

CHOISEUL INVESTMENTS LIMITED

A.B.N. 36 000 005 041

*Registered Office:
Level 2
50 Pitt Street
Sydney NSW 2000*

*All correspondence to:
PO Box R1836
Royal Exchange NSW 1225
Telephone (02) 9233 4166
Facsimile (02) 9221 5317
Email: general@choiseul.com.au
Web : www.choiseul.com.au*

20 January 2009

ASX & MEDIA RELEASE

Choiseul Investments Limited has increased its Underlying Operating Profit for the six months to 31 December 2008 by 10% to \$12 million and it has announced that it will pay a fully franked interim dividend of 11.5 cents per share.

The chairman of Choiseul, Mr Robert Millner said, "The lift in Underlying Operating Profit can be attributed to dividend increases from more than 60% of the companies in the portfolio as well as from the investment earnings on the \$58 million raised in the share placement in August 2008."

"Choiseul has a strong balance sheet with no debt and more than \$47 million in liquid assets after providing for the interim dividend and available to be invested at the opportune time." Mr Millner added.

The weighted average underlying earnings per share were 13.4 cents (Dec 2007: 13.4 cents).

The fully franked interim dividend will be paid on 6 March 2009 to all shareholders on the register at the close of business on 23 February 2009.

There was a reduction in the level of special dividends with many companies seeking to preserve capital. In the half year to 31 December 2008 Choiseul earned \$0.4 million in special dividends which compared with \$0.7 million in the previous corresponding half.

Net realised gains of \$3.5 million after tax from the disposal of investments for the 2008 half year were 43% less than the six months to 31 December 2007. Gains on realisation are normally dependent on corporate activity. In the six months to 31 December 2008 the only merger affecting Choiseul was that of Westpac with St George whereas in the previous corresponding half there were four transactions completed.

At 31 December 2008, the company's total assets were valued at \$408 million. The assets were comprised of investments with a value of \$ 349 million and liquid assets of \$57 million.

SHARE PURCHASE PLAN

The directors noted that there has been a significant increase in the number of Share Purchase Plans (SPP) offered to retail investors recently. Therefore the SPP will not be offered with the interim dividend this year. It is the directors' intention to make the offer to shareholders later in the year.

NET ASSET BACKING

Choiseul's net asset backing, before provision for tax on unrealised capital gains, was \$4.38 per share at 31 December 2008 down from \$5.52 at 30 June 2008.

The Total Portfolio Return for the year, which takes into account dividends paid and the movement in the net asset backing, was -30.5%. This return is after providing for tax on realised gains and the payment of all management and administrative expenses.

The All Ordinaries Accumulation Return for the same period was -40.4% per annum.

SHAREHOLDER RETURNS

A shareholder who invested \$1,000 in Choiseul on 31 December 1998 would have received fully franked dividends of \$701 over ten years and would have shares valued at \$1,894 at 31 December 2008. If those dividends had been reinvested in Choiseul shares, the value of the holding at 31 December 2008 would have been \$2,762 and the Total Shareholder Return for the ten years would have been 10.7% per annum compounded. The All Ordinaries Accumulation Return for the same period was 7.1% per annum.

OUTLOOK

The near term outlook for corporate earnings and dividends is uncertain as economic growth slows and the effects of the liquidity crisis work through the system.

Choiseul will closely monitor the company announcements that are due in February 2009 to identify buying opportunities that will emerge over time and as the outlook becomes more certain.

For further information please contact Mr Frank Gooch on (02) 9993 0782 or
Mobile: 0414 675 748

PROFILE

Choiseul is a long established Australian Listed Investment Company.

Choiseul's objective is to provide shareholders with a growing fully franked dividend stream and growth in the value of the shareholders' investment.

