



11 August 2006

BSX Announcements Office
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**NOTIFICATION OF SECTION 912D CORPORATIONS ACT 2001 – AUSTRALIAN
FINANCIAL SERVICES LICENCE NO 222305 QUEENSLAND PAULOWNIA
FORESTS LIMITED.**

I am writing to advise of a technical breach to our Net Tangible Asset requirement at 30 June 2006. The breach occurred as a result of a high proportion of QPFL Finance Pty Ltd (100% QPFL subsidiary) funded applications which were received in late June 2006. These growers loans are in QPFL Finance Pty Limited, however there was a corresponding inter-company loan from QPFL to its subsidiary, and therefore deducted from assets as part of the NTA calculations.

The technical breach was remedied on or before 24 July 2006 when QPFL Finance Pty Ltd on-sold and repaid QPFL its inter company loan.

All of the aforementioned information is based on QPFL's Draft Management Accounts at 30 June 2006 and is still subject to audit by KPMG. This audit is expected to be completed by 15 September 2006.

Yours sincerely
QUEENSLAND PAULOWNIA FORESTS LIMITED

Elizabeth Hutchinson
DIRECTOR OF COMPLIANCE & ADMINISTRATION