PetersMacGregor
INVESTMENTS LIMITED

ABN 48 107 387 351

Preliminary final report under ASX listing rule 4.3A

For the year ended 30 June 2005

Contents

PetersMacGregor
INVESTMENTS LIMITED

1. Details of the reporting period

The reporting period is the year ended 30 June 2005. The previous corresponding period is from the date of initial incorporation of the company 15 December 2003 to 30 June 2004.

2. Results for Announcement to the Market

2.1 Revenue from Ordinary Activities was $1,532,943 up 312.7% from $371,408 in the previous corresponding period.

2.2 Profit from Ordinary Activities after tax attributable to members was $727,721, up 373.6% from $153,648 in the previous corresponding period.

2.3 Net Profit attributable to members was $727,721 up 373.6% from $153,648 in the previous corresponding period.

2.4 The directors propose to pay a fully franked dividend of one cent per share.

For purposes of determining eligibility the dividend will apply to shareholders on the register at close of business on 2nd September 2005. Approximate date of payment will be 10th October 2005.

Shareholders are reminded that a dividend reinvestment plan is in force. Participating shareholders will be allotted ordinary shares in lieu of a fully franked dividend payment. Shares will be allotted at weighted average market price of shares sold on the ASX on the closing date and three days preceding that date, less a discount of 2.5%. Shares allotted in accordance with the dividend reinvestment plan will be allotted approximately 10th October 2005.

Shareholders wishing to check or change their current status with respect to participation in the dividend reinvestment plan should contact:

Registries Ltd
Level 2, Margaret Street
SYDNEY NSW 2000
Telephone (02) 9290 9600
Facsimile (02) 9279 0664

2.5 Explanation provided to enable figures to be understood is as follows:

When comparing the results of the previous period to this reporting period it must be noted that the effective period of investment for last financial year was 16 April 2004 to 30 June 2004. In the period from incorporation on 15 December 2003 to the time of listing 16 April 2004, no investment activity was conducted.

The company has a management agreement with investment manager, Peters MacGregor Capital Management Pty Ltd (PMCM) to invest all funds.

PMCM has a very disciplined long term value management style of investing based on the manager's comprehensively researched assessment of intrinsic value of listed company shares compared to the market price, and will only invest when a significant discount exists to market value on a stock by stock basis. The manager believes the share markets are generally highly valued at present, and shares in its watch list were generally above the buy in price it was prepared to recommend.

During the financial year the company acquired investments in a further five USA listed companies, one New Zealand listed company and one Australian listed company. It did not sell any positions. At the end of the year the company had 58% of its net tangible assets in cash investments. This compares with one USA listed investment and 93.7% cash investments at 30 June 2004.

The investment manager continues the policy of hedging the majority of currency risk against currency movements when investing US dollar investments to avoid currency movement risks. Accounting standards require gains and losses in currency to be reported separately to gains or losses in the underlying investment values, even though they may be related and will often offset each other. Unrealised gains in investments must be credited directly to a reserve, whilst movements due to currency fluctuation must be reported in net operating profit. At 30 June 2005 the investment valuation reserve was nil (2004: $154,490). Additionally $38,890 unrealised loss on investments in 2005 was charged against net profit bringing the total unrealised loss on investments to $193,380 for year ended 30 June 2005 (2004: $154,490 gain). Offsetting the unrealised loss against foreign currency hedging gain of $208,228 (2004: $27,100) results in a net unrealised gain on investment of $14,848 (2004: $127,390).

The manager continues on an ongoing basis to search for opportunities to invest, but has capital preservation as an important goal and will not take risks simply to be more fully invested or track any index.

3. Compliance Statement

This report is based on accounts for which an audit report is pending. No material changes or qualifications are expected.

