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Carnegie

CARNEGIE CORPORATION LIMITED APPENDIX 4D & INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2008

(previous corresponding period ending on 31 December 2007)

Please find attached Appendix 4D Preliminary Final Report as required pursuant to Listing Rule 4.2A.

Please note that this report has been prepared based upon reviewed financial information for the six months ended 31 December 2008.

APPENDIX 4D

Australian Securities Exchange Half-Year Report

Name of Entity	Carnegie Corporation Limited
ABN	69 009 237 736
Reporting Period	31 December 2008
Previous Corresponding Reporting Period	31 December 2007

Results for Announcement to the Market

	\$	Percentage increase / (decrease) over previous corresponding period
Revenue from Ordinary activities	145,494	50.11%
Profit / (loss) from ordinary activities after tax attributable to members	(5,959,362)	32.85%
Net profit / (loss) for the period attributable to members	(5,959,362)	32.85%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	nil	n/a
Interim Dividend	nil	n/a
Record date for determining entitlements to the dividends (if any)	n/a	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
<p>The directors of Carnegie Corporation do not intend to declare a dividend as no profit was made during the period ended 31st December 2008.</p>		

Dividends

Date the dividend is payable	n/a
Record date to determine entitlement to the dividend	n/a
Amount per security	n/a
Total Dividend	Nil
Amount per security of foreign sourced dividend or distribution	n/a
Details of any dividend reinvestment plans in operation	There is no dividend reinvestment plan at the moment.
The last date for receipt of an election notice for participation in any dividend reinvestment plans	n/a

Net Tangible Asset Backing

	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security (cents per share)	0.58 cents	3.43 cents

Control Gained over Entities having a Material Effect

Name of Entity (or group of entities)	n/a
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Loss of Control of Entities having a Material Effect

Name of Entity (or group of entities)	Carnegie Minerals Plc
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Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit/(Loss)	
	Current Period	Previous Period	Current Period	Previous Period
Beacon Hill Resources PLC (formerly Carnegie Minerals Plc)	20.03%	45.41%	n/a	(953,246)
New Millennium Engineering Pty Ltd	100%	100%	-	(212)
Carnegie Recreational Watercraft Pty Ltd	100%	100%	-	-
CMA Nominees Pty Ltd	100%	100%	-	-

Foreign Entities Accounting Framework

n/a

Audit/Review Status

This report is based on accounts to which one of the following applies: (Mark with "YES" or "NO")			
The accounts have been audited	NO	The accounts have been subject to review	Yes
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
Not Applicable			



Print name: GRANT J. MOONEY

Company Secretary

Date: 27 February 2009

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CARNEGIE CORPORATION LTD
ABN 69 009 237 736
AND CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

CARNEGIE CORPORATION LTD

ABN 69 009 237 736

AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors submit the financial report of Carnegie Corporation Limited and its controlled entities (the consolidated entity) for the half-year ended 31 December 2008.

Directors

The names of directors who held office during or since the end of the half-year:

Alan Robert Burns

Dr Michael Edward Ottaviano

Bruce William McLeod

Ian Charles Fisher

Grant Jonathan Mooney

Mike Proffitt

Appointed 12th December 2008

Directors were in office for the entire period and up to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the consolidated entity during the half year were the development of clean energy technologies particularly the development and commercialisation of the CETO Wave Energy Technology. For further information in relation to the activities of the consolidated entity, please refer to review of operations.

Operating Results

The consolidated loss attributable to members of the parent entity for the half year ended 31 December 2008 after income tax was (\$5,959,362) (2007: \$8,874,134 loss).

Review of Operations

During the period to 31 December 2008, the economic entity focused its efforts on both the continued development of the CETO Wave Technology and on developing commercial opportunities for the deployment of CETO wave power projects.

CETO Wave Energy Technology

During the period, Carnegie undertook the final operating and testing activities associated with the commercial design, pilot scale CETO unit ("CETO 2") at its Wave Energy Research Facility at Fremantle, Western Australia. Design advancement continued through in-sea testing, computational analysis and onshore testing. This was done by utilising the data generated through the purposely designed instrumentation which was then recorded and displayed on the programmed logic control system (PLC).

