

WESTOZ INVESTMENT COMPANY LIMITED

A.B.N. 99 113 332 942

HALF YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

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CORPORATE DIRECTORY

REGISTERED OFFICE

Level 1, The Ernst & Young Building
11 Mounts Bay Road
PERTH WA 6000

Telephone: (08) 9321 7877
Facsimile: (08) 9321 8288
Website: www.westozfunds.com.au

AUDITORS

Ernst & Young
11 Mounts Bay Road
PERTH WA 6000

BANKERS

Westpac Banking Corporation
109 St George's Terrace
PERTH WA 6000

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

BOARD OF DIRECTORS

Peter Diamond
Non Executive Chairman
Philip Rees
Executive Director, Company Secretary
Jay Hughes
Non Executive Director
Terry Budge
Non Executive Director

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Your Directors submit their report for the half-year ended 31 December 2008.

1. DIRECTORS

The names of the Directors of the Company in office during the financial period and until the date of this report are as follows: -

Peter Diamond
Philip Rees
Jay Hughes
Terry Budge

2. REVIEW AND RESULTS OF OPERATIONS

Highlights of the Company's operations during the six months ended 31 December 2008 are as follows:

- A net loss after tax of \$95,523,244 was recorded for the period. This included realised gains on investments, interest income, dividend income and changes in the fair value of assets held as at 31 December 2008;
- Net tangible asset backing per share at 31 December 2008 was \$0.971 per share. This figure makes allowance for all costs and provision for tax on unrealised investment losses. The figure before allowance for tax credits on unrealised losses was \$0.885 ; and
- 2,884,813 additional shares were issued during the six month period. These shares were issued via dividend reinvestment plan (at \$1.47 per share).

Following the completion of the half-year to 31 December 2008, the Directors remain confident that the Company's objectives will be met over its investment horizon.

3. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

No material matters have occurred since 31 December 2008.

4. AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included on page 4 and forms part of the Westoz Investment Company Limited's Directors' report for the half year ended 31 December 2008.

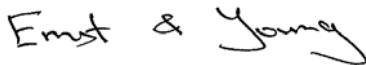
Signed for and on behalf of the Directors in accordance with a resolution of the Board.



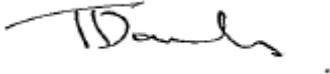
Peter Diamond
Chairman
Dated: 2 February 2009

Auditor's Independence Declaration to the Directors of Westoz Investment Company Limited

In relation to our review of the financial report of Westoz Investment Company Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'T G Dachs'.

T G Dachs
Partner
Perth
2 February 2009

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	31/12/2008 \$	31/12/2007 \$
Revenue from continuing operations			
Interest revenue		1,125,093	673,305
Dividend revenue		2,007,258	1,533,202
Changes in the fair value of investments designated as at fair value through profit or loss	3	-	45,136,062
Other revenue		134,024	-
Total revenue		3,266,375	47,342,569
EXPENSES			
Changes in the fair value of investments designated at fair value through profit or loss	3	139,200,018	-
Managers fees		848,905	7,646,835
Directors fees		27,500	16,500
Professional fees		3,487	19,013
Other expenses		11,481	52,531
Total expenses		140,091,391	7,734,879
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		(136,825,016)	39,607,690
Income tax (credit)/expense		(41,301,772)	11,547,346
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE COMPANY		(95,523,244)	28,060,344
Earnings/(Loss) per share			
- Basic (cents)		(78.4)	27.0
- Diluted (cents)		(78.4)	26.5

**BALANCE SHEET
AT 31 DECEMBER 2008**

	Note	31/12/2008	30/06/2008
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents		41,210,047	19,053,437
Investments in financial assets designated as at fair value through profit or loss:			
- Listed Equities		69,066,444	240,559,979
Other Current Assets		28,085	1,702,892
TOTAL CURRENT ASSETS		<u>110,304,576</u>	<u>261,316,308</u>
NON CURRENT ASSETS			
Deferred Tax Assets		<u>10,572,343</u>	-
TOTAL NON CURRENT ASSETS		<u>10,572,343</u>	-
TOTAL ASSETS		<u>120,876,919</u>	<u>261,316,308</u>
CURRENT LIABILITIES			
Trade and Other Payables		140,980	436,158
Income Tax Payable		1,521,374	6,060,865
Dividend Payable		-	11,983,957
TOTAL CURRENT LIABILITIES		<u>1,662,354</u>	<u>18,480,980</u>
NON -CURRENT LIABILITIES			
Deferred Tax Liabilities		-	<u>32,338,194</u>
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>32,338,194</u>
TOTAL LIABILITIES		<u>1,662,354</u>	<u>50,819,174</u>
NET ASSETS		<u>119,214,565</u>	<u>210,497,134</u>
EQUITY			
Contributed Equity	4	132,153,168	127,912,493
Retained Earnings		<u>(12,938,603)</u>	<u>82,584,641</u>
TOTAL EQUITY		<u>119,214,565</u>	<u>210,497,134</u>

