Multiplex Development and Opportunity Fund
(Formerly Multiplex Development Trust II)
ARSN 100 563 488

Financial Report
for the year ended 30 June 2005

Multiplex Development and Opportunity Fund
For the year end 30 June 2005

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For the year ended 30 June 2005

Directory

Responsible Entity
Multiplex Investments Limited
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Directors of Multiplex Investments Limited

Robert Rayner	
Michael Hodgetts	
Robert McCuaig	
Peter Morris	
Ian O'Toole	Appointed 27 October 2004
Andrew Roberts	Appointed 12 August 2004 and resigned 14 September 2005

Company secretary of Multiplex Investments Limited
Mr Alex Carrodus

Location of unit registry
Registries (Victoria) Pty Limited
PO Box R67
Royal Exchange
Sydney NSW 1223
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

Custodian
Multiplex Funds Management Limited
Level 4, 1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Auditor
Ernst & Young
The Ernst & Young Building
680 George Street
Sydney NSW 2000
Telephone: (02) 9248 5555
Facsimile: (02) 9262 6565

Introduction
The Directors of Multiplex Investments Limited (ABN: 48 096 295 233), the Responsible Entity of Multiplex Development and Opportunity Fund ("the Fund"), present their report together with the financial report of the Fund and the financial report of the "Consolidated Entity", being the Fund and its controlled entities, for the year ended 30 June 2005 and the auditor's report thereon.

Responsible Entity
The Responsible Entity of the fund is Multiplex Investments Limited. The registered office and principal place of business of the Responsible Entity and the Fund is 1 Kent Street, Sydney, NSW, 2000.

Directors
The names of the persons who served on the Board of Directors of the Responsible Entity at any time during or since the end of the financial year are:

Name	
Mr Andrew Timothy Roberts	Appointed 12 August 2004 and resigned 14 September 2005
Mr Ross Arnold McDiven (alternate for A. Roberts)	Resigned 27 October 2004
Mr Ian Robert O'Toole	Appointed 27 October 2004
Dr Peter John Morris	
Mr Michael Hodgetts	
Mr Robert McCuaig	
Mr Robert Rayner	

Information on Directors
Andrew Roberts
Andrew Roberts is Managing Director and Chief Executive of Multiplex. During more than 20 years with Multiplex, Andrew has been directly involved in all operations of the business. Through his position as Managing Director and Chief Executive Andrew provides strategic and managerial leadership for the Multiplex Group executive team. Andrew is also a director of Danae Resources NL (appointed December 1998), Greenwich Resources plc (appointed December 2001) (a company listed on the London Stock Exchange), a director of Burswood Limited and a Board member of the University of Western Australia Business School. Age 38.

Andrew also serves as a director of MTM Funds Management Limited (appointed May 1998) (responsible entity for the MTM Entertainment Trust).

There are no other listed companies of which Andrew has served as a director during the past three years.

Ross McDiven
Ross is Deputy Managing Director of Multiplex and Chairman of the Property Development division. Ross joined Multiplex in 1969 and is a long term member of the core management team of the Multiplex Group. Since 1986, Ross has overseen significant growth of Multiplex's New South Wales operations with the delivery of more than 200 projects.

Ian O'Toole
Ian was formerly with ING Real Estate Asset Management Limited as Director – Property, where he was responsible for the capital transactions and asset management of ING Industrial Fund and ING Office Fund. Ian has over 22 years' experience in funds management and real estate.

Ian is also Managing Director of Multiplex Capital, the investment management division of the Multiplex Group. Age 46.

Information on Directors (continued)

Dr Peter Morris
Peter is a recognized leader in the development and project management field having played a major role in the growth of professional project management as a specialist skill in Australia. Peter's specialist skills are in the areas of establishing project delivery strategies, top level negotiation and the management of multi-stakeholder, high profile projects, management of major projects, strategy determination, financial assessment and feasibility studies, design management and review and development management. Peter is a non-executive director of Galileo Funds Management Limited, the responsible entity of Galileo Shopping America Trust, a listed property trust owning retail assets in the USA valued at over US$1.7 billion. Age 64.

Michael Hodgetts
Mike was responsible for the management of Rider Hunt both in Perth and Sydney and was Group Chairman of Rider Hunt from 1992 to 1996. He was National President of the Australian Institute of Quantity Surveyors from 2001 to 2003. Mike is currently a Director of the peer group body, the Australian Construction Industry Forum. As a senior professional consultant he has extensive experience in development and construction, particularly in non-residential projects. In 1999 to 2000 he was President of the Rotary Club of Sydney. Age 68.

Robert McCuaig
Robert is Chairman of the Advisory Board of Colliers International Property Consultants in Australia. Along with David Collier, he formed McCuaig and Collier, which in 1988 became the New South Wales office of Colliers International. He was a forerunner in the establishment of Colliers in Australia on a global basis, now one of the world's largest professional property services group with 215 offices throughout Australia and the Asia Pacific, Europe, the Middle East, the Americas and Africa.

Robert has acted as property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Port Authority, Benevolent Society of NSW, the State of New South Wales and the Commonwealth of Australia. Robert is a director of St Vincents and Mater Health Sydney and a member of the Salvation Army Advisory Board. Age 67.

Robert Rayner
Rob has responsibility for the day-to-day operations and development of Multiplex Capital's funds management activities. Rob has been involved in property and property funds management for more than 15 years and has extensive property and financial experience in both the listed and unlisted sectors of the funds management industry. This experience has been gained through his previous employment within the Armstrong Jones (now ING Real Estate Investment Management Limited) unlisted and listed property trust business, where he managed total property assets exceeding $500 million.
Age 38.

Directors' meetings

Director	Board Meetings	
	A	B
Andrew Roberts	3	17
Peter Morris	13	17
Michael Hodgetts	14	17
Robert McCuaig	16	17
Robert Rayner	17	17
Ian O'Toole	8	13
Ross McDiven (alternate for A Roberts)	8	14

A – Number of meetings attended

B – Number of meetings held during the time the director held office during the year

Directors' interests
The relevant interests of each Director, in office during the financial year, of the Responsible Entity in the unit capital of the Fund at the date of this report are set out below.

	Number of units held
Mr Robert McCuaig	50,000

Remuneration of Directors of the Responsible Entity
Information on the Directors of the Responsible Entity is disclosed in Note 17

Principal activities
The principal activity of the Fund during the year has been investing in MPX DT Pty Limited. It was resolved by unitholders to increase the scope of the investment mandate of the Fund and its controlled entities, to allow for investment in a range of property developments and other investments directly or indirectly related to property, both in Australia and overseas, and across all property sectors. The Fund changed its name from Multiplex Development Trust II to Multiplex Development and Opportunity Fund on August 2004. The Fund also changed the custodian of the Fund from Trust Company of Australia Limited to Multiplex Funds Management Limited in January 2005.

There has been no change in the Fund's activities during or since the financial year. The Fund did not have any employees during the period or subsequent to balance date.

