



WHITEFIELD QUARTERLY REPORT

AUGUST 2012

PERFORMANCE SUMMARY

At 30 June 2012

	Last Quarter %	One Year %	Three Years % ***	Ten Years %***
Before Tax Returns				
Total Portfolio	(2.157%)	(0.875%)	7.094%	4.853%
Benchmark*	(0.467%)	3.615%	9.074%	5.941%
After Tax Returns				
Net Asset Backing (pre-tax)** ¹	(2.364%)	(0.682%)	5.106%	3.005%
Net Asset Backing (post-tax)** ²	(1.323%)	1.117%	5.925%	4.651%
Share Price	(0.519%)	2.975%	6.9% ¹	2.479%

* ASX 200 All Industrials (XJIAI) ** Including Dividends *** Annualised

- Investment returns based on net asset backing (pre-tax) represent the investment return prior to any provision for deferred tax benefits or liabilities, but are after the payment of current tax at company rates on income and on realised capital gains.
- Investment returns based on net asset backing (post-tax) represent investment returns after provisions for deferred tax liabilities and benefits, including a provision for capital gains tax should the company's investments be realised in entirety.

FINANCIAL OUTCOMES

	3 Months to 30 June 12	3 Months to 30 June 11	% Change
Investment Revenue	\$2,475,250	\$2,487,465	(0.5%)
Profit Before Tax & Realised Gains	\$2,219,957	\$2,146,911	3.4%
Income Tax Benefit/(Expense)	\$139,255	\$1,892	Large
Profit After Tax before Realised Gains	\$2,080,701	\$2,145,020	(3.0%)
Earnings before Realised Gains Per Share	2.8cps	3.0cps	(8.6%)

RESULTS COMMENTARY

Whitefield reports a net operating profit after tax (before fluctuations in equity values) of \$2,080,701 for the 3 months to 30th June 2012.

Earnings, and earnings per share in this quarter were influenced by both positive and negative influences noted below:

- Underlying dividends and distributions were generally higher across the majority of Whitefield's investments. Notable increases included Mirvac Group, Westpac Banking Group, National Australia Bank, Dexus and ANZ Banking Group;
- A higher percentage of unfranked income relative to franked accompanied by a slight increase in company tax expense;
- Lower operating expenses;
- The merger of Sylvastate into Whitefield in the prior comparative period.

Whitefield would expect the direction of underlying earnings to emerge with greater clarity as the financial year progresses.

Whitefield's investment portfolio returns over the quarter were (2.2%) compared to the returns of the All Industrials Accumulation of (0.5%) and ASX200 Accumulation of (4.7%).

A notable development in the last year has been the divergence between industrial and resource stock performance. Over the last 12 months the ASX200 Industrials Index returned 3.6% and ASX200 Resources Index (28.2%). Whitefield's portfolio consists of stocks purely from within the industrials segment.

Best performing investment holdings for the quarter included Whitefield's positions in News Corporation, Consolidated Media, Telstra, Mirvac Group, Dexus, CSL, Goodman Group, Stockland and Westfield Group.

NET TANGIBLE ASSETS

At 30 June 2012

NTA (post-tax)	\$238.5 million
Shares on Issue	75,777,739
NTA per share (pre-tax)	\$2.93
NTA per share (post-tax)	\$3.15
Share Price	\$2.60
(Discount)/Premium to NTA (pre-tax)	(11.26%)
(Discount)/Premium to NTA (post-tax)	(17.46%)

TOP 20 HOLDINGS

At 30 June 2012

	%	\$'000
Commonwealth Bank Of Australia	10.71%	23,767
Westpac Banking Corporation	8.18%	18,147
ANZ Banking Group Limited	7.47%	16,585
National Australia Bank Limited	6.68%	14,821
Telstra Corporation Limited	4.93%	10,935
Woolworths Limited	4.20%	9,317
Wesfarmers Limited	4.02%	8,932
CSL Limited	3.74%	8,299
QBE Insurance Group Limited	3.24%	7,193
Macquarie Group Limited	3.23%	7,171
AMP Limited	2.93%	6,497
Seven Group Holdings Limited	2.44%	5,417
Crown Limited	2.26%	5,023
Asciano Limited	1.94%	4,305
News Corporation Class A NV	1.66%	3,687
Westfield Group	1.52%	3,365
InvoCare Limited	1.34%	2,968
Suncorp Group Limited	1.26%	2,805
UGL Limited	1.25%	2,802
Brambles Limited	1.15%	2,768