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	31/12/2008	31/12/2007
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		1,125,093	673,305
Dividends received		2,127,258	1,533,202
Payments to suppliers and employees (inclusive of GST)		(1,186,551)	(929,878)
Income tax paid		(6,148,256)	(900,054)
Receipts from customers (inclusive of GST)		1,688,831	721,347
		<hr/>	<hr/>
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(2,393,625)	1,097,922
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments designated as at fair value through profit and loss		48,289,943	105,126,113
Payments for purchases of investments designated as at fair value through profit and loss		(15,996,426)	(107,090,036)
		<hr/>	<hr/>
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		32,293,517	(1,963,923)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		-	47,156
Dividend paid		(7,743,282)	(2,352,032)
		<hr/>	<hr/>
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(7,743,282)	(2,304,876)
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH HELD		22,156,610	(3,170,877)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period		19,053,437	20,767,392
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7	41,210,047	17,596,515
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**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Contributed Equity	Retained Earnings	Total Equity
	\$	\$	\$
At 1 July 2008	127,912,493	82,584,641	210,497,134
Issue of Share Capital	4,240,675	-	4,240,675
Loss for the period	-	(95,523,244)	(95,523,244)
At 31 December 2008	132,153,168	(12,938,603)	119,214,565

	Contributed Equity	Retained Earnings	Total Equity
	\$	\$	\$
At 1 July 2007	106,694,077	29,351,138	136,045,215
Issue of Share Capital	2,808,481	-	2,808,481
Profit for the period	-	28,060,344	28,060,344
At 31 December 2007	109,502,558	57,411,482	166,914,040

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008****1. BASIS OF PREPARATION AND ACCOUNTING POLICIES****Basis of preparation**

This general purpose condensed financial report for the half-year ended 31 December 2008 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2008 and considered together with any public announcements made by Westoz Investment Company Limited during the half-year ended 31 December 2008.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Changes in accounting policy

From 1 July 2008 The Company has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Company.

The following standards and interpretations have been adopted from 1 July 2008:

- AASB 2008-10 *Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)*
- Interpretation 12 and AASB 2007-2 *Service Concession Arrangements* and consequential amendments to other Australian Accounting Standards
- Interpretation 129 *Service Concession Arrangements: Disclosures*
- Interpretation 4 (revised) *Determining whether an arrangement contains a lease*
- Interpretation 13 *Customer Loyalty Programmes*.
- Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The Company has not elected to early adopt any new standards or amendments.

2. SEGMENT INFORMATION*(a) Business Segment*

The Company operated in one business segment during the period as an investment company. The Company considers this business segment to be its primary segment.

(b) Geographic Segment

The Company operated in one geographical segment being Australia.

	31/12/2008	31/12/2007
	\$	\$

3. CHANGES IN FAIR VALUE OF INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Net realised gain on disposal of investments	3,835,106	22,671,057
- listed equities		
Net unrealised gain/(loss) on investments	(143,035,124)	22,465,005
- listed equities		
	(139,200,018)	45,136,062

The main reason for the change in fair values was movement in market prices for listed investments held in the asset portfolio.

4. CONTRIBUTED EQUITY

	31/12/2008		30/06/2008	
	\$		\$	
<i>Ordinary Shares</i>				
(a) 122,724,384 fully paid ordinary shares	132,153,168		127,912,493	
(b) Movements in ordinary shares on issue	Number of Shares	\$	Number of Shares	\$
Beginning of the financial period	119,839,571	127,912,493	102,267,134	106,694,077
Issued during the period				
- Dividend reinvestment plan (i)	2,884,813	4,240,675	2,191,528	2,761,325
- Placements	-	-	4,014	4,817
- Option exercise at \$1.20 per share	-	-	15,376,895	18,452,274
	122,724,384	132,153,168	119,839,571	127,912,493

- (i) Shares were issued pursuant to the Company's dividend reinvestment plan at a price of \$1.47 per share (30/06/2008: \$1.26 per share).

5. CONTINGENT LIABILITIES

The Company has no contingent liabilities at 31 December 2008.

6. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or events have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Company, the results of its operations or the state of affairs of the Company in subsequent financial periods.

7. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of Cash

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

	31/12/2008	31/12/2007
	\$	
Cash at Bank and in hand	41,210,047	17,596,515

8. RELATED PARTY DISCLOSURES

The Directors of Westoz Investment Company Limited during the period were Mr Peter Diamond, Mr Philip Rees, Mr Jay Hughes and Mr Terry Budge. During the half-year ended 31 December 2008, a director fee of \$27,500 (2007: \$16,500) was paid to Mr Terry Budge.

Westoz Funds Management Pty Ltd, a Company of which Messrs Diamond, Rees and Hughes are Directors received management fees from the Company for the management of its assets. A fee of \$848,905 (2007: \$881,835) was charged in the period for these services. No provision was made for payment of a performance fee in the current period (2007: \$6,765,000).

These fees were charged in accordance with a management agreement, the terms of which have been disclosed.

Euroz Securities Limited, a company of which Messrs Diamond and Hughes are Directors received brokerage fees for transactions undertaken by the Company in respect of its investments. An amount of \$145,210 (2007: \$592,672) was paid in the period as brokerage to Euroz Securities Limited.

The above transactions were entered into on normal commercial terms.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Westoz Investment Company Limited, the Directors declare that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2008 and of the performance for the half-year ended on that date of the Company; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'Peter Diamond', written over a horizontal line.

Peter Diamond
Chairman
Dated: 2 February 2009

To the members of Westoz Investment Company Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Westoz Investment Company Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Westoz Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

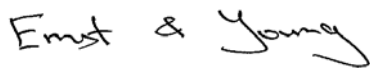
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Westoz Investment Company Limited is not in accordance with the *Corporations Act 2001*, including:

- i giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'T G Dachs'.

T G Dachs
Partner
Perth
2 February 2009