

Forestry financial results			
<i>\$ million</i>	2008	2007	change
Total Revenue	231.3	205.5	+13%
Underlying EBITDA	66.6	66.6	-%
Depreciation & Amortisation	5.2	5.0	+ 4%
Equity accounted income	12.2	11.1	+ 10%
Underlying EBIT	61.3	61.6	-%
Non-recurring items	0.1	-	
Reported EBIT	61.4	61.6	-%
Net operating cash flows	(11.4)	5.4	- 311%
Capital expenditure	86.4	63.2	+ 37%
Sale of PPE/property	94.3	4.1	n/m
Revenue analysis:			
Forestry			
Establishment income	45.3	59.7	-24%
Management fees	18.4	11.3	+63%
Land rental	33.6	24.1	+39%
Harvest & port fees	23.0	16.9	+36%
Total forestry	120.3	112.0	+ 7%
Timber revenue	69.1	61.5	+ 12%
Inv. Property & SGARA	25.3	16.7	+ 51%
Other income	4.4	4.2	+ 5%
Equity accounted income	12.2	11.1	+10%
Total Revenue	231.3	205.5	13%

EBITDA generated by ITC was unchanged, with increased earnings from Timber and equity accounted income offsetting a slight reduction in earnings from Forestry.

FY2007 equity accounted income and EBIT has been revised upwards by \$4.7 million from that reported previously to recognise the impact of a change in accounting policy by FEA.

Total revenue rose \$25.8 million with the factors in the movement including:

- Forestry revenue up \$8.3 million;
 - Establishment income lower due to lower MIS sales in 2008;
 - Management fees & land rental growth reflects expansion of plantation area under management;
 - Harvest & port fees rising with growth in harvest volumes. In FY2008 ITC harvested 2,300 hectares of its plantation.
 - Revenue growth from expansion of plantation estate and harvest volumes Impact of lower MIS establishment income on Forestry revenue offset.
- Timber revenue up \$7.6 million, benefiting from demand for new laminated products and a lift in export sales.
- Investment property/SGARA increase of \$8.6 million; reflects appreciation of land held by ITC and application of higher woodchip price to plantation
- Equity accounted income sourced from shareholding in FEA and Smartfibre joint venture rose \$1.1 million².

Reported EBIT includes net non-recurring items of \$0.1 million, which includes discount on acquisition and restructuring costs.

² FY08 estimates of equity income from FEA were prepared prior to release of FEA audited results. Variation between the income estimates recognised in FY08 and that arising from FEA's audited accounts will be recognised in FY09.

Lower cash flow from operations is due to lower MIS sales and increased plantation establishment costs.

Capital expenditure of \$86.4 million relates to acquisition of 15,000 ha of plantation land. Land valued at \$90.3 million was sold to and leased back from Agricultural Land Trust. ITC's estate at 30 June 2008 comprised was 160,000 plantable hectares, of which 45,000 ha are owned directly by ITC with the balance leased.

Automotive

Automotive Financial Results		<i>12 months to 30 June:</i>		
<i>\$ million</i>		2008	2007	Change
Sales		384.2	329.9	+17%
Underlying EBITDA		41.6	26.8	+55%
Depreciation & Amortisation		16.1	17.1	-6%
Underlying EBIT:				
Futuris Automotive		23.9	10.7	+123%
Associates (equity acc)		2.3	(1.2)	+292%
Underlying EBIT		26.2	9.5	+176%
Reported EBIT		26.2	9.5	+176%
Operating cash flow		60.2	21.0	+187%
Capital expenditure		7.3	14.2	-49%

Automotive operations were able to largely offset the revenue impact of reduced vehicle build in Australia through initiatives to expand its product range and the addition of sales from the commencement and ramp up of supply in China by Chery Automotive.

Underlying EBIT generated by Futuris Automotive operations rose due to benefits of efficiency and product expansion initiatives commenced in the previous year. The rationalisation of Australian assembly operations to two facilities was completed during 2008.

Improved results from associate Global Thermal contributed to improvement in equity accounted income. This improvement was due to \$3.8 million in equity losses being written off against the funding loan provided Futuris Administration (included in Investments and other).



Futuris Corporation Limited

ABN 34 004 336 636

**PRELIMINARY FINAL REPORT
APPENDIX 4E**

30 JUNE 2008

**PRELIMINARY FINAL REPORT
RESULTS FOR ANNOUNCEMENT TO THE MARKET
FINANCIAL YEAR ENDED 30 JUNE 2008**

				\$000
Revenues from continuing operations*	up	9.8%	to	3,402,591
Profit from underlying continuing operations after tax attributable to members	down	2.0%	to	93,854
Profit from continuing operations after tax attributable to members	down	15.2%	to	75,580
Loss from discontinued operations and loss on disposal of discontinued operations after tax	down	254.4%	to	(29,490)
Net underlying profit for the year attributable to members	down	20.9%	to	84,211
Net profit for the year attributable to members	down	65.4%	to	36,447
Dividends				
		Amount per security		Franked amount per security
Final dividend		5.5¢		5.5¢
Previous corresponding period		5.5¢		5.5¢
Record date for determining entitlements to the dividend				2 October 2008

* Revenues from continuing operations comprises:

	2008 \$'000	2007 \$'000
Sales revenue	3,274,659	3,016,517
Other revenues from continuing operations	112,510	67,683
Interest revenue	15,422	13,872
Total	<u>3,402,591</u>	<u>3,098,072</u>

