

LEYSHON PROPERTY FUND NO. 3

Consisting of the combined financial reports of
Leyshon Property Trust No. 3 ABN 95 909 819 176 and
Leyshon Developments No. 3 Limited ABN 56 111 628 589.

**Interim financial report for the period ended
31 December 2004**

DIRECTORS' STATEMENT

The Directors of Leyshon Corporation Limited (LCL) as Trustee and Responsible Entity for Leyshon Property Trust No. 3 (LPT3) and the Directors of Leyshon Developments No. 3 Limited (LDL3) present their report on the combined entity consisting of LPT3 and LDL3 for the period ended 31 December 2004.

Although LPT3 was constituted in May 2004 and LDL3 was incorporated in November 2004, operations of the Leyshon Property Fund No. 3 (Fund) commenced on 21 December 2004.

DIRECTORS

During the period to 31 December 2004 and up to the date of this report the following persons were directors of LCL as Trustee and Responsible Entity for LPT3 and were directors of LDL3 respectively.

LCL as Trustee and Responsible Entity for LPT3

G McMahon	Date of Appointment	01/11/1999
W Collins	Date of Appointment	14/05/2003
M O'Reilly	Date of Appointment	14/05/2003
N Summerson	Date of Appointment	11/06/2004

LDL3

R Bryan	Date of Appointment	02/11/2004
G McMahon	Date of Appointment	02/11/2004
W Collins	Date of Appointment	02/11/2004
M O'Reilly	Date of Appointment	02/11/2004
S Bryan	Date of Appointment	02/11/2004
S Smith	Date of Appointment	02/11/2004
K Pickard	Date of Appointment	02/11/2004

STRUCTURE OF THE FUND

Leyshon Property Fund No.3 (Fund) was created upon the issue units by LPT3 and of shares by LDL3 and the stapling of the securities on 21 December 2004.

The Fund which is listed on the Bendigo Stock Exchange (BSX) is a stapled security fund which comprises LPT3 and LDL3. The Fund is subject to a Stapling and Asset Management Deed dated 8 November 2004, whereby LCL in its own capacity is the Manager of the Fund and Asset Manager of the projects of the Fund.

LPT3 was created by a Trust Deed dated 14 May 2004, which was subsequently amended on 8 November 2004. Units were issued under a Product Disclosure Statement/Prospectus dated 8 November 2004 as part of an equity raising for the Fund.

STRUCTURE OF THE FUND (Contd)

LDL3 was incorporated on 2 November 2004 and issued shares under a Product Disclosure Statement/Prospectus dated 8 November 2004 as part of an equity raising for the Fund.

Units issued in the trust are stapled to shares issued in the company and are treated as one security. The stapled securities are quoted and traded together on the BSX. The stapled securities cannot be traded or dealt with separately.

The two entities comprising the stapled group, remain separate legal entities in accordance with the Corporations Act 2001, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the Corporations Regulations 2001.

The Fund's stapled security structure allows equity investors to derive income from passive property ownership (Melbourne Street and future projects) supplemented by profits from active property development (London Woolstore and future projects).

The stapled security structure will cease to operate if any of the following occurs:

- (a) Subject to the Law, the BSX Listing Rules and approval by resolution of the unitholders and shareholders, the Manager may determine that the provisions of LPT3's Trust Deed relating to stapling will cease to apply. If they do so, they may at a later time give notice that the application of the provisions is to recommence.
- (b) Each unit will remain stapled to the share to which it is stapled to form a stapled security until the date the units are unstapled. Securities will cease to be stapled to any security which ceases to be on issue.
- (c) A provision of LPT3's Trust Deed relating to stapling may not be amended except with the prior written consent of the Manager.

REVIEW OF OPERATIONS

The Fund was established to invest in and develop a portfolio of quality property projects including:

- 99 Melbourne Street, South Brisbane, a newly constructed commercial office building; and
- London Woolstore at Vernon Terrace, Teneriffe involving the conversion and refurbishment of three former woolstore buildings into 89 residential apartments, car parking, nine retail shops and commercial office space; and
- Future projects which satisfy the Fund Managers' project selection criteria.

REVIEW OF OPERATIONS (Contd)

A summary of combined revenues and results for the period by significant industry segments is set out below.

(a) Property Investment

Property Investment division achieved a net profit after tax of \$36,211 as a result of net commercial rent from the property situated at 99 Melbourne Street, South Brisbane. This property was purchased on 21 December 2004.

(b) Property Development

Property Development's net profit after tax of \$8,259 resulted from the net rent from the London Woolstores.

