



# WHITEFIELD QUARTERLY REPORT

AUGUST 2011

## PERFORMANCE SUMMARY

At 30 June 2011

	Last Quarter %	One Year %	Three Years % ***	Ten Years %***
<b>Before Tax Returns</b>				
Total Portfolio	(3.519%)	9.767%	2.436%	4.728%
Benchmark*	(2.522%)	9.259%	2.377%	4.936%
<b>After Tax Returns</b>				
Net Asset Backing (pre-tax)** <sup>1</sup>	(4.195%)	8.627%	2.585%	2.905%
Net Asset Backing (post-tax)** <sup>2</sup>	(2.381%)	7.683%	2.977%	4.452%
Share Price	(4.129%)	(1.706%)	0.941%	3.164%

\* 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 11	3 Months to 30 June 10	% Change
Investment Revenue	\$2,487,465	\$1,881,084	32.2%
Profit Before Tax & Realised Gains	\$2,146,911	\$1,679,880	27.8%
Income Tax Benefit/(Expense)	\$1,892	\$75,470	(97.5%)
Profit After Tax before Realised Gains	\$2,145,020	\$1,604,410	33.7%
Earnings before Realised Gains Per Share	3.0cps	2.4cps	24.0%

## RESULTS COMMENTARY

Whitefield is pleased to report a net operating profit after tax (before fluctuations in equity values) of \$2,145,020 for the 3 months to 30 June 2011.

This outcome represents earnings of 3.0 cents per ordinary share, an increase of 24.0% compared to the first quarter earnings in the prior year.

Growth in Whitefield's earnings for the quarter were driven by increases in dividends from investments in ANZ, Westpac, National Aust Bank, Incitec Pivot and Map Airports.

Whitefield's investment portfolio returns over the quarter were (3.519%) compared to the returns of the All Industrials Accumulation of (2.522%). The widespread weakness in share prices across the Australian and international share markets in the quarter reflect global concerns as to the European sovereign debt issues and a slowing in the pace of economic growth in many economies.

Better performing investment holdings for the quarter included Whitefield's positions in Map Airports, Sonic Healthcare, Crown, InvoCare, Seven Group, Telstra, Orica, Woolworths and National Aust Bank.

## NET TANGIBLE ASSETS

At 30 June 2011

NTA (post-tax)	\$260.6 million
Shares on Issue	79,174,900
NTA per share (pre-tax)	\$3.18
NTA per share (post-tax)	\$3.29
Share Price	\$2.70
(Discount)/Premium to NTA (pre-tax)	(15.09%)
(Discount)/Premium to NTA (post-tax)	(17.93%)

## TOP 20 HOLDINGS

At 30 June 2011

	Fund %	\$'000
Commonwealth Bank Of Australia	11.84%	27,745
Westpac Banking Corporation	9.35%	21,920
National Australia Bank Limited	8.66%	20,294
ANZ Banking Group Limited	8.51%	19,959
Wesfarmers Limited	5.34%	12,518
QBE Insurance Group Limited	4.46%	10,448
Woolworths Limited	4.12%	9,647
Telstra Corporation Limited	3.65%	8,564
Macquarie Group Limited	3.06%	7,172
Seven Group Holdings Limited	2.88%	6,740
Asciano Group Limited	2.47%	5,787
News Corporation Class A NV	2.45%	5,753
MAp Group	2.08%	4,867
CSL Limited	1.78%	4,163
AMP Limited	1.50%	3,516
Toll Holdings Limited	1.50%	3,506
Suncorp Group Limited	1.44%	3,380
Brambles Limited	1.44%	3,364
News Corporation Class B	1.32%	3,093
Westfield Group	1.31%	3,067

## SECTOR BREAKDOWN

At 30 June 2011

	Fund %
Banks	38.45%
Financials Excluding Banks	14.42%
Industrials	13.56%
Consumer Discretionary	10.37%
Consumer Staple	9.47%
Health Care	4.09%
Telecommunication Services	3.66%
Materials	3.40%
Utilities	0.72%
Information Technology	0.55%

## CHANGES TO INVESTMENT EXPOSURES

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

- Establishing exposure to InvoCare

## OUTLOOK

Disappointingly, both global and Australian economic conditions have weakened over recent months, a trend which may continue in the near term.

