

INVESTMENT PHILOSOPHY

Choiseul is a long-term investor in companies, trusts and interest bearing securities.

Choiseul seeks to invest in well-managed companies and trusts with a profitable history and with the expectation of sound dividend growth.

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

INVESTMENT PORTFOLIO

During the year Choiseul invested a total of \$25 million into the long term equity portfolio. New additions to the portfolio included: Coca Cola Amatil Limited, Incitec Pivot Limited, Invocare Limited and Worley Parsons Limited.

The 20 largest investments, as at 30 June 2009, are set out below:-

COMPANY	MARKET VALUE \$'000
Washington H Soul Pattinson	45,706
QBE Insurance Group Limited	33,051
National Australia Bank Limited	30,474
Westpac Banking Corporation	28,732
Commonwealth Bank of Australia	26,377
Milton Corporation Limited	24,650
B H P Billiton Limited	24,251
Brickworks Limited	13,947
Wesfarmers Limited	9,957
Woolworths Limited	8,465
Bank of Queensland Limited	7,672
Bendigo & Adelaide Bank Limited	7,226
Sims Group Limited	6,628
Macquarie Group Limited	6,582
Campbell Brothers	6,338
Telstra Corporation	5,070
Perpetual Limited	4,897
Metcash Limited	4,799
AGL Energy Limited	4,614
Stockland Trust Group	4,598
Total market value of Top 20	304,034
Total Assets	422,129

CORPORATE OBJECTIVE

To hold long-term investments in a diversified portfolio, which will generate an increasing income stream for distribution to shareholders in the form of fully franked dividends and provide growth in the value of the shareholders' investment.

CLASSIFICATION OF INVESTMENTS

The following table shows assets, as at 30 June 2009, classified by index according to the Stock Exchange classifications.

CLASSIFICATION	TOTAL ASSETS %
Banks	24.5
Diversified financials	21.2
Materials	12.0
Insurance	9.9
Consumer staples	6.7
Industrials	4.4
Energy	2.5
Consumer discretionary	2.0
Real estate	1.6
Other shares	2.8
	87.6
Cash & liquids	10.7
Other assets	1.7
Total	100.0

CONTACT DETAILS

Shareholders can direct all enquiries to Mr Frank Gooch or to our Shareholder Liaison Officer, Mrs Betty Merrington.
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Email: general@choiseul.com.au

Share registry enquiries should be directed to:
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CHOISEUL INVESTMENTS LIMITED

ABN 36 000 005 041

ANNUAL REVIEW - 30 JUNE 2009

- **Fully franked dividends**
Final dividend of 10.5 cents per share
- **Earnings per share:**
Down 10.7% to 23.8 cents (excluding special dividends, realised gains and impairment losses)
Down 41.5% to 21.7 cents (including special dividends, realised gains and impairment losses)
- **Profit after tax:**
Unchanged at \$21.7 million (excluding special dividends, realised gains and losses and impairment losses)
Down 34.5% to \$19.8 million (including special dividends, realised gains and losses and impairment losses)
- **Share Purchase Plan (SPP) enables shareholders to purchase shares up to the value of \$15,000 at a discount to the market. The SPP will open on 18 September 2009 and close on 5 October 2009**

WEB SITE:- www.choiseul.com.au

This website contains copies of all ASX announcements including the Annual Report and Half-Year Report. If you would like to be advised when these items are available on the web site please provide your email address to Link Market Services Limited at:
registrars@linkmarketservices.com.au

This document is not a prospectus and does not seek to invite applications for shares in the Company.

RESULTS FOR THE YEAR TO 30 JUNE 2009

	2009 \$'000	Movement
Operating Revenue	23,889	↓ 2.8%
Other Revenue	264	
Administration expenses	(632)	↑ 10.5%
Other expenses	<u>(74)</u>	
Operating profit before tax	23,447	
Tax expense	<u>(1,752)</u>	
Underlying operating profit after tax	21,695	↓ 0.1%
Special investment income after tax	417	↓ 71.0%
Impairment losses after tax	(4,845)	
Realised gains after tax	<u>2,536</u>	
Net profit after tax	<u>19,803</u>	↓ 34.5%
Weighted average eps based on		
- Net profit after tax	21.7 cents	↓ 41.5%
- Underlying operating profit after tax	23.8 cents	↓ 10.7%