The Net Profit attributable to the security holders for the period 8 November 2004 to 31 December 2004 was \$44,470. This equates to 0.86 cents per security based on the weighted average of 5,153,093 securities that were on issue during the period.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditors, Ernst and Young, as attached at Page 16.

This statement is made in accordance with a resolution of the Directors of LCL as Trustee and Responsible Entity for LPT3 and the Directors of LDL3.

On behalf of the Board
Leyshon Corporation Limited as Trustee and Responsible Entity for
Leyshon Property Trust No. 3
ABN 50 090 257 480

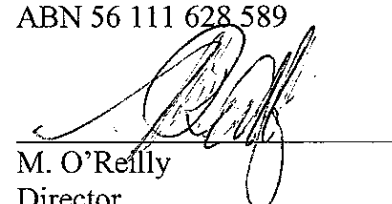


G. McMahon

Director

Brisbane, 15 March 2005

On behalf of the Board
Leyshon Developments No. 3 Limited
ABN 56 111 628 589



M. O'Reilly

Director

Brisbane, 15 March 2005

COMBINED STATEMENT OF FINANCIAL PERFORMANCE
For the period ended 31 December 2004

		COMBINED Period to 31 December 2004 \$
Revenue from operating activities		65,275
Interest revenue		<u>23,667</u>
Revenue from ordinary activities		<u>88,942</u>
Amortisation expenses		(2,848)
Borrowing expenses	3	(31,913)
Insurance		(2,220)
Land tax		(1,529)
Property management fees		(814)
Recoverable outgoings		(1,855)
Security		(246)
Other expenses from ordinary activities		(796)
Total expenses from Ordinary activities		<u>(42,221)</u>
Profit from ordinary activities before income tax expense		<u>46,721</u>
Income tax expense		2,251
Net profit attributable to the stapled security holders of the Fund		<u>44,470</u>
Security issue costs recognised directly against equity		(393,703)
Total changes in equity other than those resulting from transactions with security holders as owners		<u>(349,233)</u>
		Cents
Basic earnings per security	5	0.86
Diluted earnings per security	5	0.86

The above combined statement of financial performance should be read in conjunction with the accompanying notes.

COMBINED STATEMENT OF FINANCIAL POSITION

As at 31 December 2004

	COMBINED 31 December 2004 \$
CURRENT ASSETS	
Cash assets	9,855,415
Receivables	363,712
Inventories	18,251,050
Other	33,644
Total current assets	<u>28,503,821</u>
NON-CURRENT ASSETS	
Investment properties	7 25,905,975
Deferred tax assets	5,473,064
Other	168,010
Total non-current assets	<u>31,547,049</u>
TOTAL ASSETS	<u>60,050,870</u>
CURRENT LIABILITIES	
Payables	1,186,394
Loans	10,650,000
Total current liabilities	<u>11,836,394</u>
NON-CURRENT LIABILITIES	
Interest bearing liabilities	16,068,520
Accrued Expenses	1,783,865
Deferred tax liability	5,475,314
Total non-current liabilities	<u>23,327,699</u>
TOTAL LIABILITIES	<u>35,164,093</u>
NET ASSETS	<u>24,886,777</u>
EQUITY	
Contributed equity	12,455,052
Units issued and paid up	12,387,255
Retained profits	9 44,470
TOTAL EQUITY	<u>6 24,886,777</u>

The above combined statement of financial position should be read in conjunction with the accompanying notes.

COMBINED STATEMENT OF CASH FLOWS
For the period ended 31 December 2004

	COMBINED Period to 31 December 2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	129,161
Payments to suppliers	(153,118)
Interest received	23,667
Payment for Inventory	<u>(18,491,277)</u>
Net cash outflows from operating activities	<u>(18,491,567)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for investment properties	(25,905,975)
Proceeds from vendor for leasing incentives	<u>2,775,181</u>
Net cash outflows from investing activities	<u>(23,130,794)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from borrowings	26,718,520
Payment of Borrowing costs	(170,857)
Proceeds from the issue of securities	25,297,000
Payment of costs of securities issue	<u>(366,887)</u>
Net cash inflows from financing activities	<u>51,477,776</u>
Net increase in cash held	<u>9,855,415</u>
Cash at the beginning of the reporting period	0
Cash at the end of the reporting period	<u>9,855,415</u>

The above combined statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the period ended 31 December 2004

1. Basis of Preparation of the Financial Statements

LEYSHON PROPERTY FUND NO. 3 – STAPLING OF SECURITIES

The Fund comprises LPT3 and LDL3. Units issued in the trust are stapled to the shares in the company and are treated as one security. The stapled securities are quoted and traded together on the BSX. The stapled securities cannot be traded or dealt with separately.

