

Managing Director's Quarterly Report



September 2006

Total Net Market Value of Assets

\$30,108,707 or 176c per share

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period*	3.2%	22.4%
Change in All Ords. over Period	1.6%	11.3%
Total return over the period (NAV & div)	2.0%	14.9%
Change in Bank Bill Index over the Period	1.5%	5.9%

* This return is before all fees, costs, taxes and dividends while the NAV return is after fees, costs and taxes paid. Past performance is no guide for future performance.

Asset Allocation

Financials	32.68%
Consumer Discretionary	21.39%
Industrials	10.35%
Materials	9.47%
Other	9.42%
Healthcare	9.00%
Consumer Staples	6.13%
Cash and Equivalent	1.56%

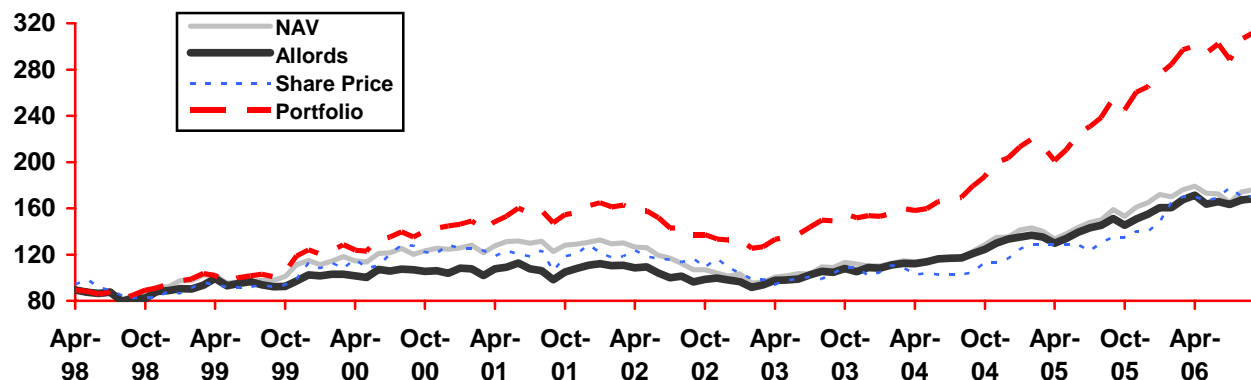
Five Major Investments

(As a % of the portfolio)

	Sep 06	Jun-06
Brambles	6.2%	5.2%
Babcock & Brown	5.7%	6.1%
ANZ	5.7%	5.5%
Rio Tinto	5.3%	6.4%
Queensland Gas	5.1%	2.7%
Total	28.0%	25.9%

Relative Performance History

(After adjusting for the rights issues)



Portfolio Performance

- The portfolio return (as shown in the chart and table is before all fees, costs, taxes and dividends) was 3.2% over the quarter and 22.4% for the twelve months to the end of September 2006. The return since April 1998 was 248.9%.
- The NAV increased by 2.0% over the quarter as compared to the All Ordinaries Index which increased by 1.6%.
- The NAV per share of the portfolio has increased since April 1998 by 97.1%, while the total return including dividends is 135.9%. The All Ordinaries Index was up 88.5% since April 1998.
- At the current market value, the investments in the portfolio have a dividend yield of 3.2% substantially fully franked.

Investment Activity

- During the quarter under review, we added a new investment to the portfolio; Aristocrat Leisure and increased our exposure to Australis Aquaculture and Watif.com. We sold STW Communications, Great Southern Plantation and Babcock & Brown from the portfolio.
- Amongst the best performing investments over the quarter were Queensland Gas, Cabcharge and Brambles. The worst performing investment was Great Southern Plantations which has since been sold.

Market facts

- The Australian market as measured by the All Ordinaries Index increased by 1.6% over the quarter and by 11.3% over the past twelve months.
- By Comparison, the S&P 500 had a particularly good quarter, increasing in US\$ by 5.2% over the quarter and by 8.7% over the twelve months to the end of September 2006.

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