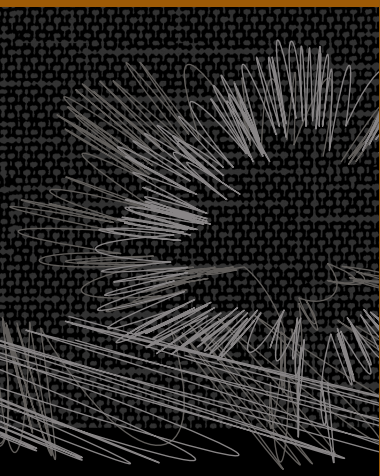




ANNUAL REPORT JUNE 2007

MMC Contrarian Limited

DIRECTORY

Directors

Simon Rowell, Chairman
Kevin Eley
Ray Kellerman
Peter Constable

Secretary

David Mackaway

Registered Office and Contact Details

Level 8, 34 Hunter Street
Sydney NSW 2000

GPO Box 4964, Sydney NSW 2001

Telephone: 02 9224 0700

Facsimile: 02 9233 2275

Email: enquiries@mmcfunds.com.au

Website: www.mmcontrarian.com.au

Share Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000

Telephone: 1300 855 080

03 9415 4000

Facsimile: 02 8234 5050

For all enquiries relating to shareholdings, dividends
(including participation in the Dividend Reinvestment Plan)
and related matters please contact the share registry.

Auditors

Deloitte Touche Tohmatsu

Accounting and Custodial Services

BNP Paribas Services Australasia Pty Limited

Stock Exchange Code

MMA

FINANCIAL CALENDAR

Final Dividend

› 5 October 2007

Annual General Meeting

› 25 October 2007

Half Year End

› 31 December 2007

Half year result announced

› February 2008

Interim Dividend

› March 2008

Year End

› 30 June 2008

Annual Report

› September 2008

Dates are subject to change.

INVESTMENT UPDATE REPORTS

September quarter

› October

December quarter

› January

March quarter

› April

June quarter

› July

Dates are subject to change.

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MMC Contrarian Limited (MMC) was founded in 2003 as a Listed Investment Company. Since then it has grown to include investing in funds management businesses as part of the Company's activities.

MMC is a participant in the growing funds management industry which is driven by Australia's compulsory superannuation and is an industry with global scale.

MMC is listed on the Australian Stock Exchange (ASX Code: MMA).

MMC's objectives are:

- Exceed the return of the All Ordinaries Accumulation Index over the medium to long term (5 to 7 years);
- Pay regular increasing fully franked dividends; and
- Preserve the capital of the Company.

The Company's strategy is to:

- Create and invest in boutique fund managers in attractive asset classes;
- Acquire existing funds management businesses in selected circumstances;
- Promote and develop the funds management products within its funds management companies; and
- Generate returns from investments in listed equities, managed funds, cash and the earnings generated from funds management businesses.

The Company generates returns by making investments in two distinct asset classes as follows:

1. Strategic investments in funds management businesses; and
2. Direct investment in equities, managed funds and cash. The Company holds cash when attractive investments meeting its “deep value” investment criteria cannot be identified.

The overall result from these investments generates returns for shareholders from dual sources of income via invested capital in the stock market and management fees from the funds management businesses.

Business Model

MMC invests in funds management businesses, as an equity partner and also as an investor in the funds they manage. This creates alignment between the fund manager and MMC, as well as between the funds’ investors and MMC. It also works to achieve an appropriate level of scale in the businesses more quickly, because MMC’s investment in the funds operates as seed capital. The seed capital is important as it generates a return for MMC shareholders, while creating a track record for the fund manager in order to attract more investors. In turn, additional funds from outside investors produces earnings for the fund managers which flow to MMC.

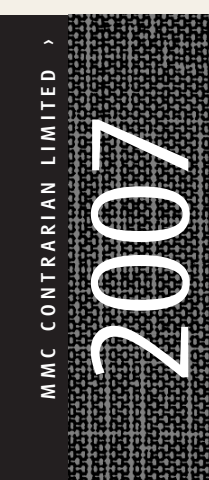
Current Funds Management Businesses

Currently MMC owns two funds management businesses:

- MMC Asset Management Limited (100% owned) – managing MMC’s direct equity investments and external unit trusts; and
- Contrarian Global Asset Management Limited (51% owned) – managing the Contrarian Global Value Fund, which includes \$20 million invested by MMC.

As at the 30 June 2007 MMC had \$263 million of capital to invest and managed a further \$307 million through four managed schemes.





- Before tax portfolio return of 14.6% (2006: 9.4%)
- Net assets, before provision for tax on unrealised gains, of 114.8 cents per share at 30 June 2007 (2006: 111.5 cents per share)
- Dividends of 8.0 cents per share, fully franked (2006: 6.0 cents, fully franked)
- Total net income and unrealised gains for the year \$25.6 million (2006: \$15.6 million)
- Diluted earnings per share including unrealised gains of 11.1 cents (2006: 7.3 cents)
- Acquired MMC Asset Management Limited, thereby internalising the portfolio management function
- Established Contrarian Global Asset Management Limited, a funds management business located in the United Kingdom. In conjunction with this, the Company launched the Contrarian Global Value Fund in July 2007

2007 has been a year of considerable achievements for MMC Contrarian. Highlights include:

- Net earnings (including unrealised gains) increased to \$25.6 million from \$15.6 million (increase of 63%);
- Diluted earnings per share (including unrealised gains) increased to 11.14 cents from 7.27 cents, an increase of 53%;
- Fully franked dividends for the year increased from 6 cents to 8 cents, up 33%;
- The balance sheet strengthened with retained earnings up by \$3.7 million to \$24.2 million and the asset revaluation reserve increasing by \$5.2 million to \$9.5 million;
- MMC Asset Management Ltd was acquired, reducing ongoing costs and introducing a new revenue stream from managing external funds; and
- An investment subsidiary was established in the UK and the new Contrarian Global Value Fund commenced trading in July 2007.

Financial results for the year

Profit from ordinary activities of \$20.3 million after tax (2006: \$20.9 million), equal to 8.9 cents per share (2006: 9.7 cents per share). This includes earnings from dividends and interest, together with profits and losses from sale of securities, less expenses.

Increase in asset revaluation reserve of \$5.2 million after tax (2006: decrease of \$5.3 million), which represents a gain of 2.3 cents per share (2006: loss of 2.2 cents per share).

This gives a combined performance of \$25.6 million after tax (2006: \$15.6 million), equal to 11.14 cents per share fully diluted (2006: 7.27 cents per share).

Major realised gains and losses (before tax) during the year included PMP (gain \$7.6 million), Ansell (gain \$3.6 million), Abacus (gain \$1.5 million), Vision Systems (gain \$1.3 million) and Commander (loss \$2.0 million).

Dividends

The final dividend (fully franked) of 4.0 cents per share is payable on 5 October 2007, which equates to a full year dividend of 8.0 cents per share fully franked compared to 6.0 cents per share fully franked for the previous year. The Board's policy is to distribute a growing stream of fully franked dividends to shareholders every six months.

The Company has \$24.2 million in retained profits, representing approximately 9.7 cents per share. Maintaining an appropriate amount of undistributed profits assists the Company to achieve the objective of ensuring consistent and growing franked dividends can be paid.

Dividend Reinvestment Plan

The dividend reinvestment plan (DRP) was suspended during the year as the Company had no need of additional capital at the time and the operation of the DRP has a diluting effect on existing shares. However, DRP's are a popular and efficient way for shareholders to reinvest their dividends and following further evaluation the Board has decided to reinstate the DRP effective from the dividend payable in October 2007. Although there is a small diluting effect, the Board has concluded that the potential benefits to shareholders and the Company outweigh any negative impacts.

Portfolio performance

The assets of the Company are managed with a strong philosophy of capital preservation. This results in the Company carrying large cash holdings when suitable equity investments cannot be found. The booming equity markets of the past few years have been largely driven by resource stocks, which is not an area of particular expertise of the Company's investment staff. The value of resource stocks is largely governed by external factors such as commodity prices, making it difficult to identify securities trading at substantial discounts to intrinsic value.

In addition, the increase in the market has partly been fuelled by momentum investors and it has not been easy to find investments meeting the Company's value requirements.

Accordingly more than half of the portfolio has been maintained in cash over the year in review. This is consistent with the philosophy of the Company not to invest except when real intrinsic value is identified, but it does result in relative underperformance to the market during boom conditions.

The performance of the part of the portfolio invested in equities was 26.1% for the year (2006: 17.6%), compared to an increase in the All Ordinaries Accumulation Index of 30.28% (2006: 24.2%). However, the part of the portfolio retained in cash returned 6.1% for the year (2006: 5.5%) and the net performance was therefore 14.6% (2006: 9.4%).

Key securities added to the portfolio during the year included Telstra, News Corporation, Staging Connections, ConnectEast, Babcock and Brown Structured Finance Fund, Graincorp, Clime Investment Management, Magellan Flagship Fund and CVC Limited.

Acquisition of MMC Asset Management Ltd

During the year the Company acquired MMC Asset Management Ltd, the business which manages the Company's investments as well as a number of external unit trusts. There have been no major changes in the way MMC Asset Management operates under the Company's ownership. It continues to employ the same deep value investment style and remains committed to the same principles which have been so successful over the long term.

Funds management businesses

MMC Asset Management manages four unit trusts on behalf of investors. The Value Growth Trust and the Australian Share Fund share similar investment mandates. Each invests across a broad spectrum of the Australian and New Zealand stock markets. The Small Companies Fund invests in smaller equities, again with a primary focus on Australia and New Zealand. MMC Asset Management also operates a mandate, the MMC Concentrated Fund for Officium Capital Limited.

The Company has a strategy to promote and develop the funds management business, in particular the Australian Share Fund and the Small Companies Fund, which are available to all outside investors.

At 30 June 2007 funds under management were \$200.2 million for the Australian Share Fund, \$32.9 million for the Value Growth Trust, \$53.1 million for the Small Companies Fund and \$20.5 million for the MMC Concentrated Fund.