FUTURIS CORPORATION LIMITED
CONSOLIDATED INCOME STATEMENT
YEAR ENDED 30 JUNE 2008

	Note	2008 \$000	2007 \$000
Continuing operations			
Sales revenue	3	3,274,659	3,016,517
Cost of sales		(2,426,096)	(2,220,224)
Other revenues		112,510	67,683
Other expenses	3	(869,750)	(777,263)
Share of net profits of associates and joint ventures accounted for using the equity method	7	51,236	46,023
Profit/(loss) on sale of non current assets	3	(2,369)	6,218
Profit before net borrowing costs and tax expense		140,190	138,954
Interest revenue		15,422	13,872
Borrowing costs		(72,320)	(49,532)
Profit from continuing operations before tax expense		83,292	103,294
Income tax expense	4	(7,712)	(14,189)
Net profit from continuing operations after tax expense	11	75,580	89,105
Net profit/(loss) of discontinued operations and gain/(loss) on disposal of discontinued operations, net of tax	11	(29,490)	19,094
Profit for the year		46,090	108,199
Net (profit)/loss attributable to minority interest		(9,643)	(2,769)
Net profit attributable to members of the parent entity		36,447	105,430

Underlying Operations

Basic earnings per share (cents per share)	11.13¢	14.65¢
Diluted earnings per share (cents per share)	10.16¢	13.62¢

Reported Operations

Basic earnings per share (cents per share)	4.82¢	14.51¢
Diluted earnings per share (cents per share)	4.40¢	13.50¢

Continuing Operations

Basic earnings per share (cents per share)	8.71¢	11.89¢
Diluted earnings per share (cents per share)	7.96¢	11.27¢

The accompanying notes form an integral part of this income statement.

FUTURIS CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 \$000	2007 \$000
CURRENT ASSETS			
Cash and cash equivalents		244,043	244,310
Trade and other receivables		633,782	633,465
Livestock		37,023	55,121
Inventories		396,842	357,978
Financial instruments		706	3,031
Other		132,277	112,581
TOTAL CURRENT ASSETS		1,444,673	1,406,486
NON CURRENT ASSETS			
Trade and other receivables		251,623	190,310
Forestry		25,716	21,421
Inventories		4	1,638
Other financial assets		16,937	38,736
Investments accounted for using the equity method		694,492	586,254
Property, plant and equipment		312,983	220,448
Investment properties		256,417	248,257
Intangibles		306,836	288,323
Deferred tax assets		79,178	79,813
Other (including design and development)		27,058	26,853
TOTAL NON CURRENT ASSETS		1,971,244	1,702,053
TOTAL ASSETS		3,415,917	3,108,539
CURRENT LIABILITIES			
Trade and other payables		966,726	889,567
Interest bearing loans and borrowings		164,905	214,204
Current tax payable		32,000	61,341
Provisions		208,136	204,455
TOTAL CURRENT LIABILITIES		1,371,767	1,369,567
NON CURRENT LIABILITIES			
Interest bearing loans and borrowings		550,657	354,466
Derivative financial instruments		52,366	41,731
Deferred tax liabilities		53,802	57,865
Provisions		91,149	88,309
TOTAL NON CURRENT LIABILITIES		747,974	542,371
TOTAL LIABILITIES		2,119,741	1,911,938
NET ASSETS		1,296,176	1,196,601
EQUITY			
Contributed equity	6	694,118	608,493
Convertible notes		-	54,263
Hybrid equity	6	145,151	145,151
Reserves		16,190	(22,408)
Retained earnings		353,991	403,063
TOTAL PARENT ENTITY INTEREST IN EQUITY		1,209,450	1,188,562
Minority interests		86,726	8,039
TOTAL EQUITY		1,296,176	1,196,601

The accompanying notes form an integral part of this balance sheet.

FUTURIS CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2008

	Note	2008 \$000	2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,979,463	8,858,049
Payments to suppliers and employees		(8,890,863)	(8,785,525)
Dividends received		28,840	33,843
Interest received		13,635	19,965
Interest and other costs of finance paid		(72,318)	(59,989)
GST paid (net)		(15,299)	(18,580)
Income taxes refunded (paid)		(30,291)	4,915
Other operating (outflows)/inflows		(27,261)	32,347
Net operating cash flows		<u>(14,094)</u>	<u>85,025</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment and investment properties		(129,847)	(105,147)
Payment for investments		(107,461)	(77,013)
Payment for design and development capitalised		(7,124)	(6,252)
Proceeds from sale of property, plant and equipment and investment properties		97,835	9,921
Proceeds from sale of investments		29,176	26,642
Loans to associated entities and related parties		(28,017)	(22,932)
Repayment of loans by associated entities		-	597
Loans to growers		(5,219)	(4,909)
Loans repaid by growers		4,299	3,567
Loans repaid by third parties		52,266	-
Payment for outside equity interests in controlled entity		-	(136,222)
Payment for controlled entity (net of cash acquired)	12	2,323	-
Proceeds from disposal of controlled entity (net of costs)		9,340	120,959
Net investing cash flows		<u>(82,429)</u>	<u>(190,789)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and other equity, net of costs		7,082	2,570
Proceeds from borrowings		250,186	95,904
Repayment of borrowings		(148,156)	(212,042)
Principal repayments of lease liabilities		(1,331)	(2,784)
Proceeds from leasing		-	636
Dividends paid		(58,340)	(71,731)
Dividends underwritten		46,815	-
Net financing cash flows		<u>96,256</u>	<u>(187,447)</u>
Net increase/(decrease) in cash held		(267)	(293,211)
Cash at the beginning of the financial year		244,310	537,521
Cash at the end of the financial year		<u>244,043</u>	<u>244,310</u>

The accompanying notes form an integral part of this cash flow statement.