Review of operations

- At a meeting of Unitholders of the Fund held on 27 September 2004, Unitholders resolved to increase the scope of the investment mandate of the Fund and its controlled entities, to allow for investment in a range of property developments and other investments directly or indirectly related to property, both in Australia and overseas, and across all property sectors. The investment strategy of the Fund is detailed in Section 3 of its current product disclosure statement dated 10 November 2004.
- The Fund made in excess of $62 million of investments during the year.
- The Fund realized $10.8 million profit on investments, which included the close out of 9 developments during the year.
- During the year the Fund increased its contributed equity by 45.8 million units raising $47.2 million.
- Unrealised increments in development projects as at 30 June 2005 was $7.1 million.

Results
The consolidated net profit of the Fund is presented in the Statement of Financial Performance. Consolidated net profit attributable after taxation to the members of the Fund for the year ended 30 June 2005 was $6,478,000 (2004: $11,636,000).

Distributions
Distributions paid to unitholders or declared during the period were as follows:

	Cents per unit	$'000
Distribution for quarter ended 30 June 2004 [1]	6.68	6,440
Distribution for quarter ended 30 September 2004	4.67	4,501
Distribution for quarter ended 31 December 2004	1.48	1,447
Distribution for quarter ended 31 March 2005	2.55	3,498
	15.38	**15,886**

Note 1: The distribution paid on 15 July 2004 was not declared until after 30 June 2004.

Subsequent to the reporting date, the Trust paid a distribution to unitholders of 2.31 cents per unit on 29 July 2005.

Options
No options over units in the Fund were granted during or since the end of the period and there were no options outstanding at the date of this report.

Units on issue
142,142,730 units of the Fund were on issue at 30 June 2005 (2004: 96,382,968). During the year, 45,759,762 (2004: 8,347,968) ordinary units were issued by the Fund. No units have been redeemed during the financial year.

Investment risk
The Fund's investments expose it to property development risk in respect to the realisation of property developments. The Responsible Entity has invested, and will continue to invest, in accordance with approved policies and procedures adopted to manage this risk exposure.

Compliance with these policies and procedures is strictly observed and reported on to the Compliance Committee on a regular basis.

Significant changes in the state of affairs
In the opinion of the Directors of the Responsible Entity there were no significant changes in the state of affairs of the Fund that occurred during the financial year not otherwise disclosed in this report or in the financial reports.

Likely developments
Information about likely developments in the operations of the Fund and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Fund.

Matters subsequent to the end of the financial year
On the 29 July 2005, MDOF realised its investment in Latitude Retail and Cark Park & Latitude Strata Office Project. This resulted in a realised profit of $3.6 million before taxation.

There are no other matters or circumstances which have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

Auditors Independence Declaration
A Statement of Independence has been provided by the auditor of the Fund, Ernst & Young, and is following the Directors Report on Page 7.

Interests of Responsible Entity
The Responsible Entity held Nil (2004: Nil) units in the Fund at year end.

Environmental regulation
The operations of the Fund are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

Indemnities and insurance premiums for officers and auditors
The Fund has not indemnified or made a relevant agreement against a liability for any person who is or has been a responsible officer of the Responsible Entity or an auditor of the Fund.

No insurance premiums are paid out of the Fund's assets in relation to insurance cover for the Responsible Entity, its officers, or the auditors of the Fund.

Rounding

The Fund is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Dated at Sydney this 28th day of September 2005.

Signed in accordance with a resolution of the Directors of Multiplex Investments Limited:

Robert Rayner
Managing Director
Multiplex Investments Limited

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Auditor's Independence Declaration to the Directors of Multiplex Investments Limited, the Responsible Entity for Multiplex Development and Opportunity Fund

In relation to our audit of the financial report of Multiplex Development and Opportunity Fund for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Douglas Bain

Douglas Bain
Partner
28 September 2005

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Revenues from ordinary activities					
Sale of development properties	2(a)	46,952	47,742	-	-
Realised profit on investments	2(b)	10,751	7,767	12,820	4,061
Interest income		2,283	1,746	593	449
Income guarantee – project level	17	1,732	5,268	1,732	5,269
Income guarantee – total return	17	3,223	-	3,223	-
Proceeds on disposal of controlled entity		1,291	-	-	-
Net profits accounted for using the equity method of accounting	6	858	1,720	-	-
Total revenues from ordinary activities		67,090	64,243	18,368	9,779
Expenses from ordinary activities					
Cost of sale of development properties	2(a)	44,931	44,505	-	-
Cost of controlled entity disposed		1,291	-	-	-
Administration expenses		422	284	422	283
Responsible entities fees	17	1,507	-	1,507	-
Income guarantee expense	17	3,223	-	-	-
Total expenses from ordinary activities		51,374	44,789	1,929	283
Profit from ordinary activities before related income tax expense		15,716	19,454	16,439	9,496
Income tax expense relating to ordinary activities	3(a)	5,861	5,836	1,086	1,630
Net profit from ordinary activities after related income tax expense		9,855	13,618	15,353	7,866
Net profit attributable to outside equity interests	15	(3,377)	(1,982)	-	-
Net profit attributable to unitholders of the Fund		6,478	11,636	15,353	7,866
Net increase in capital revaluation reserve	13	7,073	-	4,125	-
Total changes in equity other than those resulting from transactions with unitholders as unitholders		13,551	11,636	19,478	7,866

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Statement of distribution					
Net profit attributable to Unitholders		6,478	11,636	15,353	7,866
Undistributed income brought forward		9,269	1,694	3,805	-
Transfer from Capital Revaluation reserves – Income guarantee	13	3,223	-	-	-
Distribution paid and payable	14	(15,886)	(4,061)	(15,886)	(4,061)
Undistributed income at year end	14	3,084	9,269	3,272	3,805

The Statements of Financial Performance and Distribution are to be read in conjunction with the accompanying notes to the financial statements.

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Current assets					
Cash assets	16(a)	10,697	6,781	8,353	3,009
Receivables	4	6,887	64,847	44,340	2,649
Investments	5	50,156	49,624	-	49,624
Inventories – at cost	7	-	106,918	-	-
Accrued income	8	-	5	-	5
Total current assets		67,740	228,175	52,693	55,287
Non-current assets					
Investments	5	81,773	48,337	101,307	47,559
Inventories – at cost	7	91,789	-	-	-
Receivables	4	14,000	-	-	-
Investments accounted for using the equity method	6	-	5,115	-	-
Accrued income	8	658	-	-	-
Future income tax benefit	3(b)	101	3,862	-	-
Total non-current assets		188,321	57,314	101,307	47,559
Total assets		256,061	285,489	154,000	102,846
Current liabilities					
Payables	9	3,494	8,472	1,029	19
Interest bearing liabilities	10	-	118,902	-	-
Other payables	11	70,724	24,595	123	208
Current tax liabilities	3(b)	2,195	3,125	1,086	1,631
Total current liabilities		76,413	155,094	2,238	1,858
Non-current liabilities					
Interest bearing liabilities	10	26,879	10,000	-	-
Other payables	11	1,470	-	-	-
Deferred income tax liabilities	3(b)	-	7,585	-	-
Total non-current liabilities		28,349	17,585	-	-
Total liabilities		104,762	172,679	2,238	1,858
Net assets		151,299	112,810	151,762	100,988

		Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Unitholders' funds					
Contributed equity	12	144,365	97,183	144,365	97,183
Capital revaluation reserve	13	3,850	-	4,125	-
Undistributed income	14	3,084	9,269	3,272	3,805
Total interest in equity		151,299	106,452	151,762	100,988
Outside equity interest	15	-	6,358	-	-
Total unitholders' funds		151,299	112,810	151,762	100,988

The Statements of Financial Position are to be read in conjunction with the accompanying notes to the financial statements.

