

Managing Director's Quarterly Report



September 2007

Total Net Market Value of Assets

\$37,723,054 or 219c per share

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period*	5.3%	38.8%
Change in All Ords. over Period	4.3%	28.7%
Total return over the period (NAV & div)	4.2%	24.1%
Change in Bank Bill Index over the Period	1.6%	6.5%

* 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	30.9%
Consumer Discretionary	18.6%
Materials	12.3%
Industrials	11.8%
Healthcare	10.6%
Energy	6.9%
Consumer Staples	4.1%
Cash and Equivalent	2.8%
Information Technology	2.0%

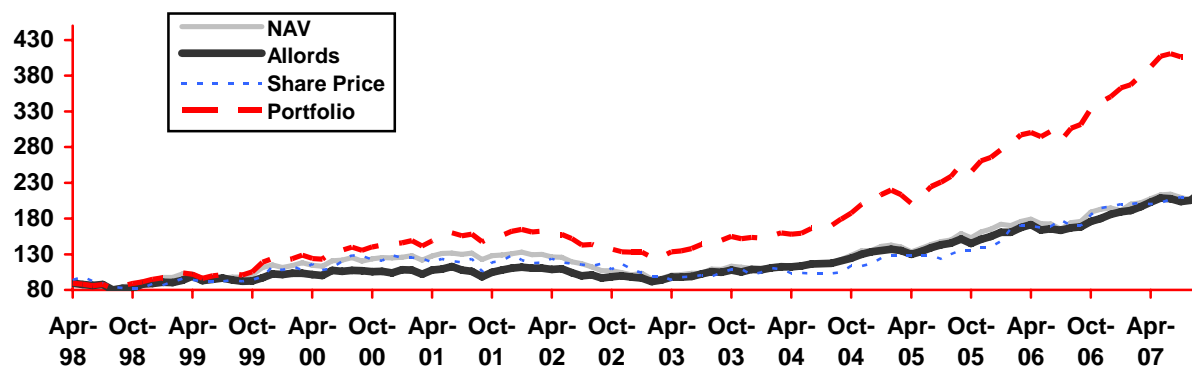
Five Major Investments

(As a % of the portfolio)

	Sep 07	Jun 07
Rio Tinto	6.9%	6.5%
Brambles	6.3%	5.4%
ANZ	6.1%	5.9%
Cochlear	5.9%	4.6%
Woodside Petroleum	5.7%	5.2%
Total	30.9%	27.6%

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 5.3% over the quarter and 38.8% for the twelve months to the end of September 2007. The return since April 1998 was 384.1%.
- The total return including dividends increased by 4.2% over the quarter as compared to the All Ordinaries Index which increased by 4.3%.
- The NAV per share has increased since April 1998 by 144.7%, while the total return including dividends is 192.5%. The All Ordinaries Index was up 142.6% since April 1998.
- At the current market value, the investments in the portfolio have a dividend yield of 3.6% substantially fully franked.

Investment Activity

- During the quarter under review, we increased the portfolio's JB Hi-Fi, Cochlear and AMP whilst we reduced our exposure to Macquarie, Count Financial and Queensland Gas.
- Amongst the best performing investments over the quarter were JB Hi-Fi, Cochlear and Brambles. The worst performing investment was Cabcharge.

Market facts

- The Australian market as measured by the All Ordinaries Index increased by 4.3% over the quarter and by 28.7% over the past twelve months.
- The S&P 500 increased by 1.6% in US\$ over the quarter and by 14.3% over the twelve months to the end of September 2007. In A\$, the S&P declined by 2.8% over the quarter and by 4.0% over the 12 months.

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