

MMC Contrarian Limited

ABN 83 106 248 248

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Sydney NSW 2001

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Six months ended 31 December 2004

The directors of MMC Contrarian are pleased to announce a strong performance for the half year to 31 December 2004. Highlights are:

- Profit from ordinary activities of \$2.0 million after tax (1.0 cents per share)
- Capital profits of \$5.4 million after tax (2.7 cents per share)
- Increase in revaluation reserve of \$10.7 million after tax (5.3 cents per share)

This gives a combined performance of \$18.1 million after tax, equal to 9.0 cents per share. Before tax, the combined performance of the portfolio was an increase of \$25.7 million, or 12.8 cents per share.

As the company was listed on 5 December 2003, the comparative period was for less than a month and therefore not relevant for comparison purposes.

The principal objectives of the company are:

- Exceed the return of the All Ordinaries Accumulation Index over the medium term to long term;
- Preserve the capital of the company; and
- Pay regular franked dividends.

In this six month period the portfolio has achieved an increase of 12.1% before tax (12.8 cents per share). This performance was achieved when the company started the financial year with \$137 million of cash and continued to hold \$147 million of cash and cash equivalents at 31 December 2004. The All Ordinaries Accumulation Index increased by 17.2% in the same period. It is important to note the manager does not place undue emphasis on short term performance especially when investing in contrarian opportunities.

At 31 December 2004 the capital of the company after provision for all taxes and the payment of a 1 cent fully franked dividend in October 2004 had increased to 111.5 cents per share from 103.7 cents per share at 30 June 2004. This meets the objective of preserving the capital of the company.

The directors have declared a 1.5 cent fully franked interim dividend to be paid on 24 March 2005. The record date will be 15 March 2005. The final dividend paid on 7 October 2004 was 1 cent per share fully franked.

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The investment portfolio at 31 December 2004 is summarised as follows:

	\$m	%
Listed equities	92	38%
Hybrids	24	10%
Fixed interest and cash	123	52%
Total investments	239	100%

At 31 December 2004 62% of investments were cash, fixed interest and hybrid securities. The assets of the company are managed with a strong philosophy of capital preservation; consequently the company has large cash holdings when suitable investments cannot be found.

During the half year an active capital management programme was employed, resulting in 1,056,553 shares being bought back on-market and cancelled. The share buy-back was conducted because the manager considered that the MMC Contrarian shares were from time to time trading at an excessive discount to their fair value and therefore it was in shareholders' interest to buy back and cancel them.

The company had 199,985,000 million options on issue at 30 June 2004, each exercisable at \$1.00. 4,165,600 options were exercised during the half year and a further 18,137,685 were exercised after 31 December 2004 up to the date of this report. The remaining 177,681,715 options are able to be exercised at any time until 30 June 2005. Options exercised prior to 17 February 2005 are eligible to receive the interim dividend payable on 24 March 2005. All options exercised after 17 February 2005 and prior to their expiry date of 30 June 2005 will be eligible to receive the final dividend expected to be paid in October 2005.

Quarterly investment updates have been mailed to shareholders and option holders. These are also available on our website www.mmccontrarian.com.au.

The company does not consider it appropriate to predict future results, but it is pleasing to note that the portfolio has achieved an total unrealised revaluation reserve of \$18 million at 31 December 2004, and \$147 million (62%) of funds are still in cash or cash equivalents.

Simon Rowell
Chairman
28 February 2005

MMC Contrarian Limited
Half Year Financial Statements
as at
31 December 2004

MMC CONTRARIAN LIMITED
A.B.N. 83 106 248 248
FINANCIAL STATEMENTS
DIRECTORS' REPORT

Your Directors submit the financial report of the company for the half year ended 31 December 2004.

Directors

The names of directors who held office during the half year and until the date of this report are:

Simon A. Rowell - Chairman
Erik L. Metanomski - Non-executive (Alternate: Peter C. Constable)
Kevin J. Eley - Non-executive

The company and the manager

The company is a listed investment company with ASX code MMA. The company's investments are managed by MMC Asset Management Limited (MMC) (AFS Licence No. 230920). HGL Limited (ASX code: HNG) has made available the services of several of its key executives to assist MMC with providing these management services. These HGL representatives participate as members of an investment committee of MMC. Both HGL, in its own right, and MMC, on behalf of its clients, are experienced investors with excellent long term records in selecting investments. The company's investment philosophy is aimed at preserving and growing shareholders' capital over the long term. This is achieved by acquiring a concentrated portfolio of companies primarily listed on the Australian Stock Exchange that are trading at a discount to their fair value (value investing), by thinking independently and not following the herd (Contrarianism), and by having a structured and methodical approach to investing (discipline).

Review and results of operations

The company was incorporated on 9 September 2003 and hence comparative numbers are for the period 9 September 2003 to 31 December 2003.

The company has achieved the following results in the half year:

Profit from ordinary activities of \$2.0 million after tax (2003:\$0.4 million)
Capital profits of \$5.4 million after tax (2003: \$nil)
Increase in revaluation reserve of \$10.7 million (2003: \$0.9 million)

For more information on the results please refer to the Chairman's statement.