FUTURIS CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2008

(\$000)	Issued Capital	Convertible Notes	Reserves	Hybrid Equity	Retained Earnings	Minority Interest	Total Equity
As at 1 July 2007	608,493	54,263	(22,408)	145,151	403,063	8,039	1,196,601
Currency translation differences	-	-	3,615	-	-	-	3,615
Cash flow hedge reserve and fair value of derivatives	-	-	3,415	-	-	-	3,415
Acquisition of minority interests in controlled entity	-	-	-	-	-	(695)	(695)
Partnership profits	-	-	-	-	-	(1,653)	(1,653)
Total income and expense for the period recognized directly in equity	-	-	7,030	-	-	(2,348)	4,682
Profit for year	-	-	-	-	36,447	9,643	46,090
Total income and expense for the period	-	-	7,030	-	36,447	7,295	50,772
Attributable to:							
Equity holders of the parent							43,477
Minority Interest							7,295
Equity Transactions:							
Issue of share capital, employee share plan	11,453	-	-	-	-	-	11,453
Exercise of options	2,415	-	-	-	-	-	2,415
Business combinations	-	-	27,501	-	-	72,160	99,661
Sale of Investment	-	-	-	-	-	(768)	(768)
Cost of share based payments	-	-	2,449	-	-	-	2,449
Shares vested to employees (net)	-	-	(1,274)	-	-	-	(1,274)
Dividend Reinvestment Plan	23,988	-	-	-	-	-	23,988
Dividends to shareholders	-	-	-	-	(72,848)	-	(72,848)
Dividends underwritten	46,815	-	-	-	-	-	46,815
Hybrid Equity Distribution	-	-	-	-	(9,779)	-	(9,779)
Convertible notes converted	954	(378)	-	-	-	-	576
Convertible notes matured	-	(53,885)	-	-	-	-	(53,885)
Recognition of share of reserve for losses in joint venture	-	-	2,892	-	(2,892)	-	-
As at 30 June 2008	694,118	-	16,190	145,151	353,991	86,726	1,296,176

The accompanying notes form an integral part of this statement of changes in equity.

FUTURIS CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
YEAR ENDED 30 JUNE 2008

(\$000)	Issued Capital	Convertible Notes	Reserves	Hybrid Equity	Retained Earnings	Minority Interest	Total Equity
As at 1 July 2006	577,717	57,384	63,843	145,151	371,367	12,463	1,227,925
Currency translation differences	-	-	(4,151)	-	-	-	(4,151)
Cash flow hedge reserve	-	-	2,140	-	-	-	2,140
Acquisition of minority interests in controlled entity	-	-	-	-	-	(5,273)	(5,273)
Change in accounting policy in associate (Note 2)	-	-	-	-	5,389	-	5,389
Partnership profits	-	-	-	-	-	(1,920)	(1,920)
Total income and expense for the period recognized directly in equity	-	-	(2,011)	-	5,389	(7,193)	(3,815)
Profit for year	-	-	-	-	105,430	2,769	108,199
Total income and expense for the period	-	-	(2,011)	-	110,819	(4,424)	104,384
Attributable to:							
Equity holders of the parent							108,808
Minority Interest							(4,424)
Equity Transactions:							
Issue of share capital, employee share plan	11,542	-	-	-	-	-	11,542
Exercise of options	2,571	-	-	-	-	-	2,571
Cost of share based payments	-	-	3,726	-	-	-	3,726
Shares vested to employees (net)	-	-	(6,937)	-	-	-	(6,937)
Scrip consideration	2,984	-	-	-	-	-	2,984
Dividend Reinvestment Plan	5,793	-	-	-	-	-	5,793
Dividends to shareholders	-	-	-	-	(65,393)	-	(65,393)
Hybrid Equity Distribution	-	-	-	-	(8,879)	-	(8,879)
Convertible notes converted	7,886	(3,121)	-	-	-	-	4,765
Fair value revaluations of associate's land and buildings	-	-	(85,880)	-	-	-	(85,880)
Recognition of share of reserve for losses in joint venture	-	-	4,851	-	(4,851)	-	-
As at 30 June 2007	608,493	54,263	(22,408)	145,151	403,063	8,039	1,196,601

The accompanying notes form an integral part of this statement of changes in equity.

FUTURIS CORPORATION LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2008

NOTE 1. BASIS OF PREPARATION

This report has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and other mandatory professional reporting requirements. This report is based on financial statements that are in the process of being audited.

NOTE 2. CHANGES IN ACCOUNTING POLICIES

Since 1 July 2007 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB Int 13 Customer Loyalty Programs
- AASB Int 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions (AASB 119)

During the fiscal year, Forest Enterprises Australia Limited, an associate, changed its accounting policy in relation to plantation land that is leased to growers in the consolidated entity's Managed Investment Schemes. Plantation land was previously accounted for under AASB 116 Property Plant and Equipment. Forest Enterprises Australia has now elected to account for fair value adjustments of plantation land under AASB 140 Investment Property. This change has been implemented as the directors of Forest Enterprises Australia are of the opinion that classification of plantation land as investment properties more accurately reflects the relationship between the growers and the consolidated entity. As part of this change, certain costs, which were previously expensed, are now capitalised and included in the cost of the land, prior to applying fair value adjustments.

The financial impact of the above accounting policy change on the current year earnings is an additional \$2,600,000 and a restatement of the 2007 opening retained earnings by \$5,389,000 and prior year profit by \$4,715,000.