SECTOR BREAKDOWN

At 30 June 2012

	%
Banks	33.55%
Financials Excluding Banks	13.88%
Industrials	13.10%
Consumer Discretionary	9.08%
Consumer Staple	8.71%
Health Care	5.66%
Property	5.63%
Telecommunication Services	5.00%
Materials	3.26%
Utilities	1.33%
Information Technology	0.80%

CHANGES TO INVESTMENT EXPOSURES

Material changes to exposures undertaken by Whitefield during the last quarter involved:

- Acquisitions of Incitec Pivot, Leighton and AGL

OUTLOOK

As we move into the second half of the 2012 calendar year, interest rates in Australia are supportive, housing prices have started to firm, unemployment remains low and capital expenditure works are likely to continue at record levels, notwithstanding some recent deferrals of works.

Against these positives, the Australian dollar remains at high levels, financial asset prices are weak and fears over the economic outlook for Europe and China continue to constrain consumer and business sentiment and spending.

We consider it likely that over future months governments in Europe, Asia and North America will increasingly be forced to embrace growth-oriented policies to reinvigorate economic activity. A significant shift away from restrictive policy settings in China has already started to occur, and the first signs of an escalation in infrastructure and construction development in that country are emerging. Meanwhile governments in the Eurozone and the US are developing the political will to move from an austerity-focussed strategy to one encapsulating both a near term growth agenda as well as longer term fiscal restraint.

Should such supportive policies develop over upcoming months, this has the potential to create a meaningful shift in the outlook for investment markets, with investment flows likely to move away from bonds (which are trading at historically expensive levels), and greater allocations to be applied to cash, property and equity asset classes.

While we harbour some optimism for the outlook in the latter half of 2012 and into 2013, the process of formulating, approving and implementing government policy initiatives in Europe and the US can often be difficult and drawn-out, and the potential for markets to fret in the meantime remains.

OFFER OF CONVERTIBLE RESETTABLE PREFERENCE SHARES [CRPS]

At Whitefield's AGM on 16th July shareholders approved the issue of up to \$30,000,000 CRPS. Ordinary shareholders of the company on 14th June 2012 with a registered address in Australia or New Zealand were provided with a priority to subscribe for up to 50% of the total securities offered. The Offer closed on 1 August 2012.

As a result of the Offer CRPS with an aggregate face value of \$30,000,000 were issued to applicants on 9th August 2012.

Whitefield thanks both existing and new investors for their support on this Offer. While Whitefield has sought to satisfy investor demand as far as possible, the company was required to scale back the allocation of CRPS, and as a consequence some investors were unable to obtain all the CRPS for which they applied.

ANGUS GLUSKIE
CHIEF EXECUTIVE OFFICER



QUARTER ENDED 30 JUNE 2011

TOP 5 CONTRIBUTORS TO PERFORMANCE FOR THE QUARTER

At 30 June 2012

	Portfolio weight	Contribution*
Commonwealth Bank of Aust.	10.71%	0.599
Telstra Corporation Limited	4.93%	0.506
CSL Limited	3.74%	0.341
News Corporation Class A NV	1.66%	0.232
Woolworths Limited	4.20%	0.112

*Contribution = weighted contribution to investment performance

TOP 5 DETRACTORS TO PERFORMANCE FOR THE QUARTER

At 30 June 2012

	Portfolio weight	Contribution*
Seven Group Holdings Limited	2.44%	-0.670
Toll Holdings Limited	0.92%	-0.439
AMP Limited	2.93%	-0.345
Macquarie Group Limited	3.23%	-0.278
Asciano Limited	1.94%	-0.243