

# WHITEFIELD

## QUARTERLY REPORT

QUARTER ENDED 30 SEPTEMBER 2009

### Performance Summary

At 30 September 2009

	Last Quarter %	One Year %	Five Years*** %	Ten Years*** %
Total Portfolio	26.89%	12.20%	(1.57%)	7.62%
Benchmark*	26.07%	8.58%	(0.90%)	7.44%
Net Asset Backing (pre-tax)** <sup>1</sup>	25.25%	14.14%	(3.47%)	4.85%
Net Asset Backing (post-tax)** <sup>2</sup>	17.74%	10.30%	(0.41%)	6.31%
Share Price	33.46%	15.30%	(1.16%)	6.47%

\* 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 capital gains tax on investments which have not been sold at balance date, but are after the payment of tax at company rates on income and on capital gains on investments which have been sold.
- Investment returns based on net asset backing (post-tax) represent the investment return after making a provision for capital gains tax on investments held but not sold, and are after the payment of tax at company rates on income and on capital gains on investments which have been sold.

### Financial Outcomes

	At 30 Sep 09	At 30 Sep 08	% Change
Investment Revenue	4,275,256	7,440,633	(42.5%)
Profit Before Tax & Realised Gains	3,920,756	6,934,955	(43.5%)
Income Tax Benefit/(Expense)	(290,036)	(534,058)	(45.7%)
Profit After Tax before Realised Gains	3,630,720	6,400,897	(43.3%)
Earnings before Realised Gains Per Share	5.5cps	9.3cps	(40.8%)

### Results Commentary

Whitefield reports an operating profit after tax and before realised gains and other movements in equity value of \$3,630,720 for the six months to 30<sup>th</sup> September 2009, representing earnings of 5.48 cents per share. These earnings are 40% below the earnings in the equivalent six months of the prior year.

As anticipated in the Company's Annual Report and 1<sup>st</sup> Quarter Report the fall in earnings reflects the cuts in dividend payments by a large number of companies throughout the Australian market. With underlying economic activity now steadily improving, and the benefits of this likely to progressively translate into profit growth, Whitefield's dividend earnings are expected to increase moderately as we move into 2010.

Notwithstanding the softness in dividend income, the half year was a strong period of outright investment returns for Whitefield. Over the six months to 30<sup>th</sup> September Whitefield's investment portfolio generated a return of 41.93%. This return was 1.5% higher than the All Industrials Accumulation Index return and 6.72% higher than the return of the All Ordinaries Accumulation Index over the same period.

Strongest outcomes during the period were delivered from the Company's investments in Challenger, Asciano, Macquarie Group, Virgin Blue, Brambles, Harvey Norman and Fairfax Media.

### Changes to Investment Exposures

Material transactions undertaken by Whitefield during the last quarter involved:

- Increasing exposure to AMP and ANZ Banking Group.

### Net Tangible Assets

At 30 September 2009

NTA (post-tax)	\$240.3 million
Shares on Issue	65,932,519
NTA per share (pre-tax)	\$3.72
NTA per share (post-tax)	\$3.65
Share Price	\$3.39
(Discount)/Premium to NTA (pre-tax)	(7.12%)
(Discount)/Premium to NTA (post-tax)	(8.87%)

### Top 20 Holdings

At 30 September 2009

	Fund %	\$'000
National Australia Bank Limited	19,653	8.45%
Woolworths Limited	19,150	8.23%
Westpac Banking Corporation	18,776	8.07%
ANZ Banking Group Limited	18,487	7.95%
Macquarie Group Limited	17,973	7.73%
Commonwealth Bank Of Australia	15,761	6.78%
Brambles Limited	11,717	5.04%
Asciano Group Limited	9,465	4.07%
Fairfax Media Limited	8,841	3.80%
Wesfarmers Limited	6,999	3.01%
CSL Limited	6,792	2.92%
Macquarie Infrastructure Group	6,531	2.81%
Toll Holdings Limited	6,392	2.75%
Telstra Limited	5,977	2.57%
News Corp. Class A Non Voting Stock	4,952	2.13%
Seven Network Limited	4,677	2.01%
AMP Limited	4,231	1.82%
Challenger Financial Services Group	3,867	1.66%
Suncorp-Metway Limited	3,643	1.57%
Macquarie Airports	3,588	1.54%