NOTE 3. REVENUE AND EXPENSES

		CONSOLIDATED	
	Note	2008 \$000	2007 \$000
Sales revenue:			
<i>Continuing operations:</i>			
Sale of goods		2,302,774	2,066,815
Commission and other selling charges		688,239	712,676
Insurance premium revenue		208,287	182,254
Other sales related income		75,359	54,772
		<u>3,274,659</u>	<u>3,016,517</u>
<i>Discontinued operations:</i>	11	37,456	211,994
		<u>3,312,115</u>	<u>3,228,511</u>
Other expenses:			
<i>Continuing operations:</i>			
Distribution expenses		487,006	407,890
Marketing expenses		14,666	23,305
Occupancy expenses		17,492	11,312
Administrative expenses		154,713	144,733
Insurance claims & related expenses		128,981	120,292
Other expenses		66,892	69,731
		<u>869,750</u>	<u>777,263</u>
<i>Discontinued operations:</i>	11	53,535	25,278
		<u>923,285</u>	<u>802,541</u>
Loss on sale of non current assets			
- property, plant and equipment		(553)	2,993
- investments		(1,816)	3,225
- discontinued operations		-	8,920
		<u>(2,369)</u>	<u>15,138</u>

FUTURIS CORPORATION LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2008

NOTE 3. REVENUE AND EXPENSES (continued)		CONSOLIDATED	
	Note	2008 \$000	2007 \$000
Included in share of profits from equity accounted investments, other revenue and other expenses are the following:			
Telco operations closure costs		(19,401)	-
Horticulture operations closure costs		(11,320)	-
Loss on sale of Rail and Bus division		(16,189)	-
Seed and Fodder impairments		(4,588)	-
Reorganisation costs		(25,133)	-
Write off/impairment other projects and activities		(15,434)	-
Discount on acquisition		6,042	-
Derivative fair value gain		3,853	-
Profit on sale/Discount on acquisition		4,441	-
Sale of Caversham		-	8,920
Telecommunications bid and establishment costs		-	(9,566)
		<u>(77,729)</u>	<u>(646)</u>
Depreciation and amortisation		42,584	37,589
Employee benefits expense		318,022	312,164
Impairment losses (net)		-	269
Discount on acquisitions (gain)		-	4,100
Redundancies and restructuring costs		-	(11,732)
NOTE 4. INCOME TAX			
Prima facie income tax expense at 30% (2007: 30%)		11,122	38,623
Share of associate (profits)/losses		(12,151)	(9,819)
Non assessable (profits)/losses		(4,062)	(2,636)
Non deductible other expenses and amortisation		4,620	2,818
Losses recognised		(1,404)	-
Reconciliation to tax returns and other		(7,140)	(8,441)
		<u>(9,015)</u>	<u>20,545</u>
<i>Aggregate Income tax expense is attributable to:</i>			
- Continuing Operations	11	7,712	14,189
- Discontinuing Operations		(16,727)	6,356
		<u>(9,015)</u>	<u>20,545</u>

FUTURIS CORPORATION LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2008

NOTE 5. DIVIDENDS

CONSOLIDATED
2008 2007
\$000 \$000

Parent entity equity dividends on ordinary shares:

Dividends paid during the year

- Final fully franked dividend for June 2007 of 5.5¢ per share (2007: 5¢ per share, fully franked)	40,284	36,160
- Interim fully franked dividend paid April 2008 of 4¢ per share (2007: 4¢ per share, partly franked)	30,515	29,233
- Hybrid distribution	9,779	8,879
	<u>80,578</u>	<u>74,272</u>

Dividends proposed and not recognised as a liability

- Final fully franked dividend for June 2008 payable 28 October 2008 of 5.5¢ per share (2007: 5.5¢ per share, fully franked)	42,930	40,463
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Subsidiary dividends on ordinary shares:

Dividends paid to external parties during the year

- Amcom fully franked dividend paid October 2007 of 0.5¢ per share	2,049	-
	<u>125,557</u>	<u>114,735</u>

Shareholders can elect to have all or a certain number of their shares participate in the Company's Dividend Reinvestment Plan ("DRP"). The issue price of shares under the DRP is the weighted average closing market price of the Company's shares sold through ASX Limited during the fifteen (15) days immediately following the Books Close (Record) Date of 2 October 2008, less a discount of 2.5%.

The last date for receipt of election notices for the dividend plan is 2 October 2008.

NOTE 6. EQUITY

Contributed Equity

Ordinary shares:

Issued and fully paid up	<u>694,118</u>	<u>608,493</u>
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Movements in ordinary shares:

	Number of Shares	'000
Opening balance	735,640,128	608,493
Conversion of options	1,387,500	2,415
Dividends underwritten	24,609,680	46,815
Dividend reinvestment plan	12,757,050	23,988
Issued capital, employee share plan	5,746,830	11,453
Convertible notes converted	404,456	954
Closing balance	<u>780,545,644</u>	<u>694,118</u>

Hybrid Equity

Issued and fully paid up	<u>\$000</u>	<u>\$000</u>
	<u>145,151</u>	<u>145,151</u>

