

COMPANY ANNOUNCEMENT

Date: October 31, 2007

Quarterly Investment Update

As a result of a formatting problem with the previously released quarterly report, we attach a revised version. Specifically, the heading on page 4 of the Quarterly Investment Update has been moved to the appropriate place on Appendix 1.

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About MMC Contrarian Limited

MMC Contrarian Ltd (ASX listing code: MMA) is a listed financial services company that:

- Creates and invests in unlisted boutique fund managers in various asset classes;
- Acquires strategic stakes in existing funds management business; and
- Generates income for shareholders from two sources (a) returns on a pool of listed equities, cash and funds that are managed by its investee companies and (b) recurring earnings from each manager that it creates or acquires.

MMC Contrarian Limited (MMC)
September 2007 Quarterly Investment Update

This is the fifteenth quarterly investment update since MMC listed in December 2003. In this report we deal with the performance and composition of the investment portfolio for the previous 3 months.

A summary of the portfolio is set out at Appendix 1.

Performance of the portfolio during the previous 3 months:

Your company's portfolio returned +0.27% during the quarter, with the equity component of the portfolio returning -0.97%. We report performance for information purposes only. We are long term investors and short term performance, whether positive or negative relative to a benchmark, is not a focus for us.

The All Ordinaries Accumulation Index increased by +5.5% during the quarter, masking a very difficult investing environment during a period of almost unprecedented volatility, prompted by global credit market concerns that polarised markets.

During the September quarter, the All Ordinaries Index rose 270 points, of which BHP contributed 136 points or 50% alone. When Fortescue Metals and Rio Tinto are added into the mix, these three stocks contributed 170 points or 63% of the markets return. The top 10 stocks accounted for all of the markets return, which highlights how narrowly driven our market has become, with resources dominating.

We make no excuse for not owning BHP, as it is not a stock we feel we can effectively evaluate in the absence of a strong view on commodity prices, something we would challenge anyone that has a medium to long term advantage in predicting, not to mention the enormous supply response coming down the pipeline to satisfy recent price rises (excluding oil which is in finite supply).

A similar polarisation has emerged between large and small capitalised companies over the quarter with small companies producing a negative (-0.5%) return or a full 6% underperformance for the quarter against the All Ordinaries. While we cannot excuse our performance, we feel the Small Ordinaries better reflects the current composition of the portfolio and as such, is a better measure on the challenges the quarter presented MMC in pushing ahead.

The global financial market gyrations of August provided a very brief glimpse at how quickly wealth can be marked to market when not prudently managed. We see little value in repeating what has been widely reported, but rather focus on what we can gain from this experience:

1. Remain prudent in valuation and rigorous in process;
2. Avoid highly indebted companies; and
3. In the absence of sensible value, preserve your capital in cash.

Of course with the benefit of hindsight we could be accused of not being aggressive enough in our buying but in light of the above three lessons, we continue to take a prudent view of what we believe is an expensive market with few opportunities that meet our stringent valuation guidelines.

Whilst we cannot predict the future accurately, we collectively feel that there are reasonable chances the market will present further buying opportunities in the near future, however, the risk for conservative value investors is that markets continue to become pricier. We remain well placed to capitalise on any market misfortune with significant cash reserves at hand.

Portfolio Activity:

Core holdings had a mixed performance during the quarter with Costaexchange (+17%) being offset by Graincorp (-30.0%). Several core holdings had little fluctuation during the quarter.

New investments during the quarter included Norfolk Limited, an integrated engineering and building services business with a high proportion of recurring income. Norfolk listed during July falling 20% below issue price at one point. We used that opportunity during the volatility of August to acquire a meaningful stake. As previously announced, we also made a \$20m investment into the Contrarian Global Value Fund, which has so far made 9 investments and still had 54% invested in cash at the end of the quarter. We will provide a comment on the performance of this Fund in the December quarter report. Other additional positions were acquired during the quarter; however, we are unable to report them to you at this time as we are actively accumulating positions.

As reported to you in previous quarterly updates, we had sold a call option position in Telstra, (receiving 12 cents of income per share) which meant that if the stock traded at a price above our estimation of fair value we would be called away, that is, we would be required to sell the shares at \$4.40. We were happy that this occurred realising a substantial profit while reducing our exposure at prices we evaluated as appropriate. Contrarian's exposure to Telstra post the sale is now approximately 4.0% of gross assets and is held through the instalment receipts.

We reduced our investment in Abacus Property Group, a long time holding of ours. The motivation for selling part of the holding was twofold; firstly on valuation grounds, Abacus was at fair value and a tight 6.5% gross yield. Secondly our concern that tightening credit going forward would likely impinge on certain aspects of their business model leading to a flattening out of earnings growth. We recognise that Abacus is a well managed solid business and should it trade a reasonable discount to fair value in the future, we would look to accumulate a more meaningful stake again.

