

MFS Limited

ABN 90 107 863 436



ASX & MEDIA ANNOUNCEMENT

MFS LIMITED – SHAREHOLDER UPDATE

Ownership Review of the Stella Group

The Board of MFS Limited (**MFS**) has today requested that its securities be voluntarily suspended from trading on the ASX.

As advised to the market on Monday 21 January, MFS had received unsolicited proposals from a number of parties in relation to Stella. Since then further proposals have been received. The proposals vary in nature and could involve the sale of a majority stake in Stella. The consideration for each proposal is cash.

MFS is presently in detailed discussions with a preferred party interested in acquiring a substantial interest in Stella. MFS is aiming to reach an agreement with either that party or an alternate party within the next two weeks. The proceeds of any transaction would not only result in full repayment of all short term maturing debt facilities, but strengthen the financial position of MFS.

At this stage, the proposals received are conditional on limited further due diligence and satisfaction of any necessary regulatory approvals.

Given the proposals received and the market reaction to aspects of the demerger proposal announced on Friday 18 January, MFS has decided to not continue with the structural separation of Stella from the financial services business in the form proposed.

MFS will continue to keep shareholders informed of any significant developments.

Debt Position

MFS wishes to clarify its debt position. A summary of the MFS group's debt position is set out below and in more detail as an appendix to this release.

MFS Group Debt Position – 31 December 2007			
\$ million	Stella	MFS (ex Stella)	MFS Group
Asset backed facilities	-	189	189
Secured term debt	905	150	1,055
Unsecured notes	-	443	443

For further information please contact

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E-mail: mail@mfsgroup.com.au
Website: www.mfsgroup.com.au

SHARE REGISTRY
Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone: 1300 787 650

Total debt	905	782	1,687
Cash	(102) ¹	(34)	(136) ¹
Net debt	803	748	1,551

1. Excludes client cash of \$48 million held in the travel services business

The vast majority of MFS' existing debt is not required to be repaid or refinanced until after 31 December 2010:

MFS Group Debt Maturation Profile - 31 December 2007			
\$ million	Stella	MFS (ex Stella)	MFS Group
< 3 months	-	220 ²	220 ²
3 months – 1 year	-	-	-
1 year - 3 years	-	119	119
3 years – 5 years	-	443	443
> 5 years	905	-	905
Total	905	782	1,687

2. Includes asset backed facilities totalling \$65 million without a fixed term (primarily margin loan facilities)

There has been no material change to the net debt position since 31 December 2007.

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Appendix – MFS Debt Facilities

MFS Limited (ex Stella) Debt Facilities as at 31 December 2007					
Facility	Size of Facility (A\$m)	Amount Drawn (\$Am)	Facility Expiry/ Repayment Date	Security	Notes
Fortress Facility	150	150	March 2008	Fixed and Floating Charge	1
Asset Backed Facilities	5	5	March 2008	Parent guarantee	
	30	24	September 2009	Secured - Sunkids child care properties	
	40	13	November 2010	Secured - Child care property trust assets	
	82	82	June 2011	Secured - Circle on Cavill Retail properties	
MFSG Stapled Securities	65	65	No fixed term	Secured - listed investments	
MFS Notes (unlisted)	343	343	December 2011	Unsecured	
	100	100	November 2011	Unsecured	
Total debt	815	782			
Cash		34			
Net debt		748			

Stella Debt Facilities as at 31 December 2007					
Facility	Size of Facility	Amount Drawn	Facility Expiry/ Repayment Date	Security	Notes
UBS Facility	800	795	June 2013	Secured	2
Protea Facility	110	110	June 2014	Secured	3
Total debt	910	905			
Cash		102			4
Net debt		803			

Notes:

1. Currently in the process of being converted into a \$25m asset backed term facility with the same financier
2. The UBS facility commences amortising in December 2008 at a rate of \$5m per half year. Stella also has an additional line of credit of \$100m that is currently being used for guarantees to travel regulators.
3. The Protea facility is denominated in South African Rand and is converted at the current exchange rate. The facility commences amortising in September 2008 at a rate of approximately A\$2m per quarter
4. Cash held within Stella excludes client cash of \$48m

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