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Souls Private Equity Limited

ASX Appendix 4D

Interim Financial Report

31 January 2010

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Reporting Period

The reporting period is the half-year ended 31 January 2010 with the previous corresponding period the half year ended 31 January 2009



Souls Private Equity Limited Half Year ended 31 January 2010

Results for Announcement to the Market

		% Change		\$ '000
Revenue from ordinary activities	Down	12.2%	to	12,621
Profit from ordinary activities after tax attributable to members	Up	111.1%	to	2,301
Net profit for the period attributable to members	Up	111.1%	to	2,301

The reported consolidated profit for the half-year ended 31 January 2010 was \$2,301,000 (2009: loss of \$20,722,000).

Refer to the Investment Manager's Report contained in the attached Souls Private Equity Limited 31 January 2010 Half-Year Report for further information on the operating result.

No dividends/distributions were declared or paid during or subsequent to the half-year ended 31 January 2010. (2009: Nil)

NTA Backing

	31/01/2010	31/01/2009
Net tangible asset backing per ordinary share after tax	18.4 cents	17.8 cents

Controlled entities acquired or disposed of

As a result of a capital raising by SODA Brands Limited (SODA), on the 18th December 2009, Souls Private Equity Limited's shareholding in SODA was reduced from 50.3% to 47.9%. From the date of this change in shareholding, SODA ceased to be accounted for as a subsidiary of SPEL. SODA is equity accounted as an associate at 31 January 2010.

No entity was acquired during the half-year ended 31 January 2010.

Review

This report is based on accounts which have been reviewed.

Refer attached Souls Private Equity Limited 31 January 2010 Half-Year Report for complete review report.



Souls Private Equity Limited Half Year ended 31 January 2010

Investment Manager's Report for the half year ended 31 January 2010

Souls Private Equity Limited (SPEL) recorded a net profit after tax for the six months ended 31 January 2010 of \$2.3 million compared to a loss of \$22.2 million for the previous corresponding period. The highlights of the improved half year earnings result include:

- Share of associates earnings of \$1.7 million;
- Receipt of \$0.9 million in relation to the delayed settlement portion of the proceeds from the sale of Hydramatic Engineering;
- Dividends and distributions received from the listed share portfolio of \$0.9 million;
- Outlook for Cromford encouraging with record levels of polyethylene pipe orders: and
- Increase in the market value of the listed share portfolio of \$3.9 million.

The fund received \$1.6 million in dividends from its SME investments during the first half of the 2010 financial year.

The net assets of the Group have increased to \$116.1 million equivalent to 19.6 cents per share as at 31 January 2010. SPEL's share price continues to trade at a discount to net assets per share. The balance sheet remains strong with nil debt. The table below summarises the balance sheet on a segmented basis.

Segmented net assets	31-Jan-10		31-Jul-09	
	\$ millions	%	\$ millions	%
SME investment portfolio *	75.6	65.1%	76.0	66.8%
Listed share portfolio	35.5	30.6%	31.6	27.8%
Cash and cash equivalents	2.6	2.2%	3.0	2.6%
Other net assets and eliminations	2.4	2.1%	3.2	2.8%
Totals	116.1	100.0%	113.8	100.0%

* SME portfolio includes net assets of Cromford Group Pty Ltd

SME Investment Portfolio (Unlisted and Listed)

Additional "follow on" funding of \$3.7 million has been provided to Cromford during the first six months of the year to support the expansion of the Pipe division. No new SME investments were made during the first six months of the 2010 financial year. We continue to review a steady flow of potential investment opportunities.

The largest two SME investments on a book value basis are Ampcontrol and Cromford. Together these two assets represent 65% of the SME investment portfolio.



Souls Private Equity Limited Half Year ended 31 January 2010

Investment Manager's Report for the half year ended 31 January 2010 (continued)

The table below highlights the Group's balance sheet on a per share basis.

