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HALF YEARLY RESULTS AND INVESTMENTS REVIEW DECEMBER 2002

A) STOCK EXCHANGE AND MEDIA RELEASE

13 February 2003

UNITHOLDERS TO RECEIVE DISTRIBUTION PAYMENT

Unitholders in CPH Investment Corp ("the Trust") will receive an interim, fully-franked distribution of 1.0 cent per unit following an announcement today of a net profit after tax of \$14.2 million for the six months to 31 December 2002.

The chairman of the Trust, Mr James Packer, said the profit compared to a loss of \$2.1 million for the same period in the previous financial year.

He said the main contribution to the profit had been the sale in December 2002 of 55 million shares of Zurich Capital Markets Australia to a member of the Zurich Financial Services Group for \$64.4 million.

The sale had resulted in a profit before tax of \$9.4 million, he said.

Net asset backing per unit as at 31 December 2002 has risen to \$0.54.

"Our patient and conservative approach has allowed us to capitalise on the best investments available to us, while preserving the Trust's capital which remained relatively unscathed from the drop in the share market," he said.

"By maintaining significant cash reserves, we have put the Trust in a strong position to take advantage of new investment opportunities at realistic prices, such as our recently-announced merger with Challenger International Ltd."

Mr Packer said the Trust had decided to distribute two-thirds of the net profit after tax to unitholders as it had sufficient cash resources for future needs.

If the proposed merger with Challenger is successfully completed, then the Trust will own 100% of Challenger.

At present, due diligence is being undertaken by both parties and it is expected that documentation will be forwarded to unitholders next month and that, subject to satisfaction of all conditions, the merger will be completed in early May.

Mr Packer said the proposed merger would significantly strengthen the capital base of Challenger and provide the balance sheet for its existing and future business needs, while giving the Trust's unitholders a substantial exposure to the fast growing superannuation and funds management sector.

The Trust has also announced the appointment of Chris Cuffe as chief executive officer, effective 3 February, 2003.

Details of record date and payment date of the distribution will be released to unitholders soon.

B) KEY FINANCIALS

	6 Months to December 2002 \$M	6 Months to December 2001 \$M
Revenue		
Interest	10.2	8.1
Realised Profit/(Loss) on Investment - Zurich	9.4	-
Realised Profit/(Loss) on Investments - Other	0.3	0.3
Unrealised Profit/(Loss) on Investments	(1.2)	(5.6)
Equity Accounted Contributions	2.5	-
Dividends and Other Revenue	<u>0.3</u>	<u>0.1</u>
	21.5	2.9
Expenses		
Management Fee	1.8	-
Borrowing Costs	0.4	4.4
Other Expenses	<u>1.0</u>	<u>0.6</u>
	3.2	5.0

Net Profit/(Loss) Before Tax	18.3	(2.1)
Income Tax	(4.1)	-
Net Profit/(Loss) After Tax	14.2	(2.1)

	\$M	\$M
Total Assets	499.9	527.6
Cash and Readily Marketable Securities	402.7	427.5
Borrowings	-	28.9
Unitholders Funds	492.9	483.3

	¢	¢
Net Asset Backing per Unit	53.7	52.7
Cash & Readily Marketable Securities per Unit	43.9	46.6
Distribution per Unit	1.0	-

INVESTMENTS REVIEW

UNLISTED INVESTMENTS

Jurlique International Pty Limited (“Jurlique”)

Business Summary

Jurlique is a South Australian based manufacturer, distributor and retailer of natural skin, hair and body care products as well as aromatherapy essential oils and herbal medicines. Jurlique’s products are sold in Australia and more than 20 countries worldwide through various channels including concept, department, franchise, pharmacy and health food stores. Jurlique is also used in numerous day and resort spas throughout the world.

Further information about the company is available on its website at www.jurlique.com.au.

Update

As announced to the market on 23 September 2002, CPH Investment Corp (“CPHIC”) acquired a 25 percent interest in Jurlique for \$25 million. This investment was made based on an earnings multiple of approximately 6.5 times. CPHIC has options to increase its investment to a majority position over time.

Jurlique is well capitalised and at 31 December 2002 remained in a net cash position.