During the year, the Company also established Contrarian Global Asset Management Ltd, a UK company owned 51% by MMC Contrarian and 49% by the two investment professionals who are its key managers. A new fund has been established since 30 June 2007, the Contrarian Global Value Fund, in which the Company invested \$20 million. This Fund has a worldwide mandate, using the same deep value investment principles as MMC Asset Management, and the fund is open to Australian investors.

The Company's strategy is to add further funds management businesses as opportunities are identified. These may be established as start-ups like Contrarian Global Asset Management or may be purchased as going concerns.

There is a twin benefit to establishing successful funds management businesses: the Company has the opportunity to earn substantial management fees, and also the funds themselves are effective opportunities for the Company to deploy investment assets as it has done with Contrarian Global Value Fund.

Capital management

As noted above, the investment philosophy will always be to hold cash where suitable investments are not identified. Accordingly, large cash balances are not necessarily an indication that capital is surplus to the Company's medium term requirements. Cash may be deployed quite rapidly where opportunities are identified.

The Board has a policy of managing capital for the benefit of shareholders. It regularly reviews the most appropriate means of achieving this capital management objective, including share buy-backs and capital returns. Although there was a share buy-back in place during part of the year, no significant level of shares were purchased under the buy-back. As the shares were consistently trading at prices greater than the Net Tangible Asset (NTA) value, the directors did not consider there was any material benefit to shareholders in buying back and cancelling shares.

The Board has decided to propose a 10 cent capital return to shareholders, subject to a satisfactory ruling from the Australian Tax Office which is currently being considered. A proposal in respect of the capital return will be put to the Annual General Meeting.

The Board will continue to evaluate capital requirements.

People

The acquisition of MMC Asset Management Ltd and the establishment of Contrarian Global Asset Management during the year has brought a team of skilled and experienced professionals into the Group, including the Chief Executive Officer, Andrew Fairweather.

This has required the development of a number of new programmes and strategies to ensure the interests of shareholders are best served. In particular, a long term incentive plan was established to issue shares to employees, funded by loans from the Company. These shares vest to the employees' benefit only if the Total Shareholder Return (TSR) exceeds the All Ordinaries Accumulation Index (AOAI) over the vesting period. The loans, which are interest bearing, need to be repaid before the shares are transferred to the employees once they have vested.

The Board believes this plan provides a meaningful incentive over the medium to long term to the benefit of employees, provided a significant benefit to shareholders has been created.

Various short term incentive plans have also been established to provide annual bonuses for excellent performance.

The Board is also pleased to welcome two new directors who were appointed during the year: Peter Constable, the Chief Investment Officer, and Ray Kellerman, an independent director with many years' experience in the funds management industry.

Future

The Board does not consider it appropriate to forecast movements in equity markets or flow of funds into unit trusts managed by the Group and accordingly provides no forecast for future performance. The Company will continue to pursue the twin objectives of effective deployment of investment capital and successful management of funds management businesses.



SIMON ROWELL
CHAIRMAN

The Directors of MMC Contrarian Limited present their annual financial report for the year ended 30 June 2007.

Directors

The names and particulars of Directors in office during or since the end of the financial year are as follows:

Simon Rowell BA (Hons), CA, FAICD – Chairman

Simon Rowell is independent as defined by the ASX Corporate Council's Principles. He is an experienced businessman who has been a director of public listed companies for many years. Simon is a director of McPherson's Limited, a listed consumer product and printing company. He is also Chairman of the Joint Management Committee for the redevelopment of Prince Henry Hospital. He is the former Chairman of Green's Foods Limited and former Managing Director of Snack Foods Limited which was acquired by Arnott's Biscuits Ltd in 2002. Prior to Snack Foods Simon spent 5 years with PricewaterhouseCoopers in Melbourne and 12 years as General Manager of the Jack Chia Group, a diversified business encompassing construction, food, engineering, textiles, and finance.

Simon is a member of the Audit Committee, the Chair of the Investment Committee and the Chair of the Nomination and Remuneration Committee.

Simon was appointed a director on 9 September 2003.

Simon resigned as a director with effect from 31 August 2007. Age 52.

Kevin Eley CA, FISA – Non-executive

Kevin Eley is a director and the chief executive officer of HGL Limited (ASX code: HNG). HGL is a listed company that invests in and develops the potential of import and distribution businesses, usually distributors of market leading branded products. Kevin joined HGL in 1985 and has assisted HGL with all its private and public company acquisitions. Kevin has represented HGL on a number of public company boards. He has been instrumental in developing HGL's philosophy of partnering with management in its investments.

Kevin is a member of the Audit Committee, the Investment Committee and a member of the Nomination and Remuneration Committee.

Kevin was appointed a director on 9 September 2003. Age 58.

Ray Kellerman B.EC, LLB, MBA, ACIA – Non-executive

Ray Kellerman is independent as defined by the ASX Corporate Council's Principles. Ray has a legal background and was Head of Compliance Services at the Corporate Trust division of Perpetual Trustees Australia where he spent 10 years before establishing his own compliance consulting and advisory business in 2001. Ray currently acts as a director, audit and risk committee member and compliance committee member for a number of major fund managers and financial institutions including Chairman of Credit Suisse Asset Management Australia, Director of Rubicon Asset Management, Director of Goodman Australia Industrial Trust and member of Compliance Committees for Macquarie Bank, Suncorp, IAG and Allco. He is a shareholder and Director of Quentin Ayers Pty Limited, an implemented asset consultant in the Alternative Assets sector.

Ray is the Chairman of the Audit Committee.

Ray was appointed a director on 10 April 2007. Age 43.

Peter Constable B.EC – Executive

Peter Constable is an executive director and the Chief Investment Officer. Peter has worked in the funds management industry for 16 years.

Peter is a member of the Investment Committee.

Peter was appointed a director on 9 July 2007. Age 37.

In addition to the above, EK Metanomski held office as a director during the financial year and until his resignation on 9 July 2007.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years preceding the end of the financial year are as follows:

<i>Name</i>	<i>Company</i>	<i>Period of Directorship</i>
Simon Rowell	McPherson's Limited	November 2003 - Ongoing
	Green's Foods Limited	November 2002 - March 2007
Kevin Eley	HGL Limited	November 1985 - Ongoing
Ray Kellerman	Rubicon America Trust	June 2005 - Ongoing
	Rubicon Europe Trust	June 2005 - Ongoing
	Rubicon Japanese Trust	June 2005 - Ongoing
	Metroland Australia Limited	August 2007 - Ongoing

Company Secretary

David Sutherland BSc Ag was the Company Secretary of the Company since incorporation on 9 September 2003. David ceased to be the Company Secretary on 1 February 2007.

David Mackaway BEc, CA, FFin has been the Company Secretary since 1 February 2007. David has worked in the funds management industry in operational and compliance roles for approximately 13 years.

Review of operations and activities

The Directors report consolidated earnings after tax and including unrealised gains on investments of \$25.6 million (2006: \$15.6 million). Further details are in the Chairman's report.

Dividends

The Directors have declared a final fully franked dividend of 4.0 cents per share (2006: 3.0 cents per share fully franked). An interim fully franked dividend of 4.0 cents per share was paid during the year (2006: 3.0 cents).

	2007 \$'000	2006 \$'000
Interim dividend paid 23 March 2007 (2006: 23 March 2006)	10,226	6,435
Final dividend payable 5 October 2007 (2006: 21 September 2006)	10,413	6,432
	20,639	12,867

The dividends do not include any Listed Investment Company (LIC) capital gains. MMC Contrarian Limited, in conjunction with other Listed Investment Companies (LIC's), made a submission to the Treasury Department of the Australian government in April 2006 regarding the tax ruling made by the Australian Tax Office in respect of LIC's. Unfortunately Treasury has rejected the submissions and declined to make any amendments. The result of applying the tax ruling to the Company will be that it will be unable to access the LIC benefits of Subdivision 115-D of the Income Tax Act on behalf of its shareholders. In particular it is unlikely that special "LIC dividends" will be paid in future. Ordinary fully franked dividends will continue to be paid by the Company. It is important to note that this will not result in the Company paying any additional tax and will not require any amendment to past or future accounts or tax returns for either the Company or any of its shareholders. The Company has not paid, declared or recorded any special "LIC dividends" because of the uncertainty of the treatment under the tax ruling until the result of the appeal to Treasury was determined.

Capital Management

Following the acquisition of MMC Asset Management Limited, the Directors evaluated the capital position of the Company with regards to present and future expected capital requirements and opportunities to invest in the equities market. They determined that there is a surplus of capital in respect of currently available opportunities and accordingly propose a return of capital of 10 cents per share.

The return of capital is subject to a satisfactory ruling by the Australian Taxation Office (ATO) that the return of capital constitutes a reduction in the cost base of the shares and is not a taxable dividend. The return of capital is also subject to approval of shareholders and a resolution in respect of this matter will be put to the Annual General Meeting to be held in October 2007, by which time it is anticipated that the ATO ruling will have been received.

Because the Company had no present need for additional capital, the directors suspended the dividend reinvestment plan (DRP) on 19 February 2007. Accordingly the DRP did not operate for the interim dividend paid in March 2007. The DRP has now been reinstated and will apply to the dividend payable 5 October 2007 and subsequent dividends.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year, other than disclosed in the financial accounts, which have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial years.

Significant changes in the state of affairs

On 1 February 2007 MMC Contrarian Limited acquired a 100% ownership interest in MMC Asset Management Limited. MMC Asset Management continues to manage the portfolio of the Company and a number of managed investment schemes and its investment philosophy and management style remains unchanged.

Future developments

The Directors do not believe it is appropriate to make a prediction on the future course of markets or the performance of investments. Accordingly the Directors do not provide a forecast of the likely results of the Company's activities.

Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each board committee held during the year to 30 June 2007, and the numbers of meetings attended by each Director were as follows:

	BOARD		AUDIT COMMITTEE		INVESTMENT COMMITTEE	
	<i>Eligible to attend</i>	<i>Attended</i>	<i>Eligible to attend</i>	<i>Attended</i>	<i>Eligible to attend</i>	<i>Attended</i>
Simon Rowell	8	8	3	3	3	3
Kevin Eley	8	8	3	3	3	3
Ray Kellerman	4	4	1	1	–	–
Peter Constable*	8	8	3	3	–	–
Erik Metanomski	8	6	3	–	–	–

* Peter Constable attended 2 board meetings and 3 audit committee meetings as alternate director for EK Metanomski.

