MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND

ARSN 100 563 488

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

Index

Responsible Entity
Multiplex Investments Limited
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Directors of Multiplex Investments Limited
Ian O'Toole
Robert Rayner
Peter Morris
Robert McCuaig
Michael Hodgetts
Andrew Roberts (Resigned 14 September 2005)

Company secretary of Multiplex Investments Limited
Alex Carrodus

Location of unit registry
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Custodian
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Auditor
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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 2006 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of Multiplex Development Opportunity Fund is Multiplex Investments Limited, which has been the Responsible Entity since the inception of the Fund.

Directors

The following persons were Directors of the Responsible Entity at any time during or since the end of the financial period:

Name	
Robert Rayner	
Michael Hodgetts	
Robert McCuaig	
Peter Morris	
Ian O'Toole	
Andrew Roberts	Resigned 14 September 2005

Information on Directors

Rob Rayner

Rob has responsibility for the day-to-day operation and development of Multiplex Capital's funds management activities. Rob has been involved in property and property funds management for more than 16 years and has extensive property and financial experience in both the listed and unlisted sectors of the funds management industry. Rob was a founding shareholder and director of the Acumen Capital funds management business, since renamed Multiplex Capital in 2003 upon Multiplex Group listing on ASX.

Michael Hodgetts

Michael 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. Michael is currently a director of the peer group body known as the Australian Construction Industry Forum. As a senior professional consultant, he has extensive experience in development and construction, particularly in non-residential projects.

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, now one of the world's largest professional property services groups with 215 offices throughout Australia, Asia Pacific, Europe, the Middle East, the Americas and Africa. Robert has acted as a property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Ports 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.

Dr Peter Morris

Peter is a recognised 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.

Ian O'Toole
Ian has responsibility for the overall direction and strategy of the Multiplex Capital funds management business, including both MPT and the external funds management business of Multiplex Capital. He has over 24 years experience in funds management and prior to joining Multiplex Capital in 2003 was responsible for both capital transactions and asset management within ING Real Estate Investment Management Limited.

Andrew Roberts
Andrew Roberts is Managing Director and Chief Executive of Multiplex Group. 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.

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.

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

	2006 Number Held	2005 Number Held
Mr Robert McCuaig	52,037	50,000

Principal activities
The principal activity of the Fund during the year is to provide investors with exposure to a range of property development projects at various stages of the development cycle, as well as other forms of direct and indirect property investments.

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
Key highlights over the period include:

- Net profit attributable to unitholders for the year ended 30 June 2006 was $9.944 million [June 2005: $9.715 million].
- The Fund realised $10.532 million [June 2005: $10.751 million] profit on available-for-sale financial assets, which include the close out of 8 developments during the year.
- The Fund increased its contributed equity by 1.362 million units raising $1.333 million.
- Net unrealised increments in development projects as at 30 June 2006 was $9.9 million. [June 2005: $7.1 million].
- Total assets for the year ended 30 June 2006 was $308.353 million [June 2005: $256.061 million]. All assets are valued at historical cost except for available for sale financial assets and derivative financial instruments which are carried at fair value.

Distributions
Distributions paid to unitholders or declared were as follows:

	Cents per unit	$'000
Distribution for quarter ended 30 June 2005 [1]	2.31	3,272
Distribution for quarter ended 30 September 2005	2.72	3,870
Distribution for quarter ended 31 December 2005	1.86	2,649
Distribution for quarter ended 31 March 2006	2.25	3,215
	9.14	13,006

Note 1: The distribution paid of $3.272 million on 29 July 2005 was not declared until after 30 June 2005.

Subsequent to the reporting date, the Fund paid a distribution to unitholders of 2.68 cents per unit on 31July 2006.

Interests of the Responsible Entity
The following fees were paid to Multiplex Investments Limited and its associates during the financial year:

	2006 $	2005 $
Responsible entity management fees	2,167,044	1,506,556

The Responsible Entity held 1,747,063units (Nil: 2005) units in Fund at the year end.

Units on issue
143,504,247units of the Fund were on issue at 30 June 2006 (2005: 142,142,730). During the year, 1,361,517 (2004: 45,759,762) ordinary units were issued by the Fund. No units have been redeemed during the financial year.

Significant changes in the state of affairs
In the opinion of the Directors there were no significant changes in the state of affairs of the Fund that occurred during the financial year.

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.

Environmental regulations
The Fund's operations are not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

Events subsequent to balance date
There are no 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.

Indemnification and insurance premiums
Under the Fund Constitution the Responsible Entity, including officers and employees, is indemnified out of the Consolidated Entity's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Consolidated Entity.

The Consolidated Entity has not indemnified any auditor of the Consolidated Entity.

During the period the Responsible Entity has paid premiums in respect of their officers for liability and legal expenses insurance contracts for the year ended 30 June 2006. The Responsible Entity has paid, or agreed to pay, in respect of the Consolidated Entity, premiums in respect of such insurance contracts for the year ended 30 June 2006. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been executive officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

Auditors independence declaration
The lead auditor's independence declaration is set on page 7 and forms part of the Directors' report for the year ended 30 June 2006.

Rounding of amounts
The Consolidated Entity is of a kind referred to in Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Sydney this 29th day of August 2006

Signed in accordance with a resolution the Directors:

Ian O'Toole
Managing Director
Multiplex Investments Limited

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Multiplex Investments Limited, as Responsible Entity of 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 2006, 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
Partner
29 August 2006