The two entities comprising the stapled group, remain separate legal entities in accordance with the Corporations Act 2001, and are each required to comply with the reporting and disclosure requirements of Accounting Standards and the Corporations Regulations 2001.

Basis of Accounting

The financial statements of the Fund consist of the aggregated financial statements of the combined entity comprising LPT3 and LDL3. None of the entities whose securities are stapled is a parent of another entity and the entities do not have a common parent.

The financial statements are a general purpose financial report, which has been prepared to satisfy the requirements of the Urgent Issues Group Consensus View 13, 'The Presentation of the Financial Report of Entities Whose Securities are Stapled', and in accordance with Accounting Standard AASB 1029 *"Interim Financial Reporting"*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), Corporations Act 2001 and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include all the notes of the type normally included in an annual financial report. This is the first financial report of the Fund. Accordingly, it is recommended that this report should be read in conjunction with any public announcements made by LCL as Trustee and Responsible Entity of LPT3 or LDL3 during the period in accordance with the continuous disclosure requirements of the BSX Listing Rules.

The accounting policies adopted in preparing the financial statements have been consistently applied by the individual entities comprising the combined financial statements.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or current valuations of non-current assets.

The report does not include full note disclosures of the type normally included in an annual financial report.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (Contd)
For the period ended 31 December 2004

There are no comparative figures shown in this Interim Financial Report as this is the first time application of AASB1029 "Interim Financial Reporting" and a financial report as at 31 December has not been previously prepared for the Fund.

Impact of Adopting AASB Equivalents to IASB Standards

The Fund has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The Trust has allocated internal resources and intends to engage expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As the Fund has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the Fund prepares its first fully IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Fund.

Investment properties

Investments properties which are currently held at cost and not depreciated will upon adoption of IFRS (AASB 116) be required to either be held at cost and depreciated or be revalued to fair value each year. If revalued to fair value, the initial adjustment on adoption of AASB 116 will be to retained earnings with subsequent adjustments in fair value recognised in operating profit/loss.

Lease Incentives

The Fund will recognise the aggregate cost of incentives in the form of cash, rent free periods or lessee owned fit out as a reduction of rental income over the lease term on a straight line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

Lease rental income

The Fund may be required to recognise rental income under leases which contain fixed increases (even if those increases are a proxy for CPI) on a straight line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

Units on issue

Units on issue may be classified as debt under the new definition of financial liability. This arises because LPT3 has a fixed life of 80 years from the date of establishment under its Trust Deed.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (Contd)
For the period year ended 31 December 2004

Impact of Adopting AASB Equivalents to IASB Standards (Contd)

Hedging

LPT3 currently uses derivative contracts to economically hedge exposures to interest rates. Under current Australian Accounting Standards, all derivative contracts are accounted for as hedges.

Under IFRS, all derivative contracts, whether used for hedging purposes or not, will be required to be carried on the statement of financial position at fair value. For derivative contracts that do not qualify for hedge accounting the Fund will be required to recognise any subsequent changes in fair value in the statement of financial performance. In order to qualify for hedge accounting strict requirements over hedge designation, documentation and effectiveness must be satisfied. Derivative contracts that qualify for hedge accounting will be accounted for as cash flow or fair value hedges.

Fair value hedges are measured at fair value with changes in fair value recorded in the statement of financial performance. Any offsetting changes in fair value of the designated hedged item are also recorded in the statement of financial performance.

Accounting policies

Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

Borrowing Costs

Under AASB 139 "*Financial Instruments*", capitalised borrowing costs will be presented as a deduction from borrowings, instead of being recognised as an asset.

Formation Costs

On transition to IFRS, capitalised formation costs will not be permitted to be recognised and will be written off against opening retained earnings.

Additional matters may be identified when the impact assessment is completed. At this stage the Trust has not been able to reliably quantify the impacts on the financial report.

While application of IFRS may introduce some volatility into the Fund's reported results this should not affect the Fund's cash position or the distributions that it pays to security holders.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (Contd)
For the period ended 31 December 2004

Revenue Recognition

Revenues from rents are recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

Interest revenue is recognised upon attaining the right to receive interest.

No revenue from the London Woolstore project has yet been recognised as the project commenced after 31 December 2004.

All revenue is stated net of the amount of goods and services tax (GST).

