
APPENDIX 4D

HALF YEAR REPORT

Name of Entity: Morning Star Holdings (Australia) Limited

ABN: 98 008 124 025

For the half year ended: 30 June 2009-08-24

Results for announcement to the Market

	June 2009 \$	June 2007 \$	Change \$	Change %
Sale of Goods	3,015,618	-	N/a*	N/a*
Finance Income	214,980	310,551	Down 95,571	N/a*
(Loss)/profit after tax	(170,350)	49,961	N/a*	N/a*
Net(loss)/profit attributable to members	(269,291)	49,961	N/a*	N/a*

Dividends – No dividends were paid or declared during the half year period (2008 – nil)

	June 2009	June 2008
Net tangible assets per share (cents per share)	7.4	5.08

	June 2009	June 2008
Basic earnings per share (cents per share)	(0.16)	0.03
Diluted earnings per share (cents per share)	(0.16)	0.03

* Directional and percentage changes are not provided due to the non comparability of the current period loss to the corresponding period loss

Loss of control of entities having material effect

Not applicable

Details of associates and joint venture activities

Not applicable

Dividend reinvestment plans

Not applicable

Foreign Entities

Morning Star Holdings (Australia) Limited controlled Alumicor SA Holdings Limited during the half year period.

Commentary on the results for the period:

Refer to the attached half yearly report. Net loss attributable to members for the half year ended 30 June 2009 was \$269,291 (2008: 49,961 profit). Following the acquisition of Alumicor SA Holdings Ltd the group now has sales revenue. The other significant source of income is finance income derived from interest on cash assets and receivables, this has declined to \$214,980 (2008: \$310,551)

MORNING STAR



**MORNING STAR
HOLDINGS
(AUSTRALIA) LIMITED**
ABN 98 008 124 025

INTERIM REPORT
FOR THE HALF YEAR ENDED
30 June 2009

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

ABN 98 008 124 025

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MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

ABN 98 008 124 025

Corporate information

ABN 98 008 124 025

Directors

Grant Button – Chair and Non-executive Director
Richard Rossiter – Managing Director
Theo Renard – Executive Director
Clive Sinclair-Poulton – Non-executive Director

Company Secretary

Theo Renard

Registered and Principal Office

Suite 1308, 3 Spring Street
Sydney NSW 2000 AUSTRALIA
Telephone (+61 2) 8249 4542
Facsimile (+61 2) 8249 4001
Website www.msh.net.au
Email info@msh.net.au

Share Register

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000 AUSTRALIA

Auditors

HLB Mann Judd
Chartered Accountants
Level 19
207 Kent Street
Sydney, NSW 2000

Solicitors

Clayton Utz
QV1
250 St George's Terrace
Perth, Western Australia 6000

Stock Exchange Listing

Morning Star Holdings (Australia) Limited shares are listed on the Australian Stock Exchange (ASX code: MSH).

Country and Date of Incorporation

Australia, 30 January 1987

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Directors' report

Your directors present their report on Morning Star Holdings (Australia) Limited ("Morning Star" or "the Company") for the half year ended 30 June 2009.

Directors and Company Secretary

The following persons were directors of the Company during the whole of the half year and up to the date of this report:

Grant Button
Richard Rossiter
Theo Renard
Clive Sinclair-Poulton

ACQUISITION OF REALM RESOURCES LTD

Morning Star Holdings (Australia) Limited ("the Company") announced during the period that it had entered in to conditional agreements to acquire the entire share capital of Realm Resources Limited, a platinum focused resources company based in Perth, Western Australia. The transaction is subject to certain conditions precedent and if met, will expose the Company to the robust South African platinum industry and diversify the Company's interests.

On 26 August, the Company gave notice of a general meeting of shareholders, to be held on 24 September 2009, to consider an ordinary resolution for shareholders to approve and authorise the following:

- the Company to change its activities by acquiring all of the shares in Realm Resources Limited; and
- the Directors to allot and issue up to 69,565,217 shares to the shareholders of Realm Resources Limited; and
- the Directors to allot and issue up to 30,434,783 shares to Nkwe Platinum (South Africa) (Pty) Ltd or its nominee

in accordance with the Realm Share Sale Agreement and the Nkwe Share Sale Agreement, the terms and conditions of which are summarised in the Explanatory Memorandum released to ASX on 26 August 2009.

Management is completing the required due diligence and has started with preliminary planning for the evaluation and development of the resources.

Review of results and operations

The Company has recorded revenue from continuing operations of \$3,250,095 (\$310,551 in 2008) and a net loss for the half year ended 30 June 2009 of \$170,350 versus a profit of \$49,961 for the half year ended 30 June 2008.