Sufficient information was collected from the CETO 2 pilot plant to allow design work on the project scale commercial CETO unit ("CETO 3") to commence. Data collection, compilation and analysis are ongoing and results have consolidated the initial preliminary successful results. CETO 3 design is progressing well with testing programs of individual components underway.

Deployment and testing of CETO 2 units will continue on an ongoing basis in parallel with CETO 3 work in order to test design improvements and to collect reliability data. The CETO technology remains on track for the deployment of a project-scale CETO 3 unit at a deepwater test site in 2009 in parallel with the ongoing commercial demonstration project site activities.

CARNEGIE CORPORATION LTD

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Commercial Wave Developments

Carnegie continues to investigate a number of prospective sites across Australia and internationally for the commercial deployment of CETO Wave Energy Farms. Current options for commercial wave sites are,

- Albany, Western Australia, where Carnegie has an offshore seabed license for the investigation of a wave energy project and life-of-project option to lease. Carnegie has also been granted an option over the adjacent onshore coastal site. The Albany site is connectible into the South-West Interconnect System.
- Garden Island, Western Australia, where Carnegie announced the signing of a Memorandum of Understanding ("MoU") with the Australian Government's Department of Defence to investigate the feasibility of a wave energy facility at Garden Island for the supply of electricity and/or desalinated water to HMAS Stirling Naval Base located on the Island. The Garden Island site is connectible into the South-West Interconnect System.
- Port Macdonell, South Australia, where Carnegie has a license for investigation of a wave energy project and ability to be granted a life-of-project lease. The Port Macdonell site is connectible into the National Electricity Market.

Additionally, Carnegie has signed a MoU with the Electricity Retail Corporation (Synergy), Western Australia's largest energy retailer. The MoU is the initial step in Carnegie and Synergy agreeing to the purchase of electricity from the first stage of a wave energy project in the south-west of Western Australia.

The preliminary design for Stage 1 of the Commercial Demonstration project was also completed during the quarter and was carried out by leading engineering firm GHD.

Carnegie is also shortlisted to continue to the next stage of the contracts establishment process for the supply of Tranche 2 Renewable Energy to the Southern Seawater Desalination Plant ("SSDP") in Western Australia. It expects to receive notification of the outcome of this decision in the near future.

On 20 February 2009, it was announced that Carnegie was successful in its application for funding under the Western Australian ("WA") Government's Low Emission Energy Development Fund ("LEED"). The WA Government will grant Carnegie \$12.5 million from the LEED fund. Details of the contracts are still to be finalised.

The Federal Government's fast-tracked \$435 million Renewable Energy Development Fund was officially launched at Carnegie's Wave Energy Facility in Fremantle by the Federal Energy Minister Martin Ferguson. Carnegie will submit an application under the Renewable Energy Demonstration Program ("REDP") for its Commercial Demonstration project.

In September 2008, Carnegie released the results of an independent preliminary environmental report carried out on its offshore and onshore Albany license area. The report concluded that based on the available information, "it appears unlikely that there would be any fatal flaws in the proposed development due to environmental considerations." Further site specific project surveys will be undertaken to inform site feasibility studies sufficient in rigour to meet Environmental Protection Authority ("EPA") Guidance requirements.

During the period, Carnegie received the results of an independent report it commissioned into Australia's wave energy resource. The report carried out by globally recognised ocean resource specialists RPS MetOcean found that at least 35% of Australia's current baseload power needs could be economically generated from waves. It estimated that Australia has an estimated near-shore (25m depth) wave energy resource of 170,000MW, approximately four times the national total installed power generation capacity, and an estimated deep water wave energy resource of 500,000MW more than 10 times the national installed capacity.

Carnegie is using the RPS study to further inform commercial CETO site selection, which will be followed by more detailed site-specific modelling to determine the design and construction of any commercial wave energy generation site.