Borrowing Costs

Borrowing costs in respect of the Investment Property are initially capitalised and expensed over the term of the loan to which they relate. All other borrowing costs are expensed in the period in which they are incurred.

2. Aggregated Segmental Information

Primary Reporting – Business Segments	Property Investment \$	Property Development \$	Combined Totals \$
31 DECEMBER 2004			
Total Assets	31,436,588	28,614,282	60,050,870
External segment revenue	77,668	11,275	88,943
Total segment revenue	77,668	11,275	88,943
Segment result before interest and income tax	68,124	10,510	78,634
Net interest allocated	31,913	0	31,913
Profit/(Loss) from ordinary activities after interest and before income tax expense	36,211	10,510	46,721
Income tax expense applicable to ordinary activities	0	2,251	2,251
Net Profit/(Loss)	36,211	8,259	44,470

Secondary Reporting Segment – Geographical segments

The combined entity operates in Australia.

**NOTES TO THE COMBINED FINANCIAL STATEMENTS
(Contd)
For the period ended 31 December 2004**

**COMBINED
Period to
31 December
2004
\$**

3. Borrowing Costs

Interest and finance charges paid/payable	31,913
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Total interest and finance charges paid/payable	31,913
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4. Distributions / Dividends

Capital distributions provided for or paid during the period (8% per annum per stapled security paid quarterly in arrears)	60,990
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5. Earnings Per Security

Basic earnings per security (cents per security)	0.86
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Diluted earnings per security (cents per security)	0.86
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**No. of
securities**

The weighted average number of ordinary securities outstanding during the period for Fund used in the calculation of basic earnings per security	5,153,093
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6. Equity Securities Issued

	COMBINED Period to 31 December 2004 No. of Securities	COMBINED Period to 31 December 2004 \$
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Issue of shares in LDL3	25,297,000	12,648,500
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Issue of units in LPT3	25,297,000	12,648,500
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Issue of stapled securities during the period		25,297,000
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During the period 21 December 2004 to 31 December 2004, 25,297,000 stapled securities were issued by the Fund.

(a)

Leyshon Property Fund No. 3

Issued and paid up securities	6(b) 24,842,307
Undistributed income	6(c) 44,470
	24,886,777

NOTES TO THE COMBINED FINANCIAL STATEMENTS (Contd) **COMBINED**
For the period ended 31 December 2004 **Period to**
 31 December
 2004
 \$

6. Equity Securities Issued (Contd)

(b)

Issued and paid up securities

Securities on issue at beginning of the period	0
25,297,000 Securities issued during the period	25,297,000
Less: Transaction costs	(393,703)
Securities on issue at end of the period	<u>24,903,297</u>

Capital Repayment

Balance at beginning of the period	0
Distributions paid during the period	0
Distributions accrued during the period	(60,990)
Balance at end of the period	<u>(60,990)</u>
Total issued and paid up securities	<u>24,842,307</u>

(c)

Undistributed Income

Balance at the beginning of period	0
Net profit attributed to the stapled security holders of the Fund	44,470
Balance at the end of the period	<u>44,470</u>

7. Investment Properties and Inventory

	Date Acquired	Cost & Additions to 31/12/04 \$000	Book Value 31/12/04 \$000	Latest External Valuation \$000	Date Last External Valuation	External Valuer Notes
99 Melbourne Street	21 December 2004	25,906	25,906	24,500	8 November 2004	(i)
London Woolstore	21 December 2004	18,251	18,251	51,358	8 November 2004	(ii)

- (i) As valued by Landmark White using a fair value approach between willing buyer and seller. The book carrying cost exceeds the fair value due to costs incurred on acquisition of the property. The Directors of LCL expect to recoup these costs over the time the property is held by LPT3.
- (ii) As valued by Landmark White based on the gross realisation "as if complete" assessed through comparison with similar projects in the immediate and surrounding locality.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (Contd)
For the period ended 31 December 2004

8. Contingent Liabilities

No contingent liabilities exist at 31 December 2004.

COMBINED
Period to
31 December
2004
\$

9. Retained Profits

Retained profits at the beginning of the period	0
Net profit attributable to the stapled security holders of the Fund	44,470
Retained profits at the end of the period	<u>44,470</u>

10. Events Occurring Subsequent To Reporting Date

No events of a material nature have occurred since 31 December 2004.