	Acquisition Cost	Financial Year Invested	Book value at 31 Jan 2010 \$M	Book value at 31 Jan 2010 cents per share	Accounting Method
SME investments					
Ampcontrol	11.5	2006	25.4	4.3	Equity accounted
Cromford Group *	37.6	2005	23.5	4.0	Consolidated
Pitt Capital Partners	5.9	2005	8.1	1.4	Equity accounted
CBD Energy	2.9	2007	2.8	0.5	Marked to market
Austgrains	2.9	2005	2.6	0.4	Equity accounted
CMA Corporation	12.0	2007	2.6	0.4	Marked to market
Supercorp Australia	3.6	2007	2.4	0.4	Equity accounted
Belaroma Coffee	3.0	2006	2.4	0.4	Equity accounted
InterRisk Australia	2.1	2005	2.4	0.4	Equity accounted
Specialist Oncology Property	1.6	2005	1.8	0.3	Equity accounted
Soda Brands **	7.0	2005	1.6	0.3	Equity accounted
Total SME investments	90.1		75.6	12.7	
Listed share portfolio	37.5		35.5	6.0	Marked to market
Cash ***			2.6	0.4	Actual
Other net assets (liabilities)			2.4	0.5	Actual
Total net assets			116.1	19.6	

* Cromford Group acquisition cost represents the cost of the original equity investment plus loans provided to Cromford Group since the date of acquisition. Deemed book value is calculated as the original cost plus/minus the movement in the net assets since the date of acquisition.

** Soda Brands acquisition cost represents the cost of the original equity investment plus additional investment via rights issue in the period under review. The original investment was impaired in FY09.

*** Does not include cash held by investees

Ampcontrol

Ampcontrol is an international supplier of electrical and electronic products to the Power, Energy and Mining sectors. The company was established in 1968 and operates 18 sites Australia wide, six internationally, in China, Hong Kong, New Zealand, Russia, South Africa and the United Kingdom, and employs more than 800 skilled people.

The Ampcontrol business operates three divisions:

Power - The Power Division is a world class designer and manufacturer of high voltage, high current and hazardous area products to chosen market sectors.

Electronics - The Electronics Division delivers innovative solutions and proven in-service products through leading edge research and development for all electrical components and systems.

Service - The Service Division provides both workshop and field service to support customer requirements and provide application assistance to improve customer's overall operation.



Souls Private Equity Limited Half Year ended 31 January 2010

Investment Manager's Report for the half year ended 31 January 2010 (continued)

Ampcontrol is 45% owned and therefore equity accounted by SPEL. For the first half of FY10 Ampcontrol reported an EBITDA (earnings before interest, taxation, depreciation and amortisation) of \$11.5 million (2009: \$8.5 million) and revenues of \$80.9 million (2009: \$79.8 million). SPEL's book value of Ampcontrol as at 31 January 2010 was \$25.4 million (FY09: \$22.4 million).

Market conditions have improved over recent months with order intakes remaining steady. While there has been increased activity in tendering the large capital commitment programs of Ampcontrol's customers are still slow in progressing.

Cromford

Cromford is 100% owned by SPEL and its book value at the half year was \$23.5 million.

Cromford operates two divisions – the plastic film division and the plastic pipe division. SPEL works actively with Cromford management to fulfill the vision to become a leading independent supplier of industrial plastics in key growing segments.

The first half of the 2010 financial year saw significant operational progress made by the Cromford management team. The film division is profitable with customers returning to Australian manufactured product as opposed to imported material. The order demand for film products has resulted in the current re-commissioning program of a second film production line which has been 'mothballed' over the previous eighteen months due to the consolidation of sites to the company's Pendle Hill owned property. The outlook for the film division has improved due to a significant pick-up in home building activity, although additional increases in interest rates may soften further growth in demand.

The Moss Vale based pipe division is experiencing increased order activity due to the completion of the expanded manufacturing capacity at the plant. As shareholders are aware there has been an extended installation and commissioning period associated with the five production lines located at Moss Vale. The plant now produces a range of products including polyethylene, PVC, flexi and PPR pipes and is looking to introduce additional products to take advantage of new opportunities in the market place. The pipe division is well positioned to benefit from growing demand for plastic pipes driven by increased spending in water, civil and mining sectors. The pipe division is currently experiencing increased customer orders.

The directors are encouraged by Cromford's progress and the improved trading conditions facing the company and the current infrastructure spend that has been discussed by both the Federal and State Governments, along with the growth in construction in the mining sector, should ensure that these conditions continue for the foreseeable future.

