MMC Contrarian Limited (MMC Contrarian)
March 2007 quarterly investment update

This is the twelfth quarterly investment update since MMC Contrarian listed in December 2003. In this report we deal with the following:

- your company's dividend philosophy and outlook and
- the performance and composition of the investment portfolio for the previous 3 months

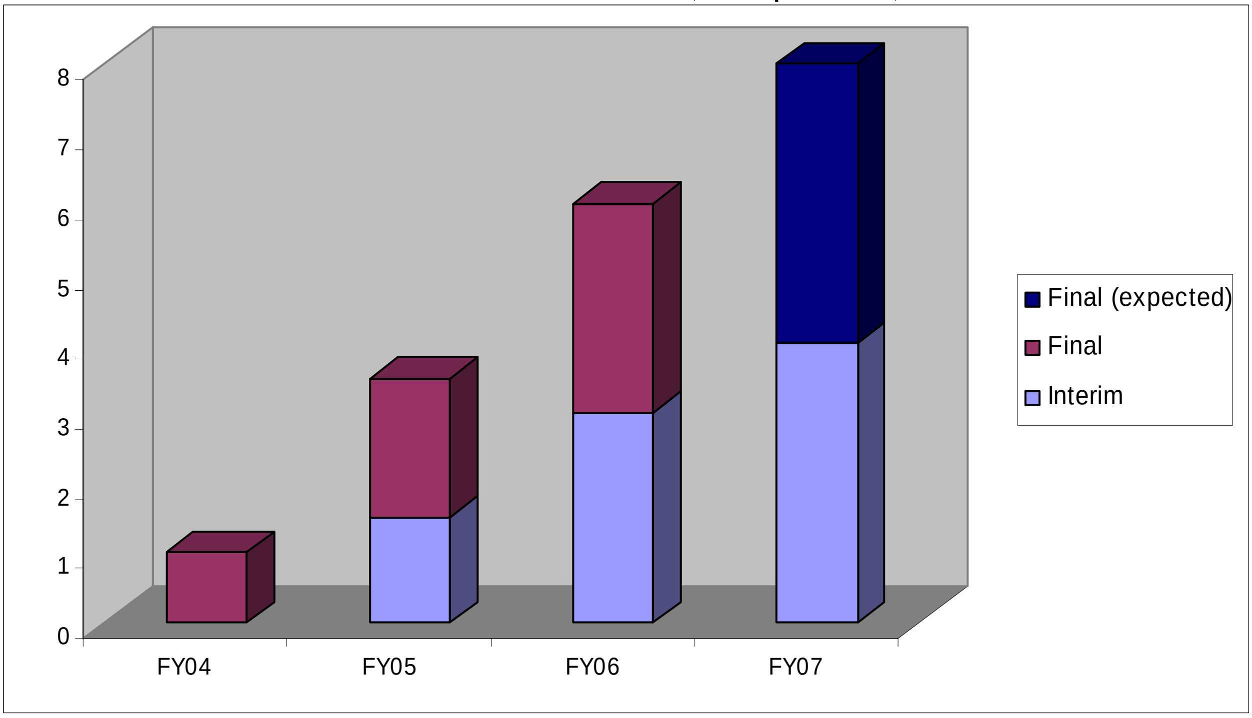
A summary of the portfolio is set out at Appendix 1.

Interim Dividend:

The board of MMC Contrarian declared a fully franked interim dividend of four cents per share for the six month period to December 2006. This interim dividend was paid on 23rd March 2007. Dividends declared during the 2006 calendar year totalled five cents per share compared to two and a half cents per share for the previous calendar year. Last financial year the board of MMC Contrarian declared a fully franked interim dividend of three cents per share for the six month period to December 2005.

This increase in the interim dividend continues your company's policy of distributing a growing stream of fully franked dividends to shareholders every six months, as illustrated below. In the absence of unforeseen adverse circumstances, the final dividend is expected to be at least 4.0 cents per share and would be payable in September 2007. This compares to the final dividend last year of 3.0 cents.

MMC Contrarian Dividends (cents per share)



In addition to increasing dividends, your company intends to make a capital repayment of 10 cents per share, subject to shareholder approval and a favourable ruling by the Australian Taxation Office. If approved, the capital repayment will be made in October/November 2007.

Performance of the portfolio during the previous 3 months:

The All Ordinaries Accumulation Index increased +7.1% during the quarter as the market continued its momentum. Almost all sectors of the market produced positive returns (with the exception being LPTs which gave back some of the stellar returns of the previous 2 quarters), with IT, Telecommunications and Consumer Staples producing double digit returns. Despite a period of high volatility during early-mid March, the market demonstrated its resilience with the correction proving to be all too brief. The market continues to reach new highs at the time of writing, largely attributable to the strong liquidity in the market. Interestingly, the M&A activity around 4 of the 30 largest stocks in the market (Coles, Rinker, Qantas and Orica), may potentially lead to around 4% of the All Ordinaries or around $58 billion being liquidated and recycled into other stocks. This may inflate an already expensive market.