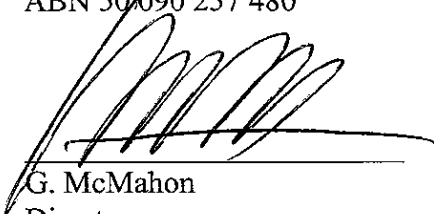
DIRECTORS' DECLARATION
For the period ended 31 December 2004

In accordance with a resolution of the Directors of Leyshon Corporation Limited as Trustee and Responsible Entity for Leyshon Property Trust No. 3 and the Directors of Leyshon Developments No. 3 Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes set out on pages 5 to 14 are in accordance with the Corporations Act, including:
 - (i) giving a true and fair view of the financial position of the Fund as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards AASB 1029 *"Interim Financial Reporting"* and the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

On behalf of the Board
Leyshon Corporation Limited as Trustee and Responsible Entity for
Leyshon Property Trust No. 3
ABN 50 090 257 480

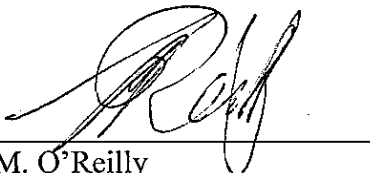


G. McMahon

Director

Brisbane, 15 March 2005

On behalf of the Board
Leyshon Developments No. 3 Limited
ABN 56 111 628 589



M. O'Reilly

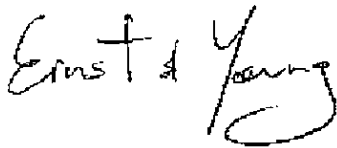
Director

Brisbane, 15 March 2005

Auditor's Independence Declaration for Leyshon Property Fund No. 3

To the Directors of Leyshon Corporation Limited as responsible entity and trustee of Leyshon Property Trust No.3 and the Directors of Leyshon Developments No.3 Limited

In relation to our review of the financial report of Leyshon Property Fund No. 3 for the period 8 November 2004 to 31 December 2004, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



RJ Roach
Partner
Brisbane
14 March 2005

Independent review report to security holders of Leyshon Property Fund No.3

Scope

The financial report and trustees' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Leyshon Property Fund No.3 (The Fund) as declared by the directors of Leyshon Developments No.3 Limited and Leyshon Corporation Limited as Trustee and Responsible Entity for the Leyshon Property Trust No.3, for the period ended 31 December 2004.

The directors of Leyshon Developments No.3 Limited and Leyshon Corporation Limited as Trustee and Responsible Entity for the Leyshon Property Trust No.3 are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the fund, and that complies with Accounting Standards AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001* and Trust Deed. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the security holders of the fund, and in order for the fund to lodge the financial report with the Australian Securities and Investments Commission and the Bendigo Stock Exchange.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Trust Deed, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the fund's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of fund personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

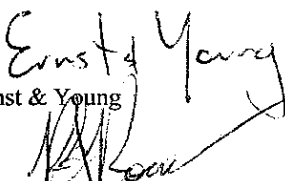
Independence

We are independent of the fund, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the fund a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this audit report was signed. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Leyshon Property Fund No.3 is not in accordance with:

- (a) the *Corporations Act 2001* and Trust Deed, including:
 - (i) giving a true and fair view of the financial position of Leyshon Property Fund No.3 at 31 December 2004 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young

R J Roach
Partner
Brisbane
15 March 2005



BSX Listing Rules

Annexure 3A

Half yearly/Yearly Disclosure

References

Version 1, Operative 23/8/2000

Chapter 3, BSX Listing Rules

Leyshon Property Fund No.3

Name of entity

109 093 852 (ARSN)

Half yearly (tick)



31 December 2004

ABN, ACN or ARBN

Annual (tick)

Half year/financial year ended
('Current period')

Summary

					\$A,000
Sales revenue or operating revenue	Up	N/a	to	89	
Profit (loss) before abnormal items and after tax	Up	N/a	to	44	
Abnormal items before tax		gain (loss) of		Nil	
Profit (loss) after tax but before outside equity interests	Up	N/a	to	44	
Extraordinary items after tax attributable to members		gain (loss) of		Nil	
Profit (loss) for the period attributable to members	up	N/a	to	44	

Dividends (distributions)

Franking rate applicable

Nil

Current period

Final

Not applicable
Refer Annexure A (1)

Interim

Previous corresponding period

Final

Not applicable

Interim

Not applicable

Record date for determining entitlements to the dividend, (in the case of a trust distribution)

31 December 2004

Short details of any bonus or cash issue or other items(s) of importance not previously released to BSX:

None noted

Consolidated profit and loss account

	Current period \$A'000	Previous corresponding period \$A'000
Sales revenue or operating revenue	89	Not applicable
Expenses from ordinary activities	10	Not applicable
Borrowing costs	32	Not applicable
Share of net profit (loss) of associates and joint venture entities	-	Not applicable
Profit (loss) from ordinary activities before tax	47	Not applicable
Income tax on ordinary activities	3	Not applicable
Profit (loss) from ordinary activities after tax	44	Not applicable
Outside equity interests	-	Not applicable
Profit (loss) from ordinary activities after tax attributable to members	44	Not applicable
Profit (loss) from extraordinary activities after tax attributable to members	-	Not applicable
Profit (loss) for the period attributable to members	44	Not applicable
Retained profits (accumulated losses) at the beginning of the financial period	Nil	Not applicable
Net transfers to and from reserves	-	
Net effect of changes in accounting policies	-	Not applicable
Dividends paid or payable	-	Not applicable
Retained profits (accumulated losses) at end of financial period	44	Not applicable

Profit restated to exclude amortisation of goodwill

	Current period \$A'000	Previous corresponding period \$A'000
Profit (loss) from ordinary activities after tax before outside equity interests and amortisation of goodwill	44	Not applicable
Less (plus) outside equity interests	-	Not applicable
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	44	Not applicable

Revenue and expenses from operating activities

	Current period \$A'000	Previous corresponding period \$A'000
Details of revenue and expenses		
Revenue		Not applicable
Rents and sub-lease rentals	65	
Interest	24	
Expenses		Not applicable
Amortisation	3	
Borrowing costs	32	
Insurance	2	
Land tax	2	
Property management fees	1	
Recoverable outgoings	2	

Intangible and extraordinary items

	Consolidated - current period		
	Before tax \$A'000	Related tax \$A'000	After tax \$A'000
Amortisation of goodwill	-	-	-
Amortisation of other intangibles	-	-	-
Total amortisation of intangibles	-	-	-
Extraordinary items (details)	-	-	-
Total extraordinary items	-	-	-

Comparison of half year profits
(Annual statement only)

	Current year - \$A'000	Previous year - \$A'000
Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year	Not applicable	Not applicable
Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	Not applicable	Not applicable

Consolidated balance sheet
Current assets

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly statement \$A'000
Cash	9,855	Not applicable	Not applicable
Receivable	364	Not applicable	Not applicable
Investments	-	Not applicable	Not applicable

Annexure 3A
Half Yearly/Yearly Disclosure

Inventories	18,251	Not applicable	Not applicable
Other (provide details if material)	34	Not applicable	Not applicable
Total current assets	28,504	Not applicable	Not applicable
Non-current assets			
Receivables	-	Not applicable	Not applicable
Investments	25,906	Not applicable	Not applicable
Inventories	-	Not applicable	Not applicable
Other property, plant and equipment (net)	-	Not applicable	Not applicable
Intangibles (net)	-	Not applicable	Not applicable
Other (Deferred tax asset)	5,473	Not applicable	Not applicable
Other (provide details if material)	168	Not applicable	Not applicable
Total non-current assets	31,547	Not applicable	Not applicable
Total assets	60,051	Not applicable	Not applicable
Current liabilities			
Accounts payable	1,186	Not applicable	Not applicable
Borrowings	10,650	Not applicable	Not applicable
Provisions	-	Not applicable	Not applicable
Other (provide details if material)	-	Not applicable	Not applicable
Total current liabilities	11,836	Not applicable	Not applicable
Non-current liabilities			
Accounts payable	1,784	Not applicable	Not applicable
Borrowings	16,069	Not applicable	Not applicable
Provisions	-	Not applicable	Not applicable
Other (Deferred tax liability)	5,475	Not applicable	Not applicable
Total non-current liabilities	23,328	Not applicable	Not applicable
Total liabilities	35,164	Not applicable	Not applicable
Net assets	24,887	Not applicable	Not applicable
Equity			
Capital	24,842	Not applicable	Not applicable
Reserves	-	Not applicable	Not applicable
Retained profits (accumulated losses)	44	Not applicable	Not applicable
Equity attributable to members of the parent entity	-	Not applicable	Not applicable
Outside equity interests in controlled entities	-	Not applicable	Not applicable
Total equity	24,887	Not applicable	Not applicable
Preference capital and related premium included	-	-	-

Consolidated statement of cash flows

Cash flows related to operating activities

	Current period \$A'000	Previous corresponding period \$A'000
Receipts from customers	129	Not applicable
Payments to suppliers and employees	(154)	Not applicable

