



Media Statement

APRIL 2005

PATHWAY CLEARED FOR EFF TO FOCUS ON THE FUTURE

The EFF Group is pleased to announce that the \$500,000 Convertible Note Agreement with Mygid Pty Ltd has been successfully assigned to AustAsia Group Limited. To date, the loan from Forestry Finance totalled approximately \$500,000. Conditions to the settlement of the Convertible Note Agreement, required Mygid Pty Ltd to dismissed its wind up action and legal proceedings against E.F.F Limited.

The announcement enhances the financial security of E.F.F Limited and the EFF Group. The EFF Group can now focus its full attention and resources toward its primary objective of growing Paulownia trees for investors at the Kiri Park, Nowergup, Beenyup and Heritage plantations.

As part of its future development, the EFF Group is also focusing on the marketing and promotion of the Kiri Park Project 2004/ 2005, which is a registered Managed Investment Scheme (ARSN: 107 747 348) and has an ATO Product Ruling (PR 2004/95). The Kiri Park Project 2004/ 2005 is currently open and offers up to 670 Woodlots, each comprising of 100 Paulownia trees, which is designed to facilitate the full planting of the Kiri Park property.

For further information on the Project or further information about this Media Statement, please contact Environmental Forest Farms Management Limited on (61 8) 9226 0888 or by e-mail to admin@kiripark.com.au

Background to the Convertible Note

In April 2002, EFF entered a Convertible Note Agreement with Mygid Pty Ltd, in the amount of \$500,000 which was secured against significant EFF assets. The loan under the agreement was repayable in April 2006 or to be converted into EFF shares at \$60 per share. Interest has always been paid in a timely fashion each month.

Despite receiving interest payments on time and providing an undertaking to the Directors of EFF not to call up the loan before its expiry in April 2006, Mygid Pty Ltd commences legal action against EFF, serving a default notice on EFF for the non-provision of information pursuant to the Convertible Note Agreement. Whilst information was provided to Mygid, EFF Board papers and minutes were not provided due to their sensitive nature. In legal proceedings in June 2004, the Supreme Court of Western Australia ruled that Board papers and minutes constitute business papers pursuant to the Convertible Note Agreement, and as such, the Convertible Note was in default and became payable. In August 2004, Mygid commenced winding up proceedings against EFF, and on 8 October 2004,

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after reviewing all of the available options, the Directors of EFF resolved to appoint a voluntary administrator to enable the Company sufficient time to restructure its affairs and the debt.

As a result of continued negotiations between the two parties, AustAsia Group Limited, an entity related to Sydney Chesson, the Chairman of E.F.F Limited, agreed to take an assignment of the Convertible Note. As a result of the assignments, on 2 December 2004, the deed of assignment was executed between Mygid Pty Ltd, AustAsia Group Limited and E.F.F Limited. On 3 December 2004, the voluntary administration of EFF came to an end.

As part of the Assignment, Mygid Pty Ltd was to be paid in full by AustAsia Group Limited by 31 March 2005. AustAsia Group has subsequently fulfilled this obligation.

The EFF Group

The EFF Group of Companies is one of Australia's leading Paulownia organisations with experience in the establishment, plantation management, research and propagation of Paulownia trees. The Group own and/or operate several Paulownia plantations in Western Australia, including four Managed Investment Projects, and three private plantations.