CPHIC continues to believe Jurlique has an exciting future. The Jurlique brand is very strong in Australia, as well as internationally, despite its international business being relatively immature. It has an excellent platform from which to expand in a number of largely untapped and prospective international markets including the US, UK and Asia. Market research indicates the natural health and beauty market, in which Jurlique operates, is growing at approximately 20% per annum.

The company is currently in the process of expanding in the US through the opening of a number of concept stores. As noted previously, some of the cash from CPHIC’s investment in Jurlique was earmarked for an accelerated store rollout in the US that was intended to enable the stores to benefit from 2002 Christmas holiday sales. The US concept stores did in fact perform strongly over the Christmas period with collective sales and profits being at their highest levels since opening.

The Australian business continued to grow in the first half of the 2003 fiscal year and had strong Christmas period sales.

Jurlique continues to seek opportunities to expand its distribution network both in Australia and internationally.

Australian Fast Foods Pty Limited (“AFF”)

Business Summary

AFF was formed in the 1980’s by the merger of the Chicken Treat and Big Rooster BBQ Chicken chains. Both brands were founded in the mid 1970’s and were very successful in their chosen markets, Chicken Treat in WA and Big Rooster in Queensland, NSW and Victoria.

More than 25 years on, Chicken Treat is the largest fast food chain in WA, operating 75 stores across the state and has also expanded into SA (10 stores).

In keeping with this expansion strategy, AFF acquired the Red Rooster business in May 2002, adding 295 stores to its existing structure including a large number of stores that were originally sold to Coles Myer by AFF under the Big Rooster banner. AFF now has a national presence, through the two most successful BBQ chicken brands in Australia, and is among the top four takeaway food companies in the country. AFF employs more than 6,500 staff.

CPHIC holds \$9 million in convertible notes in AFF, the proceeds of which were used by AFF to partly fund the Red Rooster acquisition. Interest is payable on the notes at a pre-determined rate which is currently 12%.

If AFF achieves its internal forecasts then CPHIC, in certain circumstances, would have the ability to convert its holding into approximately 16% of AFF in late 2005.

Update

The company is currently in the process of bedding down the Red Rooster acquisition by improving processes and procedures, marketing initiatives, group synergies and removing the burden of shared service cost allocations previously incurred as a result of being part of the Coles Myer Group.

During July to November 2002, the Red Rooster business was operated on much the same basis as that at the time of acquisition, whilst the focus was on restructuring and integrating the business into the AFF group. Since December, Red Rooster has been incorporated into the group's systems and a number of new marketing initiatives have been introduced. This had a positive impact on the December result, a trend which management believes will continue.

In November 2002 AFF completed the sale and leaseback of a number of its properties through a Westpac property trust raising some \$28 million, completing its property selldown program. The majority of the proceeds of the sale and leaseback were used to retire a substantial portion of the company's bank borrowings in December. Based on the prospectus for this property trust and the financial performance in the year to date it is expected that the EBITDA for the year ended 30th June 2003 will be in the order of \$20 million.

AFF made its inaugural interest payment on the convertible note in December 2002 in respect of the period from note issue (May 2002) to 31 December 2002.

Australian Vinyls Corporation ("AVC")

Business Summary

AVC is the only Australian manufacturer of PVC (Poly Vinyl Chloride). AVC's customers use PVC for the manufacture of pipes for potable water and sewage, electrical cable, flooring, medical products, packaging, stationery, footwear and a myriad of other applications.

In February 2002, CPHIC participated in the management buyout of AVC from Orica Ltd and PolyOne Corporation. CPHIC invested \$7.5 million for a 50% stake in the equity of the holding company, AVC Holdings Pty Limited. At 30 June 2002, AVC had \$22.9 million of debt and a deferred consideration of \$10 million. There are additional payments to the vendors if certain profitability objectives are met. As part of the acquisition the vendors agreed to close down the only other manufacturing plant producing PVC in Australia. Consequently the maximum production capacity of the plant is less than the lowest possible requirement of the Australian market.

Further information about the company is available on its website at www.av.com.au.

Update

As previously reported, AVC's performance under CPHIC and management team ownership was improved as a result of a restructure of the business at the time of acquisition.

The business continues to perform in-line with expectations and is focussed on managing its working capital and driving cash flow in order to continue to pay down the debt raised to fund the acquisition of the business.

The budgeted EBITDA for the year ended 30th June 2003 is approximately \$13 million.

