



Property Fox No 2 Limited ACN 108 076 295

Interim Financial Report

Half year ended 31 December 2008

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Directors' report

Your directors present their report on the Company for the half year ended 31 December 2008.

Directors

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

- Peter John Spann
- Howard Woolcott
- Jodie Stainton

Directors have been in office to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the Company during the period was the investment, either directly or through a subsidiary, parcels of residential real estate in accordance with the real estate mandate of the Company. The Company has a 31.17% interest in Fox Riverside Pty Limited, which sold the remaining property it has in a real estate joint venture in November. The joint venture is being wound up and a final payment is expected to be received by the end of March 2009.

Review of Operations

The Company was active in its pursuit of its principal activities during the period.

The net loss for the Company for the half year ended 31 December 2008 before income tax amounted to \$162,237 (half year ended 2007: Profit \$32,487). The operating results for the half year are consistent with the Company's business plan. The Toowoomba properties were revalued in December 2008 by an independent valuer and showed an increase in value of 9.35% in the carrying value in the Company's accounts. The Company owns 50% of the Toowoomba properties and its share of this increase amounted to \$124,250. This has not been included in the income statement but as an increase in the asset revaluation reserve.

Auditor's Declaration

The lead 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 2008.

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



Howard Woolcott
Director
Dated 12 March 2009.

AUDITOR'S INDEPENDENCE DECLARATION**TO THE DIRECTORS OF PROPERTY FOX NO. 2 LIMITED**

Grant Thornton Queensland Partnership
ABN 13 131 589 059

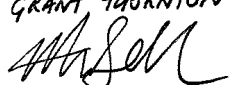
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In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Property Fox No. 2 Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- 1 no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- 2 no contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON
Chartered Accountants

GRANT THORNTON


Matthew Bell
Partner

Brisbane

Dated 12 March 2009

Income statement

For the half year ended 31 December 2008

	Note	31 Dec 2008 \$	31 Dec 2007 \$
Revenue from ordinary activities	2	39,755	33,496
Share of net (loss)/profit of associates		(57,614)	141,240
Management fees		(6,000)	(12,000)
Professional fees		(25,496)	(39,343)
Directors fees		(12,200)	(12,600)
Company secretarial fees		(14,250)	(16,500)
Share registry fees		(18,356)	(6,134)
Finance costs		(31,298)	(26,391)
NSX listing costs		(3,034)	(3,337)
Property costs		(24,562)	(17,192)
Other expenses from ordinary activities		(9,182)	(8,752)
Net Profit/(loss) from ordinary activities before income tax expense		(162,237)	32,487
Income tax (expense) / benefit relating to ordinary activities		-	-
Net profit / (loss) from ordinary activities after income tax		(162,237)	32,487
Overall Operations:			
Basic earnings per share (cents per share)		(5.37)	1.08
Diluted earnings per share (cents per share)		(5.37)	1.08

The accompanying notes form part of these financial statements

Balance sheet

As at 31 December 2008

	31 Dec 2008	30 June 2008
	\$	\$
Current assets		
Cash and cash equivalents	1,090,809	97,983
Other current assets	15,103	8,602
Total current assets	1,105,912	106,585
Non current assets		
Investments accounted for using the equity method	150,958	1,299,522
Property	1,622,641	1,498,391
Total non current assets	1,773,599	2,797,913
Total assets	2,879,511	2,904,498
Current liabilities		
Trade and other payables	47,860	34,898
Short term borrowings	834,125	834,088
Total current liabilities	881,985	868,986
Total liabilities	881,985	868,986
Net assets	1,997,526	2,035,512
Equity		
Contributed equity	2,642,220	2,642,220
Reserves	304,805	180,555
Retained profits/(accumulated losses)	(949,499)	(787,263)
Total equity	1,997,526	2,035,512

