

FORM: Half yearly/preliminary final report

Name of issuer

Property Fox No.1 Limited

ACN or ARBN

101 816 353

Half yearly
(tick)

X

Preliminary
final (tick)

Half year/financial year ended
(‘Current period’)

31 December 2007

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A
Revenue (item 1.1)	22,731 down	19.3%	to	95,089
(Loss) for the period (item 1.9)	56,341 down	33.2%	to	(113,209)
(Loss) for the period attributable to members of the parent (item 1.11)	56,341 down	33.2%	to	(113,209)
Dividends	Current period	Previous corresponding period		
Franking rate applicable:				
Final dividend (preliminary final report only) (item 10.13-10.14)				
Amount per security				
Franked amount per security	N/a	N/a		
Interim dividend (Half yearly report only) (item 10.11 – 10.12)				
Amount per security				
Franked amount per security	N/a	N/a		
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/a				

Ratios		Current period	Previous corresponding period
Profit before tax / revenue			
8.1	Consolidated profit (loss) before tax (<i>item 1.5</i>) as a percentage of revenue (<i>item 1.1</i>)	-119%	-144%
Profit after tax / equity interests			
8.2	Consolidated profit (loss) after tax attributable to members (<i>item 1.11</i>) as a percentage of equity (similarly attributable) at the end of the period (<i>item 3.37</i>)	-4%	-5%

NTA Backing


(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security (including A Class and Ordinary shares)	\$0.47	\$0.51

It should be noted that the NTA at Section 20.1 of the report has been calculated by accounting for all the issued shares in the Company. However, the 1,250,000 Ordinary Shares of the Company are not entitled to a capital distribution on the winding up of the Company. Therefore the NTA would be 59 cents per share when the Ordinary Shares are excluded from the calculation.

Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).
2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which have been subject to review by a registered auditor (or overseas equivalent).



Sign here:

• Date: 14 March 2008

Print name: Howard Woolcott

DIRECTOR



A.C.N. 101 816 353

Property Fox No 1 Limited

**Financial Statements and Review Report
For the period ended 31 December 2007**

TABLE OF CONTENTS

DIRECTORS' REPORT	1
AUDITORS'S INDEPENDENCE DECLARATION.....	2
CONSOLIDATED INCOME STATEMENT	3
CONSOLIDATED BALANCE SHEET	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENT OF CASH FLOWS.....	6
NOTES TO THE FINANCIAL STATEMENTS	7
DIRECTORS' DECLARATION	10
INDEPENDENT AUDITOR'S REPORT	11

**PROPERTY FOX NO.1 LIMITED
A.C.N. 101 816 353
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Your directors present their report on Property Fox No.1 Limited for the half-year ended 31 December 2007.

Directors

The names of directors in office at any time during or since the end of the year are:

- Peter John Spann
- Howard Woolcott
- Jodie Stainton


Review of Operations

The consolidated entity was active in pursuit of its principal activities during the period. The net loss for the consolidated entity for the half year ended 31 December 2007 before income tax amounted to \$113,209 compared to \$169,550 for the same period in the previous year.

Auditors Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 2 for the half-year ended 31 December 2007.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink, appearing to read 'H. Woolcott', with a large, stylized flourish at the end.

Howard Woolcott
Director

Dated this 14th day of March 2008



Chartered Accountants
& Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001**

To the Directors of Property Fox No.1 Limited

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2007 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 Property Fox No.1 Limited and the entities it controlled during the half year.

PKF
Chartered Accountants

Wayne Wessels
Partner

Dated at Brisbane this 14th day of March 2008

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

PKF East Coast Practice is a member of PKF Australia Limited a national association of independent chartered accounting and consulting firms each trading as PKF. The East Coast Practice has offices in NSW, Victoria and Brisbane. PKF Australia Limited is a member of PKF International, an association of legally independent chartered accounting and consulting firms.