The Nomination and Remuneration Committee met once during the year. Both Simon Rowell and Kevin Eley attended the meeting.

Directors' shareholdings

The following table sets out each Director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company or a related body corporate as at the date of this report.

<i>Directors</i>	<i>Fully paid ordinary shares including Executive Share Plan Number</i>	<i>Executive Share Plan Number</i>
Simon Rowell	291,359	–
Kevin Eley	200,000	–
Ray Kellerman	305,571	250,000*
Peter Constable	5,740,254	1,500,000

* Mr Kellerman's shares under the Executive Share Plan are subject to approval by shareholders at the Annual General Meeting.

Shares issued under the Executive Share Plan**Share granted to directors and executives**

During and since the end of the financial year an aggregate 6,000,000 (2006: nil) shares were granted by the Company to the following Directors and executives of the company and the consolidated entity under the Executive Share Plan (ESP):

	<i>Number of shares issued</i>	<i>Number of ordinary shares under holding lock</i>
Ray Kellerman	250,000	250,000
Peter Constable	1,500,000	1,500,000
Andrew Fairweather	2,500,000	2,500,000
David Mackaway	1,750,000	1,750,000

In addition, 1,500,000 shares were issued under the ESP to EK Metanowski. These shares were subsequently cancelled on Mr Metanowski's resignation on 9 July 2007.

Interest-bearing loans have been granted by the Company to the above Directors and executives to fund the acquisition of shares under the ESP. The loans bear interest at the lower of the dividends paid on the shares and the statutory interest rate.

Shares issued under the ESP will only vest provided the vesting conditions are achieved. For the shares issued during and since the end of the financial year, the principal vesting condition is that the Total Shareholder Return (TSR) exceeds the All Ordinaries Accumulation Index (AOAI) before the end of the vesting period. Until the vesting conditions are achieved, the shares are subject to a holding lock. If the vesting conditions are met, the loans must be repaid before the holding lock is released.

No shares issued under the ESP have met the vesting conditions up to the date of this report.

Full details of the ESP are available in note 26 and from the Company's website.

Total Shares Issued under the Executive Share Plan

Details of all shares on issue under the ESP as at the date of this report are:

<i>Number of shares</i>	<i>Class of shares</i>	<i>Issue price</i>	<i>First vesting date</i>	<i>Final vesting date</i>
4,650,000	Ordinary	\$0.95	01/02/2009	01/02/2012
4,675,000	Ordinary	\$1.036	01/06/2009	01/06/2012

Remuneration Report

The remuneration report provides an overview of the consolidated entity's remuneration policies and practices and explains the links between company performance and rewards. The report also provides details about the remuneration of directors and key management personnel.

Principles of Remuneration

The remuneration strategy seeks to align interests of shareholders and key management personnel. This is effected through a combination of appropriate fixed remuneration amounts together with short term and long term incentives. Short term and long term incentives are only paid on achieving previously agreed performance targets.

There are a number of short term incentive (STI) plans in place for executives, each of which provides a bonus for achieving appropriate targets. Executives need to be employed and not have given notice of resignation on the payment date to be eligible to receive their STI payments. The principal STI plans operating for the year ended 30 June 2007 were:

Investment Staff: STI provides bonuses based on sharing any "outperformance fees" earned by MMC Asset Management on its managed funds.

Administration and Management Staff: STI provides bonuses for exceeding profit targets.

Executive Chairman: STI as part of contracted remuneration, subject to Board approval.

Business Development Staff: STI provides bonuses for achieving targets for flows of funds into unit trusts managed by MMC Asset Management.

At the end of each year the Company ascertains whether the performance criteria have been met and therefore whether any STI will be payable. Similar STI plans are in place for the year ending 30 June 2008.

The long term incentive (LTI) plan applies to all staff and is based on shares being issued to staff funded by interest bearing loans from the Company. The loans bear interest at the lower of the dividends paid on the shares and the statutory interest rate. Loans are limited recourse, with liability limited to the value of the shares.

Shares issued under the ESP will only vest provided the vesting conditions are achieved. For all shares issued under the LTI plan, the principal vesting condition is that the Total Shareholder Return (TSR) exceeds the All Ordinaries Accumulation Index (AOAI) before the end of the vesting period. Until the vesting conditions are achieved, the shares are subject to a holding lock. If the vesting conditions are met, the loans must be repaid before the holding lock is released. The LTI therefore provides a meaningful reward for participating staff, provided the Company's performance exceeds the AOAI over the medium to long term.

Shares issued under the LTI plan generally cannot vest until two years from issue and expire five years after issue.

The Company has introduced a Tax Deferred Share Plan (DSP). Under the DSP, employees, including directors, may choose to receive part of their remuneration (including bonuses) in the form of shares. Shares in respect of the DSP are purchased on the market and are held in the employee's name, but are generally subject to a holding lock until he or she leaves the employment of the group. The DSP is cost neutral to the Company and staff are encouraged to participate where their circumstances allow. The DSP is an effective method for staff to acquire shares in the Company, thereby increasing alignment between executives and shareholders.

Non-executive Directors' remuneration

Non-executive Directors are remunerated by fees with the aggregate limit approved by shareholders. The present limit on aggregate remuneration for non-executive Directors is \$300,000. Directors' fees can be paid as superannuation contributions and may also be directed to the Deferred Share Plan.

Details of key management personnel

The key management personnel of the Group during the year were:

Simon Rowell (Chairman and non-executive director*)

Kevin Eley (Non-executive director)

Ray Kellerman (Non-executive director), appointed 10 April 2007

Peter Constable (Chief Investment Officer since 1 February 2007 and executive director since 9 July 2007)

Andrew Fairweather (Chief Executive Officer), appointed 1 February 2007

David Mackaway (Chief Financial Officer), appointed 1 February 2007

EK Metanowski (Executive director), resigned 9 July 2007

* Mr Rowell was non-executive director except for the period 1 December 2006 to 31 May 2007, when he was Executive Chairman.

The following contractual and other arrangements are in place in respect of the Directors and executives in office at the date of this report:

Simon Rowell – Mr Rowell has resigned with effect 31 August 2007.

Kevin Eley – subject to re-election by shareholders at least each three years.

Ray Kellerman – subject to re-election by shareholders at least each three years.

Peter Constable – as a Director, is subject to re-election by shareholders at least each three years. As an executive, has an employment contract until November 2008, subject to 6 months notice by either the employee or the company.

Andrew Fairweather – no fixed term, notice generally required of 6 months by either the employee or the company.

David Mackaway – no fixed term, notice generally required of 6 months by either the employee or the company.

Key management personnel compensation

The compensation of key management personnel of the group for the year ended 30 June 2007 is set out below:

	PRIMARY			POST EMPLOYMENT	EQUITY	TOTAL
	Salary & Fees (2) \$	Bonus (4) \$	Non- monetary \$	Super- annuation \$	Executive Share Plan (3) \$	
2007						
S Rowell ⁽¹⁾	117,000	100,000	–	30,000	–	247,000
K Eley ⁽⁵⁾	–	–	–	–	–	–
R Kellerman	29,047	–	–	2,614	–	31,661
E Metanomski	114,679	99,442	–	10,321	6,500	230,942
P Constable	105,122	99,442	3,355	9,461	6,500	223,880
A Fairweather	95,566	129,400	–	8,601	7,542	241,109
D Mackaway	82,186	107,000	–	7,397	5,114	201,697
TOTAL	543,600	535,284	3,355	68,394	25,656	1,176,289

(1) Includes \$100,000 salary (including superannuation) and \$100,000 bonus in respect of service as Executive Chairman for the period 1 December 2006 to 31 May 2007.

(2) For P Constable, E Metanomski, A Fairweather and D Mackaway, salary is in respect of the period 1 February 2007 to 30 June 2007, being the period that MMC Asset Management formed part of the Consolidated Group. For Mr Kellerman, fees include \$5,170 in respect of director's fees of the Company and \$26,491 in respect of a subsidiary. The subsidiary fees ceased when he was appointed a director of the Company.

(3) Benefit for period ending 30 June 2007 calculated under a binomial model in respect of the future value of the ESP shares issued.

(4) Includes bonuses accrued in respect of the financial year to 30 June 2007 paid subsequent to the end of the financial year. Bonuses paid were based on past performance and not on future performance. There is no minimum bonus payable if performance targets are not met.

(5) K Eley has agreed that he will receive no fee for his services as a director although a fee is payable to HGL Limited of which he is a director as set out in note 27.

The compensation of key management personnel of the group for the prior year is set out below:

	PRIMARY			POST EMPLOYMENT	EQUITY	TOTAL
	Salary & Fees \$	Bonus \$	Non- monetary \$	Super- annuation \$	Executive Share Plan \$	
2006						
S Rowell ⁽¹⁾	45,000	–	–	30,000	–	75,000
TOTAL	45,000	–	–	30,000	–	75,000

(1) Mr Rowell was the only director or employee of the Company to receive compensation during the year ended 30 June 2006.

Indemnification of directors and officers

During the period, the Company purchased Directors' and Officers' Liability Insurance to provide cover in respect of claims made against the directors and officers in office during the financial period and as at the date of this report, as far as is allowable by the Corporations Act 2001.

The total amount of insurance premium paid and the nature of the liability are not disclosed due to a confidentiality clause within the agreement.

As at the date of this report, no amounts have been claimed or paid in respect of this indemnity and insurance, other than the premium referred to above.

The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify the auditor or officer of the Company against a liability incurred as an officer or auditor.

Rounding of amounts

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in this report, and the financial report, have been rounded off to the nearest thousand dollars.

Auditor independence and non audit services

The Directors have received an independence declaration from the auditors, a copy of which is on page 17.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 5 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 5 to the financial statement do not compromise the external auditor's independence, based on advice received from the audit committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor independence including reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

Signed in accordance with a resolution of the Board of Directors made pursuant to s298(2) of the Corporations Act 2001.