INCOME STATEMENT

MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated 30 June 2006 $'000	Consolidated 30 June 2005 $'000	Trust 30 June 2006 $'000	Trust 30 June 2005 $'000
Revenues from ordinary activities					
Sale of development properties		43,026	50,189	-	-
Realised profit on available-for-sale financial assets		10,532	10,751	9,128	12,820
Interest income		3,961	2,283	287	593
Income guarantee – total return	20	9,031	3,223	9,031	3,223
Income guarantee – project level		-	1,732	-	1,732
Proceeds on disposal of controlled entity		-	1,291	-	-
Net profits accounted for using the equity method of accounting		-	858	-	-
Total revenues and other income		66,550	70,327	18,446	18,368
Expenses from ordinary activities					
Cost of sale of development properties		35,986	44,931	-	-
Administration expenses		654	422	525	422
Responsible entities fees		2,167	1,507	2,167	1,507
Income guarantee expense		5,354	3,223	-	-
Loss on available-for-sale financial assets		1,308	-	-	-
Management service fees		574	-	-	-
Cost of controlled entity disposed		-	1,291	-	-
Total expenses from ordinary activities		46,043	51,374	2,692	1,929
Net profit before income tax		20,507	18,953	15,754	16,439
Income tax expense	5	8,471	5,861	2,103	1,086
Net profit after tax before distributions to unitholders and changes in unitholders interests		12,036	13,092	13,651	15,353
Net profit attributable to minority interests		2,233	3,377	-	-
Net gain on revaluation of financial derivatives		141	-	-	-
Net profit attributable to unitholders before distributions to unitholders		9,944	9,715	13,651	15,353
Distributions to unitholders	17	(13,006)	(15,886)	(13,006)	(15,886)
Changes in net assets attributable to unitholders		(3,062)	(6,171)	645	(533)
Earnings per unit					
Basic and diluted earnings per ordinary unit (cents)	21	6.93	6.83		

The above income statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN UNITHOLDERS' INTEREST

MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND

FOR THE YEAR ENDED 30 JUNE 2006

	Consolidated		Trust	
	30 June 2006 $'000	30 June 2005 $'000	30 June 2006 $'000	30 June 2005 $'000
Opening balance of unitholders' interests	149,177	109,573	151,762	100,988
Deferred income tax liability on unrealised value of financial assets available for sale	(1,331)	(2,122)	-	-
Revaluation (decrements)/increments	4,439	715	(4,125)	4,125
Units on issue				
Issue of units (net of application fees)	1,332	47,182	1,332	47,182
Capital raising costs	(1,698)	-	-	-
Distributions paid	(13,006)	(15,886)	(13,006)	(15,886)
Net adjustments recognised directly in unitholders' interests	138,913	139,462	135,963	136,409
Net profits attributable to unitholders	9,944	9,715	13,651	15,353
Minority interests	16,036	-	-	-
Closing balance of unitholders' interests	164,893	149,177	149,614	151,762

The above statement of changes in unitholders' interest should be read in conjunction with the accompanying notes.

BALANCE SHEET
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
AS AT 30 JUNE 2006

	Note	Consolidated 30 June 2006 $'000	Consolidated 30 June 2005 $'000	Trust 30 June 2006 $'000	Trust 30 June 2005 $'000
Assets					
Current assets					
Cash and cash equivalents	7	7,990	10,697	4,940	8,353
Trade and other receivables	8	59,608	6,887	50,230	44,340
Available-for-sale financial assets *	10	25,842	50,156	-	-
Inventories – land held for resale	11	142,316	-	-	-
Accrued income	9	2,189	-	-	-
Fair value of financial derivatives		141	-	-	-
Total current assets		238,086	67,740	55,170	52,693
Non-current assets					
Available-for-sale financial assets *	10	47,170	81,773	97,183	101,307
Inventories – land held for resale	11	21,940	91,789	-	-
Deferred Tax Asset	5	1,157	101	-	-
Trade and other receivables	8	-	14,000	-	-
Accrued income	9	-	658	-	-
Total non-current assets		70,267	188,321	97,183	101,307
Total assets		308,353	256,061	152,353	154,000
Liabilities					
Current liabilities					
Trade and other payables	12	4,989	74,218	1,100	1,152
Current tax liabilities	5	3,234	2,195	1,639	1,086
Interest bearing loans and borrowings	13	123,206	-	-	-
Total current liabilities (excluding unitholders interests)		131,429	76,413	2,739	2,238
Non-current liabilities					
Trade and other payables	12	8,578	1,470	-	-
Interest bearing loans and borrowings	13	-	26,879	-	-
Deferred income tax liability	5	3,453	2,122	-	-
Total non-current liabilities (excluding unitholders interests)		12,031	30,471	-	-
Total liabilities (excluding unitholders interests)		143,460	106,884	2,739	2,238
Net assets attributable to unitholders		164,893	149,177	149,614	151,762
Unitholders' interests					
Units on issue	14	145,697	144,365	145,697	144,365
Share issue costs reserves	15	(1,698)	-	-	-
Capital revaluation reserve	15	(518)	1,728	-	4,125
Undistributed income	16	5,376	3,084	3,917	3,272
Parent interests		148,857	149,177	149,614	151,762
Minority interests		16,036	-	-	-
Total unitholders' interests		164,893	149,177	149,614	151,762

* Available-for-sale financial assets were previously classified as investments due to the deferred adoption of AASB 132 and AASB 139.

The above balance sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated 2006	Consolidated 2005	Trust 2006	Trust 2005
		$'000	$'000	$'000	$'000
Cash flows from operating activities					
Cash receipts in the course of operations		11,240	7,382	16,067	16,696
Proceeds from the sale of developments		43,026	104,893	181	-
Payments for inventories		(174,518)	(52,069)	-	-
Cash payments in the course of operations		(5,342)	(1,050)	(2,697)	(2,059)
Interest received		2,430	1,630	287	597
Interest paid		(4)	(303)	(4)	-
Income taxes paid		(3,562)	(9,647)	(4,461)	(1,631)
Net cash flows (used in)/from operating activities	18	(126,730)	50,836	9,373	13,603
Cash flows from investing activities					
Proceeds from disposal of investments – Darling Island		-	1,291	-	-
Proceeds from disposal of available-for-sale-financial assets		37,571	67,430	-	-
Payments for investments – Portside Wharf Development Trust		-	(10,000)	-	-
Payments for investments – Acumen Vale Syndicate Limited		-	(14,849)	-	
Payments to related parties for investments		-	(6,854)		(40,343)
Net cash flows from/(used in) investing activities		37,571	37,018	-	(40,343)
Cash flows from financing activities					
Proceeds from issues of units		17,170	47,970	2,037	47,970
Payments from capital raising		(5,241)	-	-	-
Repayment of borrowings		-	(102,022)		-
Proceeds from interest bearing liabilities		96,329	-	-	-
Loans to related parties		(8,800)	(14,000)	(1,817)	-
Distributions paid		(13,006)	(15,886)	(13,006)	(15,886)
Net cash flows from/(used in) financing activities		86,452	(83,938)	(12,786)	32,084
Net (decrease)/increase in cash and cash equivalents		(2,707)	3,916	(3,413)	5,344
Cash and cash equivalents at 1 July 2005		10,697	6,781	8,353	3,009
Cash and cash equivalents at 30 June 2006		7,990	10,697	4,940	8,353

The above cash flow statement should be read in conjunction with the accompanying notes.

