GREAT SOUTHERN
LIMITED

ACN 052 046 536

COMPANY ANNOUNCEMENT

8 April 2009

1. COMPANY UPDATE AND OUTLOOK

Summary

At its AGM on 19 February 2009 Great Southern Limited (ASX Code: GTP) outlined a 5 point plan to meet its short term priorities. Good progress has been made towards these objectives and this announcement is designed to provide an update on this progress and other relevant issues affecting the Company.

A summary of the 5 point plan and relevant progress is shown below, with details on other relevant matters following.

Great Southern Limited's 5 point plan

Item	*Progress*
1. Sale of non core assets, including loan book	Whilst the company securitises a large proportion of its MIS investor loans for full face value, including the securitisation of approximately $10 million in the current period, it retains a smaller proportion of loans on its own balance sheet. As previously foreshadowed, these non-securitised loan assets are considered non-core and the company indicated it would seek to realise cash through the sale of some or all of these assets. Despite the difficult economic conditions for the sale of such financial assets, a partial sale of the Company's loan book was completed on 31 March 2009 for $9 million, representing approximately $0.38 in the dollar recovery. Of this amount $8 million has been received and the balance will be paid on 30 September 2009 provided the loans continue to perform. The Company continues to hold loans of approximately $34 million (after provisioning) for which various realisation opportunities continue to be pursued. In addition, the Company is progressing with the sale of other non core assets, including non-core land holdings, and over the last 2 months has realised approximately $8 million in such sales with a further $5 million in conditional agreements finalised and negotiations on several other non core assets continuing.
2. Sale of cattle assets to reduce debt	Since announcing its intent to sell its cattle assets the Company has been approached by a number of interested parties and has been working closely with

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	one particular group who is currently undertaking due diligence on a portfolio which includes a substantial portion of the Company's cattle assets. The Company has also prepared an information memorandum and other relevant due diligence information for a broader sale process which it intends to pursue by the end of April.
3. To consolidate our forestry operations and to explore alternative strategies for value maximisation.	Macquarie Capital's global forestry team has now been formally appointed to explore alternative sources of capital and corporate structures in order to capitalise on our existing assets and resources, realise value and assist us to reposition the Company to grow into an integrated forestry business. We have received several unsolicited approaches from various parties who are attracted to our assets and resources and therefore believe it is appropriate to assess all of our alternatives from a global perspective.
4. Reduce operational and legacy costs	The Company is well progressed in a program to reduce its operational and legacy costs. Significant progress has been made in this regard including an approximate 30% reduction in head count since 1 July 2008 and an approximate $60 million reduction in annualised budgeted operational expenditures including the extinguishment of some future cattle lease and operational expenditure requirements. Non executive directors have agreed to reduce their director fees by 15% and have individually elected to take between approximately 10% to 30% of the reduced fee in shares under the Company's share purchase plan. Senior management are also participating in the share purchase plan and are salary sacrificing up to 10% of their base salaries for shares under the plan.
5. Pursue profitable MIS sales focused on forestry MIS products	The Company has restructured its two forestry MIS projects to include the use of trust reserve funds, providing maximum investor protection. The company's high value timber project has recently been researched by Lonsec and awarded a "Recommended" rating. The FFI project is expected to be released shortly, with an ATO product ruling expected to be issued by the end of the month. Whilst sales remain challenging, these developments are expected to assist in the achievement of MIS sales this financial year. It should be noted that our year to date sales of the High Value Timber project, whilst modest, are in line with the sales achieved for this project over the same period last year.

Half Year earnings guidance

As foreshadowed at the Company's AGM, the result for the half year ended 31 March is expected to be a significant loss. The loss after tax for the six months to 31 March 2009 will reflect reduced MIS sales during the half year as well as our normal operational expenditures and revenues heavily skewed to the last half of the financial year. Further accounting expenses associated with Project Transform Beef Cattle Project contract cancellation fees of approximately $55m, the write off of goodwill relating to MIS cattle of $21 million and the accounting loss on the partial sale of the loan book of approximately $15 million, is expected to result in a loss after tax of between $120 to $130 million before any further provisioning or asset carrying value adjustments. The Company's half year results will be released by the end of May 2009.

Cash Management and Banking Facilities

The Company has met its operational cash flow banking covenant as at 31 March 2009, with other debt related asset based financial covenants measured at the end of May on the finalisation of the Company's half year accounts. Notwithstanding this, with cash flows remaining dependent on the sale of assets and continued reliance on MIS sales, cash flow management remains an important focus of the group. The group is continuing to pursue its asset sale program in an orderly manner and is working with its banks in relation to its working capital requirements.

The amount of interest bearing corporate facility debt remains steady at approximately $380 million, with $105 million of debt due to be repaid or renegotiated by October this year. The Company remains confident that it will realise proceeds from asset sales, in particular the sale of cattle assets which have a total book value in excess of $200 million, which will be used to meet the Company's debt repayment obligations by the due date.

2. TREES COUPONS

Under the terms of the Company's Transferable Reset Exchangeable Securities ("TREES") coupons are payable as follows:

1 TREES2 (ASX Code: GTPGA): pay a preferential non-cumulative coupon semi-annually at the discretion of the directors of the company. TREES2 coupons are non-cumulative and note holders have no claim in respect of any coupon entitlement; and

2 TREES3 (ASX Code: GTPGB) pay a preferential and cumulative coupon semi-annually. TREES3 coupons are non discretionary, however are cumulative and if a coupon entitlement is not paid then any unpaid entitlement is automatically deferred with a 2% pa penalty above the coupon rate.

The Company's directors have determined in accordance with the terms of the TREES securities, that it would be prudent to exercise the Company's rights with respect to the payment of coupons at this time and not pay a 30 April coupon in respect of TREES2, and to defer the 30 April coupon payment in respect of TREES3. If the coupons remain unpaid by 11 June 2009, being 30 business days after the Coupon Payment Date, a Trigger Event would occur, giving holders specified conversion rights as set out in the terms of the TREES securities which are available on the Company's website. In addition, the Company cannot pay any dividends to ordinary shareholders whilst any coupon payments to TREES holders remain outstanding.

The Company continues to explore options with respect to its TREES securities that take into account the outlook for the group's cash flow. Such options include consideration of reset terms and other capital management options such as the possible buyback of a proportion of TREES if available cash balances should allow this and will provide further guidance with respect to these securities over the coming weeks when it is in a position to do so.

Conclusion

Although the current economic environment continues to be challenging, the Company is well advanced in its short term strategy and is progressing its asset sales program. Whilst MIS sales and cash flow management remains the significant short term focus of the Company, its strong assets, the restructure of its MIS projects to enhance investor protection and the continued support of its bankers, provide a sound basis for the Company to continue to pursue its short and longer term strategies.

Ends