FUTURIS CORPORATION LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2008

NOTE 7. DETAILS OF EQUITY ACCOUNTED ASSOCIATES AND JOINT VENTURES

Name of Associate or Joint Venture	Principal activity of Associate or Joint Venture	Ownership Interest		Contribution to net profit or (loss)	
		2008 %	2007 %	2008 \$000	2007 \$000
Air International Thermal (US) Holdings Inc	Automotive	35	35	1,356	389
Australian Agricultural Company Ltd	Beef production	43	43	(4,142)	5,210
Australian Wool Handlers	Wool processing	50	50	2,797	6,116
Elders Rural Bank Limited	Financial Services	50	50	20,531	17,864
Forest Enterprises Australia	Forestry	31	31	11,000	11,115
ELF Pty Ltd (Hi-Fert Pty Ltd)	Fertiliser	50	50	10,775	803
Webster Ltd	Agribusiness	33	27	1,000	2,000
iiNet Limited	Telecommunications	22	-	3,500	-
Other				4,419	2,423
				<u>51,236</u>	<u>45,920</u>

FUTURIS CORPORATION LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2008

NOTE 8. NET TANGIBLE ASSETS

CONSOLIDATED
30 June 30 June
2008 2007

Net tangible asset backing per ordinary security

\$1.14 \$1.22

NOTE 9. SEGMENT INFORMATION

The Group is organised and managed separately according to the nature of the products and services provided. The consolidated entity comprises the following distinguishable components; Rural Services, Financial Services, Forestry, Automotive Components and Investment & Other (2007 included Property).

Rural Services include the provision of a range of agricultural products and services through a common distribution channel and its associate Australian Agricultural Company Ltd.

Financial Services include the provision of a range of financial services through a common distribution channel and the joint venture, Elders Rural Bank.

Forestry includes the Group's interests in forestry plantations and processing.

Automotive Components include the manufacturing and sales of automotive components of which the key components are seating, heating ventilating and air-conditioning systems.

In 2007, Property included the sale and development of land and commercial developments and an equity interest in a listed property trust, now recognised in Investment & Other. During the 2007 financial year, the Property division was sold, therefore there is no 30 June 2008 segment result disclosed for Property.

The Investment & Other segment includes the general investment activities not associated with the other business segments and the administrative corporate office activities, the Rail and Bus division and the Telecommunications division.

Segment results have been determined on a consolidated basis and represent the earnings before corporate net borrowing costs and income tax expense.

The Group operates predominantly within Australia. All other geographical operations are not material to the financial statements.

FUTURIS CORPORATION LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2008

NOTE 9. SEGMENT INFORMATION (continued)

Business Segments

	Rural Services	Financial Services	Forestry	Automotive Components	Investment & Other	Total
2008	\$000	\$000	\$000	\$000	\$000	\$000
External sales	2,472,331	218,534	191,344	384,241	45,665	3,312,115
Other revenue	13,965	49,909	27,714	21,374	19,796	132,758
Share of net profit (loss) of associates	9,460	20,531	12,200	2,269	6,776	51,236
Total revenue	2,495,756	288,974	231,258	407,884	72,237	3,496,109
Underlying EBIT	57,537	22,407	61,351	26,168	4,250	171,713
Significant items	(36,668)	-	87	-	(41,148)	(77,729)
Segment Result	20,869	22,407	61,438	26,168	(36,898)	93,984
Earnings before interest, tax, depreciation & amortisation	36,201	23,019	66,634	42,248	(31,554)	136,568
Depreciation & amortisation	(15,332)	(612)	(5,196)	(16,100)	(5,344)	(42,584)
Segment Result	20,869	22,407	61,438	26,168	(36,898)	93,984
Corporate net interest expense						(56,909)
Profit from ordinary activities before tax						37,075
Segment assets	1,190,632	711,580	734,380	258,719	371,892	3,267,203
Unallocated assets (including tax assets)	-	-	-	-	-	148,714
Segment liabilities	583,383	465,782	71,337	96,071	101,803	1,318,376
Unallocated liabilities (including tax liabilities)	-	-	-	-	-	811,549
Carrying value of equity investments	296,771	156,943	106,202	40,239	94,337	694,492
Acquisition of property, plant & equipment, intangible assets and other non current assets, including design and development	67,104	28,333	88,601	17,145	40,880	242,063
Non cash expenses other than depreciation and amortisation	16,852	9	-	(6,540)	2,446	12,767
Profit/(loss) on sale of investments	(1,816)	-	-	-	-	(1,816)

FUTURIS CORPORATION LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2008

NOTE 9. SEGMENT INFORMATION (continued)

Business Segments

	Rural Services	Financial Services	Forestry	Automotive Components	Property	Investment & Other	Total
2007	\$000	\$000	\$000	\$000	\$000	\$000	\$000
External sales	2,309,531	203,961	173,850	329,871	137,719	73,579	3,228,511
Other revenue	29,281	12,272	20,575	16,334	407	18,331	97,200
Share of net profit (loss) of associates	12,844	17,864	11,080	(1,242)	-	5,374	45,920
Total revenue	2,351,656	234,097	205,505	344,963	138,126	97,284	3,371,631
Underlying EBIT	56,289	27,192	61,644	9,520	21,476	(6,707)	169,414
Significant items	-	-	-	-	8,920	(9,566)	(646)
Segment Result	56,289	27,192	61,644	9,520	30,396	(16,273)	168,768
Earnings before interest, tax, depreciation & amortisation	71,501	27,259	66,614	27,752	30,450	(17,219)	206,357
Depreciation & amortisation	(15,212)	(67)	(4,970)	(18,232)	(54)	946	(37,589)
Segment Result	56,289	27,192	61,644	9,520	30,396	(16,273)	168,768
Corporate net interest expense							(40,024)
Profit from ordinary activities before tax							128,744
Segment assets	1,134,287	615,490	682,210	197,639	-	337,346	2,966,972
Unallocated assets (including tax assets)	-	-	-	-	-	-	141,567
Segment liabilities	566,807	390,662	81,165	82,428	-	62,412	1,183,474
Unallocated liabilities (including tax liabilities)	-	-	-	-	-	-	728,464
Carrying value of equity investments	274,431	129,497	95,630	18,354	-	68,342	586,254
Acquisition of property, plant & equipment, intangible assets and other non current assets, including design and development	39,768	2,688	93,180	38,148	-	6,244	180,028
Non cash expenses other than depreciation and amortisation	(2,262)	-	612	(7,732)	9	(197)	(9,570)
Profit/(loss) on sale of investments	(146)	-	-	-	-	3,371	3,225