1 CONSOLIDATED ENTITY INFORMATION

Multiplex Development and Opportunity Fund is an Australian registered Fund. Multiplex Investments Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia.

The financial report of Multiplex Development and Opportunity Fund ('the Fund") for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 29 August 2006.

The registered office and principal place of business of the Responsible Entity is located at 1 Kent Street, Sydney, NSW, 2000.

The nature of the operations and principal activities of the Fund are described in the Directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation
The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, the Fund Constitution and the requirements of the Corporations Act 2001. Other mandatory professional reporting requirements (Urgent Issues Group Interpretations) have also been complied with.

The full year financial report has been prepared on a historical cost convention except for investment properties, including interests in controlled trusts, certain land and buildings occupied by the Fund and derivative financial instruments which are carried at fair value.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions used have been disclosed in the relevant accounting polices.

These 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.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 2(h).

The financial report is presented in Australian dollars and all values have been rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Consolidated Entity in accordance with ASIC Class Order 98/100. The Consolidated Entity is an entity to which the Class Order applies.

(b) Statement of compliance
The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS").

This is the first full year financial report prepared in accordance with AIFRS. The date of transition of AIFRS is 1 July 2004, accordingly the financial information for the year ended 30 June 2005 has been restated. Note 2(s) includes reconciliations between previously reported Australian Generally Accepted Accounting Principles ("AGAAP") as at 30 June 2005 to AIFRS including a reconciliation between AGAAP to AIFRS equity as at 30 June 2005 and 1 July 2004.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Statement of compliance (continued)

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2006 financial year. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below for those standards that may affect the Consolidated Entity in future reporting periods:

1 AASB 7 Financial Instruments: Disclosures and AASB 2005 – 10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, and AASB 1038] AASB 7 and AASB 2005 – 10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Consolidated Entity has not adopted the standards early. Application of the standard will not effect any of the amounts recognised in the Financial Statements, but will impact the type of information disclosed in relation to the Consolidated Entity's Financial Statements.

(c) Principles of consolidation

The consolidated financial statements include the financial statements of Multiplex Development and Opportunity Fund and its controlled entities. The Fund and its controlled entities are referred to as "the Consolidated Entity". The financial statements of controlled entities are prepared for the same reporting period as the Fund, using consistent accounting policies.

Controlled entities

The financial statements of the controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases. Investments in controlled entities are subsequently measured by the Fund at the lower of cost and recoverable amount. The balances and effects of transactions between controlled entities including unrealised profits arising from intra-entity transactions, included in the consolidated financial statements have been eliminated in full.

(d) Revenue recognition

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Sale of development properties

Revenue from the sale of development properties is recognised in accordance with the revenue recognition rules of AASB 118 "Revenue". AASB 118 requires that revenue and profit be recognised when the Consolidated Entity has transferred to the buyer the significant risks and rewards of the ownership of the property. This is generally deemed to occur upon settlement.

Realised profit on available-for-sale financial assets

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 income statement.

Income guarantee

Revenue from the income guarantee is calculated and accrued on a monthly basis where the conditions under the guarantee are fulfilled. An amount equal to 70% is accrued as an income guarantee expense at the same time. This is reflected in current trade and other payables. The Fund relies on Multiplex Limited for continued support under the income guarantee agreement to ensure the Fund is in a position to pay at least an 8% per annum distribution in any distribution period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Taxation
The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Goods and Services Tax

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of Goods and Services Tax (GST) to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to the taxation authority is included in the Balance Sheet as a receivable or payable.

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 are classified as operating cash flows.

(f) Tax Consolidation
The tax-consolidated group being the Fund and its wholly-owned subsidiaries has entered 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents
For the purpose of the cash flow statement, cash includes cash on hand, at call deposits in banks and money market investments with less than 14 days to maturity, net of bank overdrafts.

(h) Available-for-sale financial assets
Available-for-sale financial assets are investments in risk participation agreements and grant of development rights. These available-for-sale financial assets are recorded at fair value as at 30 June 2006.

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 an existing available-for-sale-financial asset, consideration has been given to the specific nature and stage of the project. The fair value assumptions for the available-for-sale financial asset can be affected by such factors as, but not limited to, delays in planning approvals, environmental issues, industrial disputes, unexpected rises in inflation, unforeseen escalation in construction costs, the supply and demand of the property market, third party failure, increases in interest rates, variations to construction specifications, inability to sell developments at the projected sale price and/or within the projected sale period, changes in law or government policy, changes in taxation legislation, conflicts of interest between the developer and the Fund, insurance shortfalls and changes to premium costs, due diligence failure and other force majeure events such as fire, floods, earthquakes etc. These factors, and others, can affect the risk of each project and in turn affect the value of the available-for-sale financial assets.

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. All unrealised revaluations of the available-for-sale financial assets are taken to equity. Once an available-for-sale financial asset is realised, the revaluation is recognised in the income statement.

(i) 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, development and holding costs such as borrowing costs(refer Note 2(o)), rates and taxes.

(j) Trade and other receivables
Receivables are recognised and carried at original amount, less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an effective interest basis.

(k) Trade and other payables
These amounts are carried at cost and represent liabilities for goods and services provided to the Fund prior to the end of the period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Provision for distribution
A provision for distribution is recognised in the Balance Sheet if the distribution has been declared prior to balance date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Interest bearing loans and borrowings
All loans and borrowings are initially recognised at fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

Financing costs are capitalised into the carrying amount of inventory. This is expensed as expenditure when inventory is realised.

