



# Carnegie

## **CARNEGIE CORPORATION LIMITED APPENDIX 4D & INTERIM FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2007**

(previous corresponding period ending on 31 December 2006)

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 audited financial information for the six months ended 31 December 2007.

# APPENDIX 4D

## Australian Securities Exchange Half-Year Report

<b>Name of Entity</b>	Carnegie Corporation Limited
<b>ABN</b>	69 009 237 736
<b>Reporting Period</b>	31 December 2007
<b>Previous Corresponding Reporting Period</b>	31 December 2006

### Results for Announcement to the Market

	\$	Percentage increase / (decrease) over previous corresponding period
<b>Revenue from Ordinary activities</b>	96,924	221%
<b>Profit / (loss) from ordinary activities after tax attributable to members</b>	(8,874,134)	(316)%
<b>Net profit / (loss) for the period attributable to members</b>	(8,874,134)	(316)%
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	nil	n/a
<b>Interim Dividend</b>	nil	n/a
<b>Record date for determining entitlements to the dividends (if any)</b>	n/a	
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>		
<p>The directors of Carnegie Corporation do not intend to declare a dividend as no profit was made during the period ended 31<sup>st</sup> December 2007.</p>		

### Dividends

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

### Net Tangible Asset Backing

	Current Period	Previous Corresponding Period
<b>Net tangible asset backing per ordinary security (cents per share)</b>	3.43 cents	1.81 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)	n/a
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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
Carnegie Minerals Plc	45.41%	45.41%	(953,246)	(697,829)

**Foreign Entities Accounting Framework**

Carnegie Minerals Plc is listed on the "AIM" in London and the accounting standards used are based on International Financial Reporting Standards ("IFRS").

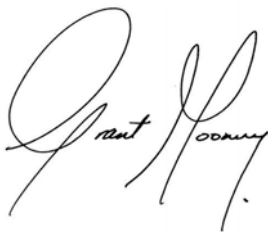
**Audit/Review Status**

This report is based on accounts to which one of the following applies: (Mark with "YES" or "NO")

The accounts have been audited	Yes	The accounts have been subject to review	NO
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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: 26 February 2008

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**CARNEGIE CORPORATION LTD**  
**ABN 69 009 237 736**  
**AND CONTROLLED ENTITIES**

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**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

**CARNEGIE CORPORATION LTD**

**ABN 69 009 237 736**

**AND CONTROLLED ENTITIES**

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**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 2007.

**Directors**

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

Alan Robert Burns

Dr Michael Edward Ottaviano

Alan Gerard Hopkins                      Resigned 19<sup>th</sup> February 2008

Bruce William McLeod

Ian Charles Fisher

Grant Jonathan Mooney                  Appointed 19<sup>th</sup> February 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 financial year were the development of clean energy technologies culminating in the acquisition of the CETO Technology rights for the Southern Hemisphere. 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 2007 after income tax was (\$8,874,134) (2006: \$2,134,372 loss).

**Review of Operations**

During the period to 31 December 2007, the economic entity continued to focus its efforts on the continued development of its existing projects and expanding its exposure to the rapidly growing clean technology sector.

CETO Wave Energy Technology

Work on the development of the CETO Wave Energy technology progressed well and according to plan during the period. In January, Carnegie announced the successful deployment and initial operation of the first CETO 2 Wave Energy prototype off its CETO test site at Fremantle in Western Australia.

This significant technical milestone proved the CETO 2 design in real ocean conditions and cleared the way for further deployment of units off Fremantle for performance monitoring and design development in varying sea states.”

The manufacture and pre-deployment testing of the first CETO 2 unit took place in Perth over the last months of 2007. Deployment of the unit was carried out in January 2008. High pressure piping was connected as part of the process and water is now being delivered back to the onshore Fremantle facility.

The deployment of the CETO 2 unit followed on from successful onshore tests in the purpose-built test rig in the last months of 2007. The test rig mimics the stroke movement that the CETO pump unit undergoes when in the ocean. It accommodates two pumps and is able to be used for proof-of-concept pump testing, pre-deployment performance testing and component life and reliability testing.