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		7,382	11,787	16,696	10,145
Cash payments in the course of operations		(1,050)	(283)	(2,059)	(141)
Payments for inventories		(52,069)	(50,420)	-	-
Proceeds from sale of developments		104,893	5,207	-	-
Interest received		1,630	1,742	597	446
Interest paid		(303)	(5,032)	-	(14)
Income taxes paid		(9,647)	(2,727)	(1,631)	-
Net cash provided by / (used in) operating activities	16(b)	50,836	(39,726)	13,603	10,436
Cash flows from investing activities					
Proceeds from disposal of investments - Darling Island	16(e)	1,291	-	-	-
Proceeds from disposal of investments - other		67,430	45,810	-	-
Payment for purchase of controlled entity, net of cash acquired		-	(18,424)	-	-
Return of capital		-	3,212	-	-
Payments for investments – Portside Wharf Project Development Trust	16(d)	(10,000)	-	-	-
Payments for investments – Acumen Vale Syndicate Limited	16(d)	(14,849)	-	-	-
Payments for investments - Other		(6,854)	(36,050)	(40,343)	(5,748)
Net cash from /(used) in investing activities		37,018	(5,452)	(40,343)	(5,748)
Cash flows from financing activities					
Proceeds from borrowings		-	57,807	-	-
Loans to related parties		(14,000)	-	-	-
Proceeds from issue of units		47,970	5,748	47,970	5,748
Repayment of borrowings		(102,022)	(7,909)	-	(3,463)
Distributions paid		(15,886)	(8,272)	(15,886)	(8,272)
Net cash provided by / (used in) financing activities		(83,938)	47,374	32,084	(5,987)
Net increase/(decrease) in cash held		3,916	2,196	5,344	(1,299)
Cash at the beginning of the financial year		6,781	4,585	3,009	4,308
Cash at the end of the financial year	16(a)	10,697	6,781	8,353	3,009

The Statements of Cash Flows are to be read in conjunction with the accompanying notes to the financial statements.

Note 1: Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the recognition and measurement requirements of applicable Australian Accounting Standards Board ("AASB") standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the AASB and the Corporations Act 2001 and the requirements of the Trust Constitution dated 11 April 2002.

The financial report has been prepared using the historical cost convention. Except where stated, it does not take into account changing money values or current valuations of non-current assets. Except where noted, the accounting policies have been consistently applied by each entity in the Group.

(b) Change in accounting policies – Investments

During the year, the method used to value investments in risk participation agreements and grant of development rights changed such that these investments are recorded at fair value as at 30 June 2005. This change reflects the actual value of the Fund at any given balance date.

These agreements are between the Fund or a Project Development Trust ("PDT"), and entities within the Multiplex Limited group of companies, whereby the Fund or PDT effectively acquires an interest in the relevant development. In determining the fair value of existing investments, consideration has been given to the specific nature and stage of the project.

Once a project has actually commenced construction phase, the cash flows generated by the project can be estimated and the fair value is based on the present value of the expected future net cash flows having been discounted to their present value using market determined risk adjusted discount rates. Where the development project has not reached the construction phase, the investment is valued at its historic cost. In prior financial periods, all investments were recorded at the historic cost of investment. The financial impact of this change in accounting policy is an increase in the equity of the Fund of $71 million, comprising a capital revaluation reserve.

Other than the change in the method used to record investments described above, there have been no other changes in the accounting policies of the Fund during the year.

(c) Principles of consolidation

This financial report has been prepared in accordance with the requirements of AASB 1024 "Consolidated Accounts". The financial statements include the financial statements of the Trust, its controlled entities and its equity accounted associates. The Trust and its controlled entities are referred to as the "Consolidated Entity".

Controlled entities

The financial statements of controlled entities are included in the financial statements from the date control commences until the date control ceases. The balances and effects of transactions between controlled entities included in the financial statements have been eliminated. Outside interests in the equity and results of the entities that are controlled by the Consolidated Entity are shown as a separate item in the financial statements.

Associates

An associate is an entity over which the Consolidated Entity exercises significant influence and where the investment in that entity has not been acquired with a view to disposal in the near future. In the financial statements, investments in associates are accounted for using the equity method. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The Consolidated Entity's share of the associates' net profit or loss after tax is recognised in the Statement of Financial Performance.

Note 1: Summary of significant accounting policies (continued)

(d) Revenue recognition

Dividend & distribution income

Revenue from dividends received from controlled entities is recognised by the parent entity when they are declared by the controlled entities. Revenue from distributions received from associates is recognised when declared by the associate entity.

Interest income

Interest is brought to account when earned and, if not received at balance date, is reflected in the Statement of Financial Position as a receivable.

Sale of development properties

Revenue from the sale of development properties is recognised in accordance with UIG Abstract 53, Pre-Completion Contracts for the Sale of Residential Development Properties.

Where the outcome of the project can be reliably estimated, revenues are recognised by applying the percentage of completion method to that proportion of the project represented by the individual units of property sold. The proportion of the project to which the percentage of completion method is applied is determined as the ratio of the total expected revenue from the units sold, to the total expected project revenue.

Realised profit on investments

The consideration received on close out of a development project by the Fund is included as revenue as at the date of close out. Prior to close out of development projects, valuation increments above initial investment are included in the capital profits reserve. On close out the capital profits reserve related to the specific project closed out are transferred to the profit and loss. Interim distributions from projects are recognised as received.

Income guarantee

Revenue from the income guarantee is calculated and accrued on a monthly basis where the conditions under the guarantee are fulfilled. An equal amount is accrued as an income guarantee expense at the same time. Refer to Note 15 for further information.

(e) Taxation

The Consolidated Entity adopts the income statement liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is recorded in the Statement of Financial Position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain.

(f) Tax Consolidation

The tax-consolidated group is going to enter into a tax funding agreement that requires wholly-owned subsidiaries to make contributions to the head entity for current tax assets and liabilities and movements in deferred tax balances arising from external transactions during the year.

Note 1: Summary of significant accounting policies (continued)

Under the tax funding agreement, the contributions are calculated on a "stand-alone basis" so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly-owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognized as intercompany assets and liabilities with a consequential adjustment to income tax expense/revenue.

(g) Receivables
The collectibility of debts is assessed on an ongoing basis and specific provision is made for any doubtful accounts.

(h) Payables
Liabilities for creditors are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.

Payables to related parties are carried at the nominal amount due.

(i) Cash and cash equivalents
Cash on hand and in banks and short term deposits are stated at the lower of cost and net realisable value. For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and money market investments readily convertible into cash.

(j) Inventories
Land held for resale
Inventories being developed or held for resale are stated at the lower of cost or realisable value. Included in costs are the costs of acquisition, borrowing and other holding costs during development and costs of development, including improvements such as provision of roads, water, power etc.

(k) Goods and services tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the relevant authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant authority is included as a current asset or liability in the Statement of Financial Position.