(n) Derivative financial instruments
The Consolidated Entity has elected to apply the option available under AASB 1 of adopting AASB 132 and AASB 139 from 1 July 2005.

Current accounting policy

The Consolidated Entity uses derivative financial instruments to manage its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, which documents policies and limits approved by the Board of Directors in respect of the use of derivative financial instruments to manage cash flows and profits subject to interest rate risks, the Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured on a fair value basis. The ineffective portion of the derivative financial instrument, the gain or loss on re- measurement to fair value is recognised immediately in the Income Statement.

The fair value of interest rate swaps is the estimated amount that the Consolidated Entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Comparative period policy

The Consolidated Entity's activities expose it to changes in interest rates. There are policies and limits approved by the Board of Directors in respect of the use of derivative and other financial instruments to manage cash flows and profits subject to interest rate risks. Management reports to the Board on a regular basis as to the monitoring of the policies in place.

The Consolidated Entity is party to derivative financial instruments in the normal course of business in order to manage exposure to interest rates. The Consolidated Entity does not enter into derivative financial instruments for speculative purposes. The Consolidated Entity continually reviews its exposures and upgrades its treasury policies and procedures.

(o) Borrowing costs
Borrowing costs are recognised as expenses in the period in which they incurred, except where they are included in the costs of inventories under development, refer Note 2(i).

Where borrowing costs are specific to particular inventory assets, the rate at which borrowing costs are capitalised is determined by reference to the actual borrowing costs incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(q) Units on issue
Issued and paid up units are recognised at the fair value of the consideration received by the Fund. Any transaction costs arising on the issue of ordinary units are recognised as a reduction of the unit proceeds received.

(r) Earnings per unit
Basic and diluted EPU is calculated as net income after tax before distributions to unitholders and changes in unitholders interests, divided by the weighted average number of ordinary units.

(s) Impact of adoption of AIFRS
The Consolidated Entity has made its election to the transitional exemptions allowed by AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" as follows:

(i) AASB 3 "Business Combinations" was not applied retrospectively to business combinations undertaken before the date of transition to AIFRS.

(ii) The Consolidated Entity has elected to defer the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement". As a result of the deferral, the opening retained earnings at 1 July 2005 has been adjusted to account for the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" as at that date. Refer note 2(s)(iii) for the reconciliation between 30 June 2005 closing balance.

The impacts of adopting AIFRS on the total equity and profit from continuing operations as reported under previous Australian Generally Accepted Accounting Principles ("AGAAP") are illustrated below.

(i) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS

	1 July 2004 Consolidated $'000	30 June 2005 Consolidated $'000	1 July 2004 Trust $'000	30 June 2005 Trust $'000
Total equity under previous AGAAP	112,810	151,299	100,988	151,762
Adjusted for adoption of AASB 132 and 139:				
Revenue recognition adjustment for undistributed income	(3,237)	-	-	-
Recognition of deferred income tax liability on unrealised gain of available-for-sale financial assets (A)	-	(2,122)	-	-
Total equity under AIFRS	109,573	149,177	100,988	151,762

(A) Deferred income tax liability on unrealised gain of available-for-sale assets
Deferred income tax liability being the temporary difference arising from the differences between the carrying amount of the available-for-sale financial assets in the financial statements and their tax cost base.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Impact of adoption of AIFRS (continued)

(ii) Reconciliation of net profit from continuing operations under previous AGAAP to that under AIFRS	30 June 2005 Consolidated $'000	30 June 2005 Trust $'000
Prior year profit from continuing operations as previously reported	9,855	15,353
Revenue Recognition (A)	3,237	-
Prior year profit from continuing operations under AIFRS	13,092	15,353

(A) Revenue Recognition

Developments

Under AGAAP revenue and profits on the development of apartments and residential property were 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 be subject to the revenue recognition rules of AASB 118 "Revenue".

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

(iii) Reconciliation of total equity opening balance upon adoption of AASB 132 and 139 on 1 July 2005	1 July 2005 Consolidated $'000	1 July 2005 Trust $'000
Total equity under AIFRS at 30 June 2005	149,177	151,762
Adjusted for adoption of AASB 132 and 139:		
Fair value of derivative financial instruments	-	-
Liabilities attributable to unitholders	(149,177)	(151,762)
Total equity under AIFRS at 1 July 2005	-	-

(iv) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under previous AGAAP.

3 SEGMENT REPORTING

Business segments
The business segments have been identified on the basis of grouping individual investments subject to similar risks and returns. The Multiplex Development and Opportunity Fund operates in a single, primary business segment, being property investment.

Geographical segments
The Fund operates in only one geographic segment, being Australia.

4 NET ASSETS ATTRIBUTED TO UNITHOLDERS

(a)	30 June 2006		30 June 2005	
	No.	**$'000**	**No.**	**$'000**
Opening balance	142,142,730	144,364,875	96,382,968	97,182,700
Change in accounting policy as a result of AASB 132 and AASB 139	(142,142,730)	(144,364,875)	-	-
Applications	-	-	45,759,762	47,182,175
	-	-	142,142,730	144,364,875

All units in the Fund are of the same class and carry equal rights. Under the Fund constitution, each unit represents a right to the underlying assets of the Fund.

Under previous AGAAP the Fund classified unitholders' funds as equity. In accordance with AIFRS unitholders' funds are classified as a liability.