The accompanying notes form part of these financial statements

Statement of changes in equity

For the half year ended 31 December 2008

	Share Capital	Accumulated Losses	Asset Revaluation Reserve	Options Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2007	2,642,220	(756,140)	-	17,490	1,903,570
Profit /(loss) attributable to members of parent entity	-	32,487	-	-	32,487
Sub total	2,642,220	(723,653)	-	17,490	1,936,057
Dividends paid or provided for	-	-	-	-	-
Balance at 31 December 2007	2,642,220	(723,653)	-	17,490	1,936,057
 Balance at 1 July 2008	 2,642,220	 (787,262)	 163,065	 17,490	 2,035,513
Profit / (loss) attributable to members of parent entity	-	(162,237)	-	-	(162,237)
Revaluation Toowoomba properties	-	-	124,250	-	124,250
Sub total	2,642,220	(949,499)	287,315	17,490	1,997,526
Dividends paid or provided for	-	-	-	-	-
Balance at 31 December 2008	2,642,220	(949,499)	287,315	17,490	1,997,526

The accompanying notes form part of these financial statements

Cash flow statement

For the half year ended 31 December 2008

	31 December 2008	31 December 2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from properties	39,756	23,658
Payments to suppliers	(88,651)	(172,352)
Payments to directors	(12,200)	(12,600)
Interest paid	(31,298)	(26,391)
Interest received	4,269	-
Net cash provided by (used in) operating activities	(88,124)	(187,685)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution from associate	1,090,950	250,000
Net cash provided by (used in) investing activities	1,090,950	250,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings (provided)/received to related entities	-	5,780
Net cash provided by (used in) financing activities	-	5,780
Net increase in cash held	1,002,826	68,095
Cash at beginning of period	97,983	81,914
Cash at end of period	1,090,809	150,009

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the half year ended 31 December 2008

Note 1: Basis of Preparation

The half year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations 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 30 June 2008 and any public announcements made by Property Fox No 2 Limited 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

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets and financial liabilities for which the fair value basis of accounting has been applied.

	31 December 2008	31 December 2007
	\$	\$
Note 2: Profit from ordinary activities		
Operating revenue:		
Rental income	35,486	32,992
Interest received	4,269	504
	<u>39,755</u>	<u>33,496</u>

Note 3: Investment in associate

Opening carrying value 30 June 2008	1,299,522
Equity accounting adjustment – share of profit/(loss) of associate	(57,614)
Advance capital distribution received	<u>(1,090,950)</u>
Closing carrying value 31 December 2008	<u>150,958</u>

Note 4: Segment Information

The company operates an investment company acquiring and developing either directly or indirectly, parcels of residential real estate in accordance with the company's real estate mandate. The company currently operates in one geographical segment being Queensland.

Note 5: Events Subsequent to Reporting Date

The Company has a 31.17% interest in Fox Riverside Pty Limited, which sold the remaining property it has in a real estate joint venture in November. The joint venture is being wound up and a final payment is expected to be received by the end of March 2009.

Directors' declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 - 7
 - a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b) give a true and fair view of the economic entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date.
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.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'H. Woolcott', is written over a light blue rectangular background.

Director

Howard Woolcott

Dated this 12th March 2009

INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF PROPERTY FOX NO. 2 LIMITED**

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Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Property Fox No. 2 Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, and other selected explanatory notes.

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 Engagement ASRE 2410: Review of an 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 company's financial position as at 31 December 2008 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.2 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 complied with the independence requirements of the Australian professional ethical pronouncements and the Corporations Act 2001.

Electronic presentation of reviewed financial report

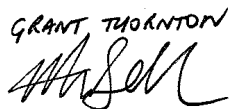
This auditor's review report relates to the financial report of Property Fox No. 2 Limited for the half-year ended 31 December 2008 included on Property Fox No. 2 Limited's web site. The Company's directors are responsible for the integrity of the Property Fox No. 2 Limited web site. We have not been engaged to report on the integrity of the Property Fox No. 2 Limited web site. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

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. 2 Limited is not in accordance with the Corporations Act 2001, including:

- 1 giving a true and fair view of the company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- 2 complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001

GRANT THORNTON
Chartered Accountants



Matthew Bell
Partner

Brisbane

Dated 12 March 2009