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

(l) Interest bearing liabilities
Loans are carried at their principal amounts, subject to set-off arrangements. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(m) Issue costs
All costs related to the issue of new units are offset against the proceeds raised.

Note 2: Revenue from ordinary activities	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
(a) Sale of development properties				
Revenue from sale of development properties	46,952	47,742	-	-
Cost of sale of development properties	44,931	44,505	-	-
Profit on sale of development properties	2,021	3,237	-	-

The sale of development properties relates entirely to the development and sale of Darling Island Apartments, Sydney. This development was completed and all apartments were sold by November 2004.

(b) Realised profit on investments

	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
King Street Wharf Development	3,204	-	-	-
Latitude Development	1,254	-	-	-
CSI Arncliffe Development	515	-	-	-
Luna Park Entertainment Development	2,580	-	-	-
Maroubra Development	821	-	-	-
Luna Park Restaurant Development	418	-	-	-
Vale Development	1,183	-	-	-
Vale Development Termination fee	776	-	-	-
Arncliffe Development	-	751	-	-
Jones Bay Wharf	-	352	-	-
King Street Wharf Site 3	-	816	-	-
Luna Cark Park	-	1,517	-	-
Multiplex Development Trust	-	843	-	-
Mona Vale	-	894	-	-
Rhodes Development	-	898	-	-
Southern Cross Development	-	1,696	-	-
Mpx DT Pty	-	-	12,820	4,061
Realised profit on investments	10,751	7,767	12,820	4,061

Note 3: Income tax	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
(a) Income tax expense				
Prima facie income tax expense calculated at 30% on profit from ordinary activities	4,715	5,836	4,932	2,849
Increase in income tax expense due to:				
Non-deductible items	967	-	-	-
Other items	280	-	-	-
Decrease in income expense due to:				
Tax loss of controlled entity	(101)	-	-	-
Rebateable dividend income	-	-	(3,846)	(1,219)
Income tax expense attributable to profit from ordinary activities	5,861	5,836	1,086	1,630
(b) Deferred tax assets and liabilities				
Tax liability – current	2,195	3,125	1,086	1,631
Future income tax benefit – non-current	101	3,862	-	-
Deferred income tax liability – non-current	-	7,585	-	-

The future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to complied with; and
(c) no change in tax legislation adversely affects the Consolidated Entity in realising the benefit

Tax consolidation

For the purposes of income taxation, Multiplex Development and Opportunity Fund and its 100% owned entities are forming a tax consolidated group. Members of the group are entering into a tax sharing agreement in order to allocate income tax expense to the wholly-owned entities on a pro-rata basis. The head entity of the tax consolidated group will be Multiplex Development and Opportunity Fund.

Note 4: Receivables	**Consolidated 2005 $'000**	**Consolidated 2004 $'000**	**Trust 2005 $'000**	**Trust 2004 $'000**
Current				
Amounts due from related parties				
- distribution receivable from associate	-	1,274	-	-
- Income guarantee receivable from Mulitplex Limited	1,080	-	1,080	-
- Other related party receivables	-	63,104	42,993	2,649
Other receivables	5,807	469	267	-
	6,887	64,847	44,340	2,649
Non-current				
Amounts due from related parties				
- Loan to Multiplex Castlereagh Investments Pty Ltd	14,000	-	-	-

Refer Note 8 for details

Note 5: Investments	**Consolidated 2005 Fair value $'000**	**Consolidated 2004 Cost $'000**	**Trust 2005 Fair value $'000**	**Trust 2004 Cost $'000**
Investments in controlled entities	-	-	101,307	97,183
Investments in developments	131,929	97,961	-	-
Total Investments	131,929	97,961	101,307	97,183
Represented by				
Current assets	50,156	49,624	-	49,624
Non current assets	81,773	48,337	101,307	47,559
	131,929	97,961	101,307	97,183

Note 5: Investments (continued)

The table below summarises the underlying investments in Grant of Development Rights and Risk Participation Agreements held by entities within the consolidated group.

a) Interest in controlled entities and developments – at carrying value [1]

	Date of acquisition of control by the consolidated entity	2005 Cost	2005 Capital revaluation reserve	2005 Fair value	2004 Cost
		$'000	$'000	$'000	$'000
Trust – controlled entities					
Mpx DT Pty Limited – ordinary shares				101,307	97,183
Consolidated – current developments					
Raffles Development	30 Jun 2003	5,000	1,389	6,389	5,000
Double Bay Development	23 Dec 2003	5,000	1,287	6,287	5,000
Ettalong Development	23 Dec 2003	5,050	1,208	6,258	5,050
Latitude Strata Office Development	31 May 2004	3,084	509	3,593	-
Latitude Retail and Car Park Development	31 May 2004	22,105	2,130	24,235	-
Stage 3 Lakelands (Villas) Development	1 Apr 2005	2,170	124	2,294	-
Walsh Bay Moorings 8 & 9 Development	23 May 2005	1,100	-	1,100	-
CSI Arncliffe Development	30 Jul 2002	-	-	-	1,874
Luna Park Entertainment Development	4 Dec 2002	-	-	-	12,000
Luna Park Restaurant Development	30 Jan 2004	-	-	-	2,000
Vale Development	30 Jun 2004	-	-	-	5,000
King Street Wharf Stage 4B Development	30 Jun 2003	-	-	-	10,000
Maroubra Development	30 Jun 2003	-	-	-	3,700
Total current investments		43,509	6,647	50,156	49,624

Note 1: Investments were carried at cost as at 30 June 2004, and are now carried at fair market value. Ordinary units are held in all controlled entities by Mpx DT Pty Limited. All Investment are domiciled in Australia

Note 5: Investments (continued)

a) Interest in controlled entities and developments – at carrying value [1]

	Date of acquisition of control by the consolidated entity	2005 Cost	2005 Capital revaluation reserve	2005 Fair value	2004 Cost
		$'000	$'000	$'000	$'000
Consolidated – Non current developments					
Rhodes Development	23 Dec 2004	5,900	292	6,192	-
King Street Wharf Stage 4B Development	30 Jun 2003	10,000	-	10,000	-
Tarneit Development	31 Dec 2004	1,500	134	1,634	-
Port Adelaide Waterfront Development	31 Dec 2004	3,645	-	3,645	-
Bulli Development	31 Dec 2004	9,651	-	9,651	-
Nedlands Park Hotel Development	29 June 2005	13,850	-	13,850	-
Cotton Beach Development	29 June 2005	8,301	-	8,301	-
Stage 4 Lakelands (Apartments) Development	30 June 2005	4,700	-	4,700	-
Bluewater Stages 1-4 Development	29 June 2005	11,300	-	11,300	-
Latitude Strata Office Development	31 May 2004	-	-	-	3,084
Latitude Retail and Car Park Development	31 May 2004	-	-	-	21,916
Multiplex Latitude Site C Pty Limited	31 May 2004	12,500	-	12,500	22,328
MPX DT Pty Limited	30 Jan 2004	-	-	-	1,009
Total non current investments		81,347	426	81,773	48,337

Note 1: Investments were carried at cost as at 30 June 2004, and are now carried at fair market value. Ordinary units are held in all controlled entities by Mpx DT Pty Limited. All Investment are domiciled in Australia

