

MMC
Contrarian
Limited

ABN 83 106 248 248

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23 February 2004

Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir

Accounts to 31 December 2003

Attached are the accounts and the directors' report for the period since incorporation on 9 September 2003 to 31 December 2003.

K Eley
Director

DIRECTORS' REPORT

The directors present the financial report for the period from incorporation on 9 September 2003 to 31 December 2003.

The following persons were directors of the company during the period:

SA Rowell (appointed 9 September 2003)

KJ Eley (appointed 9 September 2003)

EL Metanomski (appointed 9 September 2003); alternate: PC Constable (appointed 11 December 2003)

Review of operations

The company was incorporated on 9 September 2003.

On 10 October 2003 a prospectus was lodged with the Australian Securities & Investments Commission (ASIC) and the Australian Stock Exchange (ASX). Through the prospectus the company offered for subscription 150 million shares at \$1.00 per share. On 28 October 2003 the company lodged a supplementary prospectus with ASIC increasing the number of shares for subscription to 200 million shares at \$1.00 per share. For each share issued, subscribers received 1 free option to subscribe for a share at an exercise price of \$1.00 exercisable by 30 June 2005.

On 4 December 2003 the company closed its prospectus having received subscriptions for 200 million shares and options. The company was admitted to the official list of the ASX on 5 December 2003. Trading in the shares and options of the company commenced on 11 December 2003.

In the supplementary prospectus dated 28 October 2003 the directors estimated the expenses of the share offer would be \$4.061 million and the net tangible assets (NTA) of the company on completion of the share issue would be 98 cents per share. The actual expenses of the offer were \$4.184 million and the NTA on completion of the share issue was 98.1 cents per share.

As at 31 December 2003 the NTA, before provision for tax on unrealised gains, was 98.8 cents per share. The NTA after tax on unrealised gains was 98.6 cents per share.

As at 31 December 2003 6.5% of net assets were listed securities, the balance being fixed interest and cash.

The company has not declared a dividend for the period ended 31 December 2003.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report, and the financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of Directors.

On behalf of the Directors:

K Eley
Director
Sydney 23 February 2004

Appendix 4D
Half Year Report
Period Ended 31 December 2003

1. Name of Entity:	MMC CONTRARIAN LIMITED
ACN:	106 248 248
Half year ended ("reporting period)	31 December 2003
Half year ended ("previous corresponding period)	Not applicable

2. **Results for announcement to the market**
(Amount and percentage change up or down from the previous corresponding period)

			\$ 000
2.1	Revenues from ordinary activities		977
2.2	Profit from ordinary activities after tax attributable to members		412
2.3	Net profit for the reporting period attributable to members		412

2.4 Dividends	Amount per security	Franked amount per security
Final dividend	Nil	-c
Interim dividend	Nil	-c
Previous corresponding period	N/A	N/A

The Board of MMC Contrarian Limited has not declared a dividend for the financial period ended 31 December 2003.

2.5 Record date for determining entitlements to the dividends	N/A
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2.6 Explanation of the results for the current half year period

See directors' report.

3. Net tangible assets per security	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	0.986	N/A

4. **Control gained over entities having a material effect**

There was no gain or loss of control of entities during the current period .

5. **Dividends**

There was no dividend paid or accrued during the current period.

6. **Details of dividend reinvestment plan in operation and the last date for the receipt of an election notice for participation in any dividend reinvestment plan.**

No dividend has been declared.

7. **Details of associates and joint venture entities**

There were no associates or joint venture entity holdings in the current period.

Compliance Statement

8. The information provided in this report has been prepared in accordance with AASB standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

9. The MMC Contrarian Limited Financial Report for the financial half year ended 31 December 2003 has been subject to review. A copy of the independent review report to the members of MMC Contrarian Limited is attached.

MMC Contrarian Limited

Statement of Financial Performance
for the period 09 September 2003 to 31 December 2003

	Period 09 September 2003 to 31 December 2003 \$(000)
Revenue from ordinary activities	977
Expenses from ordinary activities	(389)
Profit from ordinary activities before income tax	588
Income tax expense relating to ordinary activities	(176)
Net profit from ordinary activities after tax	412
Net profit attributable to members of the entity	412
Increase in asset revaluation reserve arising on revaluation of investments (net of tax)	895
Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Entity Recognised Directly in Equity	895
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	1,307
Earnings per Share:	
Basic (cents per share)	0.206
Diluted (cents per share)	0.206
Earnings per Share including increase in asset revaluation reserve:	
Basic (cents per share)	0.654
Diluted (cents per share)	0.654

The accompanying notes on pages 6 to 8 form part of the financial statements.

MMC Contrarian Limited

Statement of Financial Position
as at 31 December 2003

	Note	31 December 2003 \$(000)
Assets		
Cash assets		135,325
Receivables		1,188
Fixed Interest securities		50,000
Listed securities		12,781
Total Assets		199,294
Liabilities		
Payables		1,610
Current tax liabilities		177
Deferred tax liabilities		384
Total Liabilities		2,171
Net Assets		197,123
Equity		
Contributed equity	6	195,816
Asset revaluation reserve	2	895
Retained profits	6	412
Total Equity		197,123

The accompanying notes on pages 6 to 8 form part of the financial statements.

