

21 January 2004

Chairman's address to General Meeting

On 28 July 2003, the Board announced its intention to propose and recommend that the Company implement a scheme of arrangement with the holders of its A Class Preference Shares involving the buy-back of all Preference Shares.

On 3 November 2003, Shareholders supported the resolutions necessary to give effect to the scheme.

However, on 18 November 2003, the Supreme Court of Victoria declined to approve the scheme for the reason that the Company had excluded Preference Shareholders from voting their Preference Shares and Ordinary Shareholders who were also Preference Shareholders or associates of Preference Shareholders from voting their Ordinary Shares against the resolution to approve the buy-back associated with the scheme.

The Court found that, although the Company was correct in excluding Preference Shareholders and Ordinary Shareholders who were associates of Preference Shareholders from voting in favour of the resolution, Preference Shareholders should have been entitled to vote their Preference Shares, and Ordinary Shareholders who were also Preference Shareholders or associates of Preference Shareholders from voting their Ordinary Shares, against the resolution.

On 20 November 2003, the Company announced its intention to:

- appeal the Court's decision not to approve the original scheme; and
- ask Shareholders to approve a new scheme in substantially identical terms to the original scheme.

As in the case of the original scheme, the proposed consideration for the buy-back is \$1.25 for every Preference Share held, 25 cents of which will be paid in cash and \$1 of which will be applied under the scheme on behalf of the Preference Shareholders to acquire one Unsecured Note with an initial face value of \$1.

Each Unsecured Note will have an initial face value of \$1 and is to be repaid in 3 instalments:

- 33 cents cash on the first anniversary of the date of issue of the Unsecured Notes;
- 33 cents cash on the second anniversary of the issue date; and
- 34 cents cash on the third anniversary of the issue date.

Interest will be payable on the principal outstanding on the Unsecured Notes six monthly in arrears at the rate of 10% per annum, the first interest payment being due 6 months after the issue date.

Noteholders will be entitled to attend general meetings of the Company but will not be entitled to vote.

This General Meeting has been convened to allow Shareholders to consider and, if thought fit, pass two separate special resolutions relating to the proposed scheme.

A special resolution passed by a poll is a resolution passed by at least 75% of the votes cast by members present in person or by proxy, attorney or corporate representative and entitled to vote on the resolution.

Resolution 1 is that, subject to the approval of the scheme by the Court, the terms of any buy-back agreements to be entered into under the buy-back are approved in accordance with section 257D(1) of the Corporations Act and that any reduction in share capital involved in the buy-back agreements or the buy-back or both is approved.

The voting entitlements in relation to resolution 1 are as follows:

- persons who, at 7pm Melbourne time on Monday 19 January 2004, in other words, the 'Voting Snapshot Time', held Ordinary Shares but did not also hold Preference Shares and are not associates of Preference Shareholders, are entitled to vote those Ordinary Shares in favour of or against the resolution;
- persons who held Preference Shares at the Voting Snapshot Time are entitled to vote those Preference Shares against resolution 1, but not in favour of resolution 1. Votes by such persons in favour of the resolution will be disregarded;
- persons who held Ordinary Shares at the Voting Snapshot Time but are also Preference Shareholders or associates of Preference Shareholders are entitled to vote those Ordinary Shares against resolution 1, but not in favour of resolution 1. Votes by such persons in favour of the resolution will also be disregarded.

Resolution 2 is that certain modifications to the Company's constitution be approved as a special resolution, conditional on the existing Preference Shares being bought back under the scheme.

The voting entitlements in relation to resolution 2 are as follows:

- only persons who were registered as holders of Ordinary Shares at the Voting Snapshot Time are entitled to vote on resolution 2;
- such persons can vote in favour of or against resolution 2, even if they are also Preference Shareholders or are associates of Preference Shareholders;
- Preference Shareholders are not entitled to vote on resolution 2 unless they also held Ordinary Shares at the Voting Snapshot Time and can only vote in respect of such Ordinary Shares.

Amendment of the Company's constitution is necessary because, under limited circumstances, the Unsecured Notes will be convertible back into new Preference Shares.

When the Company adopted its constitution, the constitution conferred voting rights on holders of Preference Shares in accordance with the requirements of the Australian Stock Exchange Listing Rules in force at that time.