(b)	30 June 2006		30 June 2005	
	No.	**$'000**	**No.**	**$'000**
Opening balance	-	-	-	-
Change in accounting policy as a result of AASB 132 and AASB 139	142,142,730	144,364,875	-	-
Applications	1,361,517	1,377,800	-	-
Capital raising costs	-	(45,229)	-	-
	143,504,247	145,697,446	-	-

5 INCOME TAX

	Consolidated		Trust	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
(a) Income tax expense				
Prima facie income tax expense calculated at 30% on profit from ordinary activities	6,194	4,715	4,726	4,932
Increase in income tax expense due to:				
Non-deductible items	-	967	-	-
Other items	2,277	280	115	-
Decrease in income tax expense due to:				
Tax loss of controlled entity	-	(101)	-	-
Rebateable dividend income	-	-	(2,738)	(3,846)
Income tax expense attributable to profit from ordinary activities	8,471	5,861	2,103	1,086
(b) Deferred tax assets & liabilities				
Tax liability – current	3,234	2,195	1,639	1,086
Deferred tax asset – non current	1,157	101	-	-
Deferred income tax liability – non-current	3,453	2,122	-	-

Tax consolidation

For the purposes of income taxation, Multiplex Development and Opportunity Fund and its 100% owned entities form a tax consolidated group. Members of the group have entered 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 is Multiplex Development and Opportunity Fund.

In preparing the accounts for Multiplex Development and Opportunity Fund for the current year, the following amounts have been recognised as tax consolidation contribution adjustments:

	Trust
	2006
	$'000
Total increase to intercompany assets	2,911

6 REMUNERATION OF AUDITORS

	Consolidated		Trust	
Audit services:	**2006**	**2005**	**2006**	**2005**
	$	$	$	$
Audit and review of the financial reports	124,000	75,400	124,000	75,400
Audit of compliance plan	14,000	13,125	14,000	13,125
Other review services	23,475	26,186	23,475	26,186
	161,475	114,711	161,475	114,711

7 CASH AND CASH EQUIVALENTS

	Consolidated 2006 $'000	Consolidated 2005 $'000	Trust 2006 $'000	Trust 2005 $'000
Current				
Cash at bank and on hand	7,990	10,697	4,940	8,353

Cash at bank balances earns interest at floating rates based on daily bank deposit rates.

As at 30 June 2006, the Fund had $882,591 of applications monies that are not available until units are allotted.

8 TRADE AND OTHER RECEIVABLES

		Consolidated 2006 $'000	Consolidated 2005 $'000	Trust 2006 $'000	Trust 2005 $'000
Current					
Amounts due from related parties					
-Income guarantee receivable from Multiplex Limited	(b)	2,422	1,080	2,422	1,080
- Loan to Multiplex Castlereagh investments Pty	(b)	14,000	-	-	-
- Loan to Multiplex Dee Why Pty	(b)	3,800	-	-	-
- Loan to Multiplex Hurstville Pty	(b)	5,000	-	-	-
- Loan to Multiplex W9&10 Constructions Stage 4B Pty	(b)	10,000	-	-	-
-Other related party receivables	(b)	22,862	-	47,723	42,993
Other receivables	(a)	1,524	5,807	85	267
		59,608	6,887	50,230	44,340
Non-current					
Amounts due from related parties					
- Loan to Multiplex Castlereagh investments Pty	(b)	-	14,000	-	-
		-	14,000	-	-

(a) Trade and other receivables are non interest bearing and are settled on commercial terms.
(b) Terms and conditions relating to related party transactions have been disclosed in note 20.

9 ACCRUED INCOME

Current	2,189	-	-	-
Non current	-	658	-	-
	2,189	658	-	-

Accrued income relates to the related party loans to Multiplex Castlereagh Investments Pty, Multiplex Dee Why Pty, Multiplex Hurstville Pty & Multiplex W9&10 Constructions Stage 4B Pty. 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.

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS *

Represented by	Consolidated 2006 Fair Value $'000	Consolidated 2005 Fair Value $'000	Trust 2006 Fair value $'000	Trust 2005 Fair Value $'000
Investments in controlled entity	-	-	97,183	101,307
Investments in developments	73,012	131,929	-	-
Total investments	73,012	131,929	97,183	101,307
Represented by				
Current assets	25,842	50,156	-	-
Non current assets	47,170	81,773	97,183	101,307
	73,012	131,929	97,183	101,307

* Available-for-sale financial assets were previously classified as investments due to the deferred adoption of AASB 132 and AASB 139

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

The table below summarises the underlying available-for-sale financial assets in development projects held by entities within the consolidated group.

a) Interest in controlled entities and developments – at fair value

Trust – controlled entities	Date of acquisition of control by the consolidated entity	Cost 2006 $'000	Capital revaluation reserve 2006 $'000	Fair value 2006 $'000	Fair value 2005 $'000
MPX DT Pty Limited – ordinary shares		97,183	-	97,183	101,307
Consolidated – current developments					
Ettalong Development	23 Dec 2003	2,750	1,277	4,027	6,258
Multiplex Latitude Site C Pty Limited	31 May 2004	12,500	3,915	16,415	-
Walsh Bay Moorings 8 & 9 Development	23 May 2005	1,100	-	1,100	1,100
Stage 4 Lakelands (Apartments) Developments	30 June 2005	4,700	-	4,300	-
Double Bay Development	23 Dec 2003	-	-	-	6,287
Latitude Strata Office Development	31 May 2004	-	-	-	3,593
Latitude Retail and Car Park Development	31 May 2004	-	-	-	24,235
Raffles Development	30 Jun 2003	-	-	-	6,389
Stage 3 Lakelands (Villas) Development	1 Apr 2005	-	-	-	2,294
Total current investments		21,050	5,192	25,842	50,156
Consolidated – non current developments					
Rhodes Development	23 Dec 2004	5,900	1,878	7,778	6,192
Tarneit Development	31 Dec 2004	1,500	337	1,837	1,634
Nedlands Park Hotel Development	29 June 2005	13,850	2,470	16,320	13,850
Bluewater Stages 1-4 Developments	29 June 2005	11,300	1,635	12,934	11,300
Cotton Beach Development	29 June 2005	8,301	-	8,301	8,301
Multiplex Latitude Site C Pty Limited	31 May 2004	-	-	-	12,500
Stage 4 Lakelands (Apartments) Developments	30 June 2005	-	-	-	4,700
Bulli Development	31 Dec 2004	-	-	-	9,651
Port Adelaide Waterfront Development	31 Dec 2004	-	-	-	3,645
King Street Wharf Stage 4B Development	30 Jun 2003	-	-	-	10,000
Total non current investments		40,851	6,320	47,170	81,773