Signed Lionel John Cansdale
Company Secretary

Dated 19th August 2005

Statement of financial performance
for the year ended 30 June 2005

	Notes	2005 $	2004 $
Revenues from ordinary activities	2		
Interest received		1,265,377	371,408
Dividends received		59,339	-
Gain on currency hedging		208,228	-
		1,532,943	371,408
Expenses from ordinary activities			
Borrowing costs		-	369
Directors remuneration and benefits		50,000	18,047
Investment management fees		295,579	62,911
Loss from currency hedging		-	27,100
Unrealised decrease in market value of investments		38,890	
Other		114,456	42,897
		498,925	151,324
Profit from ordinary activities before income tax	3	1,034,018	220,084
Income tax expense relating to ordinary activities	4	(306,297)	(66,436)
Net profit from ordinary activities after related income tax expense		727,721	153,648
Increase/(decrease) in investment revaluation reserve		(154,490)	154,490
Total revenues, expenses and valuation adjustments attributable to members and recognised directly in equity		(154,490)	154,490
Total changes in equity other than those resulting from transactions with owners as owners		573,231	308,138
Basic earnings per share	14(a)	$ 0.0251	$ 0.0138
Diluted earnings per share	14(b)	$ 0.0251	$ 0.0138
Franked dividends per share		$ -	$ -

Statement of financial position

At 30 June 2005

	Notes	2005 $	2004 $
Current assets			
Cash assets		16,837,425	26,594,537
Receivables	6	164,853	351,458
Other	7	21,801	-
Total current assets		17,024,079	26,945,995
Non-current assets			
Investments	8	12,342,615	1,657,834
Total non-current assets		12,342,615	1,657,834
Total assets		29,366,695	28,603,829
Current liabilities			
Payables	9	55,016	97,205
Current tax liabilities		326,710	7,246
Total current liabilities		381,726	104,451
Non-current liabilities			
Deferred tax liabilities	5	25,135	125,400
Total non-current liabilities		25,135	125,400
Total liabilities		406,861	229,851
Net assets		28,959,834	28,373,978
Equity			
Contributed equity	10	28,077,840	28,065,840
Retained profits	11	881,369	153,648
Reserves	11	-	154,490
Total Equity		28,959,209	28,373,978

Statement of cash flows
for the year ended 30 June 2005

	Notes	2005 $	2004 $
Cash flows from operating activities			
Interest received		1,457,604	105,860
Dividends received		59,339	-
Gain on hedge contracts		94,806	-
Payments to suppliers and employees		(504,213)	(89,939)
Interest paid		-	(369)
Income tax paid		28,833	(49,721)
Net cash flows from / (used in) operating activities	12(a)	1,136,369	(34,169)
Cash flows from investing activities			
Purchase of listed investments		(10,905,481)	(1,437,134)
Net cash flows from / (used in) investing activities		(10,905,481)	(1,437,134)
Cash flows from financing activities			
Proceeds of issued capital (net of IPO costs)		-	28,065,840
Proceeds from exercise of options		12,000	-
Net cash flows from / (used in) financing activities		12,000	28,065,840
Net increase / (decrease) in cash held		(9,757,112)	26,594,537
Opening cash brought forward		26,594,537	-
Closing cash carried forward	12(b)	16,837,425	26,594,537

Note 1 Summary of significant accounting policies

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements including Urgent Issues Group Consensus Views have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for investments in listed shares which are measured at market value on a monthly basis. The accounting policies have been consistently applied.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

(c) Foreign currencies

Translation of foreign currency transactions

All amounts are stated in Australian dollars.

Transactions of the entity conducted in foreign currencies are converted to Australian dollars at the rate of exchange applicable at the date of the transaction. Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year.

(d) Cash and cash equivalents

Cash on hand and in banks, and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash.

The company does not have a bank overdraft facility.

(e) Receivables

Receivables are recognised and carried at the amount recoverable less where applicable a provision for any uncollectible debts. Interest and other income owing to the company is taken up as income on an accruals basis.

(f) Investments

f(i) Listed Investments

Listed shares held by the company are considered long term investments and classified as non current assets.

