



Friday, February 23, 2007

Media Statement

QPFL appoints voluntary administrator

QUEENSLAND Paulownia Forests Ltd has appointed a voluntary administrator after extensive drought conditions in northern NSW and Queensland caused the company to experience problems with its cash flow.

Susan Carter, a partner with Worrells Solvency and Forensic Accountants on the Gold Coast, was appointed as administrator of the company today.

In a voluntary administration an independent and suitably qualified person (the voluntary administrator) takes full control of the company to try to work out a way to save either the company or its business.

Ms Carter said she was now weighing up options to deliver the best possible outcome for all the stakeholders involved, including the possibility of finding a white knight to help the company out of its current cash crisis.

QPFL is the responsible entity for 13 different Forestry Management Investment Scheme products. The company, which employs 60 people, has more than 450 shareholders.

There are also more than 450 holders of 9 million convertible notes, which are traded on the Bendigo Stock Exchange.

Ms Carter said she would now seek direction from the Australian Securities and Investments Commission about the future of the 13 managed schemes.

She said some of the schemes had reportedly been very badly hit by the drought.

“We are looking at all the available options to protect the interest of all the stakeholders,” said Ms Carter.

“It is too early to make a judgment either way about the future of the company, the 13 schemes, or to identify the level, if any, of its cash shortfall.



``But the directors have taken the responsible and appropriate action, once they realized the position the company was in, to appoint a voluntary administrator.''

Chairman David Gold owns more than 50 per cent QPFL and is one of the company's largest growers, having more than \$2 million invested in the plantations.

Mr Gold assumed the position of chief executive on January 23 this year after the resignation of the former managing director.

Mr Gold said the QPFL board made a decision to immediately call in a voluntary administrator at a board meeting this week.

Mr Gold said the drought, particularly in northern NSW where many of QPFL's plantations are based, have substantially increased the company's costs.

He said the company also had concerns about the likelihood of the company's major debtor to pay its debt of more than \$1 million.

``The board raised concerns about the drought's impact and the company's cash position,'' said Mr Gold.

``In the best interests of all stakeholders, the board really had no other option but to appoint the voluntary administrator.''

Ms Carter said the first meeting of creditors was scheduled to be held next Wednesday.

She said QPFL still had an effective board in place with three remaining directors.

Ms Carter said Mr Gold and the board were now co-operating fully with her in her role as administrator and in her attempts to find a solution to the current cash problem.