On behalf of the Directors



SIMON ROWELL
CHAIRMAN

Sydney, 27 August 2007

AUDITOR'S INDEPENDENCE DECLARATION

The Board of Directors
MMC Contrarian Limited
Level 8, 34 Hunter Street
SYDNEY NSW 2000

27 August 2007

Dear Directors

MMC Contrarian Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MMC Contrarian Limited.

As lead audit partner for the audit of the consolidated financial statements of MMC Contrarian Limited for the financial year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



STUART ALEXANDER
PARTNER
CHARTERED ACCOUNTANTS

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	CONSOLIDATED		COMPANY	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue	4	14,687	10,556	12,721	10,556
Realised capital gains		19,509	22,655	19,529	22,655
Expenses	5	(4,774)	(3,968)	(3,990)	(3,968)
Profit before income tax expense		29,422	29,243	28,260	29,243
Income tax expense	6	(9,097)	(8,266)	(8,701)	(8,266)
Net profit for the year		20,325	20,977	19,559	20,977
Attributable to:					
Equity holders of the parent		20,325	20,977	19,559	20,977
		<i>cents per share</i>	<i>cents per share</i>		
Basic earnings per share on net profit for the year	8	8.87	9.74		
Diluted earnings per share on net profit for the year	8	8.86	9.74		

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	Note	CONSOLIDATED		COMPANY	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Increase/(decrease) in asset revaluation reserve, net of tax	7	5,234	(5,324)	5,234	(5,324)
Net income recognised directly in equity		5,234	(5,324)	5,234	(5,324)
Net profit for the year	7	20,325	20,977	19,559	20,977
Total recognised income and expense for the year		25,559	15,653	24,793	15,653
		<i>cents per share</i>	<i>cents per share</i>		
Basic total recognised income and expense per share	8	11.15	7.27		
Diluted total recognised income and expense per share	8	11.14	7.27		

To be read in conjunction with the accompanying notes

BALANCE SHEET

AS AT 30 JUNE 2007

		CONSOLIDATED		COMPANY	
	Note	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Assets					
Current assets					
Cash and cash equivalents	9	30,888	17,515	28,741	17,515
Receivables	10	3,061	3,581	1,624	3,581
Fixed interest deposits	11	128,053	118,091	126,475	118,091
Securities	12	100,970	103,783	100,153	103,783
Total current assets		262,972	242,970	256,993	242,970
Non-current assets					
Property, plant & equipment	15	101	–	–	–
Goodwill	13	28,175	–	–	–
Other intangible assets	14	2,524	–	–	–
Investment in subsidiaries	25	–	–	35,923	–
Total non-current assets		30,800	–	35,923	–
Total Assets		293,772	242,970	292,916	242,970
Liabilities					
Current liabilities					
Payables	16	2,217	992	2,198	992
Current tax liabilities	18	5,798	3,174	5,798	3,174
Total current liabilities		8,015	4,166	7,996	4,166
Non-current liabilities					
Deferred tax liabilities	18	3,881	2,428	3,810	2,428
Total non-current liabilities		3,881	2,428	3,810	2,428
Total Liabilities		11,896	6,594	11,806	6,594
Net Assets		281,876	236,376	281,110	236,376
Equity					
Issued capital	19	248,141	211,580	248,141	211,580
Retained profits	7	24,202	20,533	23,436	20,533
Asset revaluation reserve	7	9,497	4,263	9,497	4,263
Executive share plan reserve	7	36	–	36	–
Total Equity		281,876	236,376	281,110	236,376

To be read in conjunction with the accompanying notes

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

		CONSOLIDATED		COMPANY	
	Note	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Cash flows from operating activities					
Dividends and trust distributions received		3,645	1,988	3,826	1,988
Interest received		9,929	7,812	9,867	7,812
Management fees received		2,066	–	–	–
Administration and other operating costs paid		(5,121)	(3,933)	(3,762)	(3,933)
Income taxes paid		(6,490)	(7,840)	(5,469)	(7,840)
Other receipts		182	36	165	36
Net cash provided by/(used in) operating activities	22	4,211	(1,937)	4,627	(1,937)
Cash flows from investing activities					
Payments for securities		(88,930)	(89,505)	(88,930)	(89,505)
Fixed interest deposits		(8,386)	(32,562)	(8,384)	(32,562)
Proceeds from sale of securities		121,432	105,346	121,032	105,346
Costs associated with subsidiary acquisition		(500)	–	(500)	–
Cash held by acquired entity	25	830	–	–	–
Payments for property, plant and equipment		(12)	–	–	–
Net cash provided by/(used in) investing activities		24,434	(16,721)	21,871	(16,721)
Cash flows from financing activities					
Payment for share buy back		(45)	(3,829)	(45)	(3,829)
Dividends paid		(15,227)	(8,513)	(15,227)	(8,513)
Net cash used in financing activities		(15,272)	(12,342)	(15,272)	(12,342)
Net increase/(decrease) in cash and cash equivalents		13,373	(31,000)	11,226	(31,000)
Cash and cash equivalents at the beginning of the financial year		17,515	48,515	17,515	48,515
Cash and cash equivalents at the end of the financial year	9	30,888	17,515	28,741	17,515

To be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

1 Summary of significant accounting and valuation policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

Accounting standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS')

The financial statements were authorised for issue by the directors on 27 August 2007.

Basis of preparation

The financial report has been prepared on the basis of historical cost except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with the Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of other original business combination and the minority's share of changes in equity since the date of the combination.

b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquirees' identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

1 Summary of significant accounting and valuation policies *continued*

c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

e) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified into the following specific categories: 'available for sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Upon the sale of listed securities the difference between the assets' carrying amount and the sum of the consideration received and any cumulative gain which has been recognised directly in equity shall be recognised in the income statement.

Available for sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the asset revaluation reserve. Where the investment is disposed, the cumulative gain or loss previously recognised in the asset revaluation reserve is included in profit or loss for the period. Dividends on available for sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established. The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributed to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Interest is recognised by applying the effective interest rate.

f) Dividend income

Dividend income is recognised on a receivable basis on the date the securities are quoted ex-dividend.

g) Distribution income

Distribution income is recognised on a receivable basis as of the date the unit value is quoted ex-distribution.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

1 Summary of significant accounting and valuation policies *continued***h) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

i) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at its cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU's), or groups of CGU's, expected to benefit from the synergies of the business combination. CGU's (or groups of CGU's) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

j) Intangible assets

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. Intangible assets are amortised over their expected useful life of five years and are tested for impairment on an annual basis.

k) Impairment of other tangible and intangible assets

At each reporting date, the Group reviews its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

1 Summary of significant accounting and valuation policies *continued*

l) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation. Property, plant and equipment is amortised over its expected useful life being, office equipment (15 - 60%) and furniture & fittings (11 - 30%).

m) Share-based payments

Equity-settled share based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and credited to the executive share plan reserve.

n) Interest income

Interest from fixed interest and discount securities is recognised as income on the basis of the accumulated entitlement that would be received on the disposal of the security according to the trading practices accepted by the market for the relevant security. Interest on cash on deposit is recognised in accordance with the terms and conditions which apply to the deposit.

o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

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

p) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

1 Summary of significant accounting and valuation policies *continued*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. MMC Contrarian Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

q) Realised capital gains

Proceeds from the sale of securities and the disposal of securities at cost are recognised net as realised capital gains in the income statement.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

2 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the entity's accounting policies

The following are the critical judgments (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts that are recognised in the financial statements:

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Recoverability of intangible assets

During the year, the Board considered the recoverability of the intangible asset arising from the right to receive fees from managed investment schemes. This totalled \$2.5 million as at balance sheet date. Management believe that the current rate of amortisation of this intangible remains appropriate and that no circumstances have arisen which indicate that amount may be impaired.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at the balance sheet date was \$28.2 million.

The Directors determined that the estimate of future cash flows expected to arise from the cash-generating unit and the discount rate used in order to calculate the present value are appropriate and no impairment charge is required.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year the directors determined that the useful life of all equipment was appropriate.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

3 Adoption of new and revised accounting standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2007
AASB 101 'Presentation of Financial Statements' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2007
Interpretation 10 'Interim Financial Reporting and Impairment'	Effective for annual reporting periods beginning on or after 1 November 2006
AASB 8 'Operating Segments'	Effective for annual reporting periods beginning on or after 1 January 2009

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company or the Group. The circumstances addressed by Interpretation 10, which prohibits the reversal of certain impairment losses, do not affect either the Company's or the Group's previously reported results and accordingly, there will be no impact to these financial statements on adoption of the Interpretation.

The application of AASB 101 (revised), AASB 7, AASB 2005-10 and AASB 8 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Company and the Group's financial instruments and the objectives, policies and processes for managing capital.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement, which will be the Company's annual reporting period beginning on 1 July 2007.

Limitation of ability to designate financial assets and financial liabilities through profit or loss

The Australian Accounting Standards Board ('AASB') released AASB 2005-4 'Amendments to Australian Accounting Standards' in June 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' by limiting the ability of entities to designate any financial asset or financial liability as 'at fair value through profit or loss'. Financial assets that can no longer be designated as 'at fair value through profit or loss' are now classified into either loans and receivables, held-to-maturity investments or available-for sale investments, as appropriate, and measured at amortised cost or at fair value with changes in fair value recognised in equity, according to their classification. Financial liabilities that can no longer be designated as 'at fair value through profit or loss' are classified as 'other' financial liabilities and measured at amortised cost.

The changes introduced by AASB 2005-4 are applied by the Group with effect from the beginning of the comparative reporting period presented in this financial report (ie., with effect from 1 July 2005). Financial assets and financial liabilities designated by the Company and Group as 'at fair value through profit or loss' continue to meet the revised designation rules and, accordingly, the application of these amendments has no impact on the financial statements.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

3 Adoption of new and revised accounting standards *continued***Accounting for business combinations involving entities or business under common control**

The AASB released AASB 2005-6 'Amendments to Australian Accounting Standards' in June 2006. AASB 2005-6 amends AASB 3 'Business Combinations' by removing business combinations involving entities or businesses under common control from its scope. The effect of the scope amendment is that there is no longer any explicit guidance under Accounting Standards as to how to account for these types of business combinations.

Due to the requirements of AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' permitting the non-restatement of pre-transition business combinations, the amendment has no effect on the financial statements of the Company or Group for the current or prior reporting periods. However, future transactions involving entities under common control will be affected. Details of the entity's accounting policies in relation to common control transactions are outlined in note 1 (b).

