WHK MARKET UPDATE for 21 December 2010

This publication is issued as a general market update to our valued clients and we have therefore not taken into account your individual investment objectives, financial situation and particular needs. Before making an investment decision on the basis of this update, we recommend you contact us to seek individual specific advice to ensure your investment objectives, financial situation and particular needs are met.

Market Summary

Yesterday the Australian market was positive through until the lunch period when the market dropped off on response to the issues on the Korean Peninsular. Asian stock markets ended mostly lower after a volatile session that was dominated by Korean geopolitical tensions, although most stocks ended well above their lows. European stocks rose on Monday, with the Italian market posting particularly strong gains, while airlines and retailers fell on fears of lost business caused by the severe wintry weather. In the US, the broad market ticked higher on
Monday. Energy stocks rose, as colder weather helped boost crude-oil prices to settle at nearly $89 a barrel. Chevron gained 1.1%, while Exxon added 0.3%.

This morning we can expect another quiet session on the Australian markets with many participants on holidays. The SPI Futures are 24 points higher with Asian futures markets also positive.

Australian Company & Economic Reports

Lend Lease (LLC) announced a deal to acquire Valemus the Australian division of Bilfinger Berger the German services company. The cost was $960m and will be funded by cash and a $225m debt facility. The deal will be 15% accretive to earnings in the first year. Gearing after the deal for LLC will be 5.8% which continues to follow LLC's conservative profile. LLC closed at $8.26.

Australia & New Zealand Banking Group (ANZ) has named receivers to help recover debts from Burrup Fertilisers Pty Ltd, which operates a fertiliser plant in Western Australia's Pilbara region. The bank has about $800m in loans to the Indian-based Oswal Group Global, which owns 65% of Burrup Fertiliser's parent Burrup Holdings, a person familiar with the situation said. ANZ said in a statement late Friday that it expects to recover all of the funds, which are secured by the lucrative Burrup liquid ammonia plant on the Burrup Peninsula near Karratha as well as the Oswal Group's shares in Burrup Holdings. ANZ declined 31 cents (1.31%) to $23.28.

Ramsay Health Care (RHC) announced that, based on unaudited internal management accounts for the 5 months ended 30 November 2010, its first half core NPAT result for the 6 months ended 31 December 2010 is likely to be 26 - 28% higher than the corresponding period in the previous year. The strong core NPAT growth in this period is a result of better than expected performance in the Australian business, brownfield ramp up, slightly better

than expected results from the UK business (which has performed well despite a weak UK economy) and interest costs having been lower than originally expected as a result of lower than anticipated interest rate rises coupled with more effective capital management. As a result, the core NPAT growth of the Group for the full 2011 fiscal year is, barring unforeseen circumstances, expected to be in the range of 22-24%, which compares to earlier core NPAT guidance of
13-15% growth over the prior year. This upgraded core NPAT guidance of 22-24% growth would translate into core EPS growth of 18- 20% for fiscal 2011. RHC rose 76 cents (4.57%) to $17.40.

Perpetual (PPT) and U.S.-based private equity firm Kohlberg Kravis Roberts & Co ended takeover talks after failing to reach a deal. Separately, Perpetual said it expects to appoint a new chief executive soon and reaffirmed profit guidance for underlying after-tax profit of $35m-$40m for the six months to Dec. 31. The funds manager has been in management limbo since Perpetual chief executive David Deverall resigned in June. He did promise to stay on as long as March 31, 2011, or until a replacement is appointed. PPT slid $5.47 (14.78%) to $31.54.

International Market Report

The Dow Jones Industrial Average dropped 13.8 points (0.12%) to 11,478.1. The Nasdaq Composite improved 6.6 points (0.25%) to 2,649.6, while the Standard & Poor's 500-stock index increased 3.2 points (0.25%) to 1,247.1 Stocks bounced between negative and positive territory, settling into modest gains in late afternoon trading. Last week, the Dow added 0.7% to cap its third straight week of gains. The measure has already climbed more than 10% so far this year. Encouraged by recent US economic data, investors predicted the muted climb would likely continue through the end of the year. However, trading volume is likely to thin during the holiday-shortened week, which could exaggerate any market moves.

The Stoxx Europe 600 index advanced 0.7% to end at 278.38 points. The benchmark finished last week little changed. In Italy, the FTSE MIB index rose 1.5%, led by a 5.6% rally for shares of Banco Popolare. The German DAX 30 index rose 0.5% to end at 7,018.60. Retailers in London also posted losses in the biggest shopping week of the year for the sector. Next PLC slipped 0.9% and Marks & Spencer Group PLC was off 0.7%. The FTSE 100 index ended up 0.3% at 5,891.61, with shares of oil and gas facilities provider Petrofac Ltd. up 2.5%
after it released a bullish trading statement on Friday.

Japan's Nikkei Stock Average declined 0.8% and Hong Kong's Hang Seng Index fell 0.3%. The Shanghai Composite, which skidded more than 3% earlier in the day, finished 1.4% lower.

Base metals on the LME finished mixed. Aluminium rose $43 (1.84%) to $2,378 while copper firmed $91 (1.00%) to $9,201 and nickel fell $375 (1.50%) to $24,550. Zinc weakened $16 (0.69%) to $2,289 and lead added $15 (0.62%) to $2,440. Comex copper was last quoted at 420.15 US cents per pound. Gold futures closed higher, extending gains into a second day as investors bought precious metals as a hedge against simmering North and South Korean political tensions and worries about the European sovereign debt situation. Spot gold was last quoted at $1,383.86. Comex gold futures increased $6.90 (0.50%) to $1,386.10. Spot silver was last quoted at $29.38. Crude rose on Monday, buoyed by cold weather and the perception that the US economy remains on the mend. West Texas Intermediate was last quoted at US$88.90 per barrel.

Please call Chris DiMattina or Damien Smith on 1300 135 543 if you would like to discuss any of the above.

Please note: WHK new address is Level 17, 181 William Street, Melbourne VIC 3000. Our main contact number has also changed to 03 9258 6700.