Other SME Investment Portfolio Developments

In December 2009 Soda Brands Limited raised \$3.86 million through an underwritten Rights Issue to complete the acquisition of Incolabs Pty Ltd. Incolabs owns the Innox brand as well as the Australian rights to distribute the Imedeem skincare products. SPEL converted loans of \$1,835,227 into equity as part of the Rights Issue. Following the Rights Issue SPEL's shareholding was diluted to 47.9% and as such is now equity accounted.



Souls Private Equity Limited Half Year ended 31 January 2010

Investment Manager's Report for the half year ended 31 January 2010 (continued)

During January 2010 SPEL exited its investment in Asian Property Investments Limited. Proceeds from the sale were \$HKD12,000,000; which represents the initial cost price in local currency. After allowing for dividends received, equity accounted profits recorded and exchange rate fluctuations, a loss on disposal of \$227,000 was recorded. The disposal of this asset reflects a strategic decision by the fund to focus on larger investments and to move away from internationally domiciled companies.

Listed Share Portfolio

The rebound in financial markets has continued to increase the market value of the listed share portfolio during the first half of the 2010 financial year. The portfolio has increased in market value by \$3.9 million during the period under review. Dividends and distributions received for the half year were \$0.9 million. The table below summarises the listed share portfolio as at 31 January 2010 which consists of 11 securities.

Listed share portfolio (excluding listed SMEs) as at 31 January 2010	Original	Book Value		
	Cost \$ millions	19-Mar-10 \$ millions	31-Jan-10 \$ millions	31-Jul-09 \$ millions
Australia & New Zealand Banking Group	5.3	6.3	5.4	4.6
BHP Billiton	1.1	3.0	2.8	2.6
Bravura Solutions	2.9	0.2	0.3	0.3
Coca Cola Amatil	1.6	2.3	2.2	1.9
Commonwealth Bank of Australia	6.3	10.8	10.2	8.2
Fairfax Media	1.9	0.7	0.7	0.6
Suncorp-Metway	1.9	0.8	0.9	0.7
Telstra Corporation	9.6	6.7	7.0	7.4
Transurban Group Triple Stapled Securities	2.7	2.3	2.4	2.0
Wesfarmers	2.2	2.3	2.0	1.9
Westfield Group	2.0	1.5	1.6	1.4
Totals	37.5	37.0	35.5	31.6

Developments since the end of the Half Year

Since the end of the half year the listed share portfolio has increased by an additional \$1.5 million to \$37 million as at the close of the markets on Friday 19 March 2010.

Subsequent to the end of the half year SPEL has received an additional \$1.25 million dividend from the SME investment Pitt Capital Partners (PCP). The year to date dividends received from PCP totals \$2.5 million.

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INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 JANUARY 2010



Souls Private Equity Limited Half Year ended 31 January 2010

CORPORATE DIRECTORY

Directors

Robert D Millner, Chairman
David J Fairfull, Non-Executive Director
David E Wills, Non-Executive Director
Robert G Westphal, Non-Executive Director

Company Secretary

Richard Pillinger

Registered Office

Level 2
160 Pitt Street Mall
Sydney 2000
NSW
Telephone: (02) 9210 7000
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Postal Address:

GPO Box 5015
Sydney 2001

Auditors

Grant Thornton NSW
Level 17
383 Kent Street
Sydney 2000

Investment Manager

Pitt Capital Partners Limited
Level 2
160 Pitt Street Mall
Sydney 2000

Share Registry

Computershare Investor Services Pty Limited
Level 3
60 Carrington Street
Sydney 2000

Australian Stock Exchange Code

Ordinary Shares	SOE
Listed Options	SOEOA



Souls Private Equity Limited Half Year ended 31 January 2010

DIRECTORS' REPORT

The directors of Souls Private Equity Limited present the following report of the consolidated entity for the half-year ended 31 January 2010.

1. Directors

The following persons were directors of the Company for the half year and up to the date of this report unless otherwise stated:

Robert D Millner, Chairman
David E Wills, Non-Executive Director
David J Fairfull, Non-Executive Director
Robert G Westphal, Non-Executive Director

2. Review of operations and results

The consolidated profit for the half year ending 31 January 2010 was \$2.3 million as compared to a loss of \$20.7 million for the previous corresponding period. Please refer to Investment Manager's Report on pages 3 - 6.