Dividends

The directors have declared a 1.5 cent fully franked interim dividend to be paid on 24 March 2005. The record date will be 15 March 2005. The final dividend paid on 7 October 2004 was 1 cent fully franked per share.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 3.

**MMC CONTRARIAN LIMITED
A.B.N. 83 106 248 248
FINANCIAL STATEMENTS
DIRECTORS' REPORT**

Rounding of amounts

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

Signed in accordance with a resolution of the Directors.

.....
Kevin Eley, Director
Sydney, 28 February 2005

Board of Directors
MMC Contrarian Limited
Level 5, 34 Hunter Street
SYDNEY NSW 2000

28 February 2005

Dear Sirs

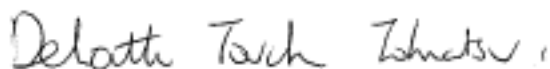
MMC Contrarian Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MMC Contrarian Limited ("the Company").

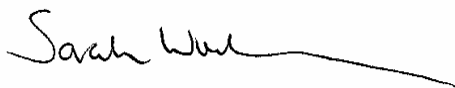
As lead audit partner for the review of the financial statements of the Company for the half-year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Sarah Woodhouse
Partner
Chartered Accountants

MMC CONTRARIAN LIMITED
A.B.N. 83 106 248 248
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	<u>2004</u>	<u>2003</u>
	<u>\$'000</u>	<u>\$'000</u>
Revenue from ordinary activities	35,787	977
Expenses from ordinary activities	<u>(33,049)</u>	<u>(389)</u>
Profit from ordinary activities before income tax expense	2,738	588
Income tax expense relating to ordinary activities	<u>(726)</u>	<u>(176)</u>
Profit from ordinary activities after income tax expense	<u>2,012</u>	<u>412</u>
Net profit attributable to members of the entity	<u><u>2,012</u></u>	<u><u>412</u></u>
Increase in asset revaluation reserve, net of tax	10,691	895
Increase in capital profits reserve, net of tax	<u>5,364</u>	<u>-</u>
Total revenues, expenses and valuation adjustments attributable to members of the entity recognised directly in equity	<u><u>16,055</u></u>	<u><u>895</u></u>
Total changes in equity other than those resulting from transactions with owners as owners	<u><u>18,067</u></u>	<u><u>1,307</u></u>
	<u>Cents</u>	<u>Cents</u>
Basic earnings per share	<u>1.01</u>	<u>0.21</u>
Diluted earnings per share - after allowing for options	<u>0.50</u>	<u>0.10</u>
Basic earnings per share including revaluation of listed securities and the capital profits on the sale of listed securities	<u>9.03</u>	<u>0.65</u>
Diluted earnings per share including revaluation of listed securities and the capital profits on the sale of listed securities	<u>4.52</u>	<u>0.33</u>

MMC CONTRARIAN LIMITED
A.B.N. 83 106 248 248
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	31-Dec 2004 <u>\$'000</u>	30-Jun 2004 <u>\$'000</u>	31-Dec 2003 <u>\$'000</u>
Assets			
Cash assets	38,402	50,933	135,325
Receivables	935	986	1,188
Fixed interest securities	83,182	71,156	50,000
Listed securities	116,728	89,078	12,781
Total Assets	<u>239,247</u>	<u>212,153</u>	<u>199,294</u>
Liabilities			
Payables	341	310	1,610
Current tax liabilities	4,082	1,309	177
Deferred tax liabilities	8,062	3,228	384
Total Liabilities	<u>12,485</u>	<u>4,847</u>	<u>2,171</u>
Net Assets	<u>226,762</u>	<u>207,306</u>	<u>197,123</u>
Equity			
Contributed equity	199,172	195,784	195,816
Asset revaluation reserve	18,222	7,531	895
Capital profits reserve	6,625	1,261	-
Retained profits	2,743	2,730	412
Total Equity	<u>226,762</u>	<u>207,306</u>	<u>197,123</u>

MMC CONTRARIAN LIMITED
A.B.N. 83 106 248 248
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	2004	2003
	<u>\$'000</u>	<u>\$'000</u>
Cash Flows From Operating Activities		
Dividends and trust distributions received	1,077	-
Interest received	3,253	87
Payments to suppliers	<u>(1,844)</u>	<u>(40)</u>
Net cash flows from (used in) operating activities	2,486	47
Cash Flows From Investing Activities		
Proceeds from sale of securities	31,216	-
Payment for investment securities	<u>(47,622)</u>	<u>(60,240)</u>
Net cash flows from (used in) investing activities	(16,406)	(60,240)
Cash Flows From Financing Activities		
Proceeds from issue of equity securities	4,165	200,000
Payment for share buy back	(1,072)	-
Payment for share issue costs	-	(4,482)
Dividends paid	<u>(1,704)</u>	<u>-</u>
Net cash flows from (used in) financing activities	<u>1,389</u>	<u>195,518</u>
Net increase (decrease) in cash held	(12,531)	135,325
Cash at the beginning of the period	<u>50,933</u>	<u>-</u>
Cash at the end of the period	<u><u>38,402</u></u>	<u><u>135,325</u></u>

MMC CONTRARIAN LIMITED
A.B.N. 83 106 248 248
Notes to the Financial Statements
For the half-year ended 31 December 2004

1. Basis of preparation of the Half-Year Financial Statements

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of MMC Contrarian Limited as at 30 June 2004 and any public announcements made by MMC Contrarian Limited during the half year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half year condensed financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2004 financial statements.

