



26 March 2010

Company Announcements Office  
Australian Securities Exchange

### **Review of Forestry Assets**

- Elders commissions external Forestry Asset Review
- Operations performing to plan and not subject to review
- Report to board by end-April
- No anticipated impact for financial covenant compliance
- FEA shareholding re-classified as non-core asset held for sale
- FY10 underlying earnings and financial covenants unaffected by non-recurring charge of \$26.7 million to align FEA carrying value to market

Elders (ASX:ELD) announces that it has commissioned Ernst & Young to conduct an independent review of its Forestry assets in light of sector and company specific developments.

The review will not examine strategy and operations, where Elders Forestry is well placed. Elders Forestry expects to be a strong and leading participant in the 2010 MIS market, having reached in-principle agreement for investor growers to access bank finance. Elders' certified plantation woodchip sales and supply has outperformed industry levels, having shipped 90% of contract volumes in 2009 and with commitments from buyers for 100% of its 2010 volume of 440,000 GMT. Global factors impacting supply and inventory levels of certified plantation hardwoods support potential price improvement during 2010.

The Forestry Asset Review will involve Ernst & Young overseeing separate reviews of the various forestry assets held by Elders and delivering a final report to the Elders Board of Directors. Elders has sought completion of the Review as soon as practicable and anticipates receiving a final report by no later than end-April 2010.

Elders' Managing Director Malcolm Jackman said that the Review reflected the Company's desire to ensure that valuation of its forestry assets fully recognised ongoing industry and company specific developments.

"While our operations are trending positively, there are a number of events and developments that could impact assets valuations across the industry including Elders Forestry. Clearly shareholder interests will be best served by an up-to-date, independent and holistic assessment of the asset implications of these developments rather than an ad-hoc piecemeal approach.

"Accordingly we have decided to expand and accelerate reviews that would ordinarily be performed so we can get an informed, cohesive answer on what the developments within the sector and in Elders Forestry mean for shareholders.

"Growers and MIS investors can draw confidence from the fact that, as the MIS season approaches, Elders Forestry is in a strong financial position and has been prepared to subject the totality of its asset base to scrutiny and review.