3. Significant changes in the state of affairs

Other than as stated above and in the Interim Financial Report, there were no significant changes in the state of affairs of the consolidated entity during the reporting period.

4. Rounding

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the consolidated entity under ASIC Class Order 98/0100. The consolidated entity is an entity to which the Class Order applies.

5. Events subsequent to balance date

On 3 March 2010, 74,194,755 Bonus Options were issued to shareholders of Souls Private Equity Limited. These options have an exercise price of \$0.20 and an expiry date of 2 February 2015.

During February and March 2010, an additional investment of \$957,000, by way of a loan, was provided by the Company to Cromford Pty Limited.

Other than the above, there has been no event of which the directors are aware which has had a material effect on the consolidated entity or its financial position.



DIRECTORS' REPORT continued

6. Auditor's independence declaration

The lead auditor's independence declaration as required under section 307(c) of the Corporations Act 2001 for the period ended 31 January 2010 is set out on page 27.

This report is signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "R. Millner", written over a horizontal line.

Robert D Millner
Chairman

Sydney 22 March 2010



Souls Private Equity Limited
Half Year ended 31 January 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 JANUARY 2010

	Notes	January 2010 \$ '000	January 2009 \$ '000
Revenue	2 (a)	12,621	14,368
Other gains / (losses)	2 (b)	4,919	(31,046)
Expenses	2 (c)	(16,120)	(18,918)
Finance costs		(9)	(8)
Share of net profits of associates accounted for using the equity method	4	1,696	5,398
Profit / (Loss) before income tax expense / (benefit)		<u>3,107</u>	<u>(30,206)</u>
Income tax (expense) / benefit		(806)	8,010
Profit / (Loss) after income tax expense / (benefit)		<u>2,301</u>	<u>(22,196)</u>
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		<u>2,301</u>	<u>(22,196)</u>
Total comprehensive income / (loss) attributable to:			
Owners of the parent		2,301	(20,722)
Non-controlling interests		-	(1,474)
		<u>2,301</u>	<u>(22,196)</u>
Basic earnings / (loss) per share (cents)		0.39	(3.49)
Diluted earnings / (loss) per share (cents)		0.39	(3.49)

These financial statements should be read in conjunction with the accompanying notes.



Souls Private Equity Limited
Half Year ended 31 January 2010

CONSOLIDATED BALANCE SHEET
AS AT 31 JANUARY 2010

	Notes	January 2010 \$ '000	July 2009 \$ '000
ASSETS			
Cash and cash equivalents		2,943	2,966
Trade and other receivables		4,155	4,917
Current tax assets		546	786
Investments in securities	3	40,809	38,956
Inventories		3,770	5,339
Prepayments		348	144
Property, plant & equipment		18,269	18,385
Investments accounted for using the equity method	4	46,823	44,936
Other long term receivables		100	100
Deferred tax assets		6,760	8,396
TOTAL ASSETS		124,523	124,925
LIABILITIES			
Trade and other payables		3,441	5,311
Employee benefits		434	515
Deferred tax liabilities		4,554	5,322
TOTAL LIABILITIES		8,429	11,148
NET ASSETS		116,094	113,777
SHAREHOLDERS' EQUITY			
Issued capital		144,935	144,928
Reserves		63	54
Accumulated losses		(28,904)	(31,205)
TOTAL EQUITY		116,094	113,777

These financial statements should be read in conjunction with the accompanying notes.



