



24 OCTOBER 2002
ANNUAL GENERAL MEETING
CHAIRMAN'S SPEECH

OVERVIEW

Ladies and gentlemen, this year has been one of significant change and of major achievements for your company.

It has been a year when we have seen the fruits of five years of establishment work; and a year of testing and improving the systems, processes, and support structures which we have carefully built to allow City Pacific to grow and prosper in the future.

It has been a year of action and massive effort from directors and management of your company to drive it profitably forward and continue to build shareholder value, at a time when the overall market has been less than impressive.

City Pacific has bucked that trend. By the close of last financial year your company was recognised as the best IPO of 2002, with a growth rate of 689 percent.

We also undertook a number of other strategies such as the five for one share split and the options split, as part of our strategy to increase liquidity.

From our base in Queensland we have expanded nationally, opening an office in Sydney and moving into Victoria where we now have a substantial portion of our loan book.

Of course, this sort of rapid progress presents its own challenges and demands; to stay focused on the key objective of prudence within our loan book; while at the same time encouraging the sort of agility that allows City Pacific to seize opportunities that will increase shareholder value.

And I can report that your board and senior management have more than risen to these challenges; and at the same time have guided City Pacific through this transition phase to becoming a national player.

FINANCIAL RESULTS

You will be aware of the detailed financial results outlined in the annual report which was recently sent to you.

We are particularly pleased with our results at a time when the overall market is struggling generally and at a time when fund managers have found it difficult to deliver.

During this challenging time, City Pacific has been able to deliver to our unit holders (the people whose money we manage) an exceptional rate of return.

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The 2002 year was a dynamic year for City Pacific; one when the strategies of investing in profitable niche products under tight credit and management controls has delivered superior financial benefits for all shareholders.

We achieved a record net profit after tax of \$4.03 million, up significantly on the year before and we are very proud of that accomplishment.

Our revenue grew to \$8.98 million, which was also significantly better than the preceding year. This year we declared fully franked dividends of 5.1 cents for our shareholders.

So to recap, 2002 has been a year of many achievements and of tremendous growth. It was accomplished due to the efforts of an exceptional management team with a clearly defined growth strategy.

SHARE PRICE PERFORMANCE

The performance of our shares is a subject that is dear to the hearts of all shareholders. Although there has been considerable gains over the past year, at a trading price of \$1.50 at the close of business yesterday, your directors believe that our shares are undervalued and there is room for considerable upside particularly in light of our strong financial performance in the current year.

THE FUTURE

During the 2003 year we will seek to grow City Pacific through diversification within both the property lending arena, and also in the range of financial services available. In this way we will effectively spread the risk of being over-exposed in any one area.

Moving onto the future outlook for your company, I can say that directors are particularly happy with our progress so far this year.

Our achievements of the 2002 year have continued into the first quarter of 2003 and our funds under management have continued on a sustained and rapid growth path.

We have previously announced that we expect that our net profit after tax for the 2003 year would be \$8.1 million.

However directors now believe that in the 2003 year we will deliver a net profit after tax of \$10.3 million, on revenue of \$19.3 million.

This is a significant step up from the \$4.03 million net profit result of 2002 – in fact it is a 156 percent increase.

With this forecast increase in net profit for 2003 we expect to pay a fully franked dividend of 12 cents per share out of profits for 2003. This will mean that by September 2003 the original shareholders who invested in our shares in mid 2001 will have received fully franked dividends of 85.5 cents for every dollar invested. A very pleasing result.

This forecast is made from a basis of prudence; I can assure all shareholders here today that we remain very confident of delivering you \$10.3 million in net profit.

And while our growth path has been rapid it is much easier to control growth in a Funds Management environment than in most types of operations. We have excellent systems, controls and people. Therefore we are confident that we can continue to excel in a period of continuing strong growth.

CONCLUSION

Let me conclude with a sincere thank you to the staff and management team of City Pacific.

Your company has a strong, cohesive and effective management team, all of whom are committed to contributing to City Pacific's long term success.

And while our growth path has been rapid, the City Pacific management has repeatedly shown they can rise to the particular challenge that this brings.

This is a time of opportunity and I can assure you that your board and management will undertake their duties with enthusiasm, commitment and dedication with one aim – to add shareholder value over the long term in a sustainable fashion.

I now welcome Phil Sullivan to provide you with a detailed commentary on the operational aspects of your company.

<ENDS>