DIVIDEND HISTORY (Adjusted for the 5 for 1 split)

	30 June 2009	30 June 2008	30 June 2007	30 June 2006	30 June 2005
Interim cps	11.5	11.5	9.75	8.5	7.5
Final cps		13.0	12.00	10.5	8.5
Full year cps		24.5	21.75	19.0	16.0
Special cps		-		-	2.0

CHOISEUL'S TOTAL RETURNS

For the period ended 31 December 2008	TSR ⁽¹⁾ % p.a.	TPR ⁽²⁾ % p.a.	All Ordinaries Accumulation Index % p.a.
10 years	10.7	11.2	7.1
5 years	4.3	7.0	6.3
3 years	-4.8	-3.0	-4.2
1 year	-31.6	-30.5	-40.4

⁽¹⁾ Total Shareholder Return - Share price movement with dividends reinvested

⁽²⁾ Total Portfolio Return - Net asset backing movement with dividends reinvested

These Returns are not adjusted to reflect the benefit of franked dividends. Since the introduction of franking, all dividends paid by Choiseul have been fully franked.

The All Ordinaries Accumulation Index ignores tax paid on unfranked dividends, trust distributions and realised capital gains.

Choiseul's Total Returns are after provision for tax and management expenses.

INVESTMENTS

Choiseul's investment philosophy is that of a long-term investor that seeks to invest in companies and trusts with a history of profitability and dividends.

Choiseul is not a speculative investor and does not sell its assets to increase profits for distribution to shareholders. Capital profits are reinvested by the company.

The directors consider this investment philosophy is likely to produce consistent returns over the long-term.

TOP TEN INVESTMENTS

Choiseul's Top Ten investments at 31 December 2008

	MARKET VALUE \$'000
QBE Insurance Group Limited	42,867
Washington H Soul Pattinson	39,753
National Australia Bank Limited	28,341
Milton Corporation Limited	24,565
Westpac Banking Corporation	24,078
BHP Billiton	20,562
Commonwealth Bank of Australia	19,070
Bendigo & Adelaide Bank Limited	11,437
Brickworks Limited	9,839
Bank of Queensland Limited	8,073

CLASSIFICATION

Classification of investments at 31 December 2008

Sector	%
Banks	22.9
Diversified Financials	20.1
Insurance	13.0
Materials	9.7
Consumer Staples	6.0
Industrials	5.3
Consumer discretionary	2.0
Energy	2.0
Real Estate	1.8
Other securities	<u>2.7</u>
	85.5
Cash & liquids	13.9
Other Assets	<u>0.6</u>
Total	100.0

CHOISEUL INVESTMENTS LIMITED

ABN 36 000 005 041

APPENDIX 4D - HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 31 DECEMBER 2008

(Comparative figures being the half-year ended 31 December 2007)

				<u>\$'000</u>
Revenue:				
Operating revenue	up	6.4%	to	13,305
Special investment revenue	down	44.1%	to	423
Revenue from realised gains on investments	down	39.5%	to	5,319
Profits:				
Operating profit after tax but before special investment revenue and realised gains on investments	up	10.0%	to	12,015
Special investment revenue after tax	down	44.8%	to	417
Realised gains on investments after tax	down	43.0%	to	3,534
Net profit for the period attributable to shareholders	down	10.7%	to	15,966
Earnings per share:				
				<u>Cents</u>
Basic and diluted earnings per share including after tax special investment revenue and realised gains on investments	down	18.7%	to	17.8
Basic and diluted earnings per share based on operating profit before special investment revenue and and realised gains on investments		no change		13.4
Dividends per ordinary share:				
Interim fully franked dividend				11.5

Record date of the interim dividend is 23 February 2009.
Payment date is 6 March 2009.

Refer to the attached media release for commentary and explanation of the results.

This report is based on accounts which have been subject to independent review by the auditors, Moore Stephens Sydney.

All the documents comprise the information required by listing rule 4.2A.

This information should be read in conjunction with the most recent annual financial report.