Souls Private Equity Limited
Half Year ended 31 January 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 JANUARY 2010

CONSOLIDATED ENTITY	Share Capital \$ '000	Reserves \$ '000	Retained Earnings \$ '000	Minority Interest \$ '000	Total Equity \$ '000
Total equity at 1 August 2008	144,928	54	(8,329)	1,515	138,168
Change in controlled entities equity	-	-	(370)	1,336	966
Total transactions with equity holders in their capacity as equity holders	-	-	(370)	1,336	966
Loss for the period	-	-	(20,722)	(1,474)	(22,196)
Total comprehensive income for the period	-	-	(20,722)	(1,474)	(22,196)
Total equity at 31 January 2009	144,928	54	(29,421)	1,377	116,938
Total equity at 1 August 2009	144,928	54	(31,205)	-	113,777
Issue of shares, net of cost	7	-	-	-	7
Change on loss of control of controlled entity	-	9	-	-	9
Total transactions with equity holders in their capacity as equity holders	7	9	-	-	16
Profit for the period	-	-	2,301	-	2,301
Total comprehensive income for the period	-	-	2,301	-	2,301
Total equity at 31 January 2010	144,935	63	(28,904)	-	116,094

These financial statements should be read in conjunction with the accompanying notes.



Souls Private Equity Limited
Half Year ended 31 January 2010

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 JANUARY 2010

	January 2010 \$'000	January 2009 \$'000
Cash flows from operating activities		
Receipts from customers	12,042	15,708
Payments to suppliers and employees	(16,419)	(21,299)
Proceeds from sale of current investments	-	4,594
Dividends and distributions received	904	1,563
Income tax refunded / (paid)	308	(420)
Finance costs	(9)	(8)
Interest received	106	473
Net cash (outflow) / inflow from operating activities	<u>(3,068)</u>	<u>611</u>
Cash flows from investing activities		
Payments for associated entities	(1,840)	(655)
Dividends received from associated entities	1,649	808
Payments for the purchase of business operations	-	(500)
Payments for property, plant and equipment	(625)	(3,228)
Proceeds from sale of associate entities	901	-
Proceeds from sale of unlisted investments	1,653	-
Loans repaid from other entities	1,300	-
Net cash inflow / (outflow) from investing activities	<u>3,038</u>	<u>(3,575)</u>
Cash flows from financing activities		
Proceeds from issue of shares	7	-
Controlled entities issue of shares net of costs	-	966
Net cash inflow from financing activities	<u>7</u>	<u>966</u>
Net decrease in cash held	(23)	(1,998)
Cash and cash equivalents at the beginning of the period	2,966	6,795
Cash and cash equivalents at the end of the period	<u>2,943</u>	<u>4,797</u>

These financial statements should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010

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*, Australian Accounting Standard AASB 134: Interim Financial Reporting, and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 July 2009 and any public announcements made by Souls Private Equity Limited 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.

Reporting Basis and Conventions

This 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.

Change in accounting policy

Apart from the changes in accounting policy below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

From 1 July 2009 the Company has adopted the following Standards for annual reporting periods beginning on or after 1 January 2009. Adoption of these standards does not have any effect on the financial performance or position of the Company.

AASB 8: Operating Segments

AASB 8 replaces AASB 114 *Segment Reporting* upon its effective date. The accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. This change has resulted in Cromford Pty Limited being identified as a separate operating segment instead of being reported as part of the SME Investments segment. AASB 8 disclosures are shown in Note 9, including the revised comparative information.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

1. BASIS OF PREPARATION (continued)

AASB 101: Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Consolidated Entity has elected to present one statement.

The Consolidated Entity has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

Critical accounting estimates and judgements

The preparation of this financial report requires the use of certain critical estimates based on historical knowledge and best available current information. Key judgements and estimates are outlined below.

(i) Private equity valuation

Private equity investments are regularly valued by the Investment Manager using valuation techniques and guide lines endorsed by the Australian Private Equity & Venture Capital Association Limited (AVCAL) that they deem appropriate to each investment. Valuation techniques may involve methods such as price/earnings analysis or discounted cash flow techniques. All valuation methods require assumptions to be made and the Company is satisfied that those assumptions are realistic and support the carrying value of each investment.