BALANCE SHEET

	2009 \$million	2008 \$million
Cash & liquids	47.1	14.4
Investments	369.5	433.5
Other assets	<u>5.5</u>	<u>4.6</u>
Total Assets	422.1	452.5
Liabilities	<u>(1.0)</u>	<u>(2.0)</u>
Net Assets before provision for tax on unrealised capital gains	421.1	450.5
Provision for tax on unrealised capital gains	<u>(50.6)</u>	<u>(75.2)</u>
Net Assets	<u>370.5</u>	<u>375.3</u>
Net asset backing per share		
- before provision for tax on unrealised capital gains	\$4.53	\$5.52
- after provision for tax on unrealised capital gains	\$3.98	\$4.60

DIVIDENDS

A fully franked final dividend of 10.5 cents per share will be paid on 18 September 2009 to shareholders on the register at the close of business on 26 August 2009.

Choiseul's dividend history is tabled below.

	2009- cps	2008 cps	2007 cps	2006 cps	2005 cps
Interim	11.5	11.5	9.75	8.5	7.5
Final	10.5	13.0	12.00	10.5	8.5
Total	22.0	24.5	21.75	19.0	16.0
Special	-	-	-	-	2.0
LIC Capital Gain included in Final dividend:					
LIC	-	3.0	1.50	-	-

COMMENTARY

Choiseul Investments Limited's Underlying Operating Profit for the year to 30 June 2009 was \$21.7 million (2008: \$21.7 million).

The chairman of Choiseul, Mr Robert Millner said, "Earnings on the additional funds raised through the share placement in August 2008 were offset by a fall in ordinary dividend and distribution income from the long term investments portfolio."

"In the second half of the year, lower interim dividends were paid by many companies in the portfolio, as they sought to reduce debt and as earnings were affected by the slowing economy." Mr Millner added.

The weighted average underlying earnings per share of 23.8 cents were 10.7% lower than the prior year earnings of 26.6 cents per share. Consequently the fully franked full year dividend was reduced to 22.0 cents per share from 24.5 cents per share.

Commenting on the dividend Mr Millner said, "The dividend was determined after consideration of both the 2009 underlying operating profit and the consensus estimates for the 2010 financial year".

The net profit after tax for the year of \$19.8 million consists of the underlying operating profit together with special dividend income of \$0.4 million, (2008: \$1.4 million) net realised capital gains after tax of \$2.5 million (2008: 7.1 million) and unrealised impairment losses of \$4.8 million (2008: nil).

Realised gains are excluded from the underlying operating profit as the gains are largely influenced by the level of corporate activity. In 2009 the only merger affecting Choiseul was that of Westpac with St George Bank, which was completed in November 2008.

The net impairment losses are accounting expenses which will only be realised if the assets are sold. However these assets, which have been impaired in accordance with the accounting standards, may continue to be sound investments and remain in the portfolio.

Importantly the impairment losses have no impact on Choiseul's net asset backing as the company revalues its assets to market value continuously.

At 30 June 2009 the company's total assets, which were valued at \$422 million, included listed equities of \$369 million and cash of \$45 million.

Choiseul's net asset backing, before provision for tax on unrealised capital gains, was \$4.53 per share at 30 June 2009, down 17.9% from \$5.52 a year earlier. This compares favourably with the 26% fall in the All Ordinaries over the same period.

The market overall has continued to strengthen since the end of the financial year and Choiseul's net asset backing at 31 July 2009 has increased to \$4.81.

The Total Portfolio Return over the ten year period to 30 June 2009, which takes into account dividends paid and the movement in the net asset backing, was 9.9%. 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 7.3% for the same period.

The Share Purchase Plan, which will be offered to shareholders on the register on 26 August 2009, will enable shareholders to purchase shares up to the value of \$15,000 at a discount to market price. Further details will be sent to shareholders with the dividend advice on 18 September 2009.

OUTLOOK

Chairman of Choiseul, Mr Millner said, "The near term outlook for corporate earnings and dividends is unclear at this point in time. The majority of companies will report their full year results in August and we will be in a better position then to update the market."