Long-term investments are revalued to current net market value on a monthly basis. The net amount of change in carrying value, after provision for deferred capital gains tax, is transferred to Investments Revaluation Reserve. The gain or loss on realisation of long-term investments is calculated as the difference between the carrying amount of the investment at the time of realisation and the proceeds of realisation. The revaluation adjustment relating to the realised long-term investments standing in the Investments Revaluation Reserve at the time of realisation is transferred to Investments Realisation Reserve.

f(ii) Interest bearing Investments and Cash Deposits

Interest bearing investments and cash deposits are considered short term investments and classified as cash in current assets.

Short term investments are shown at cost.

(g) Payables

Liabilities for trade creditors and other amounts owing by the company, including amounts owing to related parties are shown at cost.

Note 1 (continued)

(h) Contributed equity

Issued and paid up capital is recognised at the monetary value of the consideration received by the company.

Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(i) Taxes

i(i) Income tax

Current tax for the period is calculated on profit from ordinary activities for non-assessable and non-deductible items and is based on tax rates and tax laws that have been enacted or substantially enacted, at the reporting date.

Deferred tax is accounted for using the comprehensive statement of financial position liability method whereby deferred tax assets and liabilities are recognised on all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax base.

Deferred tax relates to the movement in the net tax asset/liability for the period and is recognised as an expense or revenue in profit from ordinary activities, unless the deferred tax relates to an amount that is credited or debited directly to equity, in which case the deferred tax is also recognised in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset or liability is recovered or settled.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits only if it is probable that future taxable amounts will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be used.

i(ii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(j) Derivative financial instruments

Forward exchange contracts

The entity enters into forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sale and purchase of investments in foreign currencies, to protect the entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than 12 months.

Forward exchange contracts are recognised at the date the contract is entered into and included in the statement of financial position as a current asset or current liability valued at the estimated contract termination value based on the spot rate foreign currency valuation at the end of the reporting period. Exchange gains or losses on forward exchange contracts, either realised or accruing, are recognised in net profit.

Note 1 (continued)

(k) Revenue Recognition

Revenue from the sale of investments is recognised at the date a sale of investments takes place.

Interest income is recognised as it accrues and included in net operating profit.

Dividend income from listed investments is recognised in the profit and loss statement on the day on which the relevant investment is first quoted on an “ex dividend basis”.

(l) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(m) Adoption of the Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for and managing the transition to the Australian equivalents of International Financial Reporting Standards (AIFRS) effective for the financial years commencing on 1st January 2005. The adoption of AIFRS will be reflected in the company’s financial statements for the year ended 30 June 2006. On the first time of adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. Any AIFRS transitional adjustments required will be made against retained earnings at 1 July 2004.

The figures disclosed are best estimates of quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual affects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project team; (b) potential amendments to AIFRS and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

The directors in consultation with the external accountants for the company have determined that the reporting implications of significance will be as follows:

Revaluation of Long term Investments

AASB 139 : Financial Instruments: Recognition and Measurement, Paragraph 9(b) permits the directors upon initial recognition of long term listed investments to classify it as an *at fair value through profit and loss asset*. Unrealised revaluation increments and decrements required to recognise the carrying value of the investment at fair value in the statement of financial position at reporting date are able to be charged as income or expense through profit and loss.

The impact being that earnings per share and diluted earnings per share will take account of such movements in value, and in the directors opinion, will give a more complete and accurate earnings result for the company, without the need to consider the earnings per share in conjunction with the net movements in the Investments Revaluation Reserve as is presently required.

If adopted in the financial year ended 30 June 2005 the results would have differed as follows:

Reported net profit after tax as per the accounts	$ 727,721
Reduction in Investment Revaluation Reserve direct from equity in 2004-05	$ 154,490
Adjusted reported net profit	$ 573,231
Earnings per share	$ 0.0198
Diluted Earnings per share	$ 0.0198

Please note the above changes will not change reported total equity of the company at either 30 June 2004 or 2005 and at the 30 June 2005 there was no amount of unrealised net gain recorded in unrealised investment revaluation reserve.