Your company's portfolio returned +3.5% during the quarter, with the equity component of the portfolio returning +6.6%. 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.

Core holdings performed strongly during the quarter with Staging Connections (+31.68%), Telstra (+13.87%) / T3 instalment receipts (+14.24%) and GrainCorp (+13.04%) all producing double digit returns. There were no major detractors from performance during the quarter.

Portfolio Activity:

The strong performance of several holdings resulted in their share prices achieving our assessment of fair value. In line with our investment disciplines we completely sold the positions in Ansell and AWB while Abacus Property Group and News Corporation were trimmed. A new investment was made during the quarter in Clime Investment Management. The company is well run with strong growth prospects and a highly regarded investment manager who has a solid track record. We significantly increased exposure to ConnectEast and established a call option strategy for Telstra overlying the core holding. With regard to Telstra, we have long held the view that there is significant untapped value in the company. It owns valuable communications infrastructure and strategic assets such as Sensis and half of Foxtel, which belie the low teens earnings multiples upon which it traded for most of 2006. With the removal of majority Government ownership post T3 the opportunity exists to unlock this value. At the time of writing, the company stands at the crossroads and we believe the long term share price movement has a binary outcome. If the company remains in its present form then it appears expensive at the current share price. However, if it is restructured, the potential exists for significant share price appreciation. A call option strategy was established to overlay the core holding, allowing the portfolio to generate additional income and exposure if the upper end of our investment thesis valuation is reached.

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 2003	30 June 2004	31 Dec 2004	30 June 2005	31 Dec 2005	30 June 2006	31 Dec 2006	31 Mar 2007
Equities	13	74	92	98	85	101	111	114
Hybrids	0	15	24	8	6	3	0	0
Cash on deposit	185	122	123	134	156	139	146	151
Total Capital Employed	198	211	239	240	247	243	257	265

Cents

	31 Dec 2003	30 June 2004	31 Dec 2004	30 June 2005	31 Dec 2005	30 June 2006	31 Dec 2006	31 Mar 2007
NA Per Share Before Tax on unrealised gains- cents	99.1	105.4	115.2	109.7	112.4	111.6	117.8	113.4
Dividends paid (cumulative)	-	-	1.0	2.5	4.5	7.5	10.5	14.5
NA Per Share Before Tax on unrealised gains pre dividends- cents	99.1	105.4	116.2	112.2	116.9	119.1	128.3	127.9
MMA Share price- cents	93.0	97.0	106.0	93.5	94.5	90.0	104.0	103.0

Peter Constable
Director
MMC Contrarian Limited

Kevin Eley
Director
MMC Contrarian Limited

Appendix 1: An unaudited summary of MMC Contrarian investments at 31st December 2006 and 31st March 2007.

Summary of Investments valued at market	31st Dec 2006 $`000	% of portfolio	31st Mar 2007 $`000	% of portfolio
Equities				
PMP Ltd (PMP)	15,976	6.2	15,248	6.0
Telstra Corporation Ltd Instalment Receipts (TLSCA)	6,174	2.4	14,311	5.6
Abacus Property Group Ltd (ABP)	14,298	5.6	12,976	5.1
Telstra Corporation Ltd (TLS)	13,374	5.2	10,505	4.1
Chiquita Brands South Pacific Ltd (CHQ)	7,442	2.9	7,751	3.0
ConnectEast Group (CEU)	3,001	1.2	7,253	2.9
Babcock & Brown Structured Finance Fund (Singapore)	6,496	2.5	6,440	2.5
Magellan Flagship Fund Ltd (MFF)	6,864	2.7	6,297	2.5
News Corporation Ltd (NWS)	9,277	3.6	6,035	2.4
The Warehouse Group Ltd (WHS)	5,911	2.3	5,495	2.2
GrainCorp Ltd (GNC)	3,130	1.2	3,538	1.4
Commander Communications Ltd (CDR)	3,737	1.5	3,384	1.3
Clime Investment Management Ltd (CIW)	-	-	3,262	1.3
Ridley Inc (Canada)	2,789	1.1	2,980	1.2
Staging Connections Group Ltd (STG)	2,052	0.8	2,827	1.1
Other	1,277	0.5	4,919	1.9
Ansell Ltd (ANN)	7,323	2.8	-	-
AWB Ltd (AWB)	2,254	0.9	-	-
	111,375	43.3	113,221	44.5
Funds on deposit	145,748	56.7	140,975	55.5
Total capital employed	257,123	100.0	254,196	100.0

NA per share before tax –cents	117.8		113.4 (post 4c March dividend)	
MMA share price - cents	104.0		103.0	
(Discount) / Premium to NA before tax-%	(11.7)		(9.2)	
NA per share after tax- cents	115.2		111.1 (post 4c March dividend)	
(Discount)Premium to NA after tax-%	(9.7)		(7.3)	