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NOTES TO THE PRELIMINARY FINAL REPORT
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NOTE 10. SUPPLEMENTARY STATEMENT OF NET DEBT BY SEGMENT

2008	Rural Services \$000	Financial Services \$000	Forestry \$000	Automotive Components \$000	Investment & Other \$000	Total \$000
Earnings before interest & tax	20,869	21,957	61,438	25,548	(35,828)	93,984
Depreciation and amortisation	15,332	612	5,196	16,100	5,344	42,584
Equity accounted earnings	(9,460)	(20,531)	(12,200)	(2,269)	(6,776)	(51,236)
Dividends received from associates	6,394	12,085	2,490	4,185	2,994	28,148
Profit/loss on sale of property, plant & equipment	(1,133)	(2)	(998)	726	1,960	553
Profit/loss on sale of investments	1,816	-	-	-	-	1,816
Profit/loss on sale of investment properties	-	-	479	-	-	479
Discount on acquisition	(1,743)	-	(1,351)	-	(6,042)	(9,136)
Interest (net)	(354)	13,312	(543)	(60)	(71,038)	(58,683)
Tax (paid)/refund	(8,393)	(8,658)	2,525	(1,227)	(14,538)	(30,291)
Share based payments	1,003	410	342	172	522	2,449
Impairment losses/(reversals)	4,588	64	-	-	134	4,786
Fair value adjustments	(830)	-	(25,264)	-	(3,824)	(29,918)
Provisions and other	15,003	35,832	(39,490)	15,907	10,835	38,087
Operating cash flow before movements in working capital	43,092	55,081	(7,376)	59,082	(116,257)	33,622
Movement in working capital	5,152	(38,370)	(4,041)	1,165	(11,622)	(47,716)
Operating cash flow	48,244	16,711	(11,417)	60,247	(127,879)	(14,094)
Capital expenditure	(28,842)	(100)	(86,427)	(7,326)	(7,152)	(129,847)
Proceeds on sale of property, plant and equipment and investment properties	2,939	24	94,324	548	-	97,835
Proceeds sale of investments	7,877	4,715	-	-	25,924	38,516
Payments for investments and other	(32,775)	(28,234)	(829)	(22,573)	(23,050)	(107,461)
D&D capitalised	-	-	-	(7,124)	-	(7,124)
Loans to associated entities and related parties (net)	(16,973)	-	591	-	(11,635)	(28,017)
Loans repaid from third parties (net)	-	-	-	-	52,266	52,266
Loans from growers (net)	-	-	(920)	-	-	(920)
Acquisition of controlled entity (net)	-	-	-	-	2,323	2,323
Investing cash flow	(67,774)	(23,595)	6,739	(36,475)	38,676	(82,429)
Proceeds from issue of shares and other equity	-	-	-	-	7,082	7,082
Dividends paid	(974)	-	-	-	(57,366)	(58,340)
Dividends underwritten	-	-	-	-	46,815	46,815
Repayment of matured equity instrument	-	-	-	-	(53,885)	(53,885)
Other	-	-	-	-	(131)	(131)
Other flows	(974)	-	-	-	(57,485)	(58,459)
TOTAL	(20,504)	(6,884)	(4,678)	23,772	(146,688)	(154,982)
Opening net debt						(364,948)
Total flows						(154,982)
Consolidation of Amcom debt						(15,318)
Convertible notes classified as debt converted to equity during the year (non cash movement)						576
Fair value adjustments to debt						11,697
Closing net debt						<u>(522,975)</u>