For the purpose of preparing the half year financial statements the half year has been treated as a discrete reporting period.

2. Events subsequent to Reporting Date

Other than the exercise of 18,137,685 options there have been no events subsequent to reporting date that would materially affect the financial statements at the reporting date.

3. Contingent Assets and Liabilities

Since the last annual reporting date there has been no material change of any contingent assets or liabilities at the date of this report to affect the financial statements.

4. Segment Reporting

The company operates in the financial investment industry. The economic entity operates in one geographic area being Australia.

5. Dividends Paid

	2004	2003
	<u>\$'000</u>	<u>\$'000</u>
Interim fully franked dividends of 1.0 cents per share franked at the tax rate of 30%. (note that \$295,165 of this dividend paid was reinvested under the dividend reinvestment plan)	2,000	-

6. Comparative Figures

The company was incorporated on 9 September 2003 and hence comparative numbers are for the period 9 September 2003 to 31 December 2003.

MMC CONTRARIAN LIMITED
A.B.N. 83 106 248 248
Notes to the Financial Statements
For the half-year ended 31 December 2004

7. International financial reporting standards

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued equivalents to IFRS and Urgent Issues Group abstracts corresponding to International Financial Reporting Interpretation adopted by the International Accounting Standards Board. The Company is reviewing IFRS to evaluate the impact of the transition to the Company. The adoption of IFRS will be reflected in the financial statements for the half year ending 31 December 2005 and for the year ending 30 June 2006. The Company Secretary is overseeing the transition process and is reporting periodically to the Audit Committee. Based on work to date the key issue that has been identified is the realised capital gains, net of tax, will be included in the profit rather than being treated as an equity adjustment. The capital gains profits reserve will no longer be required and the balance will be transferred to retained profits.

MMC CONTRARIAN LIMITED
A.B.N. 83 106 248 248
FINANCIAL STATEMENTS
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of MMC Contrarian Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company:
 - (i) give a true and fair view of the company's financial position as at 31 December 2004 and its performance for the half-year ended on that date; and
 - (ii) comply with Accounting Standards and the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

.....
Kevin Eley, Director
Sydney, 28 February 2005

Independent review report to the members of MMC Contrarian Limited

Scope

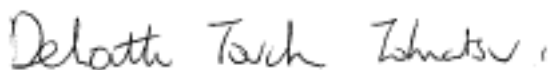
We have reviewed the financial report of MMC Contrarian Limited for the half-year ended 31 December 2004 as set out on pages 4 to 9. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on 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.

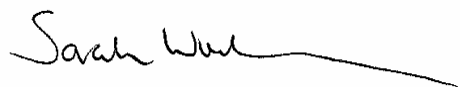
Statement

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 2004 and of its performance for the half-year 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



S Woodhouse
Partner
Chartered Accountants
Sydney, 28 February 2005

**Appendix 4D
Half Year Report
Period Ended 31 December 2004**

1. Name of Entity:	MMC CONTRARIAN LIMITED
ACN:	106 248 248
Half year ended ("reporting period")	31 December 2004
Half year ended ("previous corresponding period")	31 December 2003

2. Results for announcement to the market

(Amount and percentage change up or down from the previous corresponding period)

		% change	\$ 000
2.1 Revenues from ordinary activities		3563%	35,787
2.2 Profit from ordinary activities after tax attributable to members		388%	2,012
2.3 Net profit for the reporting period attributable to members		388%	2,012

2.4 Dividends

Final dividend - record date 17 September 2004, paid 7 October 2004

Interim dividend - record date 15 March 2005, payable 24 March 2005

Previous corresponding period

	Amount per security	Franked amount per security
	1.0 cents	1.0 cents
	1.5 cents	1.5 cents
	nil	nil

2.5 Record date for determining entitlements to the dividends

15-Mar-05

2.6 Explanation of the results for the current half year period

See directors' report and Chairman's statement.

3. Net tangible assets per security

Net tangible asset backing per ordinary security

Reporting period	Previous corresponding period
1.115	0.986

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

An interim dividend of 1.5 cents a share will be paid on 24 March 2005.

**Appendix 4D
Half Year Report
Period Ended 31 December 2004**

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.

The Directors have established the dividend reinvestment plan to provide shareholders with the opportunity of reinvesting their dividends in ordinary shares of the company. The shares will be issued at the weighted average market price of shares sold on the ASX on the books close date and the 3 trading days preceeding that date. There is no discount. Notices for the dividend reinvestment plan must be received by the share registry by no later than 5:00pm on the record date for a forthcoming dividend in order to take effect for that dividend.

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 2004 has been subject to review. A copy of the independent review report to the members of MMC Contrarian Limited is attached.