

# WHITEFIELD

## QUARTERLY REPORT

QUARTER ENDED 30 JUNE 2009

### Performance Summary

At 30 June 2009

	Last Quarter %	One Year %	Five Years*** %	Ten Years*** %
Total Portfolio	11.85%	(13.25%)	3.26%	5.49%
Benchmark*	11.39%	(14.32%)	3.28%	5.12%
Net Asset Backing (pre-tax)**	12.09%	(9.13%)	0.87%	N/A
Net Asset Backing (post-tax)**	7.70%	(7.12%)	3.47%	N/A
Share Price**	12.65%	(13.34%)	0.44%	3.93%

\*ASX 200 All Industrials

\*\* Including Dividends \*\*\*Annualised

### Financial Outcomes

At 30 June 2009

	At 30 June 09	At 30 June 08	% Change
Investment Revenue	2,049,909	3,914,461	(47.6%)
Profit Before Tax & Realised Gains	1,888,755	3,628,154	(47.9%)
Income Tax Benefit/(Expense)	178,482	411,140	(56.6%)
Profit After Tax before Realised Gains	1,710,273	3,217,014	(46.8%)
Earnings before Realised Gains Per Share	2.6cps	4.6cps	(43.9%)

### Results Commentary

Whitefield reports an operating profit after tax, and before realised gains or losses, of \$1,710,273 for the first quarter of its 2010 financial year. This outcome was 47% lower than the first quarter earnings in the prior year. After allowing for changes in share capital across the year, earnings (before realised gains / losses) per ordinary share were 44% lower than for the first quarter in the prior year.

As anticipated in the Company's Annual Report this fall in earnings reflects cuts in dividend payments which have been announced by a moderate number of listed companies in the Australian market in the current downturn. Whitefield's first quarter income is likely to be more heavily impacted by these dividend cuts than other quarters in the financial year, and consequently the fall in earnings in the first quarter is not likely to be representative of the fall across a full twelve month period.

Notwithstanding the falls in income, this was a strong quarter of investment performance for Whitefield. During the quarter Whitefield's investment portfolio generated a return of 11.85%. This return was 0.46% higher than the return of the All Industrials Accumulation Index over the same period.

Whitefield's investment portfolio returns over the last 9 years plus the current year to date now stand at 5.92% per annum (and for a rolling 10 years 5.49%). These returns are 1.75% per annum (and 0.37%pa) respectively higher than the All Industrials Accumulation Index return over the same periods.

Stronger performing investments for the quarter were Whitefield's holdings in Asciano, Macquarie Group, Challenger Group, Macquarie Airports, Macquarie Communications Infrastructure, Brambles and News Corporation all of which generated outcomes significantly higher than the All Industrials Accumulation Index return over the period.

### Changes to Investment Exposures

Material transactions undertaken by Whitefield during the quarter involved:

- Sale of the Company's holding in Macquarie Communications Infrastructure Group subsequent to the receipt of a takeover proposal

### Net Tangible Assets

At 30 June 2009

NTA (post-tax)	\$196.9 million
Shares on Issue	66,396,855
NTA per share (pre-tax)	\$2.97
NTA per share (post-tax)	\$3.10
Share Price	\$2.54
(Discount)/Premium to NTA (pre-tax)	(14.45%)
(Discount)/Premium to NTA (post-tax)	(18.06%)

### Top 20 Holdings

At 30 June 2009

	Fund %	\$'000
Woolworths Limited	14.64%	17,258
Westpac Banking Corp	9.73%	14,484
National Australia Bank	5.81%	13,660
Macquarie Group Limited	5.28%	11,953
Commonwealth Bank	4.82%	11,877
ANZ Banking Group	3.93%	10,898
Brambles Group	3.48%	8,643
CSL Limited	3.37%	6,526
Macquarie Group	3.27%	6,332
Fairfax Media Limited	2.79%	6,289
Telstra Limited	2.79%	6,196
Wesfarmers Limited	2.71%	5,984
Toll Holdings Limited	2.59%	4,684
Asciano Group Limited	2.36%	4,650
News Corp Class A Non Voting	2.09%	4,157
Seven Network Limited	1.80%	3,992
Macquarie Airports	1.75%	2,919
News Corporation Limited	1.61%	2,787
Suncorp-Metway Limited	1.33%	2,749
Resmed Inc	1.17%	2,747