The directors have elected that when adopting the new accounting method in the year ended 30 June 2006 the 2005 year comparatives for net profit and earnings per share will be restated on a similar basis as above.

		Notes	2005 $	2004 $
Note 2	**Revenue from ordinary activities**			
	Revenue from operating activities			
	Interest Received		1,265,377	371,408
	Dividends Received		59,339	-
	Gain on Hedge Contracts		208,228	-
	Total revenues from ordinary activities		1,532,943	371,408
Note 3	**Profit from ordinary activities**			
	Profit from ordinary activities has been determined after:			
	(a) Expenses			
	Auditors remuneration	15	13,244	12,100
	Decrease in market value of non-current investments		38,980	-
	Foreign Currency hedging loss		-	27,100
	Foreign Currency Translation Loss		1,016	956
	Management Fees		295,579	62,911
	Listing Fees		18,059	155
	Professional Fees - Accounting Services		54,518	12,573
	Registry Fees		20,797	5,021
Note 4	**Income Tax**			
	(a) Major components of income tax expense:			
	Current tax expense		340,351	7,246
	Increase / (decrease) in deferred tax expense		(34,054)	59,190
	Tax expense		306,297	66,436
	(b) Aggregate amounts of current and deferred tax not recognised in net profit or loss but recognised directly in equity			
	Current tax		-	-
	Deferred Tax		-	66,210
	(c) Deferred Income Tax Expense comprises:			
	Deferred tax liability		25,135	125,400
	(Increase)/Decrease in deferred tax liability recognised directly in equity		-	(66,210)
			25,135	59,190
	(d) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense/(revenue) as follows:			
	Prima facie tax payable on profit from ordinary activities before income tax at 30%.		310,205	66,025
	Tax effect of non-deductible/(assessable) items			
	- Formation expenses		-	411
	- Rebateable fully franked dividends		(3,908)	-
	Income tax expense/(revenue)		306,297	66,436

		Notes	2005 $	2004 $
Note 4	**Income Tax (continued)**			
	The tax rate used is the income tax rate applied to Australian resident companies under the income tax assessment acts in force in Australia at reporting date.			
Note 5	**Deferred Tax Liabilities**			
	The deferred Tax liability comprises the following temporary differences			
	Net gain / (loss) on foreign currency deductible against future capital gains		(94)	-
	Net increase / (decrease) in market value of investments (deductible against future capital gains)		(11,694)	66,210
	Accrued interest		21,996	79,664
	Accrued expenses		(10,969)	(12,344)
	Net gain / (loss) on unrealised capital gains on foreign currency hedging		25,896	(8,130)
	Total Deferred Tax Liability		25,135	125,400
Note 6	**Receivables (Current)**			
	Interest receivable		73,321	265,548
	Income tax prepaid		-	49,721
	GST recoverable		4,586	36,189
	Currency hedge net position receivable		86,321	-
	Total receivables (Current)		164,228	351,458
Note 7	**Other Assets (Current)**			
	Prepayments		21,801	-
Note 8	**Other Financial Assets (Non Current)**			
	Listed company share investments at net market value		12,342,615	1,657,834
Note 9	**Payables (Current)**			
	Trade creditors		1,494	11,493
	Other creditors and accrued expenses		53,522	58,612
	Foreign currency hedge amount payable		-	27,100
	Total Payables (Current)		55,016	97,205

	Notes	2005 $	2004 $
Note 10 Contributed Equity			
29,021,291 (2004: 29,009,291) fully paid ordinary shares		28,077,840	28,065,840
(a) Ordinary Shares			
Beginning of reporting period		28,065,840	-
Shares issued during the year			
- 1 on Incorporation 15 December 2003		-	1
- 29,009,290 IPO on 13 April 2004		-	29,009,290
- 5000 on 14 January 2005	10(b)	5,000	
- 5000 on 14 February 2005	10(b)	5,000	
- 2000 on 4 May 2005	10(b)	2,000	
- Less costs of capital raising		-	(943,451)
End of financial period		28,077,840	28,065,840

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds of the sale of all surplus assets in proportion to the number of and amounts paid on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the shareholders of the company.

