



14 April 2010

Company Announcements Office
Australian Securities Exchange

Forest Enterprises Australia Limited (FEA) Administration

- Elders to write down value of shareholding in FEA to zero
- Additional non-recurring charge of \$5.7 million to write down previously announced
- No change to underlying earnings forecast and prospectus forecast
- No cash impact

Elders Limited (ASX:ELD) advises that the Company will write down the remaining value of its shareholding in FEA to zero as a result of the appointment of an administrator to that company today.

The 13.5% shareholding, had previously been written down to equity value by a \$26.7 million adjustment announced to the ASX on 26 March 2010. Both write-downs will be recognised as a \$32.4 million non-recurring item in Elders' accounts for the six months to 31 March 2010.

Underlying profit forecasts, as published in the Company's recent prospectus, are unaffected by the non-recurring charge. The prospectus forecast for 2010 incorporates a projected loss of approximately \$1 million from its FEA shareholding.

The administration of FEA, and the write down of the investment, hold no direct implications for Elders' corporate strategy. The shareholding in FEA was acquired in 2004 by previous management of the then named Futuris at the same time as timber processing assets that were divested by Elders in December 2009. Elders declined to participate in FEA's capital raising in October 2009.

Elders Forestry is a joint shareholder with FEA in SmartFibre, a 50:50 joint venture engaged in handling and loading of export woodchip. Elders is considering opportunities available to it under the joint venture shareholder agreement that will advance its strategic agenda.

Elders Chief Executive Malcolm Jackman said that FEA's announcement reflected circumstances particular to FEA, and were not directly relevant to Elders Forestry.

"Elders Forestry is an entirely different proposition. Elders has completed its refinance, recapitalised our balance sheet and reduced debt. We have exited timber processing and have negligible grower loans on our balance sheet, with our growers

overwhelmingly having been financed through external bank facilities" said Malcolm Jackman.

"As a Forestry Stewardship Council-certified producer of plantation product we have continued to enjoy strong demand from Japan for our growers' woodchip, completing close to 90% of contracted export volumes in 2009. Commitments are already in place to take all contracted 2010 export volume."

"We expect to be a strong competitor in the coming MIS sales season.

"Our 2010 Product Offering will incorporate grower protection facilities that should be well received by the market. With bank finance facilities for growers now secured and tax rulings anticipated in the current month our marketing efforts are about to begin in earnest ."

Elders is scheduled to announce its results for the 2010 first half on May 17 2010.

Further Comment:

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