

Australian Financial Services Licence 222305



## FACSIMILE MESSAGE

*Jane Pollard*

TO: GEORGE WYATT - Bendigo Stock Exchange  
DATE: 25<sup>th</sup> November 2005  
RE: 2005 AGM Chairman's Address

FROM: Sue Newlove

PAGES:

FAX NO: ~~03 5444 0033~~

*(02) 4929 1556*

Dear George *Jane,*

Please find following final copy of Chairman's address for Queensland Paulownia Forests Limited 2005 Annual General Meeting.

Kind Regards

A handwritten signature in black ink, appearing to read 'Sue Newlove'.

Sue Newlove  
EXECUTIVE ASSISTANT

IF THIS TRANSMISSION IS NOT RECEIVED IN FULL, PLEASE CONTACT THE NUMBER BELOW

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## Chairman's Address

Before we commence the formal part of the meeting let me take a few moments of your time to review the performance of your company over the past year with the main highlights being :

- Net Assets increasing by 28% ,from \$12.98 million to \$16.63 million,
- Cash on hand at balance date increasing 185% from \$2.848 million to \$8.113 million,
- Dividends paid to shareholders increasing by 100% from 4 cents to 8 cents fully franked per share,
- The number of investors in our agribusiness managed funds increasing to 3059, the result of a significant lift in sales as a result of increased awareness of, and support for, our investment products through financial planning and accountant networks,
- The successful completion of the first commercial harvest of our growers trees,
- The successful purchase of an existing, profitable timber mill at Kogan in South East Queensland which in time will process all our growers Paulownia timber from the six plantations in Queensland.

In last year's address, I indicated that the company was preparing for a listing on the London Stock Exchange Alternative Investment Market. However, after careful consideration of all the costs involved, not only for the listing itself, but also the cost of maintaining investor awareness of the company's activities to drive demand and share price, it has been decided to pursue a domestic transaction instead.

Consistent with the exit strategy stated in the Share Prospectus in 2001, your company has engaged Hindal Securities Pty Limited to advise on the best options available to maximise

stakeholder value. In preparation for this process, your directors have reviewed the value of the company's assets, and due to the continuing effects of the drought have written down QPFL's own plantation assets by approx \$3m.

As your company evolves and grows, there is a need to constantly review the skill sets required to effectively manage and grow the company in the future.

The appointment of Ian Sandeman as CEO in January 2005 and the considerable expertise he has brought to the position has been extremely beneficial to the growth of the company in terms of increased awareness of who we are and what we do, and in terms of greater acceptance of our investment products through the important financial planning and accountant networks that recommend those products to their clients.

One of the objectives of your directors has been to continually review the board's membership and during the year we identified the need to improve our corporate governance and risk management capabilities. To this end your directors have appointed Dr Stephen van der Mye to the Board as a non-executive director, Deputy Chairman and Chairman of the Audit and Remuneration Committees.

Stephen has had significant experience at both the executive and non-executive director level over the last 15 years covering a wide range of industries including agribusiness, banking and financial services,

infrastructure and utilities, mining and mineral processing and retail sales. Stephen is currently Chairman of the Bank of Cyprus Group in Australia.

Stephen also has a strong background in accounting and finance and is currently Chairman of the Audit Committee of Swinburne University of Technology and has been previously the independent Chairman of the Audit and Risk Management Committees of both the Carbon Steel and Stainless Steel Customer Sector Groups of BHP Billiton Limited.

Your directors look forward to the positive contribution Stephen will make to your company in these important areas in the future.

The management and staff would like to take this opportunity to thank shareholders, convertible note holders and forestry investors for their continued support and encouragement shown to us during the last year.

I would personally like to thank all the farm managers and their staff for their time and effort in running the plantations throughout the year. I would also like to thank all Head Office staff, including my fellow executive directors, for their dedication and support in achieving the milestones reached by the company throughout the year.