Liability limited by a scheme approved under Professional Standards Legislation

CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

		Consolidated Entity	
	Note	31 Dec 2007	31 Dec 2006
		\$	\$
Continuing operations			
Sales revenue			
- Sale of properties	2	1,200,000	-
Cost of sales			
- Sale of properties	2	(1,196,400)	-
Gross margin from sale of properties		3,600	-
Other revenue	2	91,489	117,820
Management fees- related party		(12,000)	(61,285)
Directors' fees		(12,600)	(6,475)
Company secretarial fees		(15,750)	-
Share registry fees		(16,290)	-
Professional fees		(67,773)	(12,937)
Impairment of inventory		(20,000)	-
NSX listing fees		-	(25,233)
Rates and taxes		(24,529)	(79,820)
Repairs and maintenance		(1,306)	(9,190)
Advertising expenses		-	(2,200)
Interest expense		(18,561)	(78,420)
Other expenses		(19,489)	(11,810)
Loss before income tax		(113,209)	(169,550)
Income tax benefit		-	-
Loss from continuing activities after income tax		(113,209)	(169,550)
Loss attributable to members of the parent entity		(113,209)	(169,550)
Basic loss per share (cents per share)		(2.27)	(3.59)
Diluted loss per share (cents per share)		(2.27)	(3.59)

The above consolidated Income Statement is to be read in conjunction with the attached notes.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Consolidated Entity	
	31 Dec 2007	30 Jun 2007
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	1,614,136	1,279,887
Trade and other receivables	34,879	102,217
Inventory	1,463,276	2,649,111
TOTAL CURRENT ASSETS	3,112,291	4,031,215
NON-CURRENT ASSETS		
Other financial assets	353,499	353,499
TOTAL NON-CURRENT ASSETS	353,499	353,499
TOTAL ASSETS	3,465,790	4,384,714
CURRENT LIABILITIES		
Trade and other payables	77,243	63,919
Other financial liabilities	446,250	1,166,250
TOTAL CURRENT LIABILITIES	523,493	1,230,169
TOTAL LIABILITIES	523,493	1,230,169
NET ASSETS	2,942,297	3,154,545
EQUITY		
Contributed equity	4,631,311	4,730,350
Accumulated losses	(1,689,438)	(1,576,229)
Parent equity interest	2,941,873	3,154,121
Minority interest	424	424
TOTAL EQUITY	2,942,297	3,154,545

The above Consolidated Balance Sheet is to be read in conjunction with the attached notes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

Consolidated Entity	Contributed Equity \$	Accumulated Losses \$	Minority Interest \$	Total \$
Balance at 1 July 2006	4,730,350	(1,378,919)	424	3,351,855
Loss attributable to members of Parent entity.	-	(169,550)	-	(169,550)
Balance at 31 December 2006	<u>4,730,350</u>	<u>(1,548,469)</u>	<u>424</u>	<u>3,182,305</u>
Balance at 1 July 2007	4,730,350	(1,576,229)	424	3,154,545
Loss attributable to members of Parent entity.	-	(113,209)	-	(113,209)
Share buy back	(99,039)	-	-	(99,039)
Balance at 31 December 2007	<u>4,631,311</u>	<u>(1,689,438)</u>	<u>424</u>	<u>2,942,297</u>

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

Consolidated Entity

	31 December 2007	31 December 2006
	\$	\$
Cash flows from operating activities		
Cash received from customers	1,263,502	123,862
Payments to suppliers	(184,494)	(236,275)
Interest paid	(16,881)	(78,420)
Interest received	42,604	3,844
Net cash provided by/(used in) operating activities	<u>1,104,731</u>	<u>(186,989)</u>
Cash flows from investing activities		
Payment for investments	-	-
Loans from Director related parties	48,557	128,629
Net cash provided by investing activities	<u>48,557</u>	<u>128,629</u>
Cash flows from financing activities		
(Repayment of)/Proceeds from borrowings	(720,000)	-
Share buy back	(99,039)	-
Net cash used in financing activities	<u>(819,039)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	334,249	(58,360)
Cash and cash equivalents at the beginning of the financial period	1,279,887	197,376
Cash and cash equivalents at the end of the financial period	<u>1,614,136</u>	<u>139,016</u>

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Note 1:

Corporate Information

The financial report of Property Fox No 1 Limited for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 14th of March 2008. Property Fox No 1 Limited is a company incorporated in Australia and limited by shares.

Basis of Preparation

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards, including AASB 134 Interim Financial Reporting and other mandatory reporting requirements.