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

b) Reconciliation of carrying amounts

Reconciliations of the carrying amounts of available-for-sale financial assets at the beginning of the financial year is set out below:

	Consolidated		Trust	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Carrying amounts at the start of the year	131,929	97,961	101,307	97,183
Capital additions	-	62,116	-	-
Disposals	(68,394)	(35,221)	-	-
Net revaluation increments/(decrements)	9,477	7,073	(4,124)	4,124
Carrying amount at the end of the year	73,012	131,929	97,183	101,307

11 INVENTORIES – LAND HELD FOR RESALE

		Consolidated		Trust	
		2006 $'000	2005 $'000	2006 $'000	2005 $'000
Inventories at cost					
- Current	(a)	86,025	-	-	-
- Current	(b)	56,291	-	-	
Total current		142,316	-	-	-
- Non current	(a)	-	17,161	-	-
- Non current	(b)	21,940	74,628	-	-
Total Non current		21,940	91,789	-	-
Total inventories		164,256	91,789	-	-

(a) $86.025 million - Land at Portside Wharf, Brisbane. This land is being developed into residential apartments.

Borrowing costs incurred and capitalised during the year amounted to $2,364,923.

(b) $78.231 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. Total amount of inventories that have been recognised as an expense during the period is $35.985 million.

Borrowing costs incurred and capitalised during the year amounted to $2,891,125.

12 TRADE AND OTHER PAYABLES

	Consolidated 2006 $'000	Consolidated 2005 $'000	Trust 2006 $'000	Trust 2005 $'000
Current				
Payables	4,351	3,290	904	825
Income guarantee liability	-	3,223		
Loans from related entities	442	67,501	-	123
Responsible entity fee payable	196	204	196	204
	4,989	74,218	1,100	1,152
Non-Current				
Income guarantee liability	8,578	-	-	-
Loans from related entities	-	1,470	-	-
	8,578	1,470	-	-

Trade and other payables are non interest bearing and are settled on commercial terms.

Income guarantee liability

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 to 70% 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 2006 was $9,030,514. 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 period end was $8,577,668 (this includes previous and current period income guarantee income). The income guarantee liability and expense is recognised payable at 70% of the total income support received in accordance with the income guarantee agreement.

13 INTEREST BEARING LIABILITIES

		Consolidated 2006 $'000	Consolidated 2005 $'000	Trust 2006 $'000	Trust 2005 $'000
Current					
Secured bank debt	(a)	76,025	-	-	-
Secured bank debt	(b)	47,181	-	-	-
Non current					
Secured bank debt	(a)	-	7,161	-	-
Secured bank debt	(b)	-	19,718	-	-
		123,206	26,879	-	-

(a) The bank facility is secured by a first charge over certain assets of Portside Wharf Finance Pty Limited.
(b) The bank facility is secured by a first charge over certain assets of Multiplex Acumen Vale Landowner Pty Limited.

13 INTEREST BEARING LIABILITIES (CONTINUED)

Financing Arrangements	Expiry Date	Consolidated 2006 $'000	Consolidated 2005 $'000	Trust 2006 $'000	Trust 2005 $'000
Facilities available					
Bank debt facility (1)	30 June 2007	47,325	35,500	-	-
Bank debt facility (2)	31 Dec 2006	126,150	126,150	-	-
Less: facilities utilised		(123,206)	(26,879)	-	-
Facilities not utilised		50,269	134,771	-	-

(1) This floating rate cash facility is for a maximum commitment of $47.325million financed by National Australia Bank Limited with respect to Multiplex Acumen Vale Syndicate Limited. Interest rate details have been disclosed in Note 19.

(2) This floating rate cash facility is for a maximum commitment of $126.15 million financed by ANZ National Bank Limited with respect to the Portside Wharf development. Interest rate details have been disclosed in Note 19.

14 UNITS ON ISSUE

Date	Details	Units	$
1 July 2004	Opening balance	96,382,968	97,182,700
	1 December 2004 issue of units	235,536	242,600
	22 December 2004 issue of units	15,341,318	15,801,558
	31 December 2004 issue of units	16,724,163	17,225,888
	1 February 2005 issue of units	6,821,656	7,026,306
	1 March 2005 issue of units	4,961,497	5,159,962
	2 May 2005 issue of units	9,526	9,812
	1 June 2005 issue of units	1,666,066	1,716,049
30 June 2005	**Closing balance**	**142,142,730**	**144,364,875**
	November 2005 capital raising costs	-	(45,229)
	27 January 2006 Distribution reinvestment plan	114,518	116,809
	1 March 2006 issue of units	1,094,616	1,105,560
	3 May 2006 Distribution reinvestment plan	152,383	155,431
30 June 2006	**Closing balance**	**143,504,247**	**145,697,446**

Ordinary units
Ordinary units are issued monthly in accordance with the end of month Net Asset Value. All units in the Fund were fully paid and are of the same class and carry equal rights. Units are entitled to a pro rate distribution from date of issue. Any month during which there are no new units are issued, the liquidity facility is utilised.

15 RESERVES

(a) Share issue costs reserve

	Consolidated 2006 $'000	Consolidated 2005 $'000	Trust 2006 $'000	Trust 2005 $'000
Balance at beginning of financial period	-	-	-	-
Share issue costs	(4,491)	-	-	-
Transfer to Deferred tax asset	1,157	-	-	-
Share issue costs attributable to minority interests	1,681	-	-	-
Share issue costs attributable to consolidated entity	(45)	-	-	-
Balance at end of financial period	(1,698)	-	-	-

The share issue costs reserve includes the share issue costs arising from the capital raising in Multiplex Acumen Vale Syndicate Limited.

(b) Capital revaluation reserve

	Consolidated 2006 $'000	Consolidated 2005 $'000	Trust 2006 $'000	Trust 2005 $'000
Balance at beginning of financial period	1,728	-	4,125	-
Revaluation increments/(decrements)	4,439	7,073	(4,125)	4,125
Deferred income tax liability on unrealised value of financial assets available for sale	(1,331)	(2,122)	-	-
Transfer to Statement of Distribution	(5,354)	(3,223)	-	-
Balance at end of financial period	(518)	1,728	-	4,125

The capital revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of Available-for-sale financial assets available for sale in developments projects to market value as described in Note 2 (h).