(ii) Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

2. PROFIT / (LOSS) FOR THE PERIOD

	January 2010 \$ '000	January 2009 \$ '000
(a) Revenue:		
Sales revenue	11,610	12,417
Fully franked dividends:		
- other corporations	792	1,288
Unfranked dividends:		
- other corporations	-	10
Trust distributions	113	284
Interest income - notes	-	187
Interest income - third parties	106	182
 Total revenue	12,621	14,368
(b) Other (losses) / gains:		
Gain on disposal of listed investments	-	165
Gain on loss of control of subsidiary	(i) 513	-
Loss on disposal of private equity investment	(i) (228)	-
Unrealised gain / (loss) on listed investments held for sale	3,733	(25,890)
Impairment loss on goodwill	-	(3,426)
Impairment loss on investments	-	(1,947)
Reversal of impairment loss on long term advances and receivables	(ii) 901	-
	4,919	(31,098)
 Other income	-	52
 Total other gains / (losses)	4,919	(31,046)
(c) Expenses:		
Cost of sales	11,342	13,437
Depreciation	693	681
Director Fees	89	89
Management fees	1,100	1,154
Professional fees	227	180
Administration expenses	1,659	2,382
Selling and marketing expenses	1,010	952
Bad and doubtful debt expense	-	25
Other Expenses	-	18
 Total Expenses	16,120	18,918

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

2. PROFIT / (LOSS) FOR THE PERIOD (continued)

(i) Gain on disposal of private equity

As a result of a capital raising by SODA Brands Limited (SODA) during the period, Souls Private Equity Limited's shareholding in SODA was reduced from 50.3% to 47.9%. From the date of this change in shareholding, SODA ceased to be accounted for as a subsidiary of SPEL. Under AASB 3 – Business Combinations, a loss of control is accounted for as a disposal of the subsidiary entity with any gain or loss on disposal recognised in the Statement of Comprehensive Income.

During the period, SPEL disposed of its 16.9% shareholding in Asian Property Investment Limited.

Reconciliation of gain on loss of control of subsidiary and loss on disposal of private equity during the period (2009: Nil):

	Gain on Loss of control of subsidiary \$'000	Loss on disposal of private equity \$'000
Sales consideration, net of costs of disposal	-	1,653
Reverse Net Liabilities / Carrying value of investments	512	(1,880)
Profit or (loss) recognised	512	(227)

(ii) Reversal of impairment loss on long term advances and receivables

\$900,690 (net of costs of recovery) was recovered following settlement of a legal dispute relating to a receivable from the disposal of an associate company in the 2007 financial year. The full amount of this receivable had been provided for in the 2008 financial year.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

3. INVESTMENTS IN SECURITIES

	January 2010 \$ '000	July 2009 \$ '000
Financial assets at fair value through profit and loss classified as held for trading listed securities at fair value:		
- Shares in corporations	40,809	37,075
Available for sale unlisted investments at fair value:		
- Shares in corporations	-	1,881
	40,809	38,956

4. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Movements during the period in equity accounted investment in associated entities are:

	Carrying value at 31 July 09 \$ '000	Transfers / Additions / (Disposal) \$ '000	Share of profit / (loss) \$ '000	Dividend Received \$ '000	Carrying value at 31 Jan 10 \$ '000
Pitt Capital Partners Limited	9,446	-	(52)	(1,250)	8,144
Specialist Oncology Property Pty Ltd	1,834	-	48	(54)	1,828
Austrains Pty Limited	2,532	-	68	-	2,600
Amncontrol Pty Ltd	23,756	-	2,022	(345)	25,433
Supercorp Pty Ltd	2,426	-	(32)	-	2,394
Belaroma Coffee Pty Ltd	2,305	-	108	-	2,413
InterRISK Australia Pty Ltd	2,637	5	(239)	-	2,403
SODA Brands Limited	-	1,835	(227)	-	1,608
Total	44,936	1,840	1,696	(1,649)	46,823

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

4. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (continued)

	Beneficial Interest %	
	Jan 2010	Jul 2009
Pitt Capital Partners Limited Specialist Oncology Property Pty Ltd	25.00	25.00
Austgrains Pty Limited	31.45	31.45
Ampcontrol Pty Ltd	48.00	48.00
Supercorp Pty Ltd	45.00	45.00
Belaroma Coffee Pty Ltd	30.21	30.21
InterRISK Australia Pty Ltd	40.00	40.00
SODA Brands Limited *	47.90	-

* As a result of a capital raising by SODA Brands Limited (SODA), on the 18th December 2009, Souls Private Equity Limited's shareholding in SODA was reduced from 50.3% to 47.9%. From the date of this change in shareholding, SODA ceased to be accounted for as a subsidiary of SPEL and its equity accounted as an associate entity.