CHOISEUL INVESTMENTS LIMITED

ABN 36 000 005 041

HALF-YEAR ENDED 31 DECEMBER 2008

DIRECTORS' REPORT

The Directors of Choiseul Investments Limited present their report together with the financial statements for the half-year ended 31 December 2008 and the auditors' independent review report thereon.

DIRECTORS

The names of the Directors of the Company in office during the half-year and up to the date of this report are:-

Name

Robert Dobson Millner (Chairman)

John Alexander Bryson

Richard Anthony Fountayne England

REVIEW OF OPERATIONS

Growth in ordinary investment revenue received in the half-year ended 31 December 2008 lifted operating profit before special investment revenue and realised gains on investment portfolio by 10% to \$12,015,000.

Profit after tax including special dividends and realised gains was \$15,966,000 representing a decrease of 10.7% over the previous corresponding half-year.

The realised gains of \$5,319,000 on the investment portfolio in the six months to 31 December 2008 were mainly attributable to a takeover that was completed during the period.

During the half-year ended 31 December 2008, the company issued 11,412,000 fully paid ordinary shares which raised \$58,201,000.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed in accordance with a Resolution of the Directors.



R.D. Millner
Chairman

Sydney
20 January 2009

CHOISEUL INVESTMENTS LIMITED

ABN 36 000 005 041

HALF-YEAR ENDED 31 DECEMBER 2008

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 4 to 10 are in accordance with the Corporations Act 2001, including
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
- (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.

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



R.D. Millner
Chairman

Sydney
20 January 2009

Choiseul Investments Limited
Income statement
for the half-year ended 31 December 2008

		Half-year	
	Notes	2008	2007
		\$'000	\$'000
Operating revenue	2a	13,305	12,503
Operating expenses	3	(332)	(288)
Finance costs		(74)	(794)
		<hr/>	<hr/>
Operating profit before income tax expenses, special investment revenue and realised gains on investments		12,899	11,421
Income tax expense thereon*		(884)	(502)
		<hr/>	<hr/>
Operating profit before special investment revenue and realised gains on investments		12,015	10,919
		<hr/>	<hr/>
Special investment revenue before tax	2b	423	756
Income tax expense thereon*		(6)	-
		<hr/>	<hr/>
Special investment revenue		417	756
		<hr/>	<hr/>
Operating profit before realised gains on investments		12,432	11,675
		<hr/>	<hr/>
Realised gains on investments before tax		5,319	8,786
Income tax expense thereon*		(1,785)	(2,588)
		<hr/>	<hr/>
Realised gains on investments	8a	3,534	6,198
		<hr/>	<hr/>
Profit attributable to shareholders of the parent entity		15,966	17,873
		<hr/>	<hr/>
* Total income tax expense		(2,675)	(3,090)
		<hr/>	<hr/>
Basic and diluted earnings per share including realised gains on investments (cents)		17.8	21.9
		<hr/>	<hr/>
Basic and diluted earnings per share based on operating profit before special investment revenue and realised gains on investments (cents)		13.4	13.4
		<hr/>	<hr/>

The income statement is to be read in conjunction with the notes to the financial statements.

Choiseul Investments Limited
Balance Sheet
as at 31 December 2008

	31 December 2008 \$'000	30 June 2008 \$'000
Current assets		
Cash and cash equivalents	56,898	14,417
Receivables	889	4,484
Total current assets	57,787	18,901
Non-current assets		
Investments	349,240	433,531
Deferred tax assets	1,336	54
Total non-current assets	350,576	433,585
Total assets	408,363	452,486
Current liabilities		
Payables	73	113
Current tax liabilities	504	1,718
Total current liabilities	577	1,831
Non-current liabilities		
Deferred tax liabilities	45,852	75,229
Provisions	125	125
Total non-current liabilities	45,977	75,354
Total liabilities	46,554	77,185
Net assets	361,809	375,301
Equity		
Issued capital	110,751	53,795
Reserves	207,200	280,779
Retained profits	43,858	40,727
Total equity	361,809	375,301
Net tangible assets per share before providing for tax on unrealised capital gains	\$4.38	\$5.52
Net tangible assets per share after provision for tax on unrealised capital gains	\$3.89	\$4.60

The balance sheet is to be read in conjunction with the notes to the financial statements.