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Directors' report

ALUMICOR

Health and Safety

The progressive disabling injury frequency rate (DIFR) at Alumicor Maritzburg at the end of the period was 12.2. Efforts are continuing to reduce injury occurrence and training is continually implemented and revised. During the month of June a surprise inspection by the Department of Labour, resulted in a favourable report, giving credit to management and staff for good working conditions at Alumicor.

Smelting and recovery performance comparison for Alumicor Maritzburg

Alumicor	Q3 2008	Q4 2008	Q1 2009	Q2 2009	% change Q2 2009 from Q1 2009
Tons smelted	3,960	3,168	3,695	4,280	16%
Average recovery %	38%	51%	68%	68%	0%

Note: MSH assumed ownership of Alumicor on 1 August 2008.

Operations

Operational performance has improved, the plant is running near to authorised capacity (an application to increase the authorised throughput limit is in process). The overall utilisation of plant capacity has improved. Aluminium recovery remains well within the accepted range for Hualamin. Scheduled furnace shutdowns have and will occur, mainly for refractory re-lining and also for general maintenance. Latest shutdowns and inspections indicate that the furnaces are in good working order.

Management and control systems at Alumicor continue to be reviewed and enhanced to ensure that operational efficiency is maximised and safety, health and environmental standards are met and exceeded.

Financial – Alumicor SA Holdings Proprietary Limited (“Alumicor”)

Revenues have recovered in the period under review, due to the implementation of an interim pricing arrangement with Hualamin. Hualamin have temporarily agreed to carry certain input costs, which have resulted in a commensurate reduction of the tolling charge, while negotiations aimed at seeking a more acceptable longer term commercial agreement are continuing. Net income continues to be positive, however, it remains below target. The cost per ton processed has reduced in the period under review, mainly caused by Hualamin taking over certain input costs. The costs per ton that remain under the Company's control have also reduced.

Negotiations are continuing with Hualamin, however, efforts to finalise acceptable commercial arrangements continue to be hampered by the depressed conditions of the Aluminium market. The Company is now considering alternative proposals that may assist Hualamin with their decision process.

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Directors' report

BUSINESS DEVELOPMENT

During the quarter business development activities have been focussed on:-

- Sourcing additional, good quality resource sector projects and more specifically diversifying the Company in to the South African platinum sector with the announcement of the Realm Resources Ltd transaction. Management is focussed on completing the transaction and has started with preliminary planning for the evaluation and development of the property;
- Introducing site dedicated aluminium dross treatment plants to Australia and elsewhere. Negotiations with three Australian aluminium smelters are progressing with the initial intent of testing their dross in Alumicor's facility in South Africa.

CORPORATE

During the period under review 3,750,000 ordinary shares were issued under the share plan.

Events subsequent to balance date

As part of the notice of a general meeting of shareholders, to be held on 24 September 2009, the following ordinary resolutions have been put to shareholders:

- to approve and authorise the issue of up to 1,000,000 shares to Mr Richard Rossiter at an issue price equal to the weighted average trading price of shares on ASX during the 5 day trading period immediately before the date on which the shares are issued, and the provision of a loan for an amount equal to the total issue price of the shares;
- to approve and authorise the issue of up to 500,000 shares to Mr Grant Button at an issue price equal to the weighted average trading price of shares on ASX during the 5 day trading period immediately before the date on which the shares are issued, and the provision of a loan for an amount equal to the total issue price of the shares;

Apart from the above events, and the events noted in the section titled Acquisition of Realm Resources Limited in this Directors' Report, there has not arisen in the interval between the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect;

- i. The Company's operations in future financial periods; or
- ii. The results of those operations in future financial periods; or
- iii. The Company's state of affairs in future financial periods.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of the directors.



Richard Rossiter
Managing Director
31 August 2009

AUDITOR'S INDEPENDENCE DECLARATION**To the Directors of Morning Star Holdings (Australia) Limited:**

As lead auditor for the review of Morning Star Holdings (Australia) Limited for the half-year ended 30 June 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 Morning Star Holdings (Australia) Limited and the entities it controlled during the period.



