



Indigo Pacific Capital Limited
ACN 108 019 263

14 March 2006

The Manager
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Dear Sir,

IMPAIRMENT LOSS

The directors of Indigo Pacific Capital Limited consider it necessary to provide additional information regarding the impairment losses recorded in the financial report for the half-year ended 31 December 2005.

The impairment losses do not indicate any loss of principal, with all projects in which the company has invested remaining on track to return principal in full.

The impairment losses are non-cash adjustments which result from the recently introduced Australian Equivalents to International Financial Reporting Standards ("AIFRS").

AIFRS requires the forecast future cashflows to be generated from the company's mortgage loans to be discounted to their present value using the initial effective interest rate of the loan, with any difference between the discounted present value and carrying value to be recorded as an impairment loss.

Under previous accounting standards, the future cash flows were not discounted.

Yours faithfully
CITY PACIFIC LIMITED

Steve Mackay
Company Secretary