Note 5: Investments (continued)

b) Reconciliation of carrying amounts

Reconciliations of the carrying amounts of investments at the beginning of the financial year is set out below:

	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Carrying amount at start of year	97,961	88,292	97,183	88,035
Capital additions	62,116	67,143	-	9,148
Disposals	(35,221)	(49,810)	-	-
Reclassification of investment in Unlisted Unit Trust to Investment in Controlled Entity	-	(1,538)	-	-
Return of capital	-	(3,212)	-	-
Reclassification of investment in Associate to Investment in Controlled Entity	-	(2,914)	-	-
Net revaluation increments	7,073	-	4,125	-
Carrying amount at end of year	131,929	97,961	101,307	97,183

Note 6: Investment in Associates

(a) Interests in Associates at fair value

Name	Ownership interest held by consolidated entity 2005 %	Ownership interest held by consolidated entity 2004 %	Consolidated 2005 $'000	Consolidated 2004 $'000
Altona Project Development Trust – ordinary units*	-	75	-	5,115
			-	5,115

*The investment in Altona was realised in May 2005.

Note 6: Investment in Associates (continued)

(b) Equity accounting information
(i) Carrying amount of investments in Associates

	Consolidated 2005 $'000	Consolidated 2004 $'000
Balance at beginning of financial year	5,115	4,914
- investment in Associates during the year	-	5,000
- share of Associate's net profit for the year	858	1,389
- distributions received from Associates	(973)	(1,273)
- Investment in Associate converted to Investment in Controlled Entity	-	(2,915)
- disposal of Investment in Associate	(5,000)	(2,000)
Carrying amount of investments in Associates at the end of the financial year	-	5,115

(ii) Share of Associate's assets and liabilities

	2005 $'000	2004 $'000
Current assets	-	4,700
Non-current property investments	-	7,466
Total assets	-	12,166
Current liabilities	-	6,378
Non-current liabilities	-	673
Net assets	-	5,115

Note 7: Inventories - Land held for resale

	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Inventories at cost				
- Current (a)	-	106,918	-	-
- Non current (b)	91,789	-	-	-

(a) Inventories at cost as at 30 June 2004 related to the residential apartments at Darling Island Apartments, Sydney. These were all sold by November 2004.

(b) Inventories at cost as at 30 June 2005 consist of :

(i) $74.628 million - Land held at the north-eastern Perth suburb of Ellenbrook. This land is held through the subsidiary Multiplex Acumen Vale Syndicate Limited which intends to subdivide, develop and sell as residential accommodation.

(ii) $17.161 million - Land at Portside Wharf, Brisbane. This land is being developed into residential apartments.

Note 8: Accrued income

	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Accrued interest income	658	5	-	5

Accrued income relates to the $14m intercompany receivable Multiplex Castlereagh Investments Pty Limited disclosed in Note 4. The receivable attracts interest income at the rate of 16.8%. Coupon payments of 9.8% are made on a quarterly basis with the difference being accrued as a receivable. This balance will be paid on repayment of the principal amount.

Note 9: Payables

	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Interest payable	-	302	-	-
Other creditors	3,290	5,166	825	19
Responsible entity fee payable	204	-	204	-
Accrued expenses – other	-	3,004	-	-
	3,494	8,472	1,029	19

Note 10: Interest bearing liabilities

		Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Current					
Bank loan – secured		-	118,902	-	-
Non-current					
Bank loan – secured	a	19,718	-	-	-
Bank loan – secured	b	7,161	-	-	-
Other loans – unsecured		-	10,000	-	-
Total		26,879	128,902	-	-

a. This floating rate cash facility is for a maximum commitment of $35.5 million with respect to Multiplex Acumen Vale Syndicate Limited. Interest rate details have been disclosed in Note 18.

b. This floating rate cash facility is for a maximum commitment of $126.15 million with respect to the Portside Wharf development. Interest rate details have been disclosed in Note 18.

Note 10: Interest bearing liabilities (continued)

	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
(i) Financing arrangements				
Total facilities available				
Bank loans	161,650	149,000	-	-
Other borrowing facilities	-	10,000	-	-
Standby letters of credit	-	25,000	-	-
	161,650	184,000	-	-
Facilities utilised at reporting date				
Bank loans	26,879	118,902	-	-
Other borrowing facilities	-	10,000	-	-
	26,879	128,902	-	-
Facilities not utilised at reporting date				
Bank loans	134,771	30,098	-	-
Standby letters of credit	-	25,000	-	-
	134,771	55,098	-	-

Note 11: Other payables

	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Current				
Loans from related entities				
- Payable for Bluewater Stages 1-4 Project Development Trust	12,430	-	-	-
- Payable for Nedlands Park Hotel Project Development Trust	15,235	-	-	-
- Property acquisition costs - Vale	39,000	-	-	-
- Income guarantee payable	3,223	-	-	-
- Other	836	24,595	123	140
Loans from wholly owned entities	-	-	-	68
	70,724	24,595	123	208
Non-current				
Loans from related entities				
- Property acquisition costs - Vale	1,470	-	-	-
	1,470	-	-	-

Details of loan terms have been outlined in Note 18.

Note 12: Units on issue	2005 No. of units	2004 No. of units	2005 $'000	2004 $'000
Units on issue at beginning of reporting period	96,382,968	88,035,000	97,183	88,035
Units issued during the reporting period	45,759,762	8,347,968	47,182	9,148
Units on issue at the reporting date	142,142,730	96,382,968	144,365	97,183

Units are issued monthly in accordance with the end of month Net Asset Value. All units in the Fund are of the same class and carry equal rights. Units are entitled to a pro rata distribution from the date of issue.

Note 13: Capital Revaluation Reserve	Consolidated 2005 $'000	Consolidated 2004 $'000	Trust 2005 $'000	Trust 2004 $'000
Balance at beginning of financial year	-	-	-	-
Revaluation increments	7,073	-	4,125	-
Transfer to Statement of Distribution	(3,223)	-	-	-
Balance at end of financial year	3,850	-	4,125	-

The capital revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of investments in developments projects to market value as described in Note 1 (b).

Note 14: Distributions

(a) Statement of distribution				
Net profit attributable to members of the Trust	6,478	11,636	15,353	7,866
Transfer from Capital Revaluation Reserve	3,223	-	-	-
Undistributed income brought forward	9,269	1,694	3,805	-
Amount available for distributions	18,970	13,330	19,158	7,866

	Consolidated 2005 $'000	2005 Cents/Units	Consolidated 2004 $'000	2004 Cents/Unit
Distributions paid and payable				
- Distribution paid on 15 July 2004 [1]	6,440	6.68	-	-
- For quarter ended 30 September	4,501	4.67	1,686	1.92
- For quarter ended 31 December	1,447	1.48	1,081	1.23
- Special Distribution 22 January 2004	-	-	446	0.51
- For quarter ended 31 March	3,498	2.55	848	0.88
Total distributions [2]	15,886	15.38	4,061	4.54
Undistributed income for the year	3,084		9,269	

Note 1: The distribution of $6.44 million was paid on 15 July 2004 was not declared until after 30 June 2004
Note 2: The distribution paid of $3.27 million on 29 July 2005 was not declared until after 30 June 2005.