16 UNDISTRIBUTED INCOME

	Consolidated 2006 $'000	Consolidated 2005 $'000	Trust 2006 $'000	Trust 2005 $'000
Opening balance	3,084	6,032	3,272	3,805
Change in net assets attributable to unitholders/net profit	9,944	9,715	13,651	15,353
Transfer to Statement of Distribution	5,354	3,223	-	-
Distributions provided for or paid	(13,006)	(15,886)	(13,006)	(15,886)
Closing balance	5,376	3,084	3,917	3,272

17 DISTRIBUTIONS

Distributions paid to unitholders or declared were as follows:

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
June 2005 distribution [1]	2.31	3,272	29 July 2005
September 2005 distribution	2.72	3,870	28 October 2005
December 2005 distribution	1.86	2,649	27 January 2006
March 2006 distribution	2.25	3,215	3 May 2006
Total distribution 30 June 2006 [2]	**9.14**	**13,006**	
June 2004	6.68	6,440	15 July 2004
September 2004 distribution	4.67	4,501	15 October 2004
December 2004 distribution	1.48	1,447	28 January 2005
March 2005 distribution	2.55	3,498	29 April 2005
Total distribution 30 June 2005	**15.38**	**15,886**	

Note 1: The distribution of $3. 27 million was paid on 29 July 2005 and not declared until after 30 June 2005.
Note 2: The distribution of $3.847 was paid on 31 July 2006 and not declared until after 30 June 2006.

18 RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated		Trust	
	2006 $'000	**2005 $'000**	**2006 $'000**	**2005 $'000**
Net profit	12,177	13,092	13,651	15,353
Adjustments for:				
Net fair value change on derivatives	(141)	-	-	-
Revenue recognition adjustments for AIFRS	-	(3,237)	-	-
Changes in assets and liabilities				
Decrease/(increase) in the value of inventories	(147,898)	43,693	-	-
Decrease/(increase) in receivables	2,941	(2,324)	(1,160)	(1,347)
Decrease/(increase) in accrued income	(1,531)	(653)	-	5
Decrease/(increase) in deferred tax asset	(1,056)	3,761	-	-
(Decrease)/increase in payables	6,408	5,016	(2,565)	137
(Decrease)/increase in deferred tax liability	1,331	(7,585)	-	-
(Decrease)/increase in current tax liability	1,039	(930)	(553)	(545)
Net cash inflow/(outflow) from operating activities	(126,730)	50,836	9,373	13,603

19 FINANCIAL INSTRUMENTS

Derivative financial instruments

Interest rate risk

Interest rate risk exposures

The Consolidated Entity 's and the Parent entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

Consolidated 2006 Financial assets	Weighted average effective interest rate %	Floating interest rate maturing in one year or less $'000	Non-interest bearing $'000	Total $'000
Cash and deposits	5.1	7,990	-	7,990
Available for sale financial assets		-	73,012	73,012
Amounts receivable from Multiplex	16.8	32,800	27,473	60,273
Receivables	-	-	1,524	1,524
		40,790	102,009	142,799
Financial liabilities				
Trade and other payables		-	13,567	13,567
Interest bearing liabilities				
- Current	7.08	76,025	-	76,025
- Current	6.53	47,181	-	47,181
		123,206	13,567	136,773

2006 Trust Financial assets	Weighted average effective interest rate %	Floating interest rate maturing in one year or less $'000	Non-interest bearing $'000	Total $'000
Cash and deposits	5.1	4,940	-	4,940
Available for sale financial assets		-	97,183	97,183
Amounts receivable from Multiplex	-	-	50,145	50,145
Receivables	-	-	85	85
		4,940	147,413	152,353
Financial liabilities				
Trade and other payables		-	1,100	1,100
		-	1,100	1,100

19 FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial instruments

Interest rate risk
Interest rate risk exposures

2005 Consolidated Financial assets	Weighted Average effective interest rate %	Floating interest rate maturing in one year or less $'000	Fixed interest rate maturing in 1 to 2 years or less $'000	Non-interest bearing $'000	Total $'000
Cash and deposits	5.1	10,697	-	-	10,697
Available for sale financial assets		-	-	131,929	131,929
Amounts receivable from Multiplex	16.8	-	14,000	1,738	15,738
Receivables		-	-	5,807	5,807
Other		-	-	658	658
		10,697	14,000	140,132	164,829
Financial liabilities					
Trade and other payables		-	-	75,688	75,688
Interest bearing liabilities					
- Non Current	8.58	-	19,718	-	19,718
- Non Current	7.98	-	7,161	-	7,161
		-	26,879	75,688	102,567

2005 Trust Financial assets	Weighted average effective interest rate %	Floating interest rate maturing in one year or less $'000	Non-interest bearing $'000	Total $'000
Cash and deposits	5.1	8,353	-	8,353
Available for sale financial assets		-	101,307	101,307
Amounts receivable from Multiplex	-	-	44,073	44,073
Receivables	-	-	267	267
		8,353	145,647	154,000
Financial liabilities				
Trade and other payables		-	825	825
Loans from related parties		-	327	327
		-	1,152	1,152

Credit risk exposure
Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on the financial assets of the Consolidated Entity which have been recognised on the statement of financial position is represented by the asset carrying amount, net of any provision for doubtful debts. Credit risk on trade debtors is considered low as there is no material exposure to any individual debtor.

Credit risk on interest rate swap contracts is minimised as the counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

19 FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk exposure
The Fund's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Net fair values of financial assets and liabilities
The carrying values of the entity's financial assets and liabilities included in the Balance Sheet approximate their fair values.

