

**CHOISEUL INVESTMENTS LIMITED**

ABN 36 000 005 041

**APPENDIX 4D – HALF YEAR REPORT  
RESULTS FOR ANNOUNCEMENT TO THE MARKET  
HALF-YEAR ENDED 31 DECEMBER 2009****(Comparative figures being the half-year ended 31 December 2008)**

			<u>\$'000</u>
<b>Revenue:</b>			
Operating revenue	down 18.5%	to	10,839
Special investment revenue	up 279.0%	to	1,603
Revenue from realised gains on investments	down 85.0%	to	799
<b>Profits:</b>			
Operating profit after tax but before special investment revenue and realised gains and losses	down 19.3%	to	9,692
Special investment revenue after tax	up 284.4%	to	1,603
Net realised gains on investments after tax	down 84.2%	to	559
Net profit for the half-year attributable to shareholders	down 25.8%	to	11,854
<b>Earnings per share:</b>			
<u>Cents</u>			
Basic and diluted earnings per share including after tax special investment revenue and realised gains and losses	down 29.8%	to	12.5
Basic and diluted earnings per share based on operating profit before special investment revenue and realised gains and losses	down 23.9%	to	10.2
<b>Dividends per ordinary share:</b>			
Interim fully franked dividend	down 8.7%	to	10.5
Record date for the interim dividend is 23 February 2010			
Payment date is 9 March 2010			

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

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

All 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

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2 February 2010

## **ASX - MEDIA RELEASE**

### **RESULTS FOR HALF YEAR ENDED 31 DECEMBER 2009**

Choiseul Investments Limited's Underlying Operating Profit after tax<sup>(1)</sup> for the half year to 31 December 2009 was \$9.7 million (2008: \$12.0 million) and its fully franked interim dividend of 10.5 cents per share will be paid on 9 March 2010 to shareholders on the register at close of business on 23 February 2010.

The result was affected by lower dividend receipts as well as a reduction in the interest rates applicable for the six month period.

The chairman of Choiseul, Mr Robert Millner said, "The impact of the GFC on many of the companies in the Choiseul portfolio was apparent as reduced corporate profits, earnings dilution as a consequence of the substantial capital issued over the past 18 months and increasingly conservative dividend payout policies affected Choiseul's dividend receipts."

"Interest income was also affected by lower interest rates. Even with the three recent interest rate increases, rates are still lower than they were in the six months to December 2008," Mr Millner added.

The net profit after tax for the half year to 31 December 2009 was \$11.9 million (2008: \$16.0 million). It was boosted by the receipt of special dividends from Washington H Soul Pattinson, New Hope Corporation and Lion Nathan.

The takeover of Lion Nathan by Kirin produced realised gains of \$0.6 million. These realised gains are excluded from the underlying operating profit as they are largely influenced by the level of corporate activity.

During the six months to 31 December 2009 Choiseul invested a total of \$11.5 million into the long term equity portfolio. Discounted share offers, during the period, provided the opportunity to add to existing holdings in companies such as Campbell Brothers, Bank of Queensland, Bendigo and Adelaide bank and Woodside Petroleum. New additions to the portfolio included: Foster's Group and UGL.

At 31 December 2009 Choiseul's total assets, which were valued at \$529 million, included listed equities of \$468 million and cash of \$59 million.

The cash was increased by \$17.9 million in October 2009 when a total of 3.9 million shares were issued to nearly 38% of Choiseul's shareholders under the Share Purchase Plan. After providing for the interim dividend Choiseul's cash will represent approximately 9.5% of total assets.

"The company is in a sound position to take advantage of buying opportunities as they emerge. In the meantime interest rates are increasing so we can afford to be patient," Mr Millner said.

Choiseul's net asset backing, before provision for tax on unrealised capital gains, was \$5.46 per share at 31 December 2009, an increase of 20.5% over the six months.

The Total Portfolio Return over the ten year period to 31 December 2009, which takes into account dividends paid and the movement in the net asset backing, was 11.7%. This return, which is net of tax on realised gains and the payment of all management and administrative expenses, exceeds the All Ordinaries Accumulation Return of 8.8% for the same period.

"After the majority of companies have reported their half full year results in February we will be in a better position to determine whether we have seen the worst of the GFC. However based on our forecasts we would expect to be able to maintain the fully franked final dividend at 10.5 cps," said Mr Millner.

<sup>(1)</sup> Underlying Operating Profit after tax is net profit after tax but before special investment revenue after tax and after tax capital gains and losses on the investment portfolio.