Note 15: Outside equity interest	**Consolidated 2005 $'000**	**Consolidated 2004 $'000**
Reconciliation of outside equity interest in controlled entities:		
Interest in retained profits at the beginning of the financial year	6,358	3,563
Outside equity interest in net operating profit	3,377	1,982
Elimination of outside equity interest on acquisition of MDT	-	(1,357)
Disposal of investments during the year	(9,735)	(2,205)
Acquisition of investments during the year	-	4,375
Total outside equity interest	-	6,358

At 30 June 2004, the consolidated statement of financial position included the assets and liabilities relating to the Darling Island Project Development Trust. On 20 December 2004, the consolidated entity sold its investment in the Darling Island Project Development Trust for consideration of $1,291,419.

As such the 30 June 2005 consolidated statement of financial position does not include the assets and liabilities of the Darling Island Project Development Trust nor the outside equity interest in this investment.

The results of the operations and cash flows of the Darling Island Project Development Trust for the period from 1 July 2004 to 20 December 2004, being the date of disposal, have however been included in the consolidated statements of financial performance and cash flow, with an outside equity interest in the profit attributable to this investment being recognised in the consolidated statement of financial performance.

Note 16: Statement of cash flows	**Consolidated 2005 $'000**	**Consolidated 2004 $'000**	**Trust 2005 $'000**	**Trust 2004 $'000**
a) Reconciliation of cash assets				
Cash at bank	10,697	6,081	8,353	2,309
Cash on deposit	-	700	-	700
	10,697	6,781	8,353	3,009
b) Reconciliation of operating profit to net Cash provided by operating activities				
Net operating profit	**9,855**	**13,618**	**15,353**	**7,866**
Interest expense capitalised	-	(5,321)	-	-
Increment in the value of inventories	43,693	(51,553)	-	-
Changes in assets and liabilities				
Decrease/(increase) in receivables	(2,324)	(2,968)	(1,347)	(2,028)
Decrease/(increase) in accrued income	(653)	(3)	5	2,840
Decrease/(increase) in future income tax benefit	3,761	(3,254)	-	-
(Decrease)/increase in payables	5,019	3,293	137	128
(Decrease)/increase in deferred income tax	(7,585)	5,415	-	-
(Decrease)/increase in income taxes payable	(930)	1,047	(545)	1,630
Cash flow from operating activities	50,836	(39,726)	13,603	10,436

Note 16: Statement of cash flows (continued)

d) Acquisition of controlled entities

On 31 December 2004, the Consolidated Entity acquired a 100% interest in Portside Wharf Project Development Trust for a cash consideration of $10,000,000.

Fair value of identifiable net assets of Controlled Entity acquired:	**$'000**
Inventory	10,000

On 29 June 2005, the Consolidated Entity acquired a 100% interest in Multiplex Acumen Vale Syndicate Limited for a cash consideration of $15,000,000.

Fair value of identifiable net assets of Controlled Entity acquired:	
Cash	151
Other assets	1,251
Development Property	75,378
Liabilities	(61,780)
	15,000
Net cash effect	
Cash consideration paid	15,000
Cash included in net assets acquired	(151)
Cash paid for purchase of controlled entity as reflected in the consolidated statement of cash flows	14,849

e) Disposal of controlled entity

On 20 December 2004, the Consolidated Entity sold its investment in Darling Project Development Trust for consideration $1,291,419

Carrying amount of investment disposed of	1,291
Net cash effect	
- cash proceeds	1,291
- cash balance disposed	-
Cash proceeds on disposal of controlled entity as reflected in the consolidated statement of cash flows	1,291

Note 17: Related parties and balances

Responsible Entity
The Responsible Entity of the Fund is Multiplex Investments Limited (ABN 48 096 295 233) whose immediate and ultimate holding companies are Multiplex Investment Funds Pty Limited (ABN 34 103 114 441) and Multiplex Limited (ABN 96 008 687 063) respectively.

Directors
The names of each person holding the position of Director of the Responsible Entity during the financial year, or since the end of the financial year are as follows:

Mr Andrew Timothy Roberts	Resigned 14 September 2005
Mr Ross Arnold McDiven (alternate for A. Roberts)	Resigned 27 October 2004
Dr Peter John Morris	
Mr Michael Hodgetts	
Mr Robert McCuaig	
Mr Robert Rayner	
Mr Ian O'Toole	Appointed 27 October 2004

Directors' remuneration
Since 1 July 2004 no Director of the Responsible Entity has become entitled to receive any benefit because of a contract made by the Company with a Director or with a firm of which a Director is a member, or with an entity in which the Director has a substantial interest.

No amounts have been paid by the Fund directly to the directors of the Responsible Entity. The amount of remuneration paid by the Responsible Entity and its related parties to directors of the Responsible Entity in connection with their responsibilities for the Fund has been included in the Directors' Report.

Remuneration of Directors of the Responsible Entity
No amounts have been paid by the Fund directly to the directors of the Responsible Entity. The amount of remuneration paid by the Responsible Entity and its related parties to directors of the Responsible Entity in connection with their responsibilities for the Fund is as follows:

	Primary benefits			Post - employment	Equity Compensation	Total remuneration
	Salary & fees	Bonus	Non-monetary benefits	Superannuation benefits		
	$	$	$	$	$	$
Directors						
Non - executive						
Michael Hodgetts	22,936	-	-	2,064	-	25,000
Robert McCuaig	22,936	-	-	2,064	-	25,000
Peter Morris	22,936	-	-	2,064	-	25,000
Executive						
Ian O'Toole*	34,085	-	-	1,160	28,557	63,802
Andrew Roberts*	-	-	-	-	-	-
Robert Rayner*	80,041	-	1,936	3,823	-	85,800
Total	**182,934**	**-**	**1,936**	**11,175**	**28,557**	**224,602**

*As this Director is also a Director of other entities within the wholly owned group, the amount of remuneration disclosed in the scheme is based on an allocation of their activities attributed to the Responsible Entity.

Note 17: Related parties and balances (continued)

Units in the Fund held by related parties

The interests of the Directors of Multiplex Investments Limited in units of the Fund at year end are set out below:

	2005 Number Held	2004 Number Held
Mr Robert McCuaig	50,000	50,000

Responsible Entity fees and other transactions

The Responsible Entity is entitled to a management fee of 1.5% per annum of the Gross Assets of the Fund calculated and payable monthly. Fees paid by the fund to the Responsible Entity amounted to $1,506,557, (2004: $Nil). The Responsible Entity waived the right to claim this fee from inception of the Fund to the end of October 2004.

In accordance with the Information Memorandum of the Trust, the Responsible Entity is entitled to claim reimbursement for most expenses of operating the Trust, however has undertaken to limit the expenses it claims to 0.30% per annum of the net asset value of the Fund (determined quarterly).

Related party transactions

The transactions between the Fund and the other related parties within the Consolidated Entity which eliminate on consolidation have not been disclosed below.

All transactions with related parties are conducted on normal commercial terms and conditions. All transactions require the unanimous approval of all Independent Directors.