CARNEGIE CORPORATION LTD

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Emerging Clean Technologies

Carnegie's Board of Directors continues to adopt a strategy of spending only the minimum required to fast track these projects through to concept validation and to focus the vast majority of the Company's efforts and funds on the CETO technology and project development.

Corporate

Carnegie has now substantially completed its financial obligations under the CETO Technology Development Licence Agreement. The continued project funding from February 1, 2009 through to project scale, commercial CETO unit demonstration will be carried by its Northern Hemisphere development partner, Renewable Energy Holdings Plc ("REH"). This significantly reduces Carnegie's cash burn rate and provides initial matched funding for a Government Grant.

In December 2008, the Company advised that it had successfully raised \$1.18 million through a Share Purchase Plan ("SPP") to existing shareholders and a share placement to REH. Carnegie also welcomed onto its Board of Directors, REH's Chief Executive Officer, Mike Proffitt.

In September 2008, the Company advised that it has disposed of its 2.86% shareholding in Renewable Energy Holdings PLC for A\$1.5 million. These funds are being applied towards further development of the CETO Wave Energy project and working capital purposes.

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CARNEGIE CORPORATION LTD

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AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Ian Fisher', is written over a light grey rectangular background.

Ian Fisher
DIRECTOR

Dated this 27th day of February 2009

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AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Carnegie Corporation Limited and its Controlled Entities for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL
Principal

Perth, WA

Dated this 27th day of February 2009

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CARNEGIE CORPORATION LTD**ABN 69 009 237 736****AND CONTROLLED ENTITIES****CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Consolidated Group	
	31.12.2008	31.12.2007
	\$	\$
Other Income	145,494	96,924
(Loss) on disposal of available for sale financial assets	(750,076)	-
Impairment of property, plant and equipment	(25,228)	-
Employee benefits expense	(169,259)	(271,324)
Depreciation expense	(97,946)	(16,007)
Occupancy expenses	(180,544)	(33,312)
Consultancy expenses	(138,082)	(82,016)
Research and development expenses	(3,952,804)	(2,155,566)
Directors fees	(407,223)	(332,231)
Share based payments	(118,556)	(4,514,000)
Movement in cash settled share based payments liability	319,724	-
Company secretarial expenses	(48,000)	(60,663)
Share of net loss in associate	-	(953,246)
Administrative expenses	(435,651)	(406,340)
Other expenses from ordinary activities	(26,879)	(181,495)
Loss before income tax	(5,885,030)	(8,909,276)
Income tax benefit/(loss)	(74,332)	35,142
Loss for the period	(5,959,362)	(8,874,134)
Loss attributable to members of the parent entity	(5,959,362)	(8,874,134)
Overall Operations:		
Basic loss per share (cents per share)	(1.310)	(2.646)
Diluted loss per share (cents per share)	(1.310)	(2.646)

The accompanying notes form part of these financial statements.