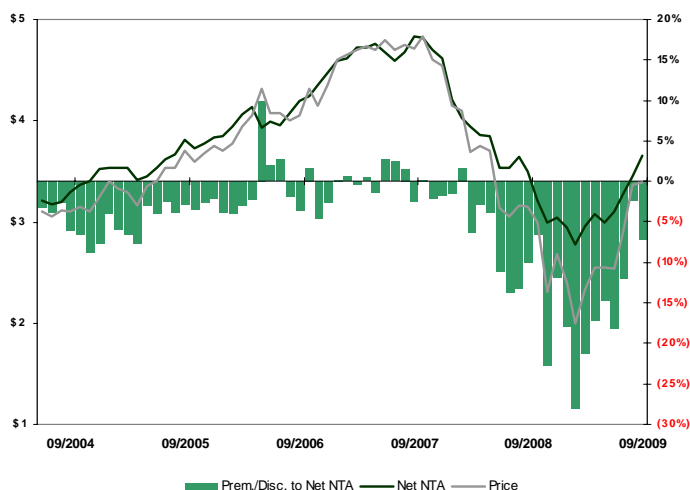
### Sector Breakdown

At 30 September 2009

	Fund %
Banks	31.28%
Financials Excluding Banks	17.44%
Industrials	17.41%
Consumer Discretionary	12.86%
Consumer Staple	11.96%
Health Care	4.88%
Telecommunication Services	2.57%
Information Technology	0.90%
Utilities	0.70%
Materials	0.00%



## Whitefield Ltd Premium Discount to Net NTA and Share Price



## Dividend

Whitefield has declared a fully franked interim dividend of 8.5 cents per ordinary share, in line with the prior year. As previously indicated, Whitefield intends as far as possible to maintain a steady dividend to its own shareholders through this period of earnings softness.

We consider that this consistency of income flow will be appreciated by shareholders.

## Outlook

The resilience in Australian employment over recent months has been a surprising and significant contributor to economic activity. This favourable outcome is attributable in part to the banking sector's willingness to support, rather than foreclose on corporate borrowers, and in part to the agreement of employers and workers to amend work hours rather than layoff staff.

With unemployment remaining below 6%, retail spending has stabilised, housing activity is slowly recovering, and a growing number of companies are restarting their plans for capital expenditure. While activity levels in some small and medium business enterprises still remain weak, the broad economy appears to be moving steadily and surprisingly quickly into recovery.

Short term interest rates are likely to continue to rise over upcoming months as the Reserve Bank restores rates to more normalised levels. In addition, State and Federal Governments will be under increasing pressure to wind back some areas of planned stimulus spending. Importantly at this time the Reserve Bank and the Government are only likely to tighten policy as growth emerges (that is, their actions are not intended to stifle activity).

In general, this outlook is favourable. Many of the risks evident three months ago have dissipated. Nevertheless investors should recognise that some degree of risk remains.

The last 2 years have clearly illustrated that global investment capital is significant in scale and extremely mobile. Markets have moved far further and faster (in both directions) than in many previous slowdowns. The currency movements that have accompanied the movement of capital have also been significant. These extremes of volatility create a difficult environment for operating businesses, financial institutions and investors.

As we move into 2010 our central expectation is that economic activity will steadily improve, and that the earnings of most financial and industrial companies are likely to show solid growth compared to their earnings in the heart of the slowdown during 2008/9. Pockets of significant undervaluation remain within the Australian market, and as investors allocate further capital into these sectors we expect to see continued strength in share market outcomes through the year.

Whitefield expects to pay a final dividend in line with its final dividend for the prior year.

Angus Gluskie  
Chief Executive Officer



## Top 5 Contributors to Performance for the Quarter

At 30 September 2009

	Portfolio weight %	Contribution* %
Macquarie Group Ltd.	7.54%	3.04%
ANZ Banking Group Ltd.	7.76%	2.93%
NAB Limited	8.24%	2.82%
Westpac Banking Corp.	7.88%	2.23%
Commonwealth Bank of Australia	6.61%	2.19%

\*Contribution = weighted contribution to investment performance

## Top 5 Detractors to Performance for the Quarter

At 30 September 2009

	Portfolio weight %	Contribution* %
ASX Limited	0.92%	(0.059%)
Clover Corp. Ltd	0.03%	(0.004%)
ResMed Inc.	1.15%	(0.002%)
Altium Limited	0.19%	0.004%
TabCorp Holdings Ltd	0.23%	0.010%

\*Contribution = weighted contribution to investment performance

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