## CARNEGIE CORPORATION LTD

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### AND CONTROLLED ENTITIES

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#### DIRECTORS' REPORT

The latter encompasses the ability to carry out accelerated life component testing in parallel with in-sea trials. Test results included sustained achievement of pressures in excess of 6800kPa (approximately 1000psi) the pressure required for reverse osmosis desalination.

Prior to the onshore testing of the CETO pumping system, preliminary in-sea trials were carried out on buoyant actuators attached to load cells. This test program allowed the real forces attracted by the buoyant actuators whilst in operation to be measured in real-time and compared back to the sophisticated computational models developed in-house by the CETO development team. Results showed exceptional correlation between the real forces measured and those predicted by the models, validating the CETO design and allowing the project to move forward with testing and deployment of CETO 2 units.

#### Development of Cleaner Coal Power Technology

Physical testing at Carnegie's CCP prototype test centre continues according to plan. This is in conjunction with virtual testing using Computational Fluid Dynamic modelling. The results of the current tests showed significant improvements in the stability of the CCP steam generation unit. Work on the manufacture and installation of the CCP steam generation PLC control system is now well advanced and is scheduled for commissioning in the first quarter of 2008.

Additionally, to advance the next phase of prototype development, resourcing activities for the recruitment of further specialists skilled in combustion and turbine development are progressing. The CCP development program is on schedule and will see a decision on the preferred steam generation and turbine designs in 2008 and continued progress on the longer term goal of having a full-scale demonstration prototype operating within 3 years.

#### Carnegie Minerals PLC Activities

Carnegie spun off its mineral sands assets into the AIM-listed Carnegie Minerals Plc in August 2006 in order to concentrate on its clean energy activities. It currently retains a 45.41% interest in Carnegie Minerals which has projects in The Gambia and Senegal.

In January 2008, the joint venture company received an instruction from the Government of The Gambia directing it to stop all operations and to provide certain information in relation to production, grades and prices. The Company has not received any notice from The Gambian Government that the licence has been cancelled. The Company believes it has supplied all the required information and, as at the date of this announcement, is awaiting the Gambian Government's response.

Progress in Senegal continues with the processing of the remaining drill samples obtained during the 2007 drilling programme in Southern Senegal.

Air-core drilling will commence in the northern and southern parts of the licence area as well as to drill test in the eastern part of the licence area. The Joint Venture also signed a contract for the statutory environmental impact assessment (EIA) of the Niararang mining project and is now awaiting the approval of the Terms of Reference for this study by the Senegalese environmental authorities to start the environmental impact assessment.

#### Corporate

##### *Capital Raising*

On November 9th, 2007, the Company successfully completed an AUD \$15.14 million placement to fund the CETO & CCP technology development and for ongoing capital purposes. In total, there were 151,400,000 million shares issued, 100,000,000 were issued as a private placement to sophisticated shareholders and 51,400,000 were issued as part of the share purchase plan.

**CARNEGIE CORPORATION LTD**  
**ABN 69 009 237 736**  
**AND CONTROLLED ENTITIES**

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**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 5 for the half year ended 31 December 2007.

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 26th day of February 2008***

**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 2007, 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 26<sup>th</sup> day of February 2008

**CARNEGIE CORPORATION LTD**  
**ABN 69 009 237 736**  
**AND CONTROLLED ENTITIES**

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**CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Consolidated Group	
	31.12.2007	31.12.2006
	\$	\$
Other Income	96,924	30,213
Profit on sale of controlled entity	-	1,098,180
Profit / (loss) on disposal of available for sale financial assets	-	(227,385)
Forgiveness of loan	-	(496,104)
Employee benefits expense	(271,324)	(135,253)
Depreciation expense	(16,007)	(11,725)
Occupancy expenses	(33,312)	(42,334)
Consultancy expenses	(82,016)	(413,204)
Research and development expenses	(2,155,566)	(748,076)
Directors fees	(332,231)	(156,667)
Share based payments to Directors	(4,514,000)	-
Company secretarial expenses	(60,663)	(25,206)
Share of net loss in associate	(953,246)	(697,829)
Administrative expenses	(406,340)	(289,385)
Other expenses from ordinary activities	(181,495)	(19,597)
Loss before income tax	(8,909,276)	(2,134,372)
Income tax benefit	35,142	-
Loss for the period	(8,874,134)	(2,134,372)
Loss attributable to members of the parent entity	(8,874,134)	(2,134,372)
 <b>Overall Operations:</b>		
Basic loss per share (cents per share)	(2.646)	(0.857)
Diluted loss per share (cents per share)	(2.646)	(0.857)

