

Dear Shareholder

The Company's Appendix 4E and the Financial Report for the year ended 30 June 2013 were lodged with the Australian Securities Exchange (ASX) on 15 August 2013 and are available to be downloaded from the company's website or the ASX website.

I have pleasure in presenting the Group's consolidated results for the year ended 30 June 2013.

Group's operations and results

Profit as reported in the consolidated statement of profit or loss for the year ended 30 June 2013 was \$32,397,000 compared to \$31,576,000 for 2012, an increase of 2.6%.

Total revenue for the year was \$33,805,000 compared to \$33,059,000 during the prior year. Dividends and distributions received from companies and trusts increased by \$1,210,000 or 3.9% from \$31,096,000 to \$32,306,000. Dividends and distributions received in the prior year included a special dividend of \$1,231,000 received from Amalgamated Holdings Limited. Dividends and distributions received before special dividends increased by \$2,356,000 or 7.9% compared to the prior year. Interest income was \$1,499,000 compared to \$1,963,000 in the prior year. The fall in interest income resulted from lower interest rates, with the weighted average interest rate on term deposits decreasing from 5.85% in the prior year to 4.79%, and a reduction in average funds on deposit of approximately \$2 million.

Administration expenses amounted to \$642,000, compared to \$673,000 in the previous year. This represented a management expense ratio (MER) of 0.10%.

Earnings per ordinary share

Basic and diluted earnings were \$1.223 per ordinary share for the year to 30 June 2013 compared to \$1.191 per share for 2012.

Dividends

On 15 August 2013 the directors declared a final fully franked ordinary dividend of 58 cents per share payable on 18 September 2013. Total dividends payable in respect of the ordinary shares for the financial year ended 30 June 2013 amount to 92 cents per share, compared to the 84 cents per share paid in respect of the previous year. This is an increase of 9.5%.

A final preference dividend of 7 cents per share fully franked is also payable on 18 September 2013.

The record date for both the ordinary and preference final dividends is 3 September 2013.

The Dividend Reinvestment Plan remains suspended.

Net tangible asset backing

The net tangible asset backing for each issued ordinary share at 30 June 2013, prior to the payment of the final dividend noted above and before provision for estimated capital gains tax in respect of unrealised investment portfolio gains, was \$26.23 (2012: \$21.13). Although the Board has no present intention of disposing of any of the Group's equity investments, the net tangible asset backing per share after provision for tax on unrealised capital gains was \$22.50 (2012: \$18.63). The relevant figures as at 31 July 2013 were \$27.10 and \$23.18 respectively.

Investments

The market value of the equity investment portfolio as at 30 June 2013 was \$659,398,000 compared to \$524,126,000 at the prior year end. Short term cash deposits at 30 June 2013 amounted to \$29,900,000 and represented 4.3% of the total of equity investments, term deposits and cash. The consolidated entity is well placed with the level of funds on deposit to take advantage of investment opportunities as and when they arise.

The Board's policy is to acquire additional investments in equities that meet the criteria of providing high levels of income through predominantly fully franked dividends and have the potential for long term capital growth. The cost of shares purchased during the year to 30 June 2013 totalled \$10,095,000 (2012: \$14,237,000).

Acquisitions above \$500,000 during the year were:

ASX Limited	\$ 511,000
Bank of Queensland Limited	\$2,000,000
Bendigo and Adelaide Bank Limited	\$2,999,000
Cromwell Property Group	\$ 509,000
Origin Energy Limited	\$ 997,000
Sonic Healthcare Limited	\$ 510,000
Tabcorp Holdings Limited	\$1,003,000
Telstra Corporation Limited	\$ 999,000

Consideration received on disposal of equity investments during the financial year totalled \$389,000 (2012: \$3,874,000).

After adjusting for the above total investment acquisitions and disposals, the market value of the investment portfolio increased by \$125,423,000 or 23.9% during the year to 30 June 2013. This compares favourably to an increase of 15.5% in the All Ordinaries Index over the same period.

The Group continues to hold its equity investments for the long term and does not act as a share trader nor does it invest in speculative stocks.

Annual Report and Annual General Meeting

Copies of the Annual Report and Notice for the Annual General Meeting, which will be held at 10.00am at the Rydges World Square Hotel, 389 Pitt Street, Sydney, on Wednesday 23rd October 2013, are expected to be distributed to shareholders by 18 September 2013.