	CONSOLIDATED		COMPANY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
4 Revenue				
Management fees	1,851	–	–	–
Dividends from securities	2,472	350	2,442	350
Interest income	9,216	8,207	9,148	8,207
Trust distributions	966	1,959	966	1,959
Other	182	40	165	40
	14,687	10,556	12,721	10,556

5 Expenses

Management fees	1,885	3,154	2,936	3,154
Employee expenses	1,357	–	–	–
Share registry and mailing costs	225	231	225	231
Custody and accounting fees	99	99	99	99
Directors' fees	68	75	68	75
Stock exchange fees	230	58	230	58
Annual report costs	65	68	65	68
Depreciation expenses	18	–	–	–
Research expenses	260	–	–	–
Audit fees	67	69	57	69
Amortisation expenses	187	–	–	–
Other costs	313	214	310	214
	4,774	3,968	3,990	3,968

The auditors were remunerated for the following services:

- auditing the financial statements \$53,500 (2006: \$33,500)
- reviewing the half year accounts \$13,500 (2006: \$17,500)
- taxation advice \$23,375 (2006: \$18,000).

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		COMPANY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000

6 Income tax**a) Income tax recognised in profit or loss****Tax expense comprises:**

Current tax expense	9,046	8,172	8,721	8,172
Adjustments recognised in the current year in relation to the current tax of prior years	(46)	21	(46)	21
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	97	73	26	73
Total tax expense	9,097	8,266	8,701	8,266

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Profit before income tax expense	29,422	29,243	28,260	29,243
Prima facie tax payable calculated at 30%	8,827	8,773	8,478	8,773
Franking credits on dividends received	(475)	(147)	(475)	(147)
Non deductible expenses	67	–	11	–
Other	678	(360)	687	(360)
Income tax expense	9,097	8,266	8,701	8,266

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Franking account

The balance of the franking account after allowing for tax payable in respect of the current year's profit, the receipt of franked dividends recognised as receivables and the payment of any dividends recognised as a liability at the reporting date.

10,194	7,315	10,194	7,315
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The ability of the Company to continue to pay franked dividends is dependent upon the receipt of franked dividends from the investment portfolio and the Company itself paying tax.

Tax consolidation**Relevance of tax consolidation to the Group**

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 February 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is MMC Contrarian Limited.

7 Movements in reserves**Retained profits**

Balance at the beginning of the financial year	20,533	10,311	20,533	10,311
Net profit attributable to members of the parent entity	20,325	20,977	19,559	20,977
Dividends paid	(16,656)	(10,755)	(16,656)	(10,755)
Balance at the end of the financial year	24,202	20,533	23,436	20,533

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		COMPANY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000

7 Movements in reserves *continued***Asset revaluation reserve**

Balance at the beginning of the financial year	4,263	9,587	4,263	9,587
Revaluation of securities, net of tax	5,234	(5,324)	5,234	(5,324)
Balance at the end of the financial year	9,497	4,263	9,497	4,263

Increments or decrements on the revaluation of securities after provision for deferred capital gains tax, are recorded in the asset revaluation reserve. This reserve is not available for distribution to shareholders as dividends.

Executive share plan reserve

Balance at the beginning of the financial year	–	–	–	–
Movement during the financial year	36	–	36	–
Balance at end of the financial year	36	–	36	–

8 Earnings per share

	CONSOLIDATED	
	2007 cents per share	2006 cents per share
Basic earnings per share based on net profit for the year	8.87	9.74
Basic total recognised income and expense per share	11.15	7.27
	No. '000	No. '000
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	229,252	215,434
	\$'000	\$'000
Earnings used in basic earnings per share	20,325	20,977
Earnings used in total recognised income and expense per share	25,559	15,653
	cents per share	cents per share
Diluted earnings per share based on net profit for the year	8.86	9.74
Diluted total recognised income and expense per share	11.14	7.27
	No. '000	No. '000
Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	229,399	215,434
	\$'000	\$'000
Earnings used in diluted earnings per share	20,325	20,977
Earnings used in diluted total recognised income and expense per share	25,559	15,653

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		COMPANY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
9 Cash and cash equivalents				
Deposits at call	30,888	17,515	28,741	17,515
	30,888	17,515	28,741	17,515

Deposits at call yield an average floating interest rate of 5.60% (2006: 5.55%).

10 Receivables

Management fees receivable	998	–	–	–
Dividends receivable	548	174	548	174
Trust distribution receivable	211	792	–	792
Interest receivable				
– deposits at call	6	94	–	94
– fixed interest deposits	119	744	119	744
Outstanding settlements	620	1,699	620	1,699
Other	559	78	337	78
	3,061	3,581	1,624	3,581

Receivables are non interest bearing and unsecured. Outstanding settlements usually require payment within three days of the date of the transaction.

11 Fixed interest deposits

Fixed interest bank term deposits	128,053	118,091	126,475	118,091
	128,053	118,091	126,475	118,091

Fixed interest term deposits, all of which mature within 30 days, yield an average floating interest rate of 6.40% (2006:5.92%).

12 Securities

Shares and unit trusts – market value	100,970	97,255	100,153	97,255
Convertible notes and other interest bearing securities – market value	–	6,528	–	6,528
	100,970	103,783	100,153	103,783

The market value of securities is their value at last bid price.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

12 Securities *continued***Securities as at 30 June 2007**

<i>Name</i>	<i>Market value as at 30 June 2007 \$</i>
Telstra Corporation Limited – Instalment Receipts	13,864,800
Abacus Property Group	12,454,189
Telstra Corporation Limited	10,324,909
Connecteast Group	7,883,977
Costaexchange Ltd	7,751,017
Babcock & Brown Structured Finance Trust	6,418,234
News Corporation	5,389,818
Clime Investment Management Limited	4,172,047
Staging Connections Group Limited	4,132,901
Graincorp Limited	3,525,784
Magellan Flagship Fund Limited	3,601,296
CVC Limited	3,412,753
Ridley Inc	3,056,318
Premier Investments Limited	2,759,857
Mainfreight Ltd	2,561,048
Brickworks Limited	2,475,802
Tower Ltd	2,070,315
Calliden Group Limited	1,885,172
Fisher & Paykel Healthcare Corporation Ltd	1,492,229
Magellan Financial Group Limited	1,314,001
Telstra Corporation Limited – 20/12/07 \$5.00 Call Option	550,000
Magellan Financial Group Limited – Options	128,389
MMC Australian Share Fund	232,407
MMC Small Companies Fund	248,820
MMC Concentrated Fund	257,700
Other	78,090
Telstra Corporation Limited – 26/07/2007 \$4.40 Call Option *	(527,437)
Telstra Instalment Receipts – 27/03/08 \$3.20 Call Option *	(544,390)
	100,970,047

* Sold call options of Telstra Corporation Limited shares and instalment receipts.

The total number of transactions during the year was 456 (2006:406) and the total brokerage paid was \$588,584 (2006: \$489,619).

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		COMPANY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
13 Goodwill				
Gross carrying amount				
Balance at beginning of financial year	–	–	–	–
Additional amounts recognised from business combinations occurring during the period	28,175	–	–	–
Balance at end of financial year	28,175	–	–	–
Net book value				
At the beginning of the financial year	–	–	–	–
At the end of the financial year	28,175	–	–	–
14 Intangible assets				
Gross carrying amount				
Balance at beginning of financial year	–	–	–	–
Acquisitions	2,711	–	–	–
Amortisation expense	(187)	–	–	–
Balance at end of financial year	2,524	–	–	–
The intangible asset arose on the acquisition of MMC Asset Management and represents the right to receive fees from managed investment schemes.				
15 Property, plant and equipment				
Gross carrying amount				
Balance at beginning of financial year	–	–	–	–
Additions	12	–	–	–
Acquisitions through business combinations	107	–	–	–
Balance at end of financial year	119	–	–	–
Accumulated depreciation/amortisation and impairment				
Balance at beginning of financial year	–	–	–	–
Depreciation expense	(18)	–	–	–
Balance at end of financial year	(18)	–	–	–
Net book value				
Balance at end of financial year	101	–	–	–

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	CONSOLIDATED		COMPANY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
16 Payables				
Management fees	–	278	268	278
Outstanding settlements	677	606	533	606
Custody and accounting fees	31	8	31	8
Employee provisions (note 17)	160	–	–	–
Employee entitlements	665	–	–	–
Other creditors	684	100	1,366	100
	2,217	992	2,198	992

Payables are non interest bearing and unsecured. Outstanding settlements usually require payment within three days of the date of the transaction.

Other creditors usually require payment within 10 to 30 days.

17 Provisions

Employee leave provisions	160	–	–	–
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18 Tax balances**Current tax payables**

Parent entity	5,463	3,174	5,463	3,174
Entities in the tax-consolidated group	335	–	335	–
	5,798	3,174	5,798	3,174

Deferred tax assets comprise:

Arising on share issue costs	(253)	(507)	(253)	(507)
Other temporary differences	(182)	(30)	(98)	(30)
	(435)	(537)	(351)	(537)

Deferred tax liabilities comprise:

Revaluation of listed securities	4,069	2,713	4,069	2,713
Other temporary differences	247	252	92	252
	4,316	2,965	4,161	2,965

Net deferred tax liabilities	3,881	2,428	3,810	2,428
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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

	CONSOLIDATED				COMPANY			
	Opening balance \$'000	Charge (credit) to income \$'000	Charge to equity \$'000	Closing balance \$'000	Opening balance \$'000	Charge (credit) to income \$'000	Charge to equity \$'000	Closing balance \$'000
18 Tax balances <i>continued</i>								
2007								
Gross deferred tax liabilities	2,965	(5)	1,356	4,316	2,965	(160)	1,356	4,161
Gross deferred tax assets	537	(102)	–	435	537	(186)	–	351
Total	2,428	97	1,356	3,881	2,428	26	1,356	3,810
2006								
Gross deferred tax liabilities	4,699	(139)	(1,595)	2,965	4,699	(139)	(1,595)	2,965
Gross deferred tax assets	749	(212)	–	537	749	(212)	–	537
Total	3,950	73	(1,595)	2,428	3,950	73	(1,595)	2,428
				2007 No. of shares	2007 \$'000		2006 No. of shares	2006 \$'000

19 Issued capital**Issued and fully paid ordinary shares**

Balance at beginning of financial year	214,386,326	211,580	216,086,972	213,167
Issued to acquire MMC Asset Management Limited	33,898,509	35,423	–	–
Issued pursuant to dividend reinvestment plan				
Final dividend	1,268,158	1,183	942,621	893
Interim dividend	–	–	1,436,733	1,348
Share buy back*	(50,000)	(45)	(4,080,000)	(3,828)
Balance at end of financial year	249,502,993	248,141	214,386,326	211,580
Shares granted under employee share plan (note 26)	6,150,000	5,842	–	–
Fully paid ordinary shares on issue at end of financial year	255,652,993	253,983	214,386,326	211,580

In accordance with AASB 2, Share-Based Payments, the shares issued under the employee share plan are treated as options.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

* The Company has in place an on market share buy back scheme. During the year 50,000 ordinary shares were bought back (2006: 4,080,000 ordinary shares) at an average price of \$0.91 per share (2006: \$0.94 per share).