The half-year financial report has been prepared on a historical cost basis.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financial and investing activities of the consolidated entity as the full financial report.

The half –year financial report should be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Property Fox No.1 Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

a) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007.

b) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Property Fox No 1 Limited and its subsidiaries as at 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Note 2: Revenue and Expenses	Consolidated Entity	
	31 December 2007 \$	31 December 2006 \$
Specific Items		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
(i) Revenue		
Property Sale Revenue	1,200,000	-
Interest income	42,604	3,844
Other	48,885	113,976
	<u>1,291,489</u>	<u>117,820</u>
(ii) Expenses		
Cost of property sales	1,196,400	-

Note 3: Dividends

There were no dividends proposed or paid by the company during the half-year or in the preceding half-year.

Note 4: Segment Information

The company operates in the property industry acquiring, developing and selling parcels of developed residential real estate. The company operates in one geographical segment being Australia.

Note 5: Equity Share Buy Back

	2007 Shares	2006 Shares	2007 \$	2006 \$
Shares cancelled under share buy back plan	<u>178,999</u>	<u>-</u>	<u>99,039</u>	<u>-</u>

Note 6: Events Subsequent to Reporting Date

The Company owns 2% of the issued capital in Fox Riverside Pty Limited and is entitled to 5.95% of the net proceeds of a Joint Venture which it is undertaking to develop a parcel of land in the Brisbane suburb of Tennyson. Fox Riverside Pty Limited has received a notice of appeal to set aside the Development Approval it received from Brisbane City Council in October 2006. The appellant is the adjoining owner. Legal proceedings have commenced in the Planning and Environment Court to strike out the appeal. If the appellant is successful there will be a negative effect on any potential profits to be made by the joint venture company Fox Riverside Pty Ltd.

The Directors are confident that they will recover the carrying amount of investment in Fox Riverside Pty Ltd irrespective of the outcome of the appeal. The carrying amount of the investment at 31 December 2007 was \$250,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Note 7: Contingent Liabilities

The company has a 30 percent interest in a joint venture with Property Fox No.2 Limited and Freeman Fox Investments Pty Limited.

As part of this joint venture, the company has entered into an agreement with Property Fox No.2 Limited to assist in the funding of the acquisition of the joint venture property situated in Toowoomba, Queensland. The total amount payable at 31 December 2007 under the joint loan agreement was \$1,190,000 and a liability of \$452,500 being the company's interest in the joint loan has been recorded and is included in other financial liabilities.

Under the terms of the loan facility, should Property Fox No.2 Limited be unable to meet its obligations under the loan facility agreement, the company will be liable for the full amount of the loan outstanding. The loan is secured by a first mortgage against the joint venture property which has a total carrying value of \$2,330,368 at 31 December 2007.

The Directors are not aware of any other contingent liabilities as at 31 December 2007.

DIRECTORS' DECLARATION

The directors of Property Fox No.1 Limited declare that the financial statements and notes set out on pages 1 to 9.

1. (a) Comply with Accounting Standard and the Corporations Regulations 2001: and
(b) Give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Property Fox No.1 Limited 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 Board of Directors



Howard Woolcott
Director

Dated this 14th day of March 2008.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Property Fox No.1 Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Property Fox No.1 Limited, which comprises the balance sheet as at 31 December 2007, 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 consolidated entity. The consolidated entity comprises Property Fox No.1 Limited (the company) and the entities it controlled during the 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 control 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 31 December 2007 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 Property Fox No.1 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. 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 have complied with the independence requirements of the Corporations Act 2001.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

PKF East Coast Practice is a member of PKF Australia Limited a national association of independent chartered accounting and consulting firms each trading as PKF. The East Coast Practice has offices in NSW, Victoria and Brisbane. PKF Australia Limited is a member of PKF International, an association of legally independent chartered accounting and consulting firms.

Liability limited by a scheme approved under Professional Standards Legislation

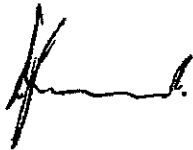
Conclusion

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 Property Fox No.1 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 December 2007 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.

PKF**PKF**

Chartered Accountants

**Wayne Wessels**

Partner

Dated at Brisbane this 14th day of March 2008