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 2007**

	Consolidated Group	
	31.12.2007	30.06.2007
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	11,594,864	714,145
Trade and other receivables	80,770	489,664
<b>TOTAL CURRENT ASSETS</b>	<b>11,675,634</b>	<b>1,203,809</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	1,050	1,050
Investments accounted for using the equity method	993,430	1,946,676
Financial assets	2,535,208	1,938,791
Property, plant and equipment	274,727	80,398
Deferred Tax Assets	49,223	14,081
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,853,638</b>	<b>3,980,996</b>
<b>TOTAL ASSETS</b>	<b>15,529,272</b>	<b>5,184,805</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	102,176	221,566
Short term provisions	183,392	77,650
<b>TOTAL CURRENT LIABILITIES</b>	<b>285,568</b>	<b>299,216</b>
<b>NON-CURRENT LIABILITIES</b>		
Long term provisions	25,378	6,915
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>25,378</b>	<b>6,915</b>
<b>TOTAL LIABILITIES</b>	<b>310,946</b>	<b>306,131</b>
<b>NET ASSETS</b>	<b>15,218,326</b>	<b>4,878,674</b>
<b>EQUITY</b>		
Contributed equity	29,454,850	15,107,550
Reserves	4,833,195	(33,291)
Accumulated losses	(19,069,719)	(10,195,585)
<b>TOTAL EQUITY</b>	<b>15,218,326</b>	<b>4,878,674</b>

The accompanying notes form part of these financial statements.

**CARNEGIE CORPORATION LTD**

**ABN 69 009 237 736**

**AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

Consolidated Group	Note	Share Capital			Financial Asset Reserve	Total
		Ordinary	Accumulated Losses	Option Reserve		
<b>Balance at 1.7.2006</b>		13,483,350	(7,252,264)	-	(603,465)	5,627,621
Share issue net of transaction costs		1,624,200	-	-	-	1,624,200
Revaluation increment		-	-	-	176,573	176,573
Loss attributable to members of parent entity		-	(2,134,372)	-	-	(2,134,372)
<b>Balance at 31.12.2006</b>		15,107,550	(9,386,636)	-	(426,892)	5,294,022
<b>Balance at 1.7.2007</b>		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)
<b>Balance at 31.12.2007</b>		29,454,850	(19,069,719)	4,550,362	282,833	15,218,326

The accompanying notes form part of these financial statements.

**CARNEGIE CORPORATION LTD**  
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**CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Consolidated Group	
	31.12.2007	31.12.2006
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	92,097	31,782
Payments to suppliers and employees	(1,303,671)	(1,340,607)
Payments for exploration, evaluation and development expenditure	-	(38,257)
Payments for research and development	(2,155,566)	(108,076)
Proceeds from reimbursement of exploration expenses	-	172,205
Receipts from customers	4,828	39,466
	(3,362,312)	(1,243,487)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	-	124,797
Purchase of property, plant and equipment	(210,336)	-
Purchase of investments	(243,933)	-
	(454,269)	124,797
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from the issue of shares	14,347,300	1,036,000
Proceeds from borrowings	350,000	-
Payments under hire purchase agreements	-	(49,954)
	14,697,300	986,046
Net (decrease)/ increase in cash held	10,880,719	(132,644)
<b>Cash at beginning of the half year</b>	714,145	1,794,394
<b>Cash at end of the half year</b>	11,594,864	1,661,750

**CARNEGIE CORPORATION LTD**

**ABN 69 009 237 736**

**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
HALF-YEAR ENDED 31 DECEMBER 2007**

**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* and Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and complies with International Financial Reporting Standards and interpretations adopted by the International 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 2007 and any public announcements made by Carnegie Corporation Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

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.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual report for the financial year ended 30 June 2007.

