



DECEMBER 2004

Total Net Market Value of Assets

\$19,854,151 or 143.0c per share

Investment Performance

(These figures are unaudited)

	Quarter	One Year
Portfolio return over the period*	13.5%	32.5%
Change in All Ords. over Period	10.3%	22.6%
Total return over the period (NAV & div)	12.5%	29.7%
Change in Bank Bill Index over the Period	1.4%	5.6%

* This return is before all fees, costs, taxes and dividends while the NAV return is after fees, costs and taxes paid.

Asset Allocation

Financials	38.6%
Consumer Discretionary	20.5%
Materials	13.7%
Industrials	8.3%
Consumer Staples	7.5%
Cash	4.6%
Other	6.8%

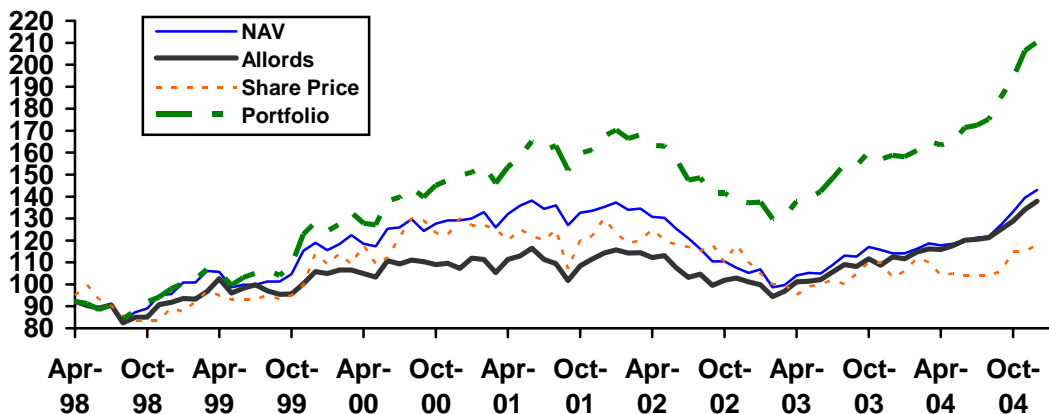
Five major investments

(As a % of the portfolio)

	Sep-04	Dec-04
Perpetual Trustees	6.7%	7.3%
Macquarie Bank	6.1%	6.8%
Rio Tinto	5.3%	5.8%
Woolworths	5.7%	5.5%
ANZ	5.3%	5.3%
Total	29.1%	30.7%

Relative Performance History

(After adjusting for the rights issue)



Portfolio Performance

- The portfolio return (as shown in the chart and table is before all fees, costs, taxes and dividends) was 13.5% over the quarter and 32.5% for the twelve months to the end of December 2004. The return since April 1998 was 110.3%.
- At the end of the quarter the All Ordinaries Index was up 10.3% and 22.6% over the twelve-months to the end of December 2004. The All Ordinaries Index was up 49.4% since April 1998.
- The NAV per share of the portfolio has increased since April 1998 by 55.0%, while the total return including dividends is 81.4%.
- At the current market value, the investments in the portfolio have a dividend yield of 3.1% substantially fully franked.

Investment Activity

- During the quarter under review, we added JB Hi-Fi and SFE Corporation to the portfolio. We increased our exposure to Rio Tinto and sold our holding in Macquarie Goodman Management and Telstra.
- Great Southern Plantation was the best performing investment over the quarter. Other investments that performed well were Breakfree and Perpetual, whilst Oroton was the worst performing investment.

Market facts

- The Australian market as measured by the All Ordinaries Index increased by 10.3% over the quarter from a level of 3674.7 at the end of September 2004 to a level of 4053.1 at the end of December 2004.
- By Comparison, the S&P 500 increased in US\$ by 8.7% during the quarter and increased by 9.0% over the twelve months to the end of December 2004.