The following table shows a summarised presentation of SPEL's share of the net assets and revenue of associates based on the beneficial interest in the above companies.

	January 2010	January 2009
	\$'000	\$'000
Share of net assets	38,814	34,592
Share of revenues	52,025	56,448



NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

5. EARNINGS PER SHARE

	January 2010 No. (‘000)	January 2009 No. (‘000)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>593,536,466</u>	<u>593,528,451</u>
Basic earnings per share (cents)	0.39	(3.49)
Diluted earnings per share (cents)	0.39	(3.49)

6. EQUITY SECURITIES

Movement in ordinary shares during the half year to 31 January were:

	January 2010 Number of Shares	\$'000	January 2009 Number of Shares	\$'000
(b) Movement in ordinary shares				
Balance at the beginning of the period	593,528,455	144,928	593,528,451	144,928
Issued during the period				
- share options exercised (\$0.30 per option)	<u>20,710</u>	<u>7</u>	-	-
Balance at the end of the period	<u>593,549,165</u>	<u>144,935</u>	<u>593,528,451</u>	<u>144,928</u>

Movement in listed options during the half year to 31 January were:

	January 2010 Number of options	January 2009 Number of options
Beginning of the period	73,725,203	73,725,207
Share options exercised	(20,710)	-
Share options expired	<u>(73,704,493)</u>	-
End of the period	<u>-</u>	<u>73,725,207</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

6. EQUITY SECURITIES (continued)

Movement in unlisted options during the half year to 31 January were:

	January 2010	January 2009
	Number of	Number of
	options	options
Beginning of the period	4,880,000	8,480,000
Share options issued	-	1,020,000
Share options expired	(4,880,000)	(760,000)
End of the period	-	8,740,000

7. DIVIDENDS

No dividends have been paid or proposed during the half year (2009: Nil).

8. RELATED PARTY TRANSACTIONS

Arrangements with related parties continue to be in place and there have been no significant changes in these arrangements since 31 July 2009. For details on these arrangements, refer to the 31 July 2009 annual financial report.

9. FINANCIAL REPORTING BY SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Investment Manager and the Board of Directors (the Chief Operating Decision Makers) in assessing performance of the investment portfolio.

The principal activity of the consolidated entity is investment through the provision of investment capital to Australian companies. The operating segments are identified based on the external revenues generated by each investment and also by the level of control exercised by the company over the investments.

The reportable segments are split between Cromford Pty Limited (Cromford), other SME investments and Other Investments.

Cromford is involved in the manufacture and distribution of polyethylene film and dampcourse used in building and agricultural industries. It also manufactures extruded pipes for use in the plumbing, construction, drainage and irrigation industries.



NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

9. FINANCIAL REPORTING BY SEGMENTS (continued)

Other SME investments include all associate companies, listed investments in CMA Corporation and CBD Energy Limited and subsidiaries which do not form reportable segments. Other investments consist of cash and the remainder of the Listed Share Portfolio.

Financial information about each of these segments is reported to the Investment Manager and Board of Directors on a monthly basis.

Accounting policies and inter-segment transactions

The accounting policies used by the Company in reporting segments are the same as those contained in Note 1 to the accounts.

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment and form part of the reconciliation to net profit or loss:

- Portfolio management fees
- Corporate administration costs
- Taxation expense or deferred tax balances

The following represents profit and loss and asset information for reportable segments for the half-years ended 31 January 2010 and 31 January 2009.