Endeavour HealthCare Limited (“Endeavour”)

Business Summary

Endeavour is an integrated healthcare provider. The company currently has General Practice medical centres in the following states;

- Western Australia ; 21 medical centres providing management and administrative services to around 185 General Practitioners (“GPs”)
- New South Wales : 3 medical centres providing management and administrative services to around 36 GPs
- Victoria: 7 medical centres providing management and administrative services to around 30 GPs.

Endeavour owns and operates the Accord Pathology business in Western Australia and NSW. Endeavour also operates Prime Occupational Health which is based in Perth , Western Australia.

Further information about the company is available on its website at www.endeavourhealthcare.com.au

Update

As previously reported, after not performing to CPHIC’s initial expectations, Endeavour has continued to pursue a number of initiatives to consolidate and improve its medical centre and pathology businesses, which are now beginning to be reflected in its improved financial performance.

The company has performed in-line with budget for the six months to December 2002 and is EBITDA positive. Following the recent divestment of poor performing units, a capital raising from its shareholders in the 2002 fiscal year and a couple of recent small strategic acquisitions, Endeavour’s balance sheet remains in a net cash position.

Endeavour will continue to build an integrated healthcare services business comprising primary care and downstream services such as Pathology and Occupational Health. Improvement in profitability will initially come from continued margin improvement within the existing businesses although Endeavour is now also entering a phase of seeking out opportunities to create new medical centre businesses in WA and NSW.

Future Fibre Technologies Pty Limited (“FFT”)

Business Summary

FFT is an advanced product development company with a focus on fibre optic sensing technology. The company has evolved from an R&D operation into one that is commercialising its technology into three primary products;

- A fully automated perimeter security system that detects intrusions along fences, boundaries or high security areas;
- A pipeline security system that detects and locates, illegal taps or excavations around oil and gas pipelines; and
- An IT security monitoring system which uses existing fibre cable links to provide early warning of tampering or intrusion (ie tapping) into a link

CPHIC has invested less than \$2.5 million in FFT.

Further information about the company is available on its website at www.fft.com.au

Update

The business continues to make significant progress in its objective to fully commercialise its products. The increased focus on security issues since September 11, 2001 by government departments and companies continues, particularly those that have major infrastructure assets (energy plants, water supplies, data centres, airports, railways etc). FFT’s technology is a world leader in the suite of security products required by these organisations.

FFT continues to receive increasing interest in its products, particularly from the United States and throughout Asia and is expecting significant growth in product orders over the next 12 months. FFT has signed up a number of distribution and integration partners around the world to enable FFT to sell its products globally without a commensurate increase in resources for FFT.

FFT has no net debt and is in a healthy financial position.

LISTED INVESTMENTS

Solutions 6 Holdings Ltd (“SOH”)

CPHIC held 17.5 million shares in SOH at 31 December 2002. This represents 6.96% of the issued capital of SOH. Refer to www.solution6.com for a financial update.

QPSX Ltd (“QPX”)

CPHIC held 10.75 million shares in QPX at 31 December 2002. This represents 8.03% of the issued capital of QPX. Refer to www.qpsx.com.au for a financial update.

APPENDIX

CPH INVESTMENT CORP CONSOLIDATED BALANCE SHEET

	31 December 2002 \$ 000's	30 June 2002 \$ 000's
CURRENT ASSETS		
Cash	323,584	390,641
Investments – Listed	79,077	15,887
Receivables	7,850	1,048
	410,511	407,576
NON-CURRENT ASSETS		
Investments – Listed	9,650	14,516
Investments – Unlisted	77,048	102,522
Other	2,732	2,301
	89,430	119,339
TOTAL ASSETS	499,941	526,915
CURRENT LIABILITIES		
Payables	3,768	4,372
Tax Liabilities	3,227	10,059
	6,995	14,431
NON-CURRENT LIABILITIES		
Borrowings	-	29,580
	-	29,580
TOTAL LIABILITIES	6,995	44,011
NET ASSETS	492,946	482,904
UNITHOLDERS' FUNDS		
Units On Issue	425,391	425,391
Reserves	26,419	30,527
Undistributed Income	41,136	26,986
	492,946	482,904
TOTAL UNITHOLDERS' FUNDS	492,946	482,904