A G Smith
Partner

Sydney
31 August 2009

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Condensed Income Statement For the half year ended 30 June 2009

		Half year ended 30 June 2009	Half year ended 30 June 2008
	Note	\$	\$
Continuing Operations			
Sale of goods		3,015,618	-
Interest Income	3	214,980	310,551
Other revenue		19,497	-
Revenue		3,250,095	310,551
Cost of sales		(2,082,240)	-
Gross profit		1,167,855	310,551
Other income – foreign exchange gains		37,969	-
Share maintenance expenses		(9,596)	-
Occupancy Expenses		(28,394)	-
Consultancy fees		(342,155)	(4,248)
Audit fees		(71,929)	(6,105)
Directors fees		(77,798)	(95,226)
Share based compensation expense		(302,046)	-
Administrative expenses		(467,716)	(129,274)
Other expenses		(143,148)	(30,146)
Finance costs		(6,944)	(1,001)
Profit/(Loss) from continuing operations before income tax		(243,902)	44,551
Income tax benefit/(expense)		73,552	5,410
Net profit/(Loss) for the period		(170,350)	49,961
Attributable to:			
Minority interest		98,941	-
Members of the parent		(269,291)	49,961
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company:			
Basic (loss)/earnings per share		(0.16)	0.03
Diluted (loss)/earnings per share		(0.16)	0.03

The above condensed income statement should be read in conjunction with the accompanying notes.

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Condensed Balance Sheet As at 30 June 2009

	Note	Consolidated 30 June 2009 \$	Consolidated 31 December 2008 \$
ASSETS			
Current assets			
Cash and cash equivalents		6,459,022	6,583,519
Trade and other receivables		630,213	885,125
Inventories		10,200	103,820
Other current assets		83,070	38,431
Total current assets		7,182,505	7,610,895
Non-current assets			
Property, plant and equipment		1,570,613	1,561,155
Deferred tax assets		250,771	141,245
Total non-current assets		1,821,384	1,702,400
TOTAL ASSETS		9,003,889	9,313,295
LIABILITIES			
Current liabilities			
Trade and other payables		536,819	1,041,065
Interest-bearing loans & Borrowings		53,004	99,062
Income tax payable		32,253	-
Total current liabilities		622,076	1,140,127
Non-current liabilities			
Interest-bearing loans & borrowings		65,125	63,350
Deferred tax liabilities		75,872	39,898
Total non-current liabilities		140,997	103,248
TOTAL LIABILITIES		763,073	1,243,375
NET ASSETS		8,240,816	8,069,920
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity		10,324,511	10,022,465
Retained earnings		(2,208,075)	(2,093,255)
Reserves		124,380	140,710
Parent interests		8,240,816	8,069,920
Minority interests		-	-
TOTAL EQUITY		8,240,816	8,069,920

The above condensed balance sheet should be read in conjunction with the accompanying notes.

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Condensed Cash flow statement For the year ended 30 June 2009

	Consolidated Half – year ended 30 June 2009	Consolidated Half – year ended 30 June 2008
Note	\$	\$
Cash flows from operating activities		
Receipts from customers	3,234,906	-
Payments to suppliers and employees	(3,381,450)	(268,123)
Interest received	163,037	310,551
Finance charges	(6,944)	-
Income tax payments	-	(3,036)
Net cash flows (used in)/from operating activities	9,549	39,392
Cash flows from investing activities		
Purchase of property, plant and equipment	(74,673)	-
Net cash flows used in investing activities	(74,673)	-
Cash flows from financing activities		
Payment of finance lease liabilities	(44,283)	-
Net cash flows (used in)/from financing activities	(44,283)	-
Net (decrease)/increase in cash and cash equivalents held	(109,407)	39,392
Net foreign exchange differences	(14,742)	-
Cash and cash equivalents at the beginning of period	6,583,171	9,294,147
Cash and cash equivalents at end of period	6,459,022	9,333,539

The above condensed cash flow statement should be read in conjunction with the accompanying notes

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Notes to the Financial Statements for the half year ended 30 June 2009

Condensed Statement of changes in equity For the half year ended 30 June 2009

Consolidated

For the period ended 30 June 2008

	Issued share capital \$	Retained earnings \$	Reserves \$	Minority Interest	Total \$
Balance as at 1 January 2008	7,584,787	1,640,094	30,600	-	9,255,481
Loss for the period	-	49,961	-	-	49,961
Balance as at 30 June 2008	7,584,787	1,690,055	30,600	-	9,305,442

For the period ended 30 June 2009

	Issued share capital \$	Retained earnings \$	Reserves \$	Minority Interest	Total \$
Balance as at 1 January 2009	10,022,465	(2,093,255)	140,710	-	8,069,920
Employee share plan	302,046	-	-	-	302,046
Profit/(loss) for the period	-	(269,291)	-	98,941	(170,350)
Minority interest share of profits allocated to the parent until minority's share of losses previously absorbed by parent has been recovered		98,941		(98,941)	-
Share based compensation reserve – transferred to retained earnings	-	55,530	(55,530)	-	-
Foreign currency translation reserve	-	-	39,200	-	39,200
Balance as at 30 June 2009	10,324,511	(2,208,075)	124,380	-	8,240,816

The above statement of changes in equity should be read in conjunction with the accompanying notes.