The Listing Rules have subsequently been amended and now have the effect that new Preference Shares issued by the Company on conversion of Unsecured Notes must confer certain additional voting rights on their holders.

Accordingly, Ordinary Shareholders will be asked to approve modifications to the constitution to ensure that any new Preference Shares will confer all of the voting rights required under the Listing Rules as they currently exist.

The effect of the modifications is fully explained on page 26 of the Scheme Booklet.

Preference Shareholders will be given the opportunity to consider the proposal at two separate meetings of only Preference Shareholders which will be held one after the other following the conclusion of this General Meeting.

At the first meeting, Preference Shareholders will be asked to consider, and if thought fit, approve a special resolution that any variation, abrogation or cancellation of rights attached to the Preference Shares effected or arising from the buy-back, the buy-back agreements, the scheme or the resolution approving the terms of the buy-back is approved and sanctioned.

The scheme is not conditional on the passing of the resolution to be put to the first Preference Shareholder meeting. The resolution is being put out of an abundance of caution, following the decision of the Supreme Court of Victoria in relation to the original scheme.

At the second Preference Shareholder meeting, Preference Shareholders will be asked to consider, and if thought fit, approve the scheme with or without modification as approved by the Court.

To be passed, the resolution at the second Preference Shareholder meeting must be approved by:

- more than 50% by number of Preference Shareholders present and voting in person or by proxy, attorney or corporate representative at the Scheme Meeting; and
- 75% of the votes cast on the resolution.

The scheme must be approved by the Supreme Court of Victoria and will become effective on an office copy of the Court order approving the scheme being lodged with the Australian Securities and Investments Commission.

It is expected that the Court hearing at which the Court will be asked to approve the scheme will be held on or shortly after 30 January 2004.

Notwithstanding approval of the scheme by the Court, under section 246D of the Corporations Act, persons holding at least 10% of the Preference Shares may apply to the Court to have set aside any variation, abrogation or cancellation of rights attaching to the Preference Shares arising from the buy-back, the buy-back agreements, the resolution to approve the buy-back agreements or the scheme on the grounds that they constitute unfair prejudice.

Such variation, abrogation or cancellation of rights will take effect one month after the variation, abrogation or cancellation is made, or, if an application is made to the Court to have the variation, abrogation or cancellation set aside, when the application is withdrawn or finally determined.

If the Court approves the scheme, it is proposed that the Company will lodge an office copy of the Court order approving the scheme with ASIC after the required one month period has elapsed.

Accordingly, if no application is made to the Court to have the variation, abrogation or cancellation set aside, it is proposed that the Company will lodge an office copy of the Court order approving the scheme with ASIC on 24 February 2004.

If an application is made to the Court to have the variation, abrogation or cancellation set aside, it is proposed that the Company will lodge an office copy of the Court order approving the scheme with ASIC when the application is withdrawn or finally determined.

The scheme will become effective on the office copy of the Court order being lodged with ASIC.

If the office copy of the Court order being lodged with ASIC occurs on 24 February 2004, it is expected that the buy-back will take place on 2 March 2004 and accordingly, it is expected that:

- holding statements in respect of the Unsecured Notes and the cash component of the buy-back consideration will be dispatched on 9 March 2004; and
- the Unsecured Notes will commence trading on the Australian Stock Exchange on 10 March 2004.

A booklet containing explanatory information on the scheme, a report on the scheme by the independent expert, Grant Samuel, and the notices of this General Meeting and the two Preference Shareholder meetings, have been sent to all members of the Company, including all Ordinary Shareholders.

Your Directors unanimously recommend that all Ordinary Shareholders entitled to do so, vote in favour of both resolutions to be put to this meeting. Each Director entitled to vote on both resolutions at this meeting intends to vote in favour of them.

As mentioned above, although Preference Shareholders are not entitled to vote in favour of either of the resolutions to be put to this meeting, they are entitled to vote against resolution 1.

Your Directors unanimously recommend that Preference Shareholders do not vote against resolution 1.

Preference Shareholders are entitled to vote in favour of or against the resolutions to be put at the two Preference Shareholder meetings which will be held after this meeting.

Your Directors unanimously recommend that Preference Shareholders vote in favour of both resolutions.

Detailed reasons for your Directors' recommendations are set out in section 5 of the Scheme Booklet.

We have strongly encouraged Shareholders to read those reasons in full.