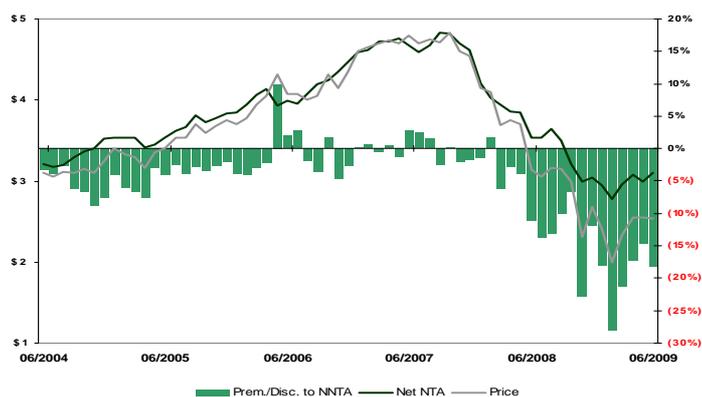
### Sector Breakdown

At 30 June 2009

	Fund %
Banks	26.93%
Industrials	17.40%
Financials Excluding Banks	17.36%
Consumer Staple	13.77%
Consumer Discretionary	13.25%
Healthcare	6.00%
Telecommunication Services	3.43%
Information Technology	0.97%
Utilities	0.88%
Materials	0.00%



## Whitefield Ltd Premium Discount to Net NTA and share price



- Participation in the pro-rata issue and institutional share placement by Asciano, and participation in the institutional share placements by Macquarie Group and ANZ.

## Outlook

We continue to expect the next six months to be characterised by a continued decline in economic fundamentals, notwithstanding improvements in financial conditions. The financial well-being of consumers will suffer as unemployment escalates and retail spending can be expected to weaken accordingly. The profitability of the corporate sector is likely to be extremely poor.

The particular headwinds faced by the corporate sector include:

- Declining retail sales;
- Falls in business to business spending;
- Steadily falling capital expenditure and large levels of excess productive capacity;
- Overall construction activity to remain weak with the benefits of the first home buyers scheme offset by the steady run-off of existing commercial construction works coupled with the significant lack of new construction;
- Costs of finance remaining relatively high and access to finance remaining difficult.

While supportive government spending is welcomed, the benefits of this spending are limited in scale and are likely to emerge over an extended time horizon.

Cuts in official interest rates to date have been positive, however banks have been unable to pass on many of these cuts to consumers. Added to this, long bond rates have risen significantly and rapidly in recent months. Considering these items in aggregate, the usual impetus from monetary policy which is needed to rejuvenate economic activity is far more muted than in many other recessions.

Investors should also remain alert to the fact that the solvency of global financial institutions remains fragile. Rising corporate loan write-offs across the 2010 year will provide a further layer of pressure to banks and financial institutions over upcoming months.

Notwithstanding these difficult conditions, many stocks in the Australian market remain extremely inexpensive relative to their medium and longer term earning potential. In addition as companies recapitalise, and consumers work through the process of adjusting their spending patterns and rebuilding their own personal balance sheets, we steadily move closer to the emergence of a genuine recovery in economic fundamentals.

While we continue to expect the next six months to present many challenges for the corporate sector, we also consider that points of weakness in such an environment are likely to present favourable buying opportunities for longer term investors. Whitefield will continue to monitor market conditions and the risks and opportunities for specific stocks over this period with a view to steadily building its investment portfolio.

We continue to highlight the fall in earnings per share likely to be experienced by Whitefield and many other investment companies across this next year. Notwithstanding this, Whitefield expects that it will continue to maintain its dividend to its own shareholders at the same rate as the prior year. We trust that this consistency of income flow will be of significant benefit to the Company's underlying investors.

Angus Gluskie  
Chief Executive Officer



## Top 5 Contributors to Performance for the Quarter

At 30 June 2009

	Portfolio weight %	Contribution* %
Macquarie Group Limited	5.44%	2.145%
National Australia Bank	7.18%	1.087%
Brambles Limited	4.51%	1.027%
Commonwealth Bank	5.98%	0.722%
Westpac Banking Corp.	7.62%	0.687%

\*Contribution = weighted contribution to investment performance

## Top 5 Detractors to Performance for the Quarter

At 30 June 2009

	Portfolio weight %	Contribution* %
Altium Limited	0.30%	(0.045%)
ResMed Inc.	1.44%	(0.052%)
Tatts Group Limited	0.79%	(0.074%)
AGL Energy	0.93%	(0.096%)
Seven Network Limited	2.32%	(0.213%)

\*Contribution = weighted contribution to investment performance

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