Choiseul Investments Limited
Statement of changes in equity
for the half-year ended 31 December 2008

	2008	Half-year
	\$'000	2007 \$'000
Total equity attributable to shareholders at 1 July	375,301	443,555
Profit attributable to shareholders for the half-year	15,966	17,873
(Devaluation)/revaluation of investments	(106,294)	(18,931)
Provision for tax on unrealised capital gains	31,971	5,552
Total recognised income and expenses	(58,357)	4,494
Contributions of equity, net of issue costs	56,956	-
Dividends paid from retained profits	(9,301)	(8,558)
Dividends paid from capital profits reserve	(2,790)	(1,222)
	44,865	(9,780)
Total equity attributable to shareholders at 31 December	361,809	438,269

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Choiseul Investments Limited
Cash flow statement
for the half-year ended 31 December 2008

	Half-Year	
	2008	2007
	\$'000	\$'000
Cash flows from operating activities		
Dividends received	15,952	13,108
Interest received	1,291	1,397
Other receipts in the course of operations	93	702
Finance costs paid	(74)	(598)
Other payments in the course of operations	(384)	(340)
Income taxes paid	(2,044)	(887)
Net cash provided by operating activities	14,834	13,382
Cash flows from investing activities		
Proceeds from disposal of investments	1,065	5,671
Payments for investments	(17,750)	(9,898)
Net cash used in investing activities	(16,685)	(4,227)
Cash flows from financing activities		
Proceeds from issue of shares	58,201	-
Payments for issue of shares	(1,778)	-
Repayment of borrowings	-	41,438
Proceeds from borrowings	-	(9,507)
Ordinary dividends paid	(12,091)	(9,780)
Net cash provided by financing activities	44,332	22,151
Net increase in cash assets held	42,481	31,306
Cash assets at the beginning of the half-year	14,417	22,531
Cash assets at the end of the half-year	56,898	53,837

The cash flow statement is to be read in conjunction with the notes to the financial statements.

Choiseul Investments Limited

Notes to the financial statements

for the half-year ended 31 December 2008

1. Statement of Significant Accounting Policies

a. Basis of preparation

The half-year 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, and other applicable Australian Accounting Standards (including Australian Accounting Interpretations).

This half-year financial report does not include all the notes of the type normally included in an annual financial report. It is recommended that this half-year financial report be read in conjunction with the 30 June 2008 annual financial report and any public announcements made by the company during the half-year in accordance with any continuous disclosure requirements arising under the Corporations Act 2001.

The half-year comparatives included the subsidiary Glenvale Securities Pty Limited before it was placed into voluntary liquidation in June 2008.

These financial statements have been prepared on an accruals basis and are based on the historical cost basis except as modified by the revaluation of available-for-sale financial assets and certain financial assets and liabilities measured at fair value.

This half-year financial report was approved by the Board of Directors on 20 January 2009.

The accounting policies have been consistently applied by the company and its consolidated entities and are consistent with those applied in the 30 June 2008 annual financial report.

This financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available in ASIC Class Order 98/100.

Choiseul Investments Limited is a listed public company, incorporated and domiciled in Australia and its principal activity is investment.

b. Investments

All investments are classified as "available-for-sale" and are recognised at fair value.

Investments are valued continuously with changes in value being recognised directly in the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax.

When an investment is disposed or impaired, the cumulative gain or loss is removed from the asset revaluation reserve and recognised in profit or loss. Realised capital gains, net of tax, are transferred from retained profits to the capital profits reserve.

Investments are assessed for impairment regularly. If objective evidence of impairment exists at the reporting date, the investment is classified as impaired at that time.

Dividends and distributions are brought to account on the date that the investment trades "ex-dividend".

