

3 July 2006

**COMPANY ANNOUNCEMENT****\$37.1 million Woodlot sales in FY06****Annual dividend lifted by 67% to 10c per share**

Willmott Forests Limited (ASX: WFL) advises that Woodlot sales for the financial year ending 30 June 2006 have reached \$37.1 million. This result is down on the previous years' Woodlot sales result of \$42.1 million.

Willmott Forests' Chief Executive Officer, Mr Marcus Derham said..."Although we expected the market to be a little flatter this year we see this as a result that is in line with our increasing market share in the long-rotation softwood plantation industry which is up from 63% in FY05 to over 70% this year. This result will enable us to establish a further 5,300 hectares of valuable long-rotation softwood plantation resource for future value adding and will assist in reducing Australia's \$2 billion a year trade deficit in forest products."

Of the \$37.1 million Woodlot sales revenue \$7.4 million will be recognised as income at 30 June 2006 and the balance of \$29.7 million will be carried forward to FY07. The Company's stated revenue recognition policy requires revenue from Woodlot sales to be recognised in line with plantation establishment works.

**Profit Forecast**

Willmott Forests expects to record NPAT in excess of \$10 million in FY06 excluding non-recurring abnormal items of \$2.2 million related to the recent sale of loan book receivables.

**Dividend Payout Policy**

As previously announced, the Board has considered the Company's dividend payout policy and it is intended to increase the annual dividend payout rate by 67% from 6 cents per share up to 10 cents per share commencing in FY05. The effective payout dates will be announced in due course.

"This increase in our dividend yield is viewed as being at a sustainable level that reflects the stronger cash flow position the Company is in due to recent initiatives that have positively transformed our financial structure." Mr Derham said.

PLANT

MANAGE

HARVEST

PROCESS

SUPPLY

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## **About Willmott Forests**

Willmott Forests Limited is an integrated softwood forestry company that produces a wide range of landscape and structural timber products from its timber processing operations in Bombala NSW.

A Quality Endorsed Company, with total assets in excess of \$275 million Willmott Forests manages 30,000 hectares of commercial softwood plantations on behalf of more than 3,400 individual growers. The majority of these plantations are located in south-east New South Wales and north-east Victoria.

For further information please contact:

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