



Managing Director's Quarterly Report

SEPTEMBER
2002

Total Net Market Value of Assets

\$14,649,282 or 110.5c per share

Investment Performance

(These figures are unaudited)

To Sept	Quarter	One Year
Total return to Shareholders over the period*	-9.1%	-8.8%
Change in All Ords over Period	-7.4%	-2.0%
Change in Bank Bill Index over the Period	+1.3%	+4.7%

* This is a realised after-tax return while the return on the All Ordinaries Index is pre-tax.

Asset Allocation

Financials	40.0%
Consumer Staples	13.3%
Consumer discretionary	10.8%
Materials	9.6%
Cash	1.3%
Other	25.0%

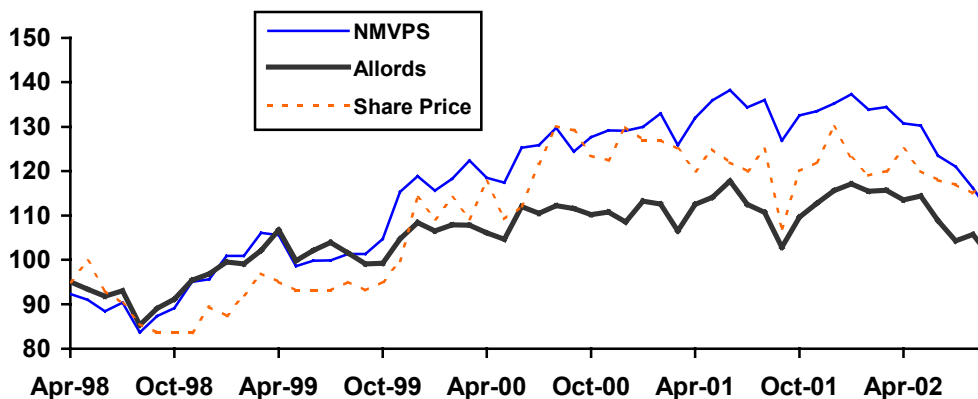
Five major investments

(As a % of the portfolio)

	Jun-02	Sep-02
NAB	9.2%	9.7%
Rio Tinto	9.3%	9.6%
Perpetual	7.7%	7.5%
Macquarie	8.6%	7.3%
Woolworths	6.4%	6.7%
Total	41.2%	40.8%

Relative Performance History

(After adjusting for the rights issue)



Investment Activity

- The Queensland Gas holding was lightened during the quarter and the take-over offer for Snack Foods was accepted. We participated in the recent initial public offering by Breakfree Limited, which has made a successful debut on the ASX.
- The best performing investment over the quarter was Breakfree with Snack Foods and Telstra performing well. Macquarie Bank and CSL continued to decline in value to be the worst performing investments in the portfolio.
- In general, the growth stocks characterising the investment portfolio continued to underperform the market during the quarter.

Market facts

- The Australian market as measured by the All Ordinaries Index declined by 7.4% over the quarter from a level of 3163.2 at the end of June 2002 to a level of 2928.3 at the end of September 2002. The Index is down 2.0% over the twelve months to the end of September and has produced an overall return of 0.7% since June 1998.
- The RBA maintained the Cash rate at 4.75% during the quarter while the ten-year government bond yields ended the period at around 5.3%, down from 6.0% at the end of June 2002.
- The world equity markets as measured by the MSCI World Index declined in US dollar terms by 18.7% over the quarter while the slight weakening of the Australian dollar resulted in an overall decline of 15.7% for Australian investors. In the twelve-month period to September 2002 the world equity markets declined in Australian dollar terms by 27.9%.