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**ISSUED FOR : CHOISEUL INVESTMENTS LIMITED**

**FOR FURTHER INFORMATION : MR FRANK GOOCH**  
**TEL: (02) 9993 0782 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.

Choiseul's management expense ratio (MER) at 31 December 2009 was 0.14 per cent per annum.

## DIVIDEND HISTORY

	30 June 2010	30 June 2009	30 June 2008	30 June 2007	30 June 2006
Interim cps	10.5	11.5	11.5	9.75	8.5
Final cps		10.5	13.0	12.00	10.5
Full year cps		21.5	24.5	21.75	19.0

## CHOISEUL'S TOTAL RETURNS

For the period ended 31 December 2009	TSR <sup>(1)</sup> % p.a.	TPR <sup>(2)</sup> % p.a.	All Ordinaries Accumulation Index % p.a.
10 years	11.9	11.7	8.8
5 years	5.1	7.3	8.2
3 years	(2.6)	0.44	(0.6)
1 year	28.4	31.2	39.6

<sup>(1)</sup> Total Shareholder Return - Share price movement with dividends reinvested

<sup>(2)</sup> 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.

Choiseul's Total Returns are after provision for tax on realised gains and administrative expenses. The All Ordinaries Accumulation Index ignores tax paid on unfranked dividends, trust distributions and realised capital gains.

## 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 2009

	MARKET VALUE \$'000
Washington H Soul Pattinson	57,738
QBE Insurance Group Limited	42,518
National Australia Bank Limited	37,209
Commonwealth Bank of Australia	37,098
Westpac Banking Corporation	35,897
Milton Corporation Limited	30,685
BHP Billiton	30,679
Wesfarmers Limited	13,708
Brickworks Limited	12,924
Campbell Brothers Limited	10,737

## CLASSIFICATION

Classification of investments at  
31 December 2009

	%
Sector	
Banks	25.8
Diversified Financials	21.1
Materials	10.7
Insurance	10.1
Consumer Staples	6.3
Industrials	5.2
Consumer discretionary	2.1
Energy	2.0
Real Estate	1.6
Other securities	<u>3.3</u>
	88.2
Cash & liquids	11.4
Other Assets	<u>0.4</u>
Total	100.0

# CHOISEUL INVESTMENTS LIMITED

ABN 36 000 005 041

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## HALF-YEAR ENDED 31 DECEMBER 2009

### DIRECTORS' REPORT

The directors of Choiseul Investments Limited ("Choiseul") present their report together with the financial statements for the half-year ended 31 December 2009 and the auditors' independent review report thereon.

#### DIRECTORS

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

##### Name

Robert D. Millner (Chairman)

John A. Bryson

Richard A. F. England

#### REVIEW OF OPERATIONS

Operating profit after tax but before special investment revenue and realised capital gains was down 19.3% to \$9,692,000.

Profit after tax including special dividends and realised gains on investments was \$11,854,000 representing a decrease of 25.8% over the previous corresponding half-year.

The realised gains of \$799,000 on the investment portfolio in the six months to 31 December 2009 were mainly attributable to a takeover that was completed during the period.

In October 2009, 3,855,284 ordinary shares were issued to shareholders under the Share Purchase Plan at \$4.65 per share raising \$17.9 million.

#### 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 15.

#### ROUNDING OFF

Choiseul 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, 2 February 2010

**Choiseul Investments Limited**  
**Income Statement**  
**for the half-year ended 31 December 2009**

		<b>Half-year</b>	
	<b>Notes</b>	<b>2009</b>	2008
		<b>\$'000</b>	\$'000
Operating revenue	2a	<b>10,839</b>	13,305
Operating expenses	3	<b>(341)</b>	(332)
Finance costs		<b>-</b>	(74)
<b>Operating profit before income tax expense, special investment revenue and realised gains and losses</b>		<b>10,498</b>	12,899
Income tax expense thereon*		<b>(806)</b>	(884)
<b>Operating profit before special investment revenue and realised gains and losses</b>		<b>9,692</b>	12,015
Special investment revenue before tax	2b	<b>1,603</b>	423
Income tax expense thereon*		<b>-</b>	(6)
		<b>1,603</b>	417
<b>Operating profit before realised gains and losses</b>		<b>11,295</b>	12,432
Realised gains on investments before tax		<b>799</b>	5,319
Income tax expense thereon*		<b>(240)</b>	(1,785)
<b>Net realised gains on investments</b>	6a	<b>559</b>	3,534
<b>Profit attributable to shareholders of Choiseul</b>		<b>11,854</b>	15,966
*Total income tax expense		<b>(1,046)</b>	(2,675)
Basic and diluted earnings per share including after tax special investment revenue and realised gains and losses (cents)		<b>12.5</b>	17.8
Basic and diluted earnings per share based on operating profit before special investment revenue and realised gains and losses (cents)		<b>10.2</b>	13.4