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NOTE 10. SUPPLEMENTARY STATEMENT OF NET DEBT BY SEGMENT

2007	Rural Services \$000	Financial Service \$000	Forestry \$000	Automotive Components \$000	Property \$000	Investment & Other \$000	Total \$000
Earnings before interest & tax	56,289	27,192	56,929	9,650	30,396	(16,403)	164,053
Depreciation and amortisation	15,212	67	4,970	17,142	54	144	37,589
Equity accounted earnings	(12,844)	(17,864)	(6,365)	1,345	-	(5,477)	(41,205)
Dividends received from associates	20,430	11,630	1,235	-	-	548	33,843
Profit/loss on sale of property, plant & equipment	(3,736)	4	(276)	1,015	-	-	(2,993)
Profit on sale of investments	146	-	-	-	-	(3,371)	(3,225)
Profit on sale of controlled entities	-	-	-	-	(8,920)	-	(8,920)
Profit on sale of investment properties	-	-	(235)	-	-	-	(235)
Discount on acquisition	-	-	(1,600)	(2,500)	-	-	(4,100)
Interest (net)	(4,307)	12,272	683	82	(74)	(48,680)	(40,024)
Tax (paid)/refund	2,968	(5,864)	504	(2,756)	-	10,063	4,915
Share based payments	2,625	149	588	626	40	(302)	3,726
Impairment losses/(reversals)	(1,851)	1,311	599	(2,467)	-	2,677	269
Fair value adjustments	(4,665)	-	(16,661)	-	-	(5,125)	(26,451)
Provisions and other	(10,376)	20,392	(19,018)	10,452	(15,583)	42,603	28,470
Operating cash flow before movements in working capital	59,891	49,289	21,353	32,589	5,913	(23,323)	145,712
Movement in working capital	42,219	(25,526)	(16,001)	(11,556)	(24,665)	(25,158)	(60,687)
Operating cash flow	102,110	23,763	5,352	21,033	(18,752)	(48,481)	85,025
Capital expenditure	(27,042)	(734)	(63,156)	(14,215)	-	-	(105,147)
Proceeds on sale of property, plant and equipment	5,447	13	4,138	323	-	-	9,921
Proceeds sale of investments	68	-	-	-	-	26,574	26,642
Proceeds sale of controlled entity	-	-	-	-	-	120,959	120,959
Payments for investments and oth D&D capitalised	(15,414)	(7,650)	(30,024)	(20,300)	-	(3,625)	(77,013)
Loans to associated parties (net)	(18,715)	-	597	-	-	(4,217)	(22,335)
Loans from growers (net)	-	-	(1,342)	-	-	-	(1,342)
Loans to employees	-	-	-	-	-	-	-
Acquisition of controlled entity (net)	(5,361)	-	-	-	-	(130,861)	(136,222)
Investing cash flow	(61,017)	(8,371)	(89,787)	(40,444)	-	8,830	(190,789)
Proceeds from issue of shares and other equity	-	-	-	-	-	2,570	2,570
Dividends paid	-	-	(5,532)	-	-	(66,199)	(71,731)
Other flows	-	-	(5,532)	-	-	(63,629)	(69,161)
TOTAL	41,093	15,392	(89,967)	(19,411)	(18,752)	(103,280)	(174,925)
Opening net debt							(202,012)
Total flows							(174,925)
Convertible notes classified as debt converted to equity during the year (non cash movement)							4,765
Fair value adjustments to debt							7,224
Closing net debt							<u>(364,948)</u>

FUTURIS CORPORATION LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
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NOTE 11. DISCONTINUED OPERATIONS AND BUSINESSES DISPOSED

Operations within Horticulture, Telecommunications and Transit divisions were disposed during 2008. Particular companies within the Property division were disposed of on 10 May 2007 and these are reported as discontinued operations in 2007. This note shows the results of the continuing businesses and the discontinued business.

For the year ended 30 June	Continuing 2008 \$000	Discontinued 2008 \$000	Consolidated 2008 \$000	Continuing 2007 \$000	Discontinued 2007 \$000	Consolidated 2007 \$000
Sales revenue	3,274,659	37,456	3,312,115	3,016,517	211,994	3,228,511
Cost of sales	(2,426,096)	(34,953)	(2,461,049)	(2,220,224)	(166,119)	(2,386,343)
Other revenues	112,510	4,826	117,336	67,683	400	68,083
Other expenses	(869,750)	(53,535)	(923,285)	(777,263)	(25,278)	(802,541)
Share of net profits of associates and joint ventures accounted for using the equity method	51,236	-	51,236	46,023	(103)	45,920
Profit/loss on sale of non current assets	(2,369)	-	(2,369)	6,218	8,920	15,138
Profit before net borrowing costs and tax expense	140,190	(46,206)	93,984	138,954	29,814	168,768
Interest revenue	15,422	-	15,422	13,872	107	13,979
Borrowing costs	(72,320)	(11)	(72,331)	(49,532)	(4,471)	(54,003)
Profit before tax expense	83,292	(46,217)	37,075	103,294	25,450	128,744
Income tax expense	(7,712)	16,727	9,015	(14,189)	(6,356)	(20,545)
Net profit for year	75,580	(29,490)	46,090	89,105	19,094	108,199
Net profit attributable to minority interest	(9,643)	-	(9,643)	(2,734)	(35)	(2,769)
Net profit attributable to members of the parent entity	65,937	(29,490)	36,447	86,371	19,059	105,430
Revenue and Expenses						
Sales revenue:						
Sale of goods	2,302,774	37,456	2,340,230	2,066,815	117,343	2,184,158
Commission and other selling charges	688,239	-	688,239	712,676	-	712,676
Construction contract revenue	-	-	-	-	93,634	93,634
Insurance premium revenue	208,287	-	208,287	182,254	-	182,254
Other sales related income	75,359	-	75,359	54,772	1,017	55,789
	<u>3,274,659</u>	<u>37,456</u>	<u>3,312,115</u>	<u>3,016,517</u>	<u>211,994</u>	<u>3,228,511</u>
Other expenses:						
Distribution expenses	487,006	10,909	497,915	407,890	10,349	418,239
Marketing expenses	14,666	603	15,269	23,305	2,795	26,100
Occupancy expenses	17,492	374	17,866	11,312	663	11,975
Administrative expenses	154,713	7,823	162,536	144,733	10,831	155,564
Insurance claims & related expenses	128,981	-	128,981	120,292	-	120,292
Other expenses	66,892	33,826	100,718	69,731	640	70,371
	<u>869,750</u>	<u>53,535</u>	<u>923,285</u>	<u>777,263</u>	<u>25,278</u>	<u>802,541</u>

FUTURIS CORPORATION LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
YEAR ENDED 30 JUNE 2008

NOTE 11. DISCONTINUED OPERATIONS AND BUSINESSES DISPOSED (CONTINUED)

