



23 July 2014

Legacy Live Export Contracts - Arbitration

In its accounts for the 6 months to 31 March 2014, Elders (ASX:ELD) provided for the net impact of two arbitrations in China, one by Elders and one against Elders. Those arbitrations involve several live export contracts with the same counterparty. Elders considers, consistent with the treatment in its 31 March accounts, that the net financial impact of those arbitrations, taken together, is immaterial. Elders' view is that its claim should have been heard as a defence to the claim against it, but the arbitration panel chose to separate the claims, requiring Elders to institute a separate action.

An award in the claim brought by the counterparty has been made against Elders for approximately \$2.7m (at current exchange rates) plus interest and costs. This award is in accordance with Elders' expectations.

Elders now understands that its claim against the same counterparty, which is for a similar amount to the award made against Elders, might not be heard by the arbitration panel until after the end of Elders' current financial year which ends on 30 September 2014. Elders believes, based on the currently available facts, that the prospects for its claim are very strong. However, if the arbitration panel does not deliver a decision by 30 September 2014 it will be necessary for Elders to take to account the impact of the arbitration award against it in the current financial year without the benefit of any positive award in Elders' favour (which, should Elders receive the award it expects, will be recorded in FY15).

Elders continues to vigorously pursue its claim against the counterparty, including having it heard as soon as possible.

The same counterparty has also now commenced additional arbitrations against Elders in an aggregate sum of approximately \$0.9m (at current exchange rates). Elders is examining those claims, but its current view is that it will vigorously defend each of them.

All of the disputed contracts were entered into in 2012 and early 2013 prior to the appointment of new management to the live export business. Elders no longer deals with the counterparty which is a party to the arbitrations.

Elders maintains its long term commitment to its continuing live export customers in China.

Further Comment:

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