Annexure 3A
Half Yearly/Yearly Disclosure

Dividends received	-	Not applicable
Interest and other items of similar nature received	24	Not applicable
Interest and other costs of finance paid	-	Not applicable
Income taxes paid	-	Not applicable
Other (Payment for inventory)	(18,491)	Not applicable
Net operating cash flows	(18,492)	Not applicable
Cash flows related to investing activities		
Payments for purchases of property, plant and equipment	-	Not applicable
Proceeds from sale of property, plant and equipment	-	Not applicable
Payment for purchases of equity investments	-	Not applicable
Proceeds from sale of equity investments	-	Not applicable
Loans to other entities	-	Not applicable
Loans repaid by other entities	-	Not applicable
Other (Payments for Investment Properties)	(25,906)	Not applicable
Other (Proceeds from vendor for leasing incentives)	2,775	Not applicable
Net investing cash flows	(23,131)	Not applicable
Cash flows related to financing activities		
Proceeds from issues of securities (shares, options, etc.)	25,297	Not applicable
Proceeds from borrowings	26,719	Not applicable
Payment of borrowing costs	(171)	Not applicable
Dividends paid	-	Not applicable
Other (Payment of unit issue costs)	(367)	Not applicable
Net financing cash flows	51,478	Not applicable
Net increase (decrease) in cash held		
Cash at beginning of period (see Reconciliation of cash)	-	Not applicable
Exchange rate adjustments	-	Not applicable
Cash at end of period (see Reconciliation of cash)	9,855	Not applicable

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

Not applicable

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

Cash on hand and at bank

Current period
\$A'000

Previous corresponding
period \$A'000

4,566

Not applicable

Annexure 3A
Half Yearly/Yearly Disclosure

Deposits at call	5,289	Not applicable
Bank overdraft	-	Not applicable
Other (provide details)	-	Not applicable
Total cash at end of period	9,855	Not applicable

Ratios

	Current period	Previous corresponding period
Profit before tax/sales		
Consolidated profit (loss) from ordinary activities before tax as a percentage of sales revenue	52.8%	Not applicable
Profit after tax/equity interests		
Consolidated profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	0.18%	Not applicable

Earnings per security (EPS)

	Current period	Previous corresponding period
Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
(a) Basic EPS	0.86 cent	Not applicable
(b) Diluted EPS (if materially different from (a))	Not applicable	Not applicable

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	98.38c	Not applicable

Details of specific receipts/outlays, revenues/expenses

	Current period A\$'000	Previous corresponding period A\$'000
Interest revenue included	24	Not applicable
Interest revenue included but not yet received (if material)	-	Not applicable
Interest costs excluded from borrowing costs capitalised in asset values	-	Not applicable
Outlays (excepts those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	Not applicable
Depreciation (excluding amortisation of intangibles)	-	Not applicable
Other specific relevant items	-	Not applicable

Control gained over entities having material effect

Name of entity	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired	Not applicable
Date from which such profit has been calculated	Not applicable
Profit (loss) from ordinary activities and extraordinary items after tax of the entity for the whole of the previous corresponding period	Not applicable

Loss of control of entities having material effect

Name of entity	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control	Not applicable
Date from which the profit (loss) has been calculated	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period	Not applicable
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	Not applicable

Reports for industry and geographical segments

Primary Reporting – Industry Segment

	Property Investment \$ '000	Property Development \$'000	Total \$,000
Segment Assets			
Segment assets	31,437	28,614	60,051
Unallocated assets	-	-	-
Total assets	31,437	28,614	60,051
Operating Revenue			
Sales to customer outside the economic entity	78	11	89
Inter-segment sales	-	-	-
Total revenue	78	11	89
Segment result	36	11	47
Unallocated expenses	-	-	-
Consolidated profit from ordinary activities after tax (before equity accounting)	36	8	44

There is no comparative information as Leyshon Property Fund No.3 commenced on 21 December 2004.

Secondary Reporting – Industry Segment

The combined entity operates predominately in Australia.

Capital Distributions

Date the capital distribution is payable

Refer to Annexure A (1)

Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)

Refer to Annexure A (1)

Amount per security

		Franking rate applicable	%	%	%
<i>(annual report only)</i>					
Final dividend:	Current year	N/a	N/a	N/a	N/a
	Previous year	N/a	N/a	N/a	N/a
<i>(Half yearly and annual statements)</i>					
Interim dividend:	Current year	Refer Annexure A (1)	N/a	N/a	N/a
	Previous year	N/a	N/a	N/a	N/a

Total annual dividend (distribution) per security
(Annual statement only)

	Current year	Previous year
Ordinary securities	N/a	N/a
Preference securities	N/a	N/a

Total dividend (distribution)

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	Refer to Annexure A (1)	Not applicable
Preference securities	Not applicable	Not applicable
Total	Refer to Annexure A (1)	Not applicable

Half yearly report – interim capital (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	Refer to Annexure A (1)	Not applicable
Preference securities	Not applicable	Not applicable
Total	Refer to Annexure A (1)	Not applicable

The dividend or distribution plans shown below are in operation.