Concerns as to sovereign debt levels in Europe and the US, increasing doubts as to the pace of recovery in those economies, weak investment markets and soft domestic housing prices have all contributed to a high level of caution amongst Australian consumers and businesses. This nervousness has been reflected in unusually soft levels of retail spending.

Weak financial market and lending activity have hindered the finance sector, and the high Australian dollar is continuing to damage the competitiveness of many Australian-based industries.

Looking forward, activity in the Australian economy over the next year will benefit from the high level of expenditure on capital projects planned for late 2011 and 2012, coupled with strong employment and wages growth. These positive contributors are significant. Nevertheless the negative influence of the high Australian dollar, a frustratingly slow recovery in Europe and the United States, and weak asset markets are likely to continue to weigh on the outlook over upcoming months.

The next leg of a more fulsome financial recovery is likely to require Governments in particular in Europe and America not only to bring their debt positions under better control, but importantly to do so while continuing to encourage economic growth. Recent initiatives in Europe have sought to embrace these dual objectives; however we will need to see further developments in this regard over future months.

## WHITEFIELD AND SYLVASTATE MERGER TAXATION

Former Sylvastate investors who now hold Whitefield shares as the result of the Scheme of Arrangement between Whitefield and Sylvastate may wish to refer to the Australian Taxation Office Class Ruling CR2011/51 to obtain guidance on the taxation treatment applicable to their shares.

Some of the more common taxation outcomes addressed in the Ruling are summarised below. As this information is only a partial summary shareholders should not rely on this information alone, and should refer to CR2011/51 or should seek the advice of their tax adviser.

### Capital Proceeds

CR2011/51 confirms that the Capital Proceeds from the deemed disposal of a Sylvastate share under the Scheme will be  $\$3.34178 \times$  the number of Whitefield shares received / the number of Sylvastate shares exchanged.

### Capital Gain and CGT Rollover

Shareholders who held Sylvastate shares which were acquired after 19 September 1985 may make a capital gain if the Capital Proceeds from the deemed disposal of a Sylvastate share are more than the cost base of the Sylvastate Share exchanged under the Scheme. In this situation, a shareholder who is eligible may elect to claim the CGT scrip for scrip rollover. Should they elect to claim the rollover the cost base of the Whitefield shares issued to them under the Scheme will be the cost base of the Sylvastate Shares they replace.

### Capital Loss

Shareholders who acquired (or are deemed to have acquired) their Sylvastate Shares after 19 September 1985 may be entitled to claim a capital loss if the Capital Proceeds from the deemed disposal of a Sylvastate share are less than the reduced cost base of the Sylvastate Share exchanged under the Scheme.

### Cost Base Where Rollover is Not Chosen or Does Not Apply

Where the rollover does not apply (e.g. for those Shareholders making a capital loss, and for Shareholders who choose not use the rollover), the cost base of the Whitefield consideration shares received under the Scheme will be  $\$3.86854 \times$  the number of Sylvastate shares relinquished under the Scheme.

**IMPORTANT NOTE: Each investor's tax situation is different, and investors should seek to confirm the appropriate tax treatment for their circumstances by reference to the Class Ruling and/or their tax adviser.**

ANGUS GLUSKIE  
CHIEF EXECUTIVE OFFICER



## QUARTER ENDED 30 JUNE 2011

### TOP 5 CONTRIBUTORS TO PERFORMANCE FOR THE QUARTER

At 30 June 2011

	Portfolio weight	Contribution*
MAp Group	2.08%	0.261
Seven Group Holdings Limited	2.88%	0.187
National Australia Bank	8.66%	0.162
Woolworths Limited	4.12%	0.129
InvoCare Limited	0.68%	0.077

### TOP 5 DETRACTORS TO PERFORMANCE FOR THE QUARTER

At 30 June 2011

	Portfolio weight	Contribution*
Westpac Banking Corporation	9.35%	(0.504)
ANZ Banking Group	8.51%	(0.429)
Macquarie Group Limited	3.06%	(0.424)
Fairfax Media Limited	1.29%	(0.397)
Toll Holdings Limited	1.50%	(0.318)

\*Contribution = weighted contribution to investment performance