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

**Choiseul Investments Limited**  
**Statement of comprehensive income**  
**for the half-year ended 31 December 2009**

	Notes	Half-year	
		2009 \$'000	2008 \$'000
<b>Profit attributable to shareholders of Choiseul</b>		<b>11,854</b>	15,966
Other comprehensive income			
Revaluation (devaluation) of investments		<b>89,648</b>	(100,975)
Provision for tax (expense) benefit on revaluation (devaluation) of investments		<b>(26,859)</b>	30,186
Net realised gains on investments transferred to the income statement from the asset revaluation reserve		<b>(559)</b>	(3,534)
Other comprehensive income (loss) net of income tax		<b>62,230</b>	(74,323)
<b>Total comprehensive income (loss) attributable to shareholders of Choiseul</b>		<b>74,084</b>	(58,357)

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

**Choiseul Investments Limited**  
**Statement of financial position**  
**as at 31 December 2009**

	<b>31 December 2009 \$'000</b>	30 June 2009 \$'000
<b>Current assets</b>		
Cash and cash equivalents	59,372	45,472
Receivables	669	3,764
Other financial assets	<u>1,403</u>	<u>1,719</u>
<b>Total current assets</b>	<u>61,444</u>	<u>50,955</u>
<b>Non-current assets</b>		
Investments	467,612	369,484
Deferred tax assets	<u>406</u>	<u>454</u>
<b>Total non-current assets</b>	<u>468,018</u>	<u>369,938</u>
<b>Total assets</b>	<u>529,462</u>	<u>420,893</u>
<b>Current liabilities</b>		
Payables	20	280
Current tax liabilities	<u>583</u>	<u>796</u>
<b>Total current liabilities</b>	<u>603</u>	<u>1,076</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	76,092	49,263
Provisions	<u>74</u>	<u>74</u>
<b>Total non-current liabilities</b>	<u>76,166</u>	<u>49,337</u>
<b>Total liabilities</b>	<u>76,769</u>	<u>50,413</u>
<b>Net assets</b>	<u>452,693</u>	<u>370,480</u>
<b>Shareholders equity</b>		
Issued capital	128,646	110,752
Reserves	279,675	221,731
Retained profits	<u>44,372</u>	<u>37,997</u>
<b>Total equity attributable to shareholders of Choiseul</b>	<u>452,693</u>	<u>370,480</u>
Net tangible assets per share before provision for tax on unrealised capital gains	<b>\$5.46</b>	\$4.53
Net tangible assets per share after provision for tax on unrealised capital gains	<b>\$4.67</b>	\$3.98

*The statement of financial position 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 2009**

	Issued capital \$'000	Capital profits reserve \$'000	General reserve \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total shareholders equity \$'000
Balance at 1 July 2009	110,752	50,181	16,000	150,705	42,842	370,480
<b>Comprehensive income</b>						
Net profit					11,854	11,854
Net realised gains				(559)		(559)
Net revaluation of investments				62,789		62,789
<b>Total comprehensive income for the half-year</b>				<b>62,230</b>	<b>11,854</b>	<b>74,084</b>
<b>Net realised gains/losses transferred to capital profits reserve</b>		<b>559</b>			<b>(559)</b>	
<b>Transfer to asset revaluation reserve</b>		<b>(838)</b>		<b>838</b>		
<b>Transactions with shareholders in their capacity as shareholders</b>						
Share issues net of transaction costs	17,894					17,894
Dividends paid					(9,765)	(9,765)
<b>Balance at 31 December 2009</b>	<b>128,646</b>	<b>49,902</b>	<b>16,000</b>	<b>213,773</b>	<b>44,372</b>	<b>452,693</b>
Balance at 1 July 2008	53,795	50,434	16,000	214,344	40,727	375,300
<b>Comprehensive income</b>						
Net profit					15,966	15,966
Net realised gains				(3,534)		(3,534)
Net devaluation of investments				(70,789)		(70,789)
<b>Total comprehensive income for the half-year</b>				<b>(74,323)</b>	<b>15,966</b>	<b>(58,357)</b>
<b>Net realised gains/losses transferred to capital profits reserve</b>		<b>3,534</b>			<b>(3,534)</b>	
<b>Transactions with shareholders in their capacity as shareholders</b>						
Share issues net of transaction costs	56,957					56,957
Dividends paid		(2,790)			(9,301)	(12,091)
<b>Balance at 31 December 2008</b>	<b>110,752</b>	<b>51,178</b>	<b>16,000</b>	<b>140,021</b>	<b>43,858</b>	<b>361,809</b>