Refer to Note 2(h) for the methods and assumptions adopted in determining net fair values for investments

Specific instruments
At 30 June 2006, the Consolidated Entity's holdings in derivatives translated into AUD were as specified in the table below:

Type of contract	Expiration	Underlying	Notional amount of contracts outstanding $'000	Fair value (assets) $'000
As at 30 June 2006				
Interest rate swap	23 October 2006	Interest rates (a)	82,695	107
Interest rate swap	21 September 2007	Interest rates (b)	19,789	34
			102,484	141

(a) At 30 June 2006, the Consolidated Entity had an interest rate swap agreement in place with National Australia Bank whereby the Consolidated Entity pays a fixed interest rate of 5.65% and receives a variable rate equal to the BBSW on the notional amount. The interest rate swap matures on a monthly basis.

(b) At 30 June 2006, the Consolidated Entity had an interest rate swap agreement in place with National Australia Bank whereby the Consolidated Entity pays a fixed interest rate of 5.83% and receives a variable rate equal to the BBSW on the notional amount. The interest rate swap matures on a monthly basis.

There were no interest rate swaps in place as at 30 June 2005.

20 RELATED PARTIES

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.

Ultimate parent
Multiplex Development and Opportunity Fund, the ultimate parent of the group, holds 100% of the following entities and are included in the consolidated accounts:

- MPX DT Pty Limited
- MDT

The following transaction occurred between the parent and it 100% subsidiaries:

Dividend received from MPX DT Pty Limited amount to $9,127,994.

20 RELATED PARTIES (CONTINUED)

Key management personnel
The Consolidated Entity does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Consolidated Entity and this is considered the KMP. The directors of the Responsible Entity are key management personnel of that entity and their names are Robert Rayner, Michael Hodgetts, Robert McCuaig, Peter Morris, and Ian O'Toole.

The responsible entity is entitled to a management fee which is calculated as a proportion of net assets attributed to unitholders. No compensation is paid to directors or directly by the Consolidated Entity to any of the key management personnel of the Responsible Entity.

Responsible Entity's Remuneration
In accordance with the Information Memorandum of the Trust, Multiplex Investments Limited is entitled to receive the following:

Management fee
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 $2,167,044, (2005: $1,506,557).

Reimbursement of expenses
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.

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 2006 was $9,030,514 (2005: $3,223,296). The amount receivable from Multiplex Limited as at year end in relation to the income guarantee was $2,421,724, (2005: $1,079,859). 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 $8,577,668.

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).

20 RELATED PARTIES (CONTINUED)

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.

	Consolidated 2006 $'000	Consolidated 2005 $'000
Income Statement		
Responsible entity fees paid directly by the Fund	2,167	1,507
Expenses incurred by the Responsible Entity and reimbursed by the Fund in accordance with the provisions of the Trust Constitution	404	422
Expenses paid to Multiplex Limited and wholly owned subsidiaries:		
- Sales, marketing & development fees	2,834	-
Income earned from Multiplex Limited and wholly owned subsidiaries:		
- Income guarantee - total return	9,031	3,223
- Income guarantee - project level	-	1,732
- Income return on investments received from wholly owned entities	10,532	10,751
Balance sheet		
Responsible entity fees payable	196	204
Amounts receivable from Multiplex Limited and wholly owned subsidiaries	22,862	-
Amount receivable from Income earned from Multiplex Limited and wholly owned subsidiaries		
- Loan to Multiplex Castlereagh investments Pty	15,638	14,658
- Loan to Multiplex Dee Why Pty	3,952	-
- Loan to Multiplex Hurstville Pty	5,224	-
- Loan to Multiplex W9&10 Constructions Stage 4B Pty	10,175	-
Income guarantee receivable from Multiplex Limited	2,422	1,080
Non-interest bearing loans from Multiplex Limited and its wholly owned subsidiaries	-	72,194
Amounts payable to Multiplex Limited and wholly owned subsidiaries	8,696	4,693

20 RELATED PARTIES (CONTINUED)

Related party unitholders
The interests of related party unitholders in the Fund at year end are set out below:

	2006 Number Held	2005 Number Held
Mr Robert McCuaig	52,037	50,000
Multiplex Investments Limited	1,747,063	-

Control of subsidiary
The Fund, via its wholly owned subsidiary, Mpx DT Pty Ltd has a 100% interest in Multiplex Acumen Vale Syndicate Limited ("MAVSL" or "the Company"), a company limited by shares, which in turn has a 49.6% interest in Multiplex Acumen Vale Landowner Pty Ltd ("MAVL") as at 30 June 2006. The owners of the remaining 50.4% interest are widely held by various institutional and individual investors.

The directors of the Responsible Entity of the Fund are also the directors of MAVSL. Because the Fund, via its interest in MAVSL is the largest individual shareholder of the company, it has the capacity to exercise considerable powers in relation to the control of the Company, both during the Company's operation and in the event of winding up. On this basis, the Fund has applied the consolidation method of accounting for the investment in the Company as it has the capacity to exercise control in MAVSL.

21 EARNINGS PER UNIT

	Consolidated	
	2006	2006
Earnings per unit (cents)	6.93	6.83
Weighted average number of ordinary units used as the denominator (number)	143,504,247	142,142,730
Net profit before distributions to unitholders ($'000)	9,944	9,715

Earnings per unit is determined by dividing net profit attributable to unitholders by the weighted average number of ordinary units outstanding during the period. The Consolidated Entity did not have any potential securities outstanding during the period and, as such, diluted earnings per unit are the same as basic earnings per unit.

22 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

The Fund has no commitments for expenditure or contingent assets or liabilities.

23 EVENTS OCCURRING AFTER REPORTING DATE

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

Multiplex Development and Opportunity Fund
Directors' Declaration

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

(a) the financial statements and notes, set out on pages 8 to 34, 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 Entity as at 30 June 2006 and of their performance, as represented by the results of its operations and its cash flows, for the period ended on that date; and
   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(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 34 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 Limited

Date at Sydney this 29th day of August 2006.

Ian O'Toole
Managing 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 balance sheet, income statement, statement of changes in equity, 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 2006. 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* and the Fund's Constitution. 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. 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 company a written Auditor's Independence Declaration.

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 2006 and of their performance for the year ended on that date; and
 (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*;

(b) other mandatory financial reporting requirements in Australia; and

(c) the provisions of the Fund's Constitution.

Ernst + Young

Ernst & Young

Douglas B

Douglas Bain
Partner
Sydney
29 August 2006