Capital distributions were paid to unit holders during the period as follows:

8.00 cents per unit paid on 28 January in respect of the period 21 December 2004 to 31 December 2004.

The last date(s) for receipt of election notices to the
dividend or distribution plans

31 December 2004

Any other disclosures in relation to dividends (distributions)

None noted

Equity accounted associated entities and other material interests

Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Entities share of:	Current period A\$'000	Previous corresponding period A\$'000
Profit (loss) from ordinary activities before tax	Not applicable	Not applicable
Income tax		
Profit (loss) from ordinary activities after tax	Not applicable	Not applicable
Extraordinary items net of tax		
Net profit (loss)	Not applicable	Not applicable
Outside equity interests		
Net profit (loss) attributable to members	Not applicable	Not applicable

Material interests in entities which are not controlled entities

The entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to profit (loss) from ordinary activities and extraordinary items after tax	
Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period A\$'000	Previous corresponding period A\$'000
	Not applicable	Not applicable	Not applicable	Not applicable
Total	Not applicable	Not applicable	Not applicable	Not applicable
Other material interests	Not applicable	Not applicable	Not applicable	Not applicable
Total	Not applicable	Not applicable	Not applicable	Not applicable

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of securities	Number issued	Number listed	Issue Price (cents)	Paid-up value (cents)
Preference securities (description)	-	-	-	-
Changes during current period	-	-	-	-
Ordinary securities	25,297,000	25,297,000	\$1.00	\$1.00
Changes during current period	-	-	-	-
Convertible debt securities (description and conversion factor)	-	-	-	-
Changes during current period	-	-	-	-
			Exercise price	Expiry date
Options (description and conversion factor)	-	-	-	-
	-	-	-	-
Changes during current period	-	-	-	-
Exercised during current period	-	-	-	-
Expired during current period	-	-	-	-
Debentures	-	-		
Unsecured Notes	-	-		

Discontinuing Operations

Consolidated profit and loss account

	Continuing operations		Discontinuing Operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Sales revenue or operation revenue	N/a	N/a	N/a	N/a	N/a	N/a
Other revenue	N/a	N/a	N/a	N/a	N/a	N/a
Expenses from ordinary activities	N/a	N/a	N/a	N/a	N/a	N/a
Profit (loss) before tax	N/a	N/a	N/a	N/a	N/a	N/a
Less tax	N/a	N/a	N/a	N/a	N/a	N/a
Profit (loss) from ordinary activities after tax	N/a	N/a	N/a	N/a	N/a	N/a

Consolidated statement of cash flows

	Continuing operations		Discontinuing Operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Net operating cash flows	N/a	N/a	N/a	N/a	N/a	N/a
Net investing cash flows	N/a	N/a	N/a	N/a	N/a	N/a
Net financing cash flows	N/a	N/a	N/a	N/a	N/a	N/a

Other disclosures

	Current period A\$'000	Previous corresponding period A\$'000
Carrying amount of items to be disposed of:	N/a	N/a
- total assets		
- total liabilities	N/a	N/a
Profit (loss) on disposal of assets or settlement of liabilities	N/a	N/a
Related tax		
Net profit (loss) on discontinuance	N/a	N/a

Description of disposals

Not applicable

Comments by directors

Basis of accounts preparation

If this statement is a half yearly statement it should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.

Material factors affecting the revenues and expenses of the entity for the current period including seasonal or cyclical factors

Nil

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

No events of a material nature have occurred since 31 December 2004.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Nil

Changes in accounting policies since the last annual report and estimates of amounts reported in prior years are disclosed as follows.

This is the first annual report.

Changes in the amounts of contingent liabilities or assets since the last annual report are disclosed as follows.

This is the first annual report. There are no contingent liabilities or assets noted as at 31 December 2004.

Additional disclosure for trusts

Number of units held by the management company or responsible entity to their related parties.

Responsible Entity and Management Company

Leyshon Corporation Limited – 160,000 securities

A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- Initial service charges

- Management fees

- Other fees
Acquisition fees

Annual meeting

(Annual statement only)

The annual meeting will be held as follows:

Place