



A.C.N. 101 816 353

Property Fox No 1 Limited

**Financial Statements and Review Report
For the period ended 31 December 2009**

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PROPERTY FOX NO.1 LIMITED
A.C.N. 101 816 353

DIRECTORS' REPORT

Your directors present their report on Property Fox No.1 Limited for the half-year ended 31 December 2009.

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 Company was active in pursuit of its principal activities during the period. The net loss for the half year ended 31 December 2009 before income tax amounted to \$103,277 compared to \$304,357 for the same period in the previous year.

In the previous half year period to 31 December 2008 there were significant expenses incurred in professional fees relating to the defence of predatory takeover action. No such costs were incurred in the current half year, which is why there is a significant fall in the net loss.


During the half year period under review, the Company completed the buy back of 1,221,200 shares pursuant to the equal access buy-back scheme approved by shareholders at the Company's EGM in February 2009.

At the date of this report Property Fox No 2 Limited had acquired 83.35% of the issued capital of the Company resulting in the number of shareholders being less than required by the NSX listing rules. As a result the Company will be delisted from the NSX on 9 April 2010, which will save a number of expenses including listing fees.

Auditor's 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 2009.

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



Howard Woolcott
Director

Dated this 15th day of March 2010

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

To the Directors of Property Fox No.1 Limited

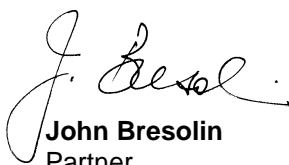
As lead auditor for the review of Property Fox No 1 Limited for the half year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- (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 Property Fox No.1 Limited during the half year.



PKF



John Bresolin
Partner

Sydney
15 March 2010

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PROPERTY FOX NO.1 LIMITED
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Note	31 Dec 2009 \$	31 Dec 2008 \$
Continuing operations			
Sales revenue			
- Sale of properties		-	-
Cost of sales			
- Sale of properties		-	-
Gross margin from sale of properties		-	-
Other revenue	2	55,323	85,393
Management fees- related party		(6,000)	(6,000)
Directors' fees		(12,600)	(12,600)
Company secretarial fees		(16,500)	(16,500)
Share registry fees		(19,704)	(18,567)
Professional fees	2	(49,378)	(263,527)
NSX listing fees		(8,607)	(3,162)
Rates and taxes		(3,036)	(6,727)
Repairs and maintenance		(1,785)	(2,762)
Interest expense		(13,180)	(22,193)
Other expenses		(27,810)	(37,712)
Loss before income tax		(103,277)	(304,357)
Income tax benefit		-	-
Loss from continuing activities after income tax		(103,277)	(304,357)
Other Comprehensive Income			
Other Comprehensive Income for the half-year		-	-
Total Comprehensive Income /(Loss) for the half-year		(103,277)	(304,357)
Loss and Total Comprehensive Income /(Loss) attributable to members of the company		(103,277)	(304,357)
Basic and Diluted loss per share (cents per share)		(2.15)	(5.28)

The above statement of comprehensive income is to be read in conjunction with the attached notes.

PROPERTY FOX NO.1 LIMITED
A.C.N. 101 816 353

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Note	31 Dec 2009 \$	30 Jun 2009 \$
CURRENT ASSETS			
Cash and cash equivalents		283,370	1,146,208
Trade and other receivables		85,416	62,733
Inventory		1,343,111	1,343,111
Financial Assets	3	55,609	66,689
TOTAL CURRENT ASSETS		<u>1,767,506</u>	<u>2,618,741</u>
TOTAL ASSETS		<u>1,767,506</u>	<u>2,618,741</u>
CURRENT LIABILITIES			
Trade and other payables		31,258	107,556
TOTAL CURRENT LIABILITIES		<u>31,258</u>	<u>107,556</u>
NON CURRENT LIABILITIES			
Borrowings	8	446,250	446,250
TOTAL NON CURRENT LIABILITIES		<u>446,250</u>	<u>446,250</u>
TOTAL LIABILITIES		<u>477,508</u>	<u>553,806</u>
NET ASSETS		<u>1,289,998</u>	<u>2,064,935</u>
EQUITY			
Issued capital		3,835,051	4,506,711
Accumulated losses		(2,545,053)	(2,441,776)
TOTAL EQUITY		<u>1,289,998</u>	<u>2,064,935</u>

The above statement of financial position is to be read in conjunction with the attached notes

PROPERTY FOX NO.1 LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Issued Capital \$	Accumulated Losses \$	Total \$
Balance at 1 July 2008	4,506,711	(1,934,787)	2,571,924
Loss for the period	-	(304,357)	(304,357)
Total Comprehensive Income /(Loss) for the half-year	<u>-</u>	<u>(304,357)</u>	<u>(304,357)</u>
Transactions with owners in their capacity as owner for the half-year	-	-	-
Balance at 31 December 2008	<u>4,506,711</u>	<u>(2,239,144)</u>	<u>2,267,567</u>
 Balance at 1 July 2009	 4,506,711	 (2,441,776)	 2,064,935
Loss for the period	-	(103,277)	(103,277)
Total Comprehensive Income/ (Loss) for the half-year	<u>-</u>	<u>(103,277)</u>	<u>(103,277)</u>
Transactions with owners in their capacity as owners:			
Share buy back	(671,660)	-	(671,660)
	<u>(671,660)</u>	<u>-</u>	<u>(671,660)</u>
Balance at 31 December 2009	<u>3,835,051</u>	<u>(2,545,053)</u>	<u>1,289,998</u>