CARNEGIE CORPORATION LTD

ABN 69 009 237 736

AND CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Consolidated Group	
	31.12.2008	30.06.2008
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,640,353	6,055,447
Trade and other receivables	33,230	191,761
TOTAL CURRENT ASSETS	<u>2,673,583</u>	<u>6,247,208</u>
NON-CURRENT ASSETS		
Trade and other receivables	1,050	1,050
Available for sale financial assets	16,333	1,988,394
Property, plant and equipment	919,040	906,853
Deferred Tax Assets	214,333	288,665
TOTAL NON-CURRENT ASSETS	<u>1,150,756</u>	<u>3,184,962</u>
TOTAL ASSETS	<u>3,824,339</u>	<u>9,432,170</u>
CURRENT LIABILITIES		
Trade and other payables	724,682	1,490,826
Short term provisions	299,332	161,135
TOTAL CURRENT LIABILITIES	<u>1,024,014</u>	<u>1,651,961</u>
NON-CURRENT LIABILITIES		
Long term provisions	117,245	654,934
TOTAL NON-CURRENT LIABILITIES	<u>117,245</u>	<u>654,934</u>
TOTAL LIABILITIES	<u>1,141,259</u>	<u>2,306,895</u>
NET ASSETS	<u>2,683,080</u>	<u>7,125,275</u>
EQUITY		
Contributed equity	32,953,497	31,817,350
Reserves	4,812,894	4,431,874
Accumulated losses	(35,083,311)	(29,123,949)
TOTAL EQUITY	<u>2,683,080</u>	<u>7,125,275</u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Consolidated Group	Note	Share Capital			Financial Asset Reserve	Total
		Ordinary	Accumulated Losses	Option Reserve		
Balance at 1.7.2007		15,107,550	(10,195,585)	36,362	(69,653)	4,878,674
Share issue net of transaction costs		14,347,300	-	-	-	14,347,300
Increase in option reserve due to issue of share based payments to directors		-	-	4,514,000	-	4,514,000
Revaluation increment		-	-	-	352,486	352,486
Loss attributable to members of parent entity		-	(8,874,134)	-	-	(8,874,134)
Balance at 31.12.2007		29,454,850	(19,069,719)	4,550,362	282,833	15,218,326
Balance at 1.7.2008		31,817,350	(29,123,949)	4,695,857	(263,983)	7,125,275
Share issue net of transaction costs		1,136,147	-	-	-	1,136,147
Adjustments due to sale of available for sale financial assets		-	-	-	267,743	267,743
Increase in option reserve due to issue of share based payments to employees		-	-	118,557	-	118,557
Revaluation increment		-	-	-	(5,280)	(5,280)
Loss attributable to members of parent entity		-	(5,959,362)	-	-	(5,959,362)
Balance at 31.12.2008		32,953,497	(35,083,311)	4,814,414	(1,520)	2,683,080

The accompanying notes form part of these financial statements.

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

	Consolidated Group	
	31.12.2008	31.12.2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	120,155	92,097
Payments to suppliers and employees	(2,093,016)	(1,303,671)
Payments for research and development	(3,952,804)	(2,155,566)
Receipts from customers	25,339	4,828
	<hr/>	<hr/>
Net cash (used in) operating activities	(5,900,326)	(3,362,312)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available for sale financial assets	1,484,447	-
Purchase of property, plant and equipment	(135,361)	(210,336)
Purchase of available for sale financial assets	-	(243,933)
	<hr/>	<hr/>
Net cash provided by / (used in) investing activities	1,349,086	(454,269)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from the issue of shares	1,136,146	14,347,300
Proceeds from borrowings	-	350,000
Payments under hire purchase agreements	-	-
	<hr/>	<hr/>
Net cash provided by financing activities	1,136,146	14,697,300
	<hr/>	<hr/>
Net (decrease)/ increase in cash held	(3,415,094)	10,880,719
Cash at beginning of the half year	6,055,447	714,145
	<hr/>	<hr/>
Cash at end of the half year	2,640,353	11,594,864
	<hr/>	<hr/>

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CARNEGIE CORPORATION LTD

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AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Carnegie Corporation Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will be able to meet its commitments, realise its assets and discharge its liabilities in the ordinary course of the business. This status is dependent upon the company being able to obtain additional funding via capital raising. The Directors continue to review funding alternatives that will provide additional capital to meet the Company's ongoing cash requirements. Subsequent to the end of the period, the Western Australian state government has agreed to provide funding towards the CETO Wave Energy Project totaling \$12.5 million. Part of this funding is expected to be received in the 2009 calendar year.

If this does not occur, the going concern basis may not be appropriate and the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowances for such circumstances have been made in the financial report.

NOTE 2: LOSS FOR THE PERIOD

	Consolidated Group	
	31.12.2008	31.12.2007
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Share based payment expense	(118,556)	(4,514,000)
Movement in cash settled share based payments liability	319,724	-
(Loss) on disposal of available for sale financial assets	(750,076)	-
	-	-

NOTE 3: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 4: SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 31 December 2008:

On 23 January 2006, there were 4,100,000 options issued to Dr Michael Ottaviano. He is entitled to acquire vested share options for \$0.033, \$0.036 and \$0.039 that are exercisable in tranches from 23 January 2006, 23 January 2007 and 23 January 2008 respectively. The options are not issued based on performance criteria, but are issued to increase goal congruence between executives and shareholders. Please review 30 June 2008 Annual Report for more details on these options. All 4,100,000 options were exercised by Dr Michael Ottaviano on the 23rd January 2009.