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Notes to the Financial Statements for the half year ended 30 June 2009

Note 1: Basis of preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, and AASB 134: Interim Financial Reporting.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2008 and any public announcements made by Morning Star Holdings (Australia) Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules. The half-year consolidated financial statements do not include full disclosures of the type normally included in an annual financial report.

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Segment Reporting

The Group has applied AASB 8 Operating Segments from 1 January 2009. AASB 8 requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has had no impact on the number of reportable segments presented.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Managing Director.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2008.

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Notes to the Financial Statements for the half year ended 30 June 2009

Note 1: Basis of preparation (continued)

Adoption of new and revised Accounting Standards

In the half-year ended 30 June 2009, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2009.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore no change is necessary to Group accounting policies.

Note 2: Segment Information

Description of Segments

Management has determined the operating segments based on the reports reviewed by the Managing Director.

The Group's primary segment reporting format is geographical segments, as there are currently two businesses – Head Office in Australia, and the operations of Alumicor SA Holdings Proprietary Limited (based on South Africa).

Segment information provided to the Managing Director

The segment information provided to the managing director for the reportable segments for the half year ended 30 June 2009 is as follows:

	Alumicor SA Holdings (Pty) Ltd \$	Head office \$	Total \$
6 month period ended 30 June 2009			
Revenue			
Sales to external customers	3,015,618	-	3,015,618
Other revenue	19,497	214,980	234,477
Total consolidated segment revenue	3,035,115	214,980	3,250,095
Result			
Segment results, before income tax	380,541	(624,443)	(243,902)
Assets and liabilities			
Segment assets	2,677,436	6,326,452	9,003,888
Segment liabilities	574,621	198,017	772,638

Note 3: Profit/(Loss) for the half year

	30 June 2009 \$	30 June 2008 \$
The following revenue and expense items are relevant in explain the financial performance for the half – year		
Interest received	214,980	310,551

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Notes to the Financial Statements for the half year ended 30 June 2009

Note 4 Share-based payment plans

The share – based payment plans are described in note 22(b) to the financial statements for the year ended 31 December 2008. There have been no cancellations or modifications to any of the plans during the half year ended 30 June 2009.

(a) Summaries of options granted under OP and SP

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of, and movements in, share options during the half year:

	30 June 2009 No.	2009 WAEP \$	31 December 2008 No.	2008 WAEP \$
OP				
Outstanding at the beginning of the year (DEOP) (i)	1,650,000	0.20	3,400,000	0.07
Granted during the period	-	-	1,650,000	0.20
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	(1,650,000)	0.20	(3,400,000)	0.07
Outstanding at the end of the period (OP) (ii)	-	-	1,650,000	0.20
Exercisable at the end of the period	-	-	-	-

- (i) Options outstanding at the beginning of the year were issued under the Directors and Employees Option Plan (DEOP) that was in place at that time
- (ii) Options outstanding at the end of the period were issued under the Option Plan that was approved by shareholders on 18 July 2008.

The following table illustrates the number (No.) and weighted average exercise price (WAEP) of, and movements in, shares during the half year:

	30 June 2009 No.	2009 WAEP \$	31 December 2008 No.	2008 WAEP \$
SP				
Outstanding at the beginning of the year	2,250,000	0.20	-	-
Granted during the period	3,750,000	0.18	2,250,000	0.20
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	6,000,000	-	2,250,000	-
Exercisable at the end of the period	-	-	-	-

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Notes to the Financial Statements for the half year ended 30 June 2009

Note 4 Share-based payment plans (continued)

Shares outstanding at the end of the period were issued under the Share Plan that was approved by shareholders on 18 July 2008. On 29 May 2009, 1,250,000 shares were issued under the share plan and on 25 June 2009, 2,500,000 shares were issued under the share plan.

The outstanding balance as at 30 June 2009 by:

- 6,000,000 shares

(b) Option pricing model: Share Plan

Equity – settled transactions

The fair value of the shares granted under SP is estimated as at the date of grant using a Black Scholes option pricing model. Expected volatility is based on the historical share price volatility.

The following table lists the inputs into the models used for the period ended 30 June 2009, and the year ended 31 December 2008.

