



November 10, 2004

TURNING POINT FOR QLD TIMBER COMPANY

A Queensland timber plantation company is sowing the seeds for a bumper crop in 2005.

This week Queensland Paulownia Forests Ltd released its 2004 Annual Report – which reveals strong growth during the 2003/2004 financial year.

The company also caused waves in the timber industry by appointing an executive from Australia's largest private timber company as its new CEO.

As well, QPFL plans to publicly list next year and is gearing up for its investors' first commercial harvest in June 2005.

QPFL Chairman, David Gold, stated that the company was on track to continue its transition from a funds manager to a fully integrated and listed forestry company.

"This year has produced outstanding results for QPFL as we've achieved our set targets and announced an after-tax profit of \$6.9 million for the 2003/04 year, which is a 228% increase on the previous year," Mr Gold said.

"One of the major goals achieved this year has been finalising our strategy to sell and market the timber we're growing on our six Queensland plantations.

"We now have a detailed program of grading, certification, research and development of the timber, and market development as well as refining timber processing."

Mr Gold said the appointment of Ian Sandeman as CEO was also an important step for the company's future direction.

Mr Sandeman, who starts at QPFL in January, is both the former general manager of Grand Ridge Plantations, and a former executive of GRP's holding company, Hancock Victorian Plantations.

Mr Sandeman brings more than 20 years of forestry experience to QPFL, having previously held executive positions at State Forests of New South Wales and Mondi Forests – the largest plantation owner in South Africa.

"Ian's forestry and production expertise and experience will be invaluable to the growth of QPFL," Mr Gold said.

"This year marks the start of our investors' first commercial harvest and we're looking to provide a sawmill and machinery dedicated to processing Paulownia and producing value-added end product.

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“As the commercial harvesting and milling of the timber becomes part of our everyday activities, this will, over time, become a significant and integral part of the company requiring different skill sets in future years to drive the company forward.”

Mr Gold will step down as CEO, but remain executive chairman responsible for corporate strategy.

Mr Gold said QPFL's 2004 Annual Report showed the company's current assets had increased by 206% to \$14.1 million, including an increase of cash of 31% to \$2.8 million.

“Shareholders funds have also increased by 89% to \$12.9 million,” Mr Gold said.

Paulownia is a fast-growing deciduous hardwood that is mature enough for harvest within eight to eleven years.

Paulownia is currently imported into Australia from China for use by timber blind manufacturers, boat builders and manufacturers who use jointed board.

QPFL has more than 600,000 Paulownia trees growing on its Queensland plantations, and this month begins planting out its first New South Wales plantation in Forbes. The company currently employs approximately 60 people, most of whom are based at its plantations in Surat, Bundaberg, Eidsvold and Kingaroy.

While QPFL will conduct its investors' first commercial harvest next year, it has already entered into its first forward order for timber to be processed into jointed board, mainly for application in the boat-building industry.

Mr Gold said woodlot holders (investors) should receive more than \$1,100 per cubic metre for their timber, which is more than the \$975 per cubic metre (rough-sawn timber) price currently used in QPFL's Product Disclosure Statement.

Mr Gold said listing was expected to occur on the London Stock Exchange Alternative Investment Market early next year.

“London provides access to one of the deepest pools of capital in the world, and QPFL may require capital if we decide to diversify into other timber species,” Mr Gold said.

“Once we've bedded down the Paulownia business, in terms of buying a mill and starting timber processing, we will turn our attention to diversification into other species.”

Mr Gold claims the Paulownia forestry industry could be worth a potential \$100 million to the Queensland economy.

For information, contact Alison Smith at Sequel Communications on (07) 3251 8111 or 0438 500 412, or David Gold, QPFL Chairman on (07) 5579 1700



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QLD TIMBER BOOST AHEAD OF SX LISTING

A Queensland renewable timber plantation company is has recorded a strong performance for the 2004 financial year, ahead of plans to publicly list next year.

Queensland Paulownia Forests Ltd has announced an after-tax profit of \$6.9 million for the 2003/04 year, which its chairman, David Gold, said was a 228% increase on the previous year.

Releasing QPFL's 2004 Annual Report, Mr Gold said the company's current assets had increased by 206% to \$14.1 million, including an increase of cash of 31% to \$9.32.8 million.

Mr Gold said shareholders funds had also increased by 89% to \$12.9 million.

"This year has produced outstanding results for QPFL as we've achieved our set targets and are on track to continue our transition from a funds manager to a fully integrated and listed forestry company," Mr Gold said.

"One of the big goals achieved this year has been finalising our strategy to sell and market the timber we're growing on our six Queensland plantations.

"We now have a detailed program of timber grading, certification, research and development of the timber, market development as well as refining timber processing.

"After our harvest and milling trials in July this year, we're looking forward to our investors' first commercial harvest next year."

Paulownia is a fast-growing deciduous hardwood that is mature enough for harvest within eight to eleven years.

Paulownia is currently imported into Australia from China for use by timber blind manufacturers, boat builders and manufacturers who use jointed board.

Next year QPFL will conduct its investors' first commercial harvest, and has already entered into its first forward order for timber that will be processed into jointed board for use mainly in the boat-building industry.

Mr Gold said woodlot holders (investors) should receive more than \$1,100m3 per cubic metre for their timber, which is more than the \$975 per cubic metre (rough-sawn timber) price currently used in QPFL's Product Disclosure Statement.

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Mr Gold said a fully franked interim dividend of 4 cents per share was declared in June and paid in July, which was a 100% increase on last year's payment of 2 cents per share.

However Mr Gold said the Board had decided not to recommend a final dividend payment this year.

"Directors took this decision because the company is still growing quickly and we'll soon need to buy a timber mill which will require significant capital," Mr Gold said.

"We're also gearing up to list the company, which means we need to conserve resources pending this happening."

Mr Gold said the listing was expected to occur on the London Stock Exchange Alternative Investment Market early next year.

"London provides access to one of the deepest pools of capital in the world, and QPFL may require capital if we decide to diversify into other timber species," Mr Gold said.

"Once we've bedded down the Paulownia business, in terms of buying a mill and starting timber processing, we will turn our attention to diversification into other species."

Mr Gold said QPFL's Convertible Notes Offer had raised \$8.1 million, enabling QPFL's 4623 Convertible Notes Holders to become ordinary shareholders once the company obtained a listing on a recognised sStock eExchange.

QPFL has more than 600,000 Paulownia trees growing on its Queensland plantations, and this month will start planting out its first New South Wales plantation in Forbes. The company currently employs approximately 60 people at its plantations in Surat, Bundaberg, Eidsvold and Kingaroy.

"These locally grown trees are a renewable resource and have the ability to replace old-growth timbers such as Western Red Cedar, Meranti and Pacific Maple," Mr Gold said.

"World demand for hardwood is increasing, and in coming decades the demand could outstrip supply, particularly in Asia where population and GDP are expected to rise."

Mr Gold said the Paulownia forestry industry could be worth a potential \$100 million to the Queensland economy.

For information, contact Alison Smith at Sequel Communications on (07) 3251 8111 or 0438 500 412, or David Gold, QPFL Chairman on (07) 5579 1700