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

20 Shares granted under the employee share plans**Executive share plan**

In accordance with the provisions of the executive share plan, as at 30 June 2007, executives and senior employees have acquired 6,150,000 ordinary shares that will vest if certain conditions are met. Shares granted under the executive share plan carry rights to dividends and voting rights. Financial assistance amounting to \$5,842,000 was made available to executives and senior employees to fund the acquisition of shares under the executive share plan. For details of the executive share plan refer to note 26.

Deferred share plan

In accordance with the provisions of the deferred share plan, employees have the right to have part of their salary directed towards the acquisition of shares in MMC Contrarian Limited. Shares acquired under the deferred share plan carry rights to dividends and voting rights. A holding lock has been placed over these shares until an employee leaves the Group or ten years have lapsed.

21 Dividends

	2007 \$'000	2006 \$'000
Fully paid ordinary shares		
Interim dividend per share:		
4.0 cents (2006: 3.0 cents) fully franked at a 30% tax rate	10,226	6,435
Final dividend per share:		
4.0 cents (2006: 3.0 cents) fully franked at a 30% tax rate	10,413	6,432
	20,639	12,867

The directors declared a fully franked final dividend of 4.0 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2007, to be paid to shareholders on 5 October 2007. This dividend has not been included as a liability in these financial statements. The dividend will be paid to all shareholders on the Register of members on 21 September 2007. The total estimated dividend to be paid is \$10,413,000.

22 Reconciliation of net profit for the year to net cash flows from operating activities

	CONSOLIDATED		COMPANY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Net profit for the year	20,325	20,977	19,559	20,977
Realised gains on disposal of securities	(19,509)	(22,655)	(19,529)	(22,655)
Increase/(decrease) in current tax liability	2,624	332	3,206	332
Increase/(decrease) in deferred tax liability	(17)	90	26	90
Increase/(decrease) in payables	(109)	35	114	35
Depreciation on property, plant and equipment	18	–	–	–
Amortisation costs	187	–	–	–
Executive share plan expense	36	–	36	–
(Increase)/decrease in receivables	656	(716)	1,215	(716)
Net cash flows from operating activities	4,211	(1,937)	4,627	(1,937)

Non cash financing activities

During the year \$1.183 million (2006: \$2.241 million) of shares were issued under the Dividend Reinvestment Plan.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

23 Financial reporting by segments

The consolidated company operates in two separate segments, being the direct investments and fund management businesses.

	EXTERNAL SALES		INTER-SEGMENT		TOTAL	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Segment income						
Direct investments	32,250	33,211	–	–	32,250	33,211
Fund management businesses	1,946	–	1,577	–	3,523	–
Total of all segments	34,196	33,211	1,577	–	35,773	33,211
Eliminations	–	–	(1,577)	–	(1,577)	–
Consolidated revenue	34,196	33,211	–	–	34,196	33,211

(i) Inter-segment sales are recorded at amounts equal to competitive market prices charged to external customers for similar services.

	2007 \$'000	2006 \$'000
Segment result		
Direct investments	28,334	29,243
Fund management businesses	1,560	–
	29,894	29,243
Eliminations	(472)	–
Profit before tax	29,422	29,243
Income tax expense	(9,097)	(8,266)
Profit for the year	20,325	20,977

	ASSETS		LIABILITIES	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Segment assets and liabilities				
Direct investments	256,752	242,970	7,560	6,594
Fund management businesses	42,998	–	287	–
Total of all segments	299,750	242,970	7,847	6,594
Eliminations	(6,413)	–	(267)	–
Unallocated	435	–	4,316	–
Consolidated	293,772	242,970	11,896	6,594

	DIRECT INVESTMENTS		FUND MANAGEMENT BUSINESS	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000

Other segment information

Acquisition of segment assets	–	–	35,923	–
Depreciation and amortisation of segment assets	–	–	(205)	–

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

24 Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2007 %	2006 %
Parent entity			
MMC Contrarian Limited	Australia		
Subsidiaries			
MMC Asset Management Limited	Australia	100	–
Contrarian Global Asset Management Limited	United Kingdom	51	–

25 Acquisition of business

Name of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition \$'000
2007				
MMC Asset Management Limited	Investment Management	01/02/2007	100	35,923
Contrarian Global Asset Management Limited	Investment Advice	15/05/2007	51	–
				<u>35,923</u>

	MMC Asset Management Limited			Contrarian Global Asset Management Limited			Total
	Book value \$'000	Fair value adjustments \$'000	Fair value on acquisition \$'000	Book value \$'000	Fair value adjustments \$'000	Fair value on acquisition \$'000	fair value on acquisition \$'000
Net assets acquired							
Current assets							
Cash and cash equivalents	830	–	830	–	–	–	830
Fixed interest term deposits	1,576	–	1,576	–	–	–	1,576
Trade & other receivables	1,215	–	1,215	–	–	–	1,215
Other assets	2,440	–	2,440	–	–	–	2,440
Intangible	671	2,040	2,711	–	–	–	2,711
Non-current assets							
Plant & equipment	107	–	107	–	–	–	107
Current liabilities							
Trade & other payables	(1,017)	–	(1,017)	–	–	–	(1,017)
Non-current liabilities							
Deferred tax liabilities	(114)	–	(114)	–	–	–	(114)
	<u>5,708</u>	<u>2,040</u>	<u>7,748</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,748</u>
Cost of acquisition							<u>35,923</u>
Goodwill							<u>28,175</u>

2006

No acquisitions occurred in 2006.

25 Acquisition of business *continued*

The cost of the acquisition comprises \$0.5 million cash and 33,898,509 shares valued at \$35.4 million in MMC Contrarian Limited (\$1.045 per share).

The consideration includes amounts for the benefits of expected synergies, revenue growth, future market development and the assembled workforce of MMC Asset Management Limited. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

Included in the net profit before tax for the period is \$1.2 million attributable to MMC Asset Management Limited. Had this business combination been effected at 1 July 2006, the revenue of the Group would be \$37.9 million and the net profit \$23.1 million for the year ended 30 June 2007.

26 Share based payments

The Group has an ownership-based compensation scheme for Directors, executives and senior employees of the Group, namely the executive share plan (ESP). In accordance with the provisions of the plan, as approved by shareholders at the general meeting held 29 January 2007, Directors, executives and senior employees may be issued parcels of ordinary shares at an exercise price as defined under the plan per ordinary share.

Objectives

The objective of the ESP is to assist in the recruitment, reward, retention and motivation of employees of the Company and its associated bodies corporate.

Consideration

Each share will be issued at a price to be determined by the Board prior to making an offer to an employee. If no price is set, the price per share will be the weighted average price at which shares are traded on the ASX during the week prior to and including the day of offer or if no shares have traded in that time period the last price at which an offer to buy is made on the ASX.

Eligibility

Under the ESP, the Board may invite Directors and employees to participate in the ESP and receive shares subject to performance and vesting conditions determined by the Board. Shares may not be offered under the ESP to an employee if that employee would hold, after issue of the shares, an interest in more than 5% of the issued shares or be able to control the right to vote of more than 5% of the votes that might be cast at a general meeting of the Company. The number of shares granted under the ESP when aggregated with the number of shares issued under any other employee incentive share plan in the last 5 years must not exceed 5% of the issued shares at the time an offer to acquire shares under the ESP is made.

Financial assistance

The Directors may provide financial assistance to an employee for the purposes of subscribing for shares under the ESP. The financial assistance will be a limited recourse loan equal to the purchase value of the shares repayable within 5 years. The financial assistance will become immediately repayable in the event of dismissal, resignation, death or retirement of the employee or failure to meet performance hurdles by the employee. The financial assistance will be secured over the shares and rights attached to the shares.

Rights

Shares issued under the ESP will rank equally with all other issued shares even if subject to a holding lock.

Quotation

The Company will apply to the ASX for official quotation of shares issued under the ESP.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

26 Share based payments *continued***Restrictions**

The shares granted under the ESP will be subject to a holding lock restricting the holder from dealing with the shares without the consent of the Board until the earlier of:

- the 5th anniversary of the issue date;
- the date the employee ceases employment; or
- termination of the ESP.

If all performance and vesting conditions (that the Company's total shareholder return exceeds the performance of the All Ordinaries Accumulation Index) have been satisfied a holding lock will end 5 years from the acquisition of shares under the Plan. If performance and vesting conditions are not met, then the shares will be cancelled.

Administration of the ESP

The ESP is to be administered by the Board. The Board may make rules and regulations for its operation that are consistent with the rules of the ESP. The Company will pay all costs and expenses of operating the ESP. Employees will be liable for any brokerage and tax payable associated with their participation in the ESP.

Amendment of the ESP

Subject to the ASX Listing Rules, the Board may at any time amend any provision of the rules of the ESP.

Termination of the ESP

The Board may resolve at any time to terminate, suspend or reinstate the operation of the ESP.

The following share-based payment arrangements are in existence.