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AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 4: SHARE-BASED PAYMENTS (CONT'D)

On 9 November 2007, 30,000,000 share options were each granted to Alan Burns and Dr Michael Ottaviano. They are entitled to acquire vested share options for \$0.20, \$0.30 and \$0.40 that are exercisable from 9 November 2007 and expire on 9 November 2010. At balance date, no share option has been exercised. The options are not issued based on performance criteria, but are issued to increase goal congruence between executives and shareholders.

On 11 January 2008 and 21 May 2008, there were 3,000,000 and 1,000,000 employee options issued via the employee incentive option scheme all of which do not vest until 11 January 2010. The options are not issued based on performance criteria, but are issued to increase goal congruence between executives and shareholders. On 19 December 2008, 1,000,000 options were cancelled.

	Consolidated Group	
	Number of options	Weighted Average Exercise Price
		\$
Outstanding options at 1 July 2008	68,100,000	0.2912
Granted	-	-
Forfeited	1,000,000	0.42
Exercised	-	-
Expired	-	-
Outstanding at 31 December 2008	67,100,000	0.2892
Exercisable at 31 December 2008	64,100,000	0.2831

There were no options exercised during the period ended 31 December 2008. The options outstanding at 31 December 2008 had a weighted average exercise price of \$0.2892 and a weighted average remaining contractual life of 1.76 years. Exercise prices range from \$0.033 to \$0.42 in respect to options outstanding at 31 December 2008.

The value of the individual options were calculated by using Black Scholes option pricing model applying the following inputs:

	Dr Michael Ottaviano	Dr Michael Ottaviano	Alan Burns	Employee Options
Weighted average exercise price \$	0.036	0.30	0.30	0.42
Weighted average life of option	3 years	3 years	3 years	2 years
Underlying share price \$	0.028	0.17	0.17	0.29
Expected share prices volatility	75%	82.1%	82.1%	101%
Risk free rate	5.75%	6.44%	6.44%	6.57%

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

1. On 19 January 2009, the economic entity announced the signing of a Memorandum of Understanding (MoU) with the Australian Government's Department of Defence. This MoU allows Carnegie and the Department of Defence to investigate the feasibility of a wave energy facility at Garden Island, in Western Australia.
2. On 22 January 2009, the economic entity announced that as a result of substantially meeting its financial obligations under the CETO Technology License Agreement, Renewable Energy Holdings (REH) will be funding the CETO Technology through to the completion of the commercial scale unit demonstration.
3. On 23 January 2009, Dr Michael Ottaviano exercised 4,100,000 options into ordinary fully paid shares for a consideration of \$147,600. The options were issued on 23 January 2006 and were not issued based on performance criteria, but were issued to increase goal congruence between executives and shareholders.
4. On 20 February 2009, the economic entity announced that the Western Australian Government will grant Carnegie Corporation \$12.5 million from the State's Low Emissions Energy Development fund. Details of the contracts are still to be finalised.

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CARNEGIE CORPORATION LTD

ABN 69 009 237 736

AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 13:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b. give a true and fair view of the economic entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Ian Fisher

DIRECTOR

Dated this 27th day of February 2009

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CARNEGIE CORPORATION LIMITED AND ITS CONTROLLED ENTITIES**

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Carnegie Corporation Limited and its Controlled Entities (the consolidated entity), 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, statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity 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 designing, implementing and maintaining internal control 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 the Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report 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 consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with the Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Carnegie Corporation Limited and its Controlled Entities, 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 complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carnegie Corporation Limited and its Controlled Entities is not in accordance with the Corporations Act 2001, including:

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

WHK HORWATH PERTH AUDIT PARTNERSHIP



CYRUS PATELL
Principal

Perth, WA
Dated this 27th day of February 2009