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

**Choiseul Investments Limited**  
**Statement of cash flows**  
**for the half-ended 31 December 2009**

	Half-year	
	2009	2008
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Dividends received	13,045	15,952
Interest received	1,012	1,291
Other receipts in the course of operations	266	93
Proceeds from sale of trading securities	3,144	-
Payments for trading securities	(1,814)	-
Finance costs paid	-	(74)
Other payments in the course of operations	(405)	(384)
Income taxes paid	(986)	(2,044)
<b>Net cash provided by operating activities</b>	<u>14,262</u>	<u>14,834</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investments	3,045	1,065
Payments for investments	(11,522)	(17,750)
<b>Net cash used in investing activities</b>	<u>(8,477)</u>	<u>(16,685)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	17,927	58,201
Payments for issue of shares	(47)	(1,778)
Ordinary dividends paid	(9,765)	(12,091)
<b>Net cash provided by financing activities</b>	<u>8,115</u>	<u>44,332</u>
<b>Net increase in cash assets held</b>	13,900	42,481
<b>Cash assets at the beginning of the half-year</b>	<u>45,472</u>	<u>14,417</u>
<b>Cash assets at the end of the half-year</b>	<u>59,372</u>	<u>56,898</u>

*The statement of cash flows 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 2009**

**1. Statement of significant accounting policies**

**a. Basis of preparation**

The half-year financial statements are general purpose financial statements 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).

These half-year financial statements do not include all the notes of the type normally included in an annual financial report. It is recommended that these half-year financial statements be read in conjunction with the 30 June 2009 annual financial report and any public announcements made by Choiseul during the half-year in accordance with any continuous disclosure requirements arising under the Corporations Act 2001.

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 investments which are recorded at fair value.

These half-year financial statements were approved by the Board of Directors on 2 February 2010.

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.

The accounting policies have been consistently applied by Choiseul and are consistent with those applied in the 30 June 2009 annual financial report, except for the early adoption of accounting standard, AASB 9 – Financial instruments.

**AASB 9 - Financial instruments**

Choiseul has elected to early adopt “AASB 9 - Financial instruments”, which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets. These requirements improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of AASB 139.

Investments continue to be valued at fair value with changes in value being recognised in the asset revaluation reserve. Consequently adoption of AASB 9 has no effect on the valuation of Choiseul's net assets.

Under AASB 9 there is no recycling of the realised gains and losses to the income statement as was previously required by AASB 139. There is also no requirement to test Choiseul's investments for impairment and so there is no transfer of unrealised impairment losses from the asset revaluation reserve to the income statement.

The transition provisions within AASB 9 require the standard to be applied retrospectively but it shall not be applied to investments that were disposed of prior to the initial application date. Choiseul has adopted AASB 9 with effect from 31 December 2009 so that all disposals in the half-year to 31 December 2009 could be accounted for consistently. Therefore comparatives have been restated as disclosed below to remove the effect of the impairment provisions of AASB 139, but only for those assets that had not been disposed of prior to 31 December 2009.

**Restatement of comparatives at 30 June 2009**

	<b>Balance previously reported 30 June 2009</b>	<b>Impairment losses reversed</b>	<b>Balance restated 30 June 2009</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Asset revaluation reserve	155,550	(4,845)	150,705
Retained profits	37,997	4,845	42,842

## 1. Statement of significant accounting policies (continued)

### b. Investments

Investments are long term holdings of equity instruments which are recognised at fair value and Choiseul has elected to present subsequent changes in fair value in other comprehensive income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability.

Quoted investments are valued continuously at fair value, which is the price quoted on the Australian Securities Exchange.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profits reserve.

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

Ordinary dividends and ordinary trust distributions are included in operating revenue.

Special dividends and special trust distributions are included in special investment revenue as this revenue is of an irregular nature.

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

### c. Operating segments

The entity operates in Australia only and the principal activity is investment.