<i>Share series</i>	<i>Number</i>	<i>Grant date</i>	<i>Expiry date</i>	<i>Exercise price</i> \$	<i>Fair value at grant date</i> \$
Series 1 – 22 February 2007 Issue	6,150,000	22/2/07	1/2/12	0.95	0.026
Series 2 – 27 July 2007 Issue	4,675,000	27/7/07	1/6/12	1.036	0.025
<i>Inputs into the model</i>	<i>Series 1</i>	<i>Series 2</i>			
Grant date share price (\$)	1.04	1.04			
Anticipated vesting price (\$)	1.36	1.38			
Expected volatility (%)	21.29%	21.29%			
Anticipated option life (years)	1.95	2.00			
Dividend yield (%)	7.69%	7.69%			
Risk free interest rate (%)	6.13%	6.13%			

The following reconciles the outstanding shares granted under the executive share plan at the beginning and end of the financial year:

	2007		2006	
	<i>Number of shares</i>	<i>Weighted average exercise price</i> \$	<i>Number of shares</i>	<i>Weighted average exercise price</i> \$
Balance at beginning of the financial year	–	–	–	–
Granted during the financial year	6,150,000	0.95	–	–
Balance at end of the financial year	6,150,000	0.95	–	–
Exercisable at the end of the financial year	–	–	–	–

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

27 Related party transactions**(a) Equity interests in related parties****Equity interests in subsidiaries**

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 24 to the financial statements.

(b) Transactions with key management personnel**I. Key management personnel compensation**

Details of key management personnel compensation are disclosed in the directors' report on page 15 of the financial statements. The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	CONSOLIDATED		COMPANY	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Short-term employee benefits	1,082	45	246	45
Post-employment benefits	68	30	33	30
Share based payments	26	–	–	–
	1,176	75	279	75

II. Loans to key management personnel

The following loan balances are in respect of loans made to key management personnel of the Group or to their related entities. These loans are in respect of the Executive Share Plan.

	Balance at beginning \$	Loans Granted \$	Interest charged \$	Repayments \$	Balance at the end \$	Number in group
2007	–	5,225,000	152,459	220,000	5,157,459	4
2006	–	–	–	–	–	–

Key management personnel with loans above \$100,000 in the reporting period:

	Balance at beginning \$	Loans Granted \$	Interest charged \$	Repayments \$	Balance at the end \$	Highest in period \$
2007						
P Constable	–	1,425,000	41,559	60,000	1,406,559	1,425,000
E Metanomski	–	1,425,000	41,559	60,000	1,406,559	1,425,000
A Fairweather	–	1,425,000	41,559	60,000	1,406,559	1,425,000
D Mackaway	–	950,000	27,782	40,000	937,782	950,000

Key management personnel are charged interest on loans provided by the Group at 7.30% p.a., which is comparable to the average commercial rate of interest. Loans are provided for a maximum period of 5 years. Interest is charged on the outstanding loan balance each half year.

2006

There were no loans made to key management personnel in 2006.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

27 Related party transactions *continued***III. Key management personnel equity holdings**

Fully paid ordinary shares of MMC Contrarian Limited including those held under the Employee Share Plan.

	Balance at beginning of financial year No.	Granted as compensation No.	Net other change No.	Balance at the end of financial year No.	Subject to vesting conditions No.
2007					
S Rowell	151,112	–	135,503	286,615	–
K Eley	200,000	–	–	200,000	–
R Kellerman	–	–	107,018	107,018	–
E Metanowski	100,000	1,500,000	3,578,947	5,178,947	1,500,000
P Constable	96,377	1,500,000	5,643,877	7,240,254	1,500,000
A Fairweather	–	1,500,000	746,451	2,246,451	1,500,000
D Mackaway	–	1,000,000	33,553	1,033,553	1,000,000
2006					
S Rowell	143,407	–	7,705	151,112	–
K Eley	200,000	–	–	200,000	–
R Kellerman	–	–	–	–	–
E Metanowski	100,000	–	–	100,000	–
P Constable	20,287	–	76,090	96,377	–
A Fairweather	–	–	–	–	–
D Mackaway	–	–	–	–	–

All shares granted as compensation to key management personnel were made in accordance with the provisions of the executive share plan.

IV. Acquisition of MMC Asset Management Limited

On 1 February 2007 the Company acquired 100% of MMC Asset Management Limited.

- P Constable is a director and had a beneficial interest of 16.6% in MMC Asset Management. P Constable received 5,643,190 shares in the Company in consideration for his shares in MMC Asset Management.
- E Metanowski is associated with a company which had a beneficial interest of 10.6% in MMC Asset Management. The company associated with E Metanowski received 3,578,947 shares in the Company in consideration for its shares in MMC Asset Management. In addition E Metanowski received \$425,000 in cash.
- R Kellerman is a director and is associated with a company that had a beneficial interest of 0.2% in MMC Asset Management. The company associated with R Kellerman received 51,477 shares in the Company in consideration for its shares in MMC Asset Management.
- K Eley is a director of MMC Asset Management and has a beneficial interest in 5.5% of HGL Limited. HGL Limited had a beneficial interest of 43.2% in MMC Asset Management. HGL Limited received 14,674,705 shares in the Company in consideration for its shares in MMC Asset Management. In addition, HGL received \$4.5 million paid in cash, by MMC Asset Management, in consideration for the termination of the management agreement.
- A Fairweather is the Chief Executive Officer and is associated with a company that had a beneficial interest of 2.2% in MMC Asset Management. The company associated with A Fairweather received 743,527 shares in the Company in consideration for its shares in MMC Asset Management.
- D Mackaway is the Chief Financial Officer and is associated with a company that had a beneficial interest of 0.1% in MMC Asset Management. The company associated with D Mackaway received 33,553 shares in the Company in consideration for its shares in MMC Asset Management.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

27 Related party transactions *continued*

On 1 February 2007 the market value of the shares of the Company were \$1.045.

P Constable, the company associated with E Metanowski and HGL Limited entered into voluntary escrow agreements. The restrictions apply as to 25% of the shares to 1 August 2007, 25% to 1 February 2008, 25% to 1 August 2008 and 25% to 1 February 2009.

For the period 1 July 2006 to 1 February 2007 the Company paid management fees of \$0.7 million (2006: \$1.3 million) to HGL Limited and \$1.0 million (2006: \$1.9 million) to MMC Asset Management.

HGL Limited has agreed to provide investment advisory services to the Company; the fee for the services is \$50,000 per annum. This fee includes all directors' fees that would otherwise be payable to any HGL representative on the Board of the Company. The agreement may be terminated by either party with 12 months notice.

(c) Transactions between the Group and its related parties

Other related parties include entities with joint control or significant influence over the Group, associates, joint ventures in which the entity is a venturer and subsidiaries.

During the financial year ended 30 June 2007, the following transactions occurred between the Company and its other related parties:

- MMC Asset Management Limited received a management fee of \$2,935,616 (2006: \$3,154,000) for providing asset management services to the Company.
- The Company recognised tax payable in respect of the tax liabilities of its wholly-owned subsidiaries. Payments to/from the Company are made in accordance with the terms of the tax funding arrangement.
- The Company made a loan to Contrarian Global Asset Management Limited of \$75,901.

The following balances arising from transactions between the Company and its other related parties are outstanding at reporting date:

- A loan is receivable by the Company from Contrarian Global Asset Management Limited of \$75,901.
- An intercompany payable is due from the Company to MMC Asset Management Limited of \$919,241.
- An intercompany receivable is due to the Company from MMC Asset Management Limited of \$334,833.

All amounts advanced or payable to related parties are unsecured.

The amounts outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of consolidated financial statements for the Group.

(d) Parent entity

The parent entity in the Group is MMC Contrarian Limited which is incorporated in Australia.

28 Tax consolidation legislation

On 1 February, 2007, MMC Contrarian Limited and its wholly-owned subsidiaries adopted the Tax Consolidation legislation which requires a tax-consolidated group to keep a single franking account. The amount of franking credits available to shareholders of the parent entity (being the head entity in the tax-consolidated group) disclosed at 30 June 2007 has been measured under the new legislation as those available from the tax-consolidated group.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2007

29 Additional financial instruments disclosure***Credit Risk Exposure***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Net Fair Value of Financial Assets and Liabilities

Investments traded on organised markets have been valued at fair value by reference to market process prevailing at balance date.

The fair value of all other financial assets and liabilities of the entity is represented by their carrying value.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

30 Subsequent events

On 9 July 2007 E Metanowski resigned as an employee of MMC Asset Management Limited and a Director of the Company. As a result of this, Mr Metanowski's 1,500,000 shares issued under the Company's Executive Share Plan have been cancelled. On 27 July 2007 4,675,000 shares were issued under the Executive Share Plan. Mr S Rowell resigned as Chairman effective 31 August 2007. Mr K Eley has been appointed Chairman effective from 31 August 2007.

DIRECTORS' DECLARATION

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they become due and payable;
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and the consolidated entity; and
- c) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295 (5) of the Corporations Act 2001.

On behalf of the Directors



SIMON ROWELL
CHAIRMAN

Sydney, 27 August 2007

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MMC CONTRARIAN LIMITED

Report on the Financial Report and AASB 124 Compensation Disclosures in the Directors' Report

We have audited the accompanying financial report of MMC Contrarian Limited (the "company"), which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end as set out on pages 18 to 45.

We have also audited the compensation disclosures contained in the directors' report. As permitted by the Corporations Regulations 2001, the company has disclosed information about the compensation of key management personnel ("compensation disclosures") as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 Related Party Disclosures ("AASB 124"), under the heading 'remuneration report' on pages 13 to 15 of the directors' report, and not in the financial report

Directors' Responsibility for the Financial Report and the AASB 124 Compensation Disclosures contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors are also responsible for the compensation disclosures contained in the directors' report. In Note 1, the directors also state, in accordance with Accountant Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and the compensation disclosures comply with AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the compensation disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the compensation disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the compensation disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the compensation disclosures contained in the directors' report.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MMC CONTRARIAN LIMITED
> CONTINUED

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion on the Financial Report

In our opinion,

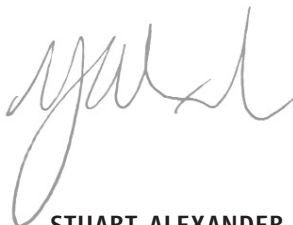
- (a) the financial report of MMC Contrarian Limited is in accordance with the Corporations Act 2001, including:
 - 1. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - 2. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion on the AASB 124 Compensation Disclosures contained in the Directors' Report

In our opinion, the compensation disclosures that are contained on pages 13 to 15 under the heading "remuneration report" in the directors' report comply with paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard AASB 124 Related Party Disclosures.