MMC Contrarian Limited

Statement of Cash Flows
for the period 09 September 2003 to 31 December 2003

	Period 09 September 2003 to 31 December 2003 \$(000)
Cash flows from operating activities:	
Payments to suppliers	(40)
Interest received	87
Net cash provided by operating activities	47
Cashflows from investing activities:	
Payments for investment securities	(60,240)
Net cash used in investing activities	(60,240)
Cash flows from financing activities:	
Proceeds from issue of equity securities	200,000
Payment for share issue costs	(4,482)
Net cash provided by financing activities	195,518
Net increase/(decrease) in cash held	135,325
Cash at the beginning of the period	0
Cash at the end of the period	135,325

The accompanying notes on pages 6 to 8 form part of the financial statements.

Notes to the Financial Statements

1. Basis of Preparation

These general purpose financial statements have prepared in accordance with the Corporations Act 2001 and AASB 1029 'Interim Financial Reporting'. This interim financial period report does not include notes of the type normally included in an annual financial report. The Statements are prepared from the records of the Company on an accruals basis. They are based on historical costs and do not take into account changing money values or, except where specifically stated, current valuation of non-current asset assets.

(a) Significant Accounting Policies

(i) Investments

ASX listed shares and securities are valued at market as quoted on the ASX less an allowance for realisation costs. Non ASX listed shares and securities are valued at their estimated market value less an allowance for realisation costs. Investments including shares and securities are valued continuously and for this reason, cost of sales equals sales revenues when investments are sold. Revaluations are credited directly to the Asset Revaluation Reserve after deducting a provision for potential deferred capital gains tax. When shares, securities and other investments are disposed of, the balance in the Asset Revaluation Reserve related to that disposed share, security or other investment is transferred to the Capital Profits Reserve.

(ii) Investment Income

Dividend Income

Dividend income is recognised on a receivable basis on the date the shares are quoted ex-dividend.

Distribution Income

Distribution income is recognised on a receivable basis as of the date the unit value is quoted ex-distribution.

Interest Income

Interest from fixed interest and discount securities is recognised as income on the basis of the accumulated entitlement that would be received on the disposal of the security according to the trading practices accepted by the market for the relevant security. Interest on cash on deposit is recognised in accordance with the terms and conditions which apply to the deposit.

Notes to the Financial Statements

1. Basis of Preparation (continued)

(iii) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(iv) Income tax

Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in deferred tax assets or deferred tax liabilities, as applicable.

(v) Initial Public Offer Set Up Costs

Set up costs paid resulting from the initial public offer have been charged against contributed equity. GST paid for which a reduced input tax credit refund is available has been booked against contributed equity.

(vi) Comparative Results

The Company was incorporated on 9 September 2003 and accordingly only current period figures covering the period from incorporation are shown.

Notes to the Financial Statements

2. Asset Revaluation Reserve

	Period 09 September 2003 to 31 December 2003 \$(000)
Balance at the beginning of period	-
Revaluation of investments (net of tax)	895
Closing balance	<u>895</u>

The asset revaluation reserve arises on the revaluation of investments. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred to capital profits reserve.

3. Dividends

There were no dividends paid or declared in the financial period.

4. Subsequent Events

There has not arisen in the interval between the end of the period and the date of this report any transaction or event of a material and unusual nature likely, in the opinion of the directors to effect significantly the operations or the state of affairs of the operations of the company, the results of those operations or state of affairs of the company in future years.

5. Segment Information

Business Segments

The company operates solely in the financial investment industry.

Geographical Segments

The company operates in Australia and invests in Australian securities.

6. Equity

	\$(000)
Retained profits	
Opening retained profits	0
Net profit attributable to members	412
Closing retained profits	<u>412</u>

Share capital

	Shares		Options	
	\$	Number	\$	Number
Opening	0	0	0	0
Issued in period	200,000,001	200,000,001	200,000,000	200,000,000
Share issue costs	(4,184,234)			
Closing	<u>195,815,767</u>	<u>200,000,001</u>	<u>200,000,000</u>	<u>200,000,000</u>

The options expire on 30 June 2005 and have an exercise price of \$1.

7. Additional Information

As at the end of the financial period, MMC Contrarian Limited was a listed licenced investment company, incorporated and operated in Australia.

Registered Office

Level 5
34 Hunter Street
Sydney NSW 2000

Principal place of Business

Level 5
34 Hunter Street
Sydney NSW 2000

DIRECTORS' DECLARATION

The Directors declare that:

- (a) The attached financial statements and notes thereto comply with Accounting Standards;
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company;
- (c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303 (5) of the Corporations Act 2001.

On behalf of the Directors

K Eley
Director

Sydney 23 February 2004

Deloitte Touche Tohmatsu
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**INDEPENDENT REVIEW REPORT TO THE MEMBERS
OF MMC CONTRARIAN LIMITED**

1. Scope

We have reviewed the financial report of MMC Contrarian Limited for the period ended 31 December 2003 as set out on pages 3 to 9. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the disclosing entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

2. Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MMC Contrarian Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the disclosing entity's financial position as at 31 December 2003 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

DELOITTE TOUCHE TOHMATSU

SC Woodhouse
Partner
Chartered Accountants

Sydney, 23 February 2004