(b) Options

At 30 June 2005 there were 28,997,290 (30 June 2004: 29,009,290) options outstanding to acquire ordinary shares exercisable at a fully paid price of $1.00 on or before the 31st October 2005. A total of 12,000 options were exercised during the year.

Note 11 Reserves and Retained Profit

(a) Retained profit

	2005 $	2004 $
Balance at the beginning of the period	153,648	-
Net profit attributable to members of the entity	727,721	153,648
Balance at end of period	881,369	153,648

(b) Investments revaluation reserve

(i) Nature and purpose of reserve

The Investments Revaluation Reserve is used to record increments and decrements in the net market value of long term investments after provision for deferred capital gains tax (refer note 1(f)(i). The reserve can only be used to pay dividends in limited circumstances.

(ii) Movements in reserves

	2005 $	2004 $
Balance at beginning of period	154,490	-
Increments (decrements) on revaluation of investments	(154,490)	154,490
Balance at end of the period	-	154,490

	Notes	2005 $	2004 $

Note 11 Reserves and Retained Profit (continued)

(c) Dividend franking account

The ability of the company to pay dividends that are franked for the purpose of Australian income tax law is limited by the balance of its franking account balance. After taking into account the franking credits that will arise from the payment of tax as at the end of the financial year, the amount of franking credits available are $341,459 (2004: $49,721), or under current conversion rules dividends not exceeding $796,739.

Note 12 Cashflow Information

(a) Reconciliation of the profit from ordinary activities after tax to the net cash flows from operating activities:

	2005 $	2004 $
Profit from ordinary activities after income tax	727,721	153,648
Add non-cash items		
Net (increase)/decrease in hedging contracts position	(113,421)	27,100
Changes in assets and liabilties		
(Increase)/decrease in receivables	251,750	(351,458)
(Decrease)/increase in payables	(15,090)	70,105
(Decrease)/Increase in tax provision	319,463	7,246
(Decrease)/Increase in deferred tax payable	(34,054)	59,190
Net cash flow from operating activities	1,136,369	(34,169)

(b) Reconciliation of cash

	2005 $	2004 $
Cash balance comprises:		
Cash at bank and invested in short term interest bearing deposits	16,837,425	26,594,537

(c) Financing facilities available

At the date of this report the company has no debt financing facility and relies only on its cash balance and future contributed capital inflows.

Note 13 Subsequent Events

There are currently no subsequent events after balance date that significantly affect the market value of the company.

Note 14 Earnings per Share

(a) Basic Earnings per share

	2005	2004
Net profit after tax	$727,721	$153,648
Weighted Average of number of shares on issue during the year	29,013,754	11,134,880
Earnings per share	$0.0251	$0.0138

		Notes	2005 $	2004 $
Note 14	**Earnings per Share (continued)**			
	(b) Diliuted Earnings per share			
(i)	Adjusted estimated Net Profit after tax	14(b)(ii)	$727,721	$153,648
	Diluted Earnings per share		$0.0251	$0.0138
(ii)	The Directors are of the opinion that there do not exist any options to acquire shares which would have a dilutive effect on the reported earnings per share of the company.			
Note 15	**Auditors' Remuneration**			
(a)	Audit Services Amounts received or due and receivable by Hanrick Curran Chartered Accountants for audit of the financial reports of the entity		13,244	6,600
(b)	Other Services			
	- other services		-	2,750
	- other services provide by related practice of auditor		-	2,750
			-	5,500

The Auditors received no other benefits

Note 16 Directors' Remuneration

(a) Details of specified directors and specified executives

L.W. Peters	Chairman of Directors
L.J. Cansdale	Director and Company Secretary (non-executive)
J.C. Craigie	Director (non-executive)

The company has no other officer or employed staff.