DELOITTE TOUCHE TOHMATSU



STUART ALEXANDER
PARTNER
CHARTERED ACCOUNTANTS

Sydney, 27 August 2007

The Board of Directors of MMC Contrarian Limited ("MMC") is responsible for the Group's corporate governance.

The Board guides and monitors the business and affairs of the Group on behalf of shareholders, by whom they are elected and to whom they are accountable.

To ensure the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of Directors and for the operation of the Board. The Board charters and policy documents are available in the corporate governance section of the Company's website www.mmcontrarian.com.au.

The Board is committed to the highest standards of ethical behavior and corporate governance.

Board composition and primary functions

As of the date of this report, the Board is comprised of four Directors. Mr Rowell and Mr Kellerman are independent directors, as defined by the ASX Corporate Governance Council (CGC) in their paper titled "Principles of Good Corporate Governance and Best Practice Recommendations" dated March 2003. The Board does not have a majority of independent directors.

The Board has considered its composition and believes that the participation of two independent directors is appropriate for the Group.

The Board meets at least 6 times a year with its primary functions including:

- review and adoption of the annual budget of the Group;
- monitoring of the performance on a monthly basis of the Group against its budget;
- reviewing the effectiveness, composition and charter of the Board committees;
- ensuring that the Group has implemented adequate systems of internal control and risk management;
- approval of the half yearly and annual financial reports;
- declaring the interim and final dividends;
- reviewing the investment performance;
- ensuring effective external disclosure policies so that the market is fully informed on all matters that may influence the share price; and
- reviewing reports from the custodian and considering the performance of the custodian.

Details regarding the experience and tenure of the Directors are included in the Directors' report.

The Board has created a written set of annual objectives for itself and its Committees. An annual review of the performance of the Board occurred during the year ended 30 June 2007.

Compliance and continuous disclosure

The Board aims to ensure that shareholders, on whose behalf they act, are informed of all information necessary to assess the performance of the Group. Information is communicated to the shareholders through:

- compliance with Australian Stock Exchange reporting and disclosure requirements. Of note is the disclosure within 14 days of the month end of the Company's net asset backing per share;
- the Company's website, on which all important Stock Exchange announcements are posted;
- quarterly investment reports;
- the annual and interim reports; and
- the Annual General Meeting and any other meetings called to obtain approval for Board action as appropriate.

The Company Secretary is responsible for communications with the Australian Stock Exchange.

Audit Committee

It is the Board's ultimate responsibility to ensure that effective internal controls exist within the Group.

To assist the Board in this regard it has established an Audit Committee. As at the date of this report, the Committee consisted of the following non-executive Directors:

RJ Kellerman (Chairman)

KJ Eley

SA Rowell

The Chairman of this Committee is an independent director and the committee has a majority of independent directors. Committee meetings are held at least three times a year. The functions of the Committee include:

- considering the half yearly and annual financial reports before they are approved by the Board;
- ensuring the effectiveness of management information systems and systems of internal control;
- reviewing the appointment of the external auditors, the terms of their engagement, the scope and quality of the audit and the auditor's independence;
- establishing and maintaining the framework of internal control; and
- ensuring compliance with statutory, Australian Stock Exchange and other reporting requirements.

The Audit Committee generally invites the Company Secretary and the external auditors to attend Audit Committee meetings.

The external auditors can meet privately with the Committee. The partner managing the audit was appointed on 1 February 2007 and will be rotated after a maximum of five years. It is the policy of the external auditors to provide an annual declaration of their independence to the Committee.

Nomination and Remuneration Committee

The Company has established a Nomination and Remuneration Committee. As at the date of this report the Committee consisted of the following Directors:

SA Rowell (Chairman)

KJ Eley

The functions of the Nomination and Remuneration Committee include:

- reviewing the composition of the Board and making recommendations to the Board;
- evaluating the performance of the Board; and
- reviewing the remuneration framework for directors and executives and making recommendations to the Board.

Risk assessment and management

The Board is responsible for ensuring the risk management systems are effective.

Investment Committee

The Company has established an Investment Committee. As at the date of this report the Committee consisted of the following Directors:

SA Rowell (Chairman)

KJ Eley

PC Constable

The objectives of the Investment Committee include:

- reviewing the investment philosophy of the company;
- reviewing the investments made by the company; and
- reviewing the investment process used by the investment staff.

The Investment Committee normally meets at least twice a month and the Chief Executive is invited to attend.

Independent professional advice

All Directors have the right to seek independent legal and financial advice, at the expense of the Company, concerning any aspect of the Company. However, prior approval of the Chairman is required, which is not unreasonably withheld.

Share trading policy

Directors and executives are permitted to deal in the securities of the Company at any time, subject to the insider trading provisions of the Corporations Act. The insider trading provisions of the Corporations Act have been drawn to the attention of all Directors and executives of the Company.

Prior to dealing in MMC Contrarian securities Directors and executives must notify the Chairman of the number of securities involved, the proposed date of the transaction and whether it is a sale or a purchase. The Directors and executives must consider any views expressed by the Chairman.

Notification to the Chairman does not constitute approval. It is the responsibility of the person dealing in the MMC Contrarian securities to ensure it does not constitute insider trading and to ensure the proposed dealing preserves the reputation of each of MMC Contrarian and the Directors and executives and is not only fair but seen to be fair. Dealings of the Chairman must be notified to the Chairman of the Audit Committee.

The share trading policy relates not only to those MMC Contrarian securities held directly but also to MMC Contrarian securities where the Director or executive has in substance, rather than form, the ability or power, whether direct or indirect, to dominate the decision about the trading of MMC Contrarian securities.

SHAREHOLDER INFORMATION

On 17 August 2007 there were 6,955 shareholders. All the shares in the Company are ordinary and fully paid carrying one vote.

Substantial shareholders

Rank	Name	No. of shares held	% of Issued Capital
1	HGL Limited	32,843,885	12.69
2	Guinness Peat Group	28,419,260	10.92

Twenty largest shareholders

Rank	Name	No. of shares held	% of Issued Capital
1	HGL Limited	32,843,885	12.69
2	Citicorp Nominees Pty Limited	14,676,207	5.67
3	Cogent Nominees Pty Limited	9,024,816	3.49
4	Avanteos Investments Limited	8,777,553	3.39
5	RBC Dexia Investor Services Australia Nominees Pty Limited	6,666,648	2.58
6	ANZ Nominees Limited	6,419,005	2.48
7	Bell Potter Nominees Ltd	5,732,699	2.21
8	Western Pacific Investments Pty Ltd	4,751,233	1.84
9	Mr Peter Constable	4,232,392	1.64
10	Avanteos Investments Limited	4,181,037	1.62
11	Evanalex Holdings Pty Ltd	2,684,210	1.04
12	M F Custodians Ltd	2,482,990	0.96
13	J P Morgan Nominees Australia Limited	2,182,174	0.84
14	National Nominees Limited	1,818,762	0.70
15	JDV Settlements Nominees Pty Ltd	1,812,000	0.70
16	Mr Peter Constable	1,500,000	0.58
17	Mr Andrew Fairweather	1,500,000	0.58
18	Huoncan Super Pty Ltd	1,253,154	0.48
19	HSBC Custody Nominees (Australia) Limited	1,089,033	0.42
20	Mr Stephen Atkinson	1,000,000	0.39

Number of shareholders with less than a marketable parcel of 481 shares is 108.

Distribution of shareholders

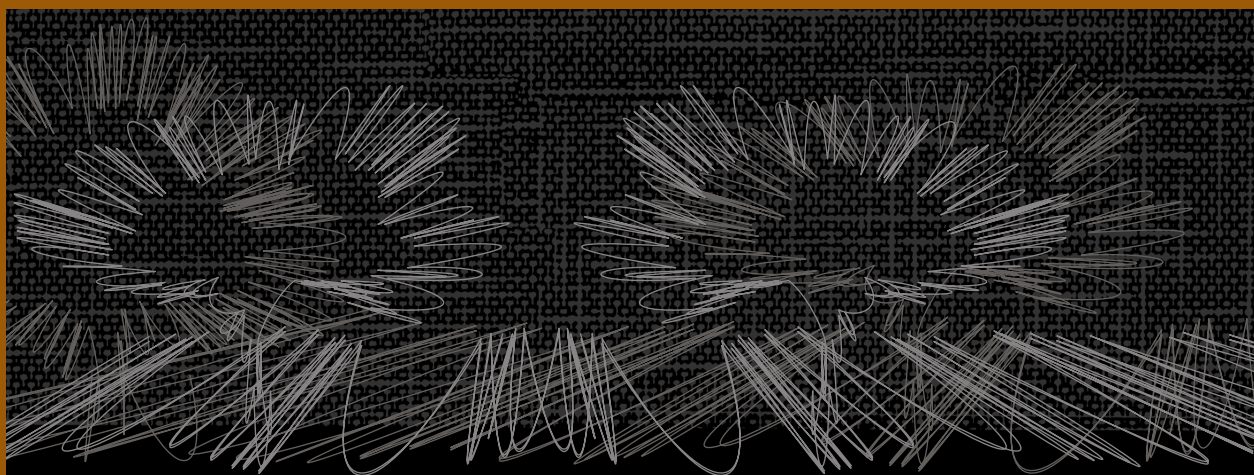
	No. of shareholders	No. of shares
1 - 1,000	321	190,006
1,001 - 5,000	1,768	5,981,944
5,001 - 10,000	1,615	13,084,048
10,001 - 100,000	3,050	86,924,339
100,001 and over	201	154,147,656
Total	6,955	260,327,993

Shares under voluntary escrow

The following number of shares are subject to voluntary escrow and have the following release dates:

No. of sharers	Date escrow period ends
7,162,019	1 February 2008
7,162,018	1 August 2008
7,162,016	1 February 2009

MMC CONTRARIAN LIMITED >>



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