De-merger dividends arising from company de-consolidations are treated as a return of capital and not as a dividend.

The company engages in securities lending activities whereby it lends securities listed on the ASX to reputable major investment banks who provide collateral in the form of cash or other listed securities for the duration of the lending period. The securities lent continue to be reflected in the balance sheet as investments. Where cash collateral is received, it is recorded as a current interest bearing liability. The funds received are invested in cash and cash equivalents. There were no securities on loan at 31 December 2008 and 30 June 2008.

	Half-Year	
	2008	2007
	\$'000	\$'000
2. Revenue		
a. Ordinary revenue		
Dividends - franked	10,101	9,703
Dividends - unfranked	1,231	700
Interest	1,533	1,398
Trust distributions	348	671
Other revenue	92	31
	13,305	12,503
b. Special investment revenue		
Dividends - franked	403	756
Dividends - unfranked	20	-
	423	756
3. Expenses (excluding finance costs)		
Administration	332	288
	332	288
4. Ordinary fully franked dividends		
a. Recognised in the half-year		
A final dividend in respect of the 2008 year of 13.0 cents per share paid on 11 September 2008 (2007: A final dividend in respect of the 2007 year of 12 cents per share paid on 12 September 2007)	12,091	9,780
	12,091	9,780
b. Not recognised in the current half-year		
Since the end of the half-year, the directors declared an interim dividend of 11.5 cents per share payable on 6 March 2009 (2007: an interim dividend of 11.5 cents per share paid on 4 March 2008)	10,695	9,372
	10,695	9,372
	31 December	30 June
	2008	2008
	\$'000	\$'000
5. Deferred tax liabilities		
Amounts recognised directly in equity:		
Revaluation of investments	45,852	75,229
	45,852	75,229
6. Acquisition and disposal of controlled entities		
There were no controlled entities acquired or disposed of during the half-year ended 31 December 2008.		
7. Issued Capital		
During the half-year ended 31 December 2008, the company issued 11,412,000 fully paid ordinary shares.		

	Half-year	
	2008	2007
	\$'000	\$'000
8. Reserves		
a. Movements in capital profits reserve		
Balance at the beginning of the half-year	50,435	44,595
LIC dividend paid	(2,790)	(1,222)
Transfer from retained profits	3,534	6,198
	<hr/>	<hr/>
Balance at the end of the half-year	51,179	49,571
	<hr/>	<hr/>
b. Movements in asset revaluation reserve		
Balance at the beginning of the half-year	214,344	294,216
(Devaluation)/revaluation of investments	(106,294)	(18,931)
Provision for tax benefit/(tax expense) on unrealised capital gains	31,971	5,552
	<hr/>	<hr/>
Balance at the end of the half-year	140,021	280,837
	<hr/>	<hr/>
9. Retained profits		
Balance at the beginning of the half-year	40,727	35,497
Operating profit for the half-year	12,432	11,675
Capital profit for the half-year	3,534	6,198
Transfer of net realised gains (net of tax) to the capital profits reserve	(3,534)	(6,198)
Dividends paid	(9,301)	(8,558)
	<hr/>	<hr/>
Balance at the end of the half-year	43,858	38,614
	<hr/>	<hr/>

**Auditor's Independence Declaration
to the Directors of Choiseul Investments Limited**

As lead auditor for the review of Choiseul Investments Limited 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.

This declaration is in respect of Choiseul Investments Limited during the period.



Moore Stephens Sydney
Chartered Accountants



C. Chandran
Partner

Dated in Sydney this 20th day of January 2009.

**Independent Auditor's Review Report
to the Members of Choiseul Investments Limited****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Choiseul Investments Limited ("the company"), 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, a statement of significant accounting policies, 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 designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it 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 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 *Corporation 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 Choiseul Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the applicable 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 Choiseul Investments 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*.



Moore Stephens Sydney
Chartered Accountants



C. Chandran
Partner

Dated in Sydney this 20th day of January 2009.