	Half-Year	
	2009	2008
	\$'000	\$'000
<b>2. Revenue</b>		
<b>a. Ordinary revenue</b>		
Dividends – franked	7,651	10,101
Dividends – unfranked	1,183	1,231
Interest	1,018	1,533
Trust distributions	308	348
Net realised gains on trading portfolio	359	-
Other revenue	320	92
	<u>10,839</u>	<u>13,305</u>
<b>b. Special investment revenue</b>		
Dividends – franked	1,603	403
Dividends - unfranked	-	20
	<u>1,603</u>	<u>423</u>
<b>3. Expenses (excluding finance costs)</b>		
Administration	<u>341</u>	<u>332</u>
<b>4. Ordinary fully franked dividends</b>		
<b>a. Recognised in the half-year</b>		
A final dividend in respect of the 2009 year of 10.5 cents per share paid on 18 September 2009 (2008: a final dividend in respect of the 2008 year of 13 cents per share paid on 11 September 2008)	<u>9,765</u>	<u>12,091</u>
<b>b. Not recognised in the current half-year</b>		
Since the end of the half-year, the directors declared an interim dividend of 10.5 cents per share payable on 9 March 2010 (2008: an interim dividend of 11.5 cents per share paid on 6 March 2009)	<u>10,171</u>	<u>10,695</u>

## 5. Issued Capital

Total issued shares at 31 December 2009 was 96,863,646 (2008: 93,008,362). During the half-year ended 31 December 2009, Choiseul issued 3,855,284 fully paid ordinary shares for cash at a total value of \$17,894,000 after costs of issue through the Share Purchase Plan. In the previous corresponding period, Choiseul issued 11,412,000 fully paid ordinary shares for cash at a total value of \$56,957,000 after costs of issue through a share placement.

	Half-year	
	2009	2008
	\$'000	\$'000
<b>6. Reserves</b>		
<b>a. Movements in capital profits reserve</b>		
Balance at the beginning of the half-year	50,181	50,434
Transfer from retained profits	559	3,534
Transfer to asset revaluation reserve	(838)	-
LIC dividend paid	-	(2,790)
Balance at the end of the half-year	<u>49,902</u>	<u>51,178</u>
<b>b. Movements in asset revaluation reserve</b>		
Balance at the beginning of the half-year	150,705	214,344
Net revaluation (devaluation) of investments	62,789	(70,789)
Net realised gains transferred to the income statement	(559)	(3,534)
Transfer from capital profits reserve	-	-
Balance at the end of the half-year	<u>213,773</u>	<u>140,021</u>
<b>7. Retained profits</b>		
Balance at the beginning of the half-year	42,842	40,727
Profit attributable to shareholders of Choiseul for the half-year	11,854	15,966
Net realised gains /losses transferred to capital profits reserve	(559)	(3,534)
Dividends paid	(9,765)	(9,301)
Balance at the end of the half-year	<u>44,372</u>	<u>43,858</u>
	<b>31 December</b>	30 June
	<b>2009</b>	2009
	<b>\$'000</b>	<b>\$'000</b>
<b>8. Deferred tax liabilities</b>		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments net of realised capital losses	76,092	49,234
Amounts recognised in profit:		
Unrealised gains on trading securities	-	29
	<u>76,092</u>	<u>49,263</u>
<b>9. Acquisition and disposal of controlled entities</b>		
There were no controlled entities acquired or disposed of during the half-year ended 31 December 2009.		
<b>10. Contingencies and capital commitments</b>		
At 31 December 2009 the directors are not aware of any material contingent liabilities, contingent assets or capital commitments.		
<b>11. Events subsequent to balance date</b>		
Since 31 December 2009 to the date of this report there has been no transaction or event of which the directors are aware which has had a material effect on Choiseul or its financial position.		

# CHOISEUL INVESTMENTS LIMITED

ABN 36 000 005 041

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## HALF-YEAR ENDED 31 DECEMBER 2009

### DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 6 to 13 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 consolidated entity's financial position as at 31 December 2009 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, 2 February 2010

**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 2009, 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*

**MOORE STEPHENS SYDNEY**  
Chartered Accountants

*J B Webster*

**J B WEBSTER**  
Principal

Dated in Sydney this 2<sup>nd</sup> day of February 2010

**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 (Choiseul), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the half-year ended on that date, the accounting policies, other selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of Choiseul 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 Choiseul's financial position as at 31 December 2009 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 Choiseul's financial position as at 31 December 2009 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*

**MOORE STEPHENS SYDNEY**  
Chartered Accountants

*J B Webster*

**J B WEBSTER**  
Principal

Dated in Sydney, the 2<sup>nd</sup> day of February 2010