Revenue and Expenses (continued)	Continuing 2008 \$000	Discontinued 2008 \$000	Consolidated 2008 \$000	Continuing 2007 \$000	Discontinued 2007 \$000	Consolidated 2007 \$000
Profit on sale of non current assets						
- property, plant and equipment	(553)	-	(553)	2,993	-	2,993
- investments	(1,816)	-	(1,816)	3,225	-	3,225
- controlled entities	-	-	-	-	8,920	8,920
	<u>(2,369)</u>	<u>-</u>	<u>(2,369)</u>	<u>6,218</u>	<u>8,920</u>	<u>15,138</u>

(b) Controlled Entities Disposed

On 11 September 2007, the Group sold the following Transit companies:

Air International Transit Pty Ltd
 Air International (UK) Holdings Ltd
 Air International Coachair Pty Ltd
 Air International (Ventures) No 3 Pty Ltd
 Clima Air Conditioning Pty Ltd
 Sigma Air Conditioning (SA) Pty Ltd
 Air International Transit (China) Co Ltd
 Transit Systems (US) Inc
 Air International Transit (Taiwan) Co Ltd
 Air International (UK) Ltd
 Air International Coachair Sdn Bhd
 Air International (Malaysia) Sdn Bhd
 APM-Coachair Sdn Bhd
 Coachair (Thailand) Company Ltd
 AI Coachair Holdings Limited

On 10 May 2007, the Group sold certain Caversham companies, taking a 25% interest in the Aspen Development Fund. The companies disposed of were as follows:

Caversham Property Pty Ltd
 Caversham Property Developments Pty Ltd
 Bradwell Pty Ltd

FUTURIS CORPORATION LIMITED
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NOTE 12. BUSINESS COMBINATIONS

CHANGES IN THE COMPOSITION OF THE ENTITY

Businesses Acquired

During the 2008 financial year, the Group acquired an additional 1.06% share in Amcom Limited. As a result, Amcom Limited became a controlled entity on 19 December 2007 and its operating results have been included within the consolidated income statement from that date. As at 30 June 2008, the Group owns 50.15% of Amcom Limited.

Equity and consideration paid in current period	Date Control Acquired	Proportion of Shares Acquired	June 2008 \$000
Amcom Limited			
- Purchase consideration	19/12/07	0.95%	1,539
- Fair Value of identifiable assets acquired (refer below)			(1,372)
Goodwill on acquisition relating to step acquisitions			167
Discount relating to Amcom Limited purchased from step acquisitions			(6,042)
Discount relating to other immaterial business combinations			(3,094)
Total discount recognised on business combinations			<u>(9,136)</u>

The aggregate amounts of assets and liabilities acquired by major class are:	Acquiree's carrying amount \$000	Fair value \$000
Cash	3,862	3,862
Receivables	4,731	4,731
Inventories	1,452	1,452
Investments	30,843	55,391
Property, plant and equipment	61,467	101,427
Intangibles	14,802	14,802
Other assets	1,931	1,931
Tax assets and liabilities	16	(11,972)
Creditors and provisions	(11,871)	(11,871)
Borrowings	(15,318)	(15,318)
Net identifiable assets acquired	<u>91,915</u>	<u>144,435</u>
Minority interests 49.96%	-	(72,160)
Less interest already acquired at 49.09%	-	(70,903)
	<u>91,915</u>	<u>1,372</u>
Outflow of cash to acquire the entities, net of cash acquired:		
Cash consideration	(1,539)	(1,539)
Cash balance acquired	<u>3,862</u>	<u>3,862</u>
Net Inflow/(Outflow) of cash	<u>2,323</u>	<u>2,323</u>

A discount has been recognised on the acquisition of Amcom Ltd representing the excess of fair value over book value of the iiNet equity investment and the fair value of Amcom's fibre network, taken at each step of the acquisition process.

FUTURIS CORPORATION LIMITED
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NOTE 12. BUSINESS COMBINATIONS (continued)

For the purposes of calculating the discount on acquisition as at 31 December 2007, the fair value of Amcom's net assets was determined previously using actual iiNet share price and estimated fibre construct benchmarks used by Amcom Ltd. Prior to 30 June 2008, independent valuations of the identifiable tangible and intangible assets of Amcom have been performed. As a result of finalising the acquisition accounting the discount previously recorded has been adjusted to reflect the final valuation position.

Amcom was equity accounted through to 30 November 2007 after which Amcom was consolidated.

From the date of acquisition, Amcom has contributed \$4,921,000 to the net profit of the Group.

NOTE 13. SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the financial year which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

NOTE 14. CHANGES IN CONTINGENT LIABILITIES AND ASSETS

Disputed tax assessments

As previously disclosed the Group has received income tax assessments from the Australian Taxation Office ("ATO") increasing tax payable on the disposal of the Building Products division in 1998. The Group has appealed the assessments. A separate challenge to the validity of one of the assessments was ultimately unsuccessful as determined by the High Court in its judgement handed down on 31 July 2008. Management consider the current provisioning in relation to this matter to be adequate and will vigorously defend the assessments through the appeal process.

Also, as previously disclosed, the Group has received income tax assessments disallowing capital losses arising on the disposal of the Elders wool handling business in 1998 and utilised during the years 1998 to 2003. The Group continues to be of the view that current provisioning is adequate in respect of these assessments. The Group is confident of the position it has adopted and intends to defend vigorously the losses claimed.

During the period 22 May 2008 to 31 July 2008 several subsidiaries of the Company received assessments denying the utilisation of losses arising from the funding activities of the Group's intercompany financier. The assessments are attributable to the 2003 year. In total, the primary tax assessed was \$14.7m, penalties of \$3m and interest of \$7m. A provision has been raised against this potential exposure. The Group is confident of the position it has adopted and intends to defend vigorously the deductions claimed.