	2009 – 1,250,000 shares issued	2009 - 2,500,000 shares issued	2008
Grant date share price (\$)	0.09	0.16	0.19
Exercise price (\$)	0.15	0.15	0.20
Expected volatility (%)	117.00	117.00	85.00
Option life (years)	4.00	4.00	4.00
Dividend yield (%)	-	-	-
Risk – free interest rate (%)	4.475	4.475	5.730
Weighted average share price at measurement date (\$)	0.086	0.150	0.150
Model used	Black - Scholes	Black - Scholes	Black – Scholes

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical sector volatility is indicative of further trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

Note 5: Contributed equity

	30 June 2009 \$	31 December 2008 \$
Ordinary shares (a)	10,324,511	10,022,465
	10,324,511	10,022,465

(a) Ordinary shares

	No.	No.
Issued and fully paid	108,457,809	104,707,809

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Notes to the Financial Statements for the half year ended 30 June 2009

Note 5: Contributed equity (continued)

- (i) This represents pre-consolidation shares of 182,295,777 and post-consolidation shares of 91,147,924.

Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

	No.	\$
<i>Movement in ordinary shares on issue</i>		
At 1 January 2009	104,707,809	10,022,465
- 17 June 2009	1,250,000	59,629
- 30 June 2009	2,500,000	242,417
At 30 June 2009	108,457,809	10,324,511

Note 6: Contingent liabilities

At the subsidiary level Alumicor SA Holdings (Pty) Limited are in discussions with the South African Revenue Services. The South African Revenue Service is disputing tax refundable to Alumicor of \$22,000. Alumicor is taking advice on the matter and expects resolution of the dispute in its favour.

There are no other material contingent liabilities as at 30 June 2009.

Note 7: Events after the balance sheet date

On 26 August, the Company gave notice of a general meeting of shareholders, to be held on 24 September 2009, to consider an ordinary resolution for shareholders to approve and authorise the following:

- the Company to change its activities by acquiring all of the shares in Realm Resources Limited; and
- the Directors to allot and issue up to 69,565,217 shares to the shareholders of Realm Resources Limited; and
- the Directors to allot and issue up to 30,434,783 shares to Nkwe Platinum (South Africa) (Pty) Ltd or its nominee

in accordance with the Realm Share Sale Agreement and the Nkwe Share Sale Agreement, the terms and conditions of which are summarised in the Explanatory Memorandum released to ASX on 26 August 2009.

As part of the notice of a general meeting of shareholders, to be held on 24 September 2009, the following ordinary resolutions have been put to shareholders:

- to approve and authorise the issue of up to 1,000,000 shares to Mr Richard Rossiter at an issue price equal to the weighted average trading price of shares on ASX during the 5 day trading period immediately before the date on which the shares are issued, and the provision of a loan for an amount equal to the total issue price of the shares;
- to approve and authorise the issue of up to 500,000 shares to Mr Grant Button at an issue price equal to the weighted average trading price of shares on ASX during the 5 day trading period immediately before the date on which the shares are issued, and the provision of a loan for an amount equal to the total issue price of the shares;

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Notes to the Financial Statements for the half year ended 30 June 2009

Note 7: Events after the balance sheet date (continued)

Apart from the above events, there has not arisen in the interval between the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect;

- i. The Company's operations in future financial periods; or
- ii. The results of those operations in future financial periods; or
- iii. The Company's state of affairs in future financial periods.

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

Directors' declaration

In the director's opinion:

- (a) The financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards and other mandatory professional reporting requirements, and the *Corporations Regulations 2001*;
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance for the half year ended on 30 June 2009.
- (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.



Richard Rossiter
Managing Director
Sydney

31 August 2009

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Morning Star Holdings (Australia) Limited:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Morning Star Holdings (Australia) Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Morning Star Group ("the consolidated entity") as set out in pages 7 to 17. The consolidated entity comprises Morning Star Holdings (Australia) Limited ("the company") and the entities it controlled during that half year.

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 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 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 Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 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 Morning Star Holdings (Australia) Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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.

MORNING STAR HOLDINGS (AUSTRALIA) LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

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 independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Morning Star Holdings (Australia) Limited on 31 August 2009, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Morning Star Holdings (Australia) 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 at 30 June 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim financial Reporting and the Corporations Regulations 2001.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB MANN JUDD
(NSW Partnership)
Chartered Accountants**

A handwritten signature in black ink that appears to read 'A G Smith'.

**Sydney
31 August 2009**

**A G Smith
Partner**