LOFTUS

LOFTUS CAPITAL PARTNERS LIMITED
CHAIRMANS ADDRESS
10.00 AM WEDNESDAY 12 NOVEMBER 2003
MERCURE HOTEL – SPRING STREET MELBOURNE

On behalf of the Board of directors I would like to welcome you to the Annual General Meeting of Loftus Capital Partners Limited.

The 2003 financial year was significant for us in that we successfully returned to profitability following the restructuring initiatives completed in April 2002 and secondly, the investment principles and guidelines established by the board have continued to produce attractive returns for shareholders.

We have now successfully made the transition to a listed investment company. Our focus is very much on the small cap industrial sector where we seek to acquire strategic shareholdings in companies that demonstrate attractive returns on capital, sound management, and attractive industry dynamics and growth prospects.

We have structured the company such that we allocate approx. 20% of our capital to 'trading' and shorter term opportunities and 80% to investing in 'core' longer term strategic positions.

At year end June 2003 we reported an NTA of 72.5 cents per share representing cash of 50%, trading investments of 10% and Core investments of 40%. With a high level of cash impacting returns for the FY03 year we recorded an After Tax Profit of $795k and maintained our NTA per share (after payment of dividends) during the financial year.

I am pleased to report that in the 4 month period through to end October 2003 we have increased our NTA by 3% to 75 cents per share. We have identified a number of attractive investment opportunities for the company which is reflected in our Net Assets now comprising 32% cash, 23% trading investments and 45% core investments.

Based on our year to date investment performance, and assuming share prices hold for the remainder of the calendar year, our Net Profit After Tax at the half year Dec 2003 should exceed that recorded for the entire 2002/2003 financial year.

In terms of our investment trading performance, we currently have capital employed of $6.5 million which has achieved a pre tax rate of return on capital of 20% in the four months ending October 2003.

Our core investment portfolio now stands at $13 million to which we have recently added 2 new investments:

We have invested approx. $1.5milllion to acquire a 10% stake in Mark Sensing Ltd – a publicly listed company specialising in the manufacturer of specialty coated paper used in ticketing and security and gaming enterprises. Mark Sensing has recently employed a new managing director – Herman Mott – with significant industry experience. We believe the business is well positioned to take advantage of increasing demand for coated paper products both here and in Asia.

And, we invested approx. $1.7million to acquire a 3.5% interest in a Sydney based listed company called WaterCo that specialises in the manufacturer and distribution of swimming pool filters and pumps and has factories in Australia and Asia. The business has a track record of profitability and a committed owner and Managing Director Mr Goh. We believe the business will benefit from the demand in Asia for water filtration systems for households and is leveraged to increased demand for its products in Asia.

In addition to these new investments we continue to hold core investment positions in HomeLeisure Limited (a publicly listed plastics and homewares importer); Jasco Holdings Limited (a private family owned stationary importer and wholesaler); and Tribeca Limited (a publicly listed financial services and training business).

We currently have $8 million of capital invested in our listed core investments which have produced a year to date return for the four months to October 2003 of 12% pre tax which is most pleasing.

We have commented to shareholders, in our September quarter review, on the performance of Tribeca, Jasco and Homeleisure. We look forward to a solid contribution form these three companies in the current financial year.

Our core investments represent a cross section of businesses and industries – however all have a number of characteristics in common - which is they are leveraged to growth with dedicated management and sound industry fundamentals.

Our objective remains to maximise investment returns for our shareholders by identifying investment opportunities in a range of listed (and to a lesser extent private) companies that can generate attractive long term returns. Where possible we pro actively seek out opportunities where we believe we can make a positive contribution to the growth and development of the business.

Our differentiation – from other listed investment companies – is that we are not a portfolio manager operated by fund managers. We are an unrestricted investment company that continues to be patient with your capital and drives its investment selections off fundamental value and growth analysis rather than portfolio weightings or market sentiment.

We believe the investment mix and returns being generated from our investments is confirmation of the success of our strategy. We will continue to pay our profits to shareholders as fully franked dividends and maintain our vigilance on minimising operating costs and maximising long term capital appreciation through our Net Asset Value.

We are mindful of the discount to which are shares currently trade relative to our stated Net Asset Value. By way of comparison, the top 10 listed investment companies presently trade at a 7% premium to their stated Net Asset Value compared to our current discount of 9%

As directors we are confident that in due course the underlying value of our company will be reflected in our share price and we are please to see that in the last four months the discount that our shares trade relative to our stated Net Asset Value has substantially reduced.

On behalf of our shareholders I would like to thank my fellow directors for their contribution to the development of the company during the year and would like to thank our shareholders for their continued support.