**NOTE 2: LOSS FROM ORDINARY ACTIVITIES**

Consolidated Group

31.12.2007	31.12.2006
\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Share based payments to directors	(4,514,000)	-
Profit / (loss) on disposal of available for sale financial assets	-	(227,385)
Profit on sale of controlled entity	-	1,098,180

**NOTE 3: SEGMENT INFORMATION**

	MINERAL EXPLORATION		TECHNOLOGY		CONSOLIDATED	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
<b>Industry Segments</b>						
<b>Revenue</b>						
Unallocated Revenue	-	1,098,180	-	(197,172)	-	901,008
Total Revenue	-	1,098,180	96,924	(197,172)	96,924	901,008
Segment result	-	(462,235)	(8,909,276)	(1,672,137)	(8,909,276)	(2,134,372)
Loss before income tax					(8,909,276)	(2,134,372)
Income tax benefit					35,142	-
<b>Consolidated entity loss after income tax</b>					<b>(8,874,134)</b>	<b>(2,134,372)</b>

**CARNEGIE CORPORATION LTD**

**ABN 69 009 237 736**

**AND CONTROLLED ENTITIES**

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
HALF-YEAR ENDED 31 DECEMBER 2007**

NOTE 4: CONTINGENT LIABILITIES

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

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance not otherwise dealt with in this report or the consolidated financial statements, have arisen since the end of the financial period which significantly affected, or may significantly affect, the operations of the Economic Entity, the results of those operations or the state of affairs of the Economic Entity in subsequent financial years.

NOTE 6: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name	Principal Activities	Country of incorporation	Shares	Ownership interest		Carrying amount of investment	
				Dec 2007	Jun 2007	Dec 2007	Jun 2007
				%	%	\$	\$
Carnegie Minerals Plc	Minerals exploration	United Kingdom	Ord	45.41	45.41	993,430	1,946,676
a) Movements During The Period in Equity Accounted Investment in Associated Companies						Consolidated Group	
						31.12.2007	
						\$	
Balance at the beginning of the financial period						-	
Add: New investments during the year						1,946,676	
Less: Share of associated company's net loss						(953,246)	
Balance at end of financial period						<u>993,430</u>	

**CARNEGIE CORPORATION LTD**

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**AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE  
HALF-YEAR ENDED 31 DECEMBER 2007**

**NOTE 7: SHARE-BASED PAYMENTS**

The following share-based payment arrangements existed at 31 December 2007:

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 on 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 2007 Annual Report for more details on these options.

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 on 9 November 2007. The options are exercisable after 9 November 2007 but before 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.

	<b>Consolidated Group</b>	
	Number of options	Weighted Average Exercise Price
		\$
Outstanding options at 1 July 2007	4,100,000	0.036
Granted	60,000,000	0.300
Forfeited	-	-
Exercised	-	-
Expired	-	-
Outstanding at 31 December 2007	64,100,000	0.2831
Exercisable at 31 December 2007	62,733,333	0.2884

There were no options exercised during the period ended 31 December 2007. The options outstanding at 31 December 2007 had a weighted average exercise price of \$0.2831 and a weighted average remaining contractual life of 2.75 years. Exercise prices range from \$0.033 to \$0.40 in respect to options outstanding at 31 December 2007.

This price was calculated by using Black Scholes option pricing model applying the following inputs:

Weighted averaged exercise price	\$0.300
Weighted averaged life of option	3 years
Underlying share price	\$0.17
Expected share prices volatility	82%
Risk free rate	6.44%

**NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE**

Since 31 December 2007, the value of the investment in Carnegie Minerals Plc has reduced in market value from \$3,132,827 to \$930,430 due to a reduction of the share price. At December 31 2007, the investment in Carnegie Minerals Plc was accounted for using the equity method at \$993,430.

Other than as mentioned above, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect the:

1. Company's operations in future financial years, or
2. results of those operations in future financial years, or
3. Company's state of affairs in future financial years.

**CARNEGIE CORPORATION LTD**

**ABN 69 009 237 736**

**AND CONTROLLED ENTITIES**

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**DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 12:
  - 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 2007 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 26th day of February 2008

## 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 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a description 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 2007 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. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of the consolidated entity on 26 February 2008, would be in the same terms if provided to the directors as at the date of this auditor's review report.

#### 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 2007 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 26<sup>th</sup> day of February 2008

*Total Financial Solutions*

#### Member Horwath International

WHK Horwath Perth Audit Partnership ABN 96 844 819 235  
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