Note 17: Related parties (continued)

Multiplex Limited income guarantee – from 1 October 2004
As per the Product Disclosure Statement dated November 2004, Multiplex Limited has agreed to ensure that the Fund is in a position to pay a distribution each distribution period of 8% per annum net of management fees (including the GST impact of those management fees) and operating expenses and before tax, on the net asset value of the Fund until 30 June 2008. To the extent that the Fund does not generate at least an 8% per annum distribution in any distribution period, Multiplex Limited will ensure the Fund is put into a position so that it can pay a distribution of that amount.

Any amount paid by Multiplex Limited to the Fund under the guarantee will be reimbursed by the Consolidated Entity to Multiplex Limited from income of the Consolidated Entity in subsequent periods.

The income recognised by the Consolidated Entity in relation to the income guarantee during the year ended 30 June 2005 was $3,223,296, (2004: Nil). The amount receivable from Multiplex Limited as at year end in relation to the income guarantee was $1,079,859, (2004: Nil). The amount payable to Multiplex Limited by the Consolidated Entity out of future profits of the Consolidated Entity in relation to the income guarantee as at year end was $3,223,296.

Multiplex Limited income guarantee – from 1 July 2004 to 30 September 2004
The Information Memorandum dated March 2002 provided that Multiplex Limited would guarantee a minimum 8% per annum before income tax return on the Fund equity invested in each development project. This guarantee was due to expire in December 2003 but was extended. Multiplex Limited did not guarantee that there would be a profit upon sale of each development and therefore capital invested was not guaranteed.

The income recognised by the Fund in relation to the income guarantee from 1 July 2004 to 30 September 2004 was $1,732,113, (2004: 5,269,454).

Priority development return entitlement
The Fund will, in relation to Multiplex Developments in which it has invested, have a priority entitlement to an agreed development return once all development costs have been paid and any funding of those costs have been repaid.

- To the extent that the proceeds realised from the development are sufficient after meeting all development costs, the Fund would be entitled to the return of equity invested plus an amount equal to 16.8% per annum on the equity invested for the period it is invested.
- The Fund is entitled to a 50% share of the remaining development return.

Prior to November 2004, the Information Memorandum dated March 2002 prescribed that the Trust had a priority entitlement in the allocation of the development returns generated on Trust equity invested in each development. This priority entitlement was calculated as follows:

- To the extent that the proceeds from the development were sufficient after meeting all development costs, the Fund would be entitled to the return of equity invested plus an amount equal to 20% per annum on the equity invested for the period it is invested.
- The Fund would be entitled to 20% of the remaining development return.

The Fund has sourced its revenues from developments proposed by Multiplex Limited and its related entities.

Note 17: Related parties (continued)

	Consolidated 2005 $'000	Consolidated 2004 $'000
Statement of Financial Performance		
Responsible entity fees paid directly by the Fund	1,507	-
Expenses incurred by the Responsible Entity and reimbursed by the Fund in accordance with the provisions of the Trust Constitution	422	284
Income earned from Multiplex Limited and wholly owned subsidiaries:		
(a) Income guarantee - project level	1,732	5,268
(b) Income guarantee - total return	3,223	-
(c) Income return on investments received from wholly owned entities	10,751	7,767
Statement of Financial Position		
Responsible entity fees payable	204	-
Amounts receivable from Multiplex Limited and wholly owned subsidiaries	-	2,649
Amount receivable from Multiplex Castlereagh Limited (including accrued interest)	14,658	-
Income guarantee receivable from Multiplex Limited	1,080	-
Non-interest bearing amounts receivable from Darling Island Sydney	-	60,284
Non-interest bearing loans from Multiplex Limited and its wholly owned subsidiaries	72,194	24,595

Note 18: Financial instruments

a) Interest rate risk

The Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2005

	Weighted average interest rate	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash	5.1%	10,697	-	-	-	-	10,697
Investments		-	-	-	-	131,929	131,929
Inventories		-	-	-	-	91,789	91,789
Amount receivable from Multiplex Castlereagh	16.8%	-	-	14,000	-	-	14,000
Receivables		-	-	-	-	6,887	6,887
Other		-	-	-	-	759	759
		10,697	-	14,000	-	231,364	256,061
Financial liabilities							
Payables		-	-	-	-	75,688	75,688
Interest bearing liabilities							
- Non current	8.58%	19,718	-	-	-	-	19,718
- Non current	7.98%	7,161	-	-	-	-	7,161
Tax liabilities		-	-	-	-	2,195	2,195
		26,879	-	-	-	77,883	104,762

2004

	Weighted average interest rate	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	More than 5 years $'000	Non-interest bearing $'000	Total $'000
Financial assets							
Cash	4.62%	6,781	-	-	-	-	6,781
Investments		-	-	-	-	103,076	103,076
Inventories		-	-	-	-	106,918	106,918
Receivables		-	-	-	-	64,847	64,847
Other		-	-	-	-	3,867	3,867
		6,781	-	-	-	278,708	285,489
Financial liabilities							
Payables		-	-	-	-	33,067	33,067
Interest bearing liabilities							
- current	7.12%	118,902	-	-	-	-	118,902
- non-current	20.0%	-	-	10,000	-	-	10,000
Tax liabilities		-	-	-	-	10,710	10,710
		118,902	-	10,000	-	43,777	172,679

Note 18: Financial instruments (continued)

b) Fair values
The carrying values of the entity's financial assets and liabilities included in the Statement of Financial Position approximate their fair values.

Refer to Note 1(b) for the methods and assumptions adopted in determining net fair values for investments.

c) Credit risk exposures
The Consolidated Entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial instrument is the carrying amount of those instruments as indicated in the Statement of Financial Position.

d) Liquidity risk
Liquidity risk is the risk that the Fund will not be able to meet its obligations in relation to investment activities or other operations of the Fund.

Liquidity risk is managed by adhering to restrictions under the Fund's investment strategy from entering into contractual arrangements that produce an exposure not covered by sufficient liquid assets or a total investment exposure in excess of total unitholders' funds.

Note 19: Segment reporting

The Fund comprises a single business segment, being property investment, and operates in only one geographic segment, being Australia.

Note 20: Auditors' remuneration	**Consolidated 2005 $**	**Consolidated 2004 $**	**Trust 2005 $**	**Trust 2004 $**
Audit of financial statements	75,400	66,000	75,400	48,000
Audit of compliance plan	13,125	12,500	13,125	12,500
Other review services	26,186	21,750	26,186	12,750
Total	114,711	100,250	114,711	73,250

Note 21: International financial reporting standards

For reporting periods beginning on or after 1 January 2005 the Fund must comply with the Australian equivalents of International Financial Reporting Standards ("AIFRS") as issued by the Australian Accounting Standards Board.

The Fund will report for the first time in compliance with AIFRS when the results for the half-year ending 31 December 2005 are released.

AIFRS requires that entities complying with AIFRS for the first time also restate their comparative financial statements using all AIFRS except for AASB 132: Financial Instruments: Disclosure and Presentation, AASB 139: Financial Instruments: Recognition and Measurement and AASB 4: Insurance Contracts, which the Fund has elected to adopt as effective from 1 July 2005.