(b) Remuneration of specified directors

(i) Remuneration policy

It is the entity's current policy that remuneration of directors be by way of directors' fees only determined in accordance with contemporary trends in non-executive director remuneration and comparison with the directors' remuneration of like and similar companies.

(ii) Remuneration of specified directors

	Primary			Post Employment		Equity		Total
Specified Directors	Salary & Fees	Cash Bonus	Non Monetary Benefits	Supera-nnuation	Retire-ment Benefits	Options	Bonuses	
L.W. Peters	-	-	-	-	-	-	-	-
L.J. Cansdale	25,000	-	-	-	-	-	-	25,000
J.C. Craigie	22,936	-	-	2,064	-	-	-	25,000
Total	47,936	-	-	2,064	-	-	-	50,000

Note 16 Directors' Remuneration (continued)

(c) Remuneration options: Granted and vested during the financial period

No options were granted as equity compensation benefits to any director during the period.

(d) Option holdings of specified directors

Specified Directors	Balance at begin-ing of Period	Granted as remu-neration	Options Exer-cised	Net Change Other	Balance at end of Period	Vested at 30 June 2005 Total	Not Exercis-able	Exercis-able
L.W. Peters	1,200,000	-	-	-	1,200,000	1,200,000	-	1,200,000
L.J. Cansdale	100,000	-	-	-	100,000	100,000	-	100,000
J.C. Craigie	27,000	-	-	-	27,000	27,000	-	27,000
Total	1,327,000	-	-	-	1,327,000	1,327,000	-	1,327,000

(e) Share holdings of specified directors

Specified Directors	Balance 1 July 2004	Granted as remu-neration	On exercise of Options	Net Change Other	Balance 30 June 2005
L.W. Peters	1,200,001	-	-	-	1,200,001
L.J. Cansdale	100,000	-	-	-	100,000
J.C. Craigie	27,000	-	-	-	27,000
Total	1,327,001	-	-	-	1,327,001

(f) Loans to specified directors and specified officers

There have been no loans made to directors or entities associated with directors during or after the end of the financial period.

(g) Other transactions and balances with specified directors or specified executives

Accounting taxation and administration services were provided to the company during the financial period by Cansdale Harris Chartered Accountants, a firm of which L.J. Cansdale is a partner. An amount totalling $54,518 GST inclusive was paid or is due and payable.

Investment management services were provided to the entity by Peters MacGregor Capital Management Pty Ltd, of which L.W. Peters is an executive director and major shareholder, pursuant to a management agreement dated 27 January, 2004, for which the amount of $317,207 GST inclusive was paid or is due and payable.

(h) Other related party transactions

There were no related party transactions with associated entities or with directors or associated entities of directors that have not been disclosed elsewhere in this Note 16.

Note 17 Segment Information

The company has its entire business operations and administration within Australia. Although it invests in foreign listed companies and may from time to time hold foreign currency or conduct transactions in foreign currencies, it is considered the investment operation is an Australian business. This position remained without change during the whole of the financial reporting period and up to the date of this report.

Note 18 Financial Instruments

(a) Derivative financial instruments

(i) Forward exchange contracts

The company enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective of entering the forward exchange contracts is to protect the company against unfavourable exchange rate movements for the investments undertaken in foreign currencies.

The company uses financial instruments to hedge a majority of its exposure to foreign currency denominated investments in U.S dollars, entering into forward exchange buy and sell contracts based on movements in the underlying US dollar currency values. Because the company deals only with substantial suppliers of such contracts, the risk of a counter party failing to meet its obligations in respect of such contracts is negligible.

The company does not use financial instruments to hedge its exposure to foreign currency denominated investments in New Zealand dollars as it believes the Australian and New Zealand currencies are historically closely aligned in value.

The accounting policy in relation to forward exchange contracts is detailed in Note 1(j).