31 January 2010

Segment Revenue	Cromford	Segment		Total
		SME Investments	Other Investments	
Revenue	10,995	625	1,001	12,621
Segment Results				
Results before non cash items	(2,241)	(36)	1,002	(1,275)
Equity accounted net profits	-	1,696	-	1,696
Unrealised asset revaluation	-	(118)	3,851	3,733
Gain on disposal of private equity	-	285	-	285
Reversal of impairment loss on long term receivables	-	901	-	901
Depreciation	(683)	(10)	-	(693)
Segment operating profit / (loss)	(2,924)	2,718	4,853	4,647

Reconciliation of segment operating profit / (loss) to operating profit before tax

Management fees	(1,100)
Corporate administration costs	(440)
Operating profit before tax	3,107



Souls Private Equity Limited
Half Year ended 31 January 2010

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

9. FINANCIAL REPORTING BY SEGMENTS (continued)

31 January 2010

Assets	Cromford	Segment		Total
		SME Investments	Other Investments	
Segment assets	26,353	5,547	38,494	70,394
Equity accounted investments	-	46,823	-	46,823
Total segment assets	26,353	52,370	-	117,217
Reconciliation of segment assets to total assets				
Current tax assets				546
Deferred tax assets				6,760
Total assets				124,523

31 January 2009

Segment Revenue	Cromford	Segment		Total
		SME Investments	Other Investments	
Revenue	10,890	1,556	1,922	14,368
Segment Results				
Results before non cash items	(2,531)	(1,398)	1,923	(2,006)
Equity accounted net profits	-	5,398	-	5,398
Unrealised asset revaluation	-	(15,230)	(10,660)	(25,890)
Depreciation	(635)	(45)	-	(680)
Impairment loss on investments	-	(1,947)	-	(1,947)
(Loss) / Gain on disposal of shares	-	-	165	165
Impairment loss on goodwill	-	(3,426)	-	(3,426)
Segment operating profit / (loss)	(3,166)	(16,648)	(8,572)	(28,386)
Reconciliation of segment operating profit				
Management fees				(1,154)
Corporate administration costs				(666)
Operating profit before tax				(30,206)



NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 JANUARY 2010 (continued)

9. FINANCIAL REPORTING BY SEGMENTS (continued)

31 January 2009

Assets	Cromford	Segment		Total
		SME Investments	Other Investments	
Segment assets	24,870	11,802	36,939	73,611
Equity accounted investments	-	43,522	-	43,522
Total segment assets	24,870	55,324	-	117,133
Reconciliation of segment assets to total				
Current tax assets				609
Deferred tax assets				10,025
Total assets				127,767

10. EVENTS SUBSEQUENT TO BALANCE DATE

On 3 March 2010, 74,194,755 Bonus Options were issued to shareholders of Souls Private Equity Limited. These options have an exercise price of \$0.20 and an expiry date of 2 February 2015.

During February and March 2010, an additional investment of \$957,000 by way of a loan, was provided by the Company to Cromford Pty Limited.

Other than the above, there has been no event of which the directors are aware which has had a material effect on the consolidated entity or its financial position.

11. CONTINGENT LIABILITIES

The Company acts as guarantor (on a Joint and Several basis with one other party) over the Trade Finance Facility of Austgrains Pty Limited. The amount of the guarantee is limited to \$6,000,000. Austgrains Pty Limited uses the funds from the facility to purchase grain. As at balance date, Austgrains have drawn \$5.8 million of this facility.



DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Souls Private Equity Limited, the directors declare that:

1. The financial statements and notes as set out on pages 11 to 25
 - (a) give a true and fair view of the consolidated entity's financial position as at 31 January 2010 and of its performance for the half year ended on that date, and
 - (b) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations.
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.

On behalf of the Board

A handwritten signature in black ink, appearing to read "Robert D Millner", written over a horizontal line.

Robert D Millner
Director

Sydney

22 March 2010

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**Auditor's Independence Declaration
To the Directors of Souls Private Equity Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Souls Private Equity Limited for the half-year ended 31 January 2010, 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.


GRANT THORNTON NSW
Chartered Accountants


A G Rigele
Partner

Sydney, 22 March 2010

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Independent Auditor's Review Report To the Members of Souls Private Equity Limited

We have reviewed the accompanying half-year financial report of Souls Private Equity Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 January 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the 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 establishing and maintaining internal controls 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 consolidated 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 Interim and Other Financial Reports 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 January 2010 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 Souls Private Equity Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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.

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 Souls Private Equity Limited 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 January 2010 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.

A handwritten signature in blue ink that reads "Grant Thornton NSW".

GRANT THORNTON NSW
Chartered Accountants

A handwritten signature in blue ink that reads "A G Rigele".

A G Rigele
Partner

Sydney, 22 March 2010

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