The opening AIFRS balance sheet for the Fund is a restated balance sheet dated 1 July 2004. Most adjustments required on transition to AIFRS are made, retrospectively, against opening retained earnings on 1 July 2004. Comparatives restated under AIFRS will not be reported in financial statements until December 2005, being the first half-year reported in compliance with AIFRS.

As emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations continues, producing some uncertainty about their treatment as currently adopted, the disclosures detailed in this note should not be considered to provide complete guidance as to the changes in accounting policies that will result from the transition from Australian GAAP ("AGAAP") to AIFRS from 1 July 2005.

The Multiplex Group Board has established a formal implementation project, including the establishment of a project team ("the team") to manage the transition to AIFRS. The team reports quarterly to the Audit and Risk Committee, and is lead by senior finance personnel who, working with specialist external consultants and monitored by a steering committee , have identified changes to accounting policies, quantified likely key impacts and is currently finalising detailed design, implementation and system amendments.

Impact of Transition to AIFRS

The impact of the transition to AIFRS, including the transitional adjustments disclosed, is based on AIFRS standards that management expect to be in place, when preparing the first complete AIFRS financial report for the half-year ending 31 December 2005.

The differences between current AGAAP and AIFRS identified to date as potentially having a significant effect on the financial position and financial performance of the Fund are summarised below, being management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report.

Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects the current assessment of management of the likely outcome of those deliberations. As accepted accounting practices continue to develop the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the reconciliations provided in this note.

For a true and fair view to be presented under AIFRS a complete set of financial statements and notes, together with comparative balances is required. As this note provides only a summary, further disclosure and explanations will be required in the first complete AIFRS financial report.

Note 21: International financial reporting standards (continued)

The following table displays the identified quantified impact on the 2005 net profit result and the 30 June 2005 net assets balance of the material differences between the existing AGAAP accounting policies and the AIFRS accounting policies to be adopted: As noted in 21(b) below, other areas may impact the Financial Statements, which will be determined when the first AIFRS Financial Statements are prepared for the period ended 31 December 2005.

	Consolidated	
Year ended 30 June 2005	**Net profit 2005 $'000**	**Net assets 2005 $'000**
Net Profit and Net Assets under AGAAP	9,855	151,299
AIFRS Opening Balance Sheet Adjustments		
(a) Revenue recognition	3,237	-
Net Profit and Net Assets under AIFRS	13,092	151,299

No significant differences between AGAAP and AIFRS have been identified in the Cash Flow Statement.

Under AIFRS the financial report comprises the following:

- Balance Sheet (AGAAP: Statement of Financial Position);
- Income Statement (AGAAP: Statement of Financial Performance);
- Statement of Changes in Equity (Not previously required under AGAAP);
- Cash Flow Statement (Previously required under AGAAP); and
- Notes (Previously required under AGAAP).

When describing the AIFRS impacts on financial reporting, the AIFRS terminology is used.

Quantified Impacts of AIFRS
Further details of the adjustments arising as a result of the material changes in accounting policies expected to be adopted with the transition to AIFRS are detailed below.

(a) Revenue Recognition

Developments
Under AGAAP revenue and profits on the development of apartments and residential property are currently recognised on the percentage of completion basis, in accordance with UIG 53 "Pre-completion Contracts for the Sale of Residential Development Properties".

UIG 53 has been withdrawn under AIFRS, and with no AIFRS equivalent which specifically addresses the issue of revenue and profit recognition for the development and sale of apartments and residential properties, development properties will instead be considered as inventory and be subject to the revenue recognition rules of AASB 118 "Revenue".

AASB 118 requires that revenue and profit instead be recognised on a settlements basis, which occurs when the Consolidated Entity has transferred to the buyer the significant risks and rewards of the ownership of the property. As a result, under AIFRS, the recognition of revenue and profit will be deferred until settlement.

Note 21: International financial reporting standards (continued)

(b) Other

In addition to the above changes to existing accounting policy that will impact the financial statements for the year ended 30 June 2005, a number of additional changes may impact the AIFRS Financial Statements which are yet to be quantified. These changes are detailed as follows:

Financial Instruments

Under AIFRS, the Fund has elected to adopt the exemption provided in AASB 1 "First-time Adoption" which permits entities to not apply the requirements of AASB 132 "Financial Instruments: Disclosure and Presentation", and AASB 139 "Financial Instruments: Recognition and Measurement" for the financial year ended 30 June 2005.

As a result there will be no adjustments in relation to these standards for the opening balance sheet as at 1 July 2004, or for the financial year ended 30 June 2005, as current AGAAP accounting policies will continue to apply.

Upon the application of AASB 132 and AASB 139 from 1 July 2005 financial instruments will generally be recognised in the Balance Sheet at fair value.

Derivatives will need to meet stricter criteria for treatment as hedges; otherwise they will be marked to market through the Income Statement. The Fund has reviewed its interest rate and foreign exchange hedge strategy to ensure, where possible, that such hedges are treated as hedges under AIFRS.

The classification of unit holder funds is prescribed by AASB 132 "Financial Instruments: Disclosure and Presentation", which determines the classification of financial instruments.

Under AIFRS there is a view that unitholder funds in trusts which have a limited fixed life should be classified as debt rather than equity on the basis that if, after the specified period of the trust, liquidation is not discretionary then the instrument has a finite life. It is likely that unitholder funds will be classified as debt under AIFRS. The reporting classifications do not alter the underlying economic interest of unitholders in the reported net assets and profit of the Fund.

Income Taxes

Under AASB 112 'Income Taxes', the Fund will be required to review its recognition of deferred tax assets and liabilities in respect of tax losses and temporary differences. AASB 112 compares the accounting carrying value of items in the balance sheet to the values of those assets and liabilities that would be included in a tax-based balance sheet if it was prepared. Differences between the accounting carrying value and the tax value generate temporary differences. The deferred tax on these differences is then recognised by applying the tax rate to those temporary differences. Under AASB 112, deferred tax assets should be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

In the opinion of the Directors of Multiplex Investments Limited, the Responsible Entity of Multiplex Development and Opportunity Fund ("the Fund"):

(a) The financial statements and notes set out on pages 8 to 37 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Fund and the consolidated financial position of the Fund and its controlled entities as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

(c) The financial statements and notes set out on pages 8 to 37 are in accordance with the provisions of the Fund Constitution dated 11 April 2002.

This declaration is made in accordance with a resolution of the Directors of Multiplex Investments Limited.

Dated at Sydney this 28th day of September 2005.

Director
Multiplex Investments Limited

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Independent audit report to unitholders of Multiplex Development and Opportunity Fund

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration by directors of Multiplex Investments Limited (the Responsible Entity) for Multiplex Development and Opportunity Fund (the Fund) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the Fund and the entities it controlled during that year.

The directors of the Responsible Entity are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Fund and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion to the unitholders of the Fund. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Fund's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Fund.

Independence
We are independent of the Fund and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the Fund a written Auditor's Independence Declaration a copy of which is attached to the Directors' Report.

Audit opinion
In our opinion the financial report of Multiplex Development and Opportunity Fund is in accordance with:

(a) the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of Multiplex Development and Opportunity Fund and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst + Young

Ernst & Young

Douglas Bain

Douglas Bain
Partner
28 September 2005