At balance date, the details of outstanding forward exchange contracts are:

	2005	**2005**	**2004**	**2004**
Settlement	**$**	**$**	**$**	**$**
Buy United States Dollars	Sell Australian Dollars	Average Exchange Rate	Sell Australian Dollars	Average Exchange Rate
Less than 6 months	4,265,000	0.7349	-	-
6 months to 1 Year	4,030,000	0.7606	1,550,000	0.691
	2005	**2005**	**2004**	**2004**
Settlement	**$**	**$**	**$**	**$**
Sell United States Dollars	Buy Australian Dollars	Average Exchange Rate	Sell Australian Dollars	Average Exchange Rate
Less than 6 months	180,000	0.7653	-	-
6 months to 1 Year	-	-	-	-

Gains or Losses deferred or unrecognised, from forward exchange contracts at balance date are:

	$	**$**
	2005	**2004**
Unrealised gains	127,965	-
Unrealised losses	-41,644	27,100
Net Gains and Losses	86,321	27,100

Unrealised losses and gains are offset at balance date and reported in the statement of financial position as either current payables (note 9) and current receivables (note 6) as appropriate.

(b) Interest rate risks

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Note 18 Financial Instruments (continued)

(b) Interest rate risks (continued)

	Financial Instruments	Floating Interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non Interest bearing	Total carrying amount as per statement of financial position	Weighted average effective interest rate
		$	$	$	$	$	$	%
(i)	Financial assets							
	Cash	4,303,249	12,534,176	-	-	1	16,837,425	5.54%
	Receivables	-	-	-	-	77,907	77,907	-
	Hedging currency receivable					86,321	86,321	-
	Listed shares	-	-	-	-	12,342,615	12,342,615	-
	Total financial assets	4,303,249	12,534,176	-	-	12,506,845	29,344,269	
(ii)	Financial liabilities							
	Trade creditors	-	-	-	-	1,494	1,494	-
	Other creditors	-	-	-	-	53,522	53,522	-
	Total financial liabilities	-	-	-	-	55,016	55,016	

(c) Credit risk exposures

The entity's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the statement of financial position.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The consolidated entity's maximum credit risk exposure in relation to these is as follows:

(i) Forward exchange contracts

The full amount of the foreign currency the company would be required to pay or purchase when settling the forward exchange contracts, should the counterparty not pay the currency it is committed to deliver to the company, at reporting date was A$8,477,005 (2004:A$1,550,000).

(ii) Concentration of credit risk

The company considers that although the receivables of the company are concentrated in a small number of debtors the organisations involved are such that the risk of default is small and remote.

Concentrations of credit risk on receivables arise in the following geographical segments:

Maximum credit risk exposure for each concentration

Geographical segment	Percentage of receivables	2005	Percentage of receivables	2004
	%	$	%	$
Australia	100%	77,907	100%	351,457

Note 18 Financial Instruments (continued)

(d) Net fair values

All financial assets and liabilities have been recognised at the balance date at their net fair value The following general methods and assumptions where applicable are used to determine the net fair value of financial assets and liabilities.

Cash, cash equivalents and short-term investments:

The carrying amount approximates fair value because of their short-term to maturity.

Receivables, trade and other creditors:

The carrying amount approximates fair value.

Non-current investments/securities:

For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security.

The net fair value of the unlisted options is determined to be the difference between the market price and the exercise price of the underlying shares.

Forward exchange contracts:

The fair values of forward exchange contracts is determined as the recognised gain or loss at reporting date calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Note 19 Company Details

The registered office of the company is:

C/- Cansdale & Co Chartered Accountants
(formerly Cansdale Harris Chartered Accountants)
Level 7, 87 Wickham Terrace
Brisbane Queensland 4000

The principal place of business is:

Suite 11 Lingate House
411 New South Head Road
Double Bay
Sydney NSW 2028

The company is a limited public company which is incorporated and domiciled in Australia.

The company is not a subsidiary or associated entity of an ultimate parent entity.

The company has no full time or full time equivalent employees.

The principal activities of the company are to act as listed investment company.