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

PROPERTY FOX NO.1 LIMITED
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STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	31 December 2009	31 December 2008
	\$	\$
Cash flows from operating activities		
Cash received from customers	47,610	40,301
Payments to suppliers	(196,064)	(305,776)
Interest paid	(13,180)	(22,193)
Interest received	7,713	41,467
	<u> </u>	<u> </u>
Net cash provided by/(used in) operating activities	<u>(153,921)</u>	<u>(246,201)</u>
Cash flows from investing activities		
Capital returned on investment in Fox Riverside Pty Ltd	11,080	208,250
Loans (to)/ from Director related parties	(48,337)	15,306
	<u> </u>	<u> </u>
Net cash provided by/(used in) investing activities	<u>(37,257)</u>	<u>223,556</u>
Cash flows from financing activities		
Share buy back	(671,660)	-
	<u> </u>	<u> </u>
Net cash used in financing activities	<u>(671,660)</u>	<u>-</u>
 Net increase / (decrease) in cash and cash equivalents	 (862,838)	 (22,645)
Cash and cash equivalents at the beginning of the financial period	1,146,208	1,427,875
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial period	<u>283,370</u>	<u>1,405,230</u>

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

PROPERTY FOX NO.1 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Note 1:

Corporate Information

The financial report of Property Fox No 1 Limited for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 12 of March 2010. Property Fox No 1 Limited is a company incorporated in Australia and limited by shares.

Basis of Preparation

The half-year 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 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 2009 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.

Going concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss of \$103,277 (2008 \$304,357) and had net cash outflows from operating activities of \$153,921 for the half-year ended 31 December 2009. Pending the acquisition of the Company by Property Fox No.2 Limited and the Company delisting from the National Stock Exchange in April 2010, the Company would incur significant savings in compliance costs. The Directors have assessed the future cash flow requirements of the Company and are confident that the Company has adequate cash resources to meet its ongoing working capital needs for at least a period of twelve months from the date of signature of the Directors' Report.

Significant accounting policies

The half-year financial report has been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2009. Except as set out below:

Segments – new AASB Operating Segments

The Company has applied AASB 8 Operating Segments from 1 July 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 resulted in no change in the reported segment as previously presented in the June 2009 Annual Report.

PROPERTY FOX NO.1 LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

Note 2: Revenue and Expenses

31 December 2009	31 December 2008
\$	\$

Specific Items

Loss before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

(i) Revenue

Interest income	7,713	41,467
Rental income	47,610	43,926
	55,323	85,393

(ii) Expenses Professional Fees

Accounting and audit fees	29,767	39,480
Legal fees	13,363	175,817
Independent Expert Reports	6,248	48,230
	49,378	263,527

The legal fees and Independent Expert Report fees were incurred in connection with mandatory responses to the takeover bid by Property Fox No 2 Limited.

Note 3: Financial Assets

31 December 2009	30 June 2009
\$	\$

Listed investments at fair value	54,169	54,169
Unlisted investments at cost	1,440	1,440
Unlisted investments at fair value	-	11,080
	55,609	66,689

Note 4: Dividends

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

Note 5: Segment Information

The Company operates in one segment namely the acquisition for resale parcels of developed residential real estate. The operating revenues, results and total assets as used by the Managing Director to assess the performance of the segment is as disclosed in the Statement of Comprehensive Income and Statement of Financial Position.

PROPERTY FOX NO.1 LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009
(CONT'D)**

Note 6: Share Buy Back

	31 December 2009	
	Shares	\$
	Nos	
"A" Class Shares cancelled under share buy back plan announced on 8 May 2009 at \$0.55 per share	1,221,200	671,660

Note 7: Events Subsequent to Reporting Date

At the date of this report Property Fox No 2 Limited had increased its holding in the Company to over 80% of the "A" Class shares, pursuant to the takeover offer it made to shareholders in May 2009. As the Company now has less than the number of Shareholders necessary to remain listed on the National Stock Exchange the Company will be delisted with effect from 9 April 2010.

Note 8: Contingent Liabilities

The company has a 30 percent interest in a joint venture with Property Fox No.2 Limited. In December 2009 Property Fox No 2 Limited increased its share of the joint venture from 50% to 70% when it acquired the 20% owned by Freeman Fox Investments Pty Ltd.

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 outstanding at 31 December 2009 under the joint loan agreement was \$1,190,000 and a liability of \$446,250 being the company's interest in the joint loan has been recorded and is included in borrowings. The loan facility expire on 29 February 2012.

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 2009. The property was valued by an independent valuer in June 2009 at \$2,850,000.

The Directors are not aware of any other contingent liabilities as at 31 December 2009.

PROPERTY FOX NO.1 LIMITED
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DIRECTORS' DECLARATION

The directors of Property Fox No.1 Limited declare that:

- a) In the Directors' opinion the financial statements and notes set out on pages 3 to 9, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2009 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- 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.

Signed in accordance with a resolution of the directors.



Howard Woolcott
Director

Dated this 15th day of March 2010.

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 Statement of Financial position as at 31 December 2009, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Property Fox No.1 Limited 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 company's financial position as at 31 December 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 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*.

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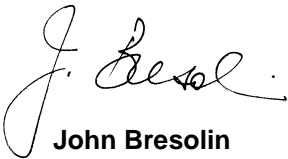
Conclusion

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 company's financial position as at 31 December 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 *Corporations Regulations 2001*.



PKF



John Bresolin
Partner

Sydney
15 March 2010