Tradefresh increased their offer for Costaexchange Limited (Chiquita) to 89 cents per share, an increase of 21.9% over their original 73 cents per share bid. The new offer lies within both our view of fair value and the independent expert's valuation range accompanying the initial Targets Statement. At the time of writing we had sold for part of our shareholding on market and accepted for the balance netting us an exit price of 90 cents per share. Gross proceeds before tax will be approximately \$9.2 million in cash. We have no interest or risk in Costaexchange going forward.

The market in general continues to present few value opportunities; however we have recently noticed a handful of good quality companies such as James Hardie and Aristocrat Leisure to name two, which have fallen materially and as such, are on our radar. With a bit of luck some of these companies will hit our view of value resulting in an increase to our net equity investment exposure. As always, we caution

ourselves that while markets remain buoyant, discounts are often shallow and brief, making it difficult to prudently invest.

A summary of the composition of the portfolio, the NA and share price at the relevant dates are shown below for your information.

\$ Million

	31 Dec 2005	30 June 2006	31 Dec 2006	30 June 2007	30 Sep 2007
Equities	85	101	111	101	124
Hybrids	6	3	0	0	0
Cash on deposit	156	139	146	156	128
Total Capital Employed	247	243	257	257	252
NA Per Share					
Before Tax on unrealised gains- cents	112.4	111.6	117.8	114.0	113.8
Dividends paid (cumulative)	4.5	7.5	10.5	14.5	14.5*
Before Tax on unrealised gains pre dividends- cents	116.9	119.1	128.3	128.5	128.3
MMA Share price- cents	94.5	90.0	104.0	104.0	104.0

* Dividend paid on the 5th of October

Peter Constable
 Director
 MMC Contrarian Limited

Important Disclaimer

The investment Manager, its directors and employees, do not accept any liability for the results of any action taken or not taken on the basis of the information in this report, or any negligent misstatements, errors or omissions. This report has been prepared solely for the benefit of MMC Contrarian and its shareholders. This report summarises information on investments acquired by MMC Contrarian as of the date of the report. This information should not be considered as a recommendation on the suitability of any of these investments for any shareholder or third party. By making available this report we are not providing any general advice or personal advice, within the meaning of section 766B of the Corporations Act, regarding MMC Contrarian, any potential investment in MMC Contrarian or any investments or potential investments of MMC Contrarian. This report has been based on information furnished by us and other sources but no assurances can be given by us as to the accuracy and completeness of this information. The views expressed, and the financial products held by MMC Contrarian, as stated within this report are accurate as of date of its preparation. These views and financial products held by MMC Contrarian and its service providers may and will change after the issue of this report. Past performance is not necessarily indicative of future performance.

Appendix 1: An unaudited summary of MMC Contrarian investments at 30th June 2007 and 30th September 2007.

<u>Summary of Investments valued at market</u>	30 th June 2007 \$ '000	% of portfolio	30 th September 2007 \$ '000	% of portfolio
<i>Equities</i>				
Contrarian Global Value Fund	-	-	19,402	7.7
Telstra Corporation Ltd Instalment Receipts (TLSCA)	13,865	5.4	10,469	4.0
CostaExchange* (CHO)	7,751	3.0	9,077	3.2
ConnectEast Group (CEU)	7,884	3.1	8,132	3.2
Mainfreight Ltd (New Zealand)	2,582	1.0	7,562	3.0
Abacus Property Group Ltd (ABP)	12,911	5.0	5,765	2.3
News Corporation Ltd (NWS)	5,390	2.1	5,300	2.1
Telecom Corporation of New Zealand (TEL)	-	-	4,383	1.7
CVC Ltd (CVC)	3,395	1.3	4,340	1.7
Norkolk (NFK)	-	-	4,351	1.7
Clime Investment Management Ltd (CIW)	4,551	1.8	4,286	1.7
Babcock & Brown Structured Finance Fund (Singapore)	6,476	2.5	4,093	1.6
Envirozel (EVZ)	-	-	4,080	1.6
Staging Connections Group Ltd (STG)	4,133	1.6	3,713	1.5
Calliden (CIX)	-	-	3,424	1.4
GrainCorp Ltd (GNC)	3,714	1.4	2,593	1.0
Magellan Flagship Fund Ltd (MFF)	3,601	1.4	950	0.4
Premier Investments Ltd (PMV)	2,835	1.1	2,760	1.1
Other	6,406	2.5	18,986	7.6
Telstra Corporation Ltd (TLS)	10,347	4.0	-	-
Ridley Inc (Canada)	3,056	1.2	-	-
Brickworks Ltd (BKW)	2,476	1.0	-	-
	101,372	39.4	123,402	49.0
Funds on deposit	155,901	60.6	128,499	51.0
Total capital employed	257,273	100.0	251,901	100.0
NA per share before tax –cents	114.0		113.8	
MMA share price - cents	104.0		104.0	
(Discount) / Premium to NA before tax-%	(8.8)		(8.6)	
NA per share after tax- cents	111.9		113.1	
(Discount)Premium to NA after tax-%	(7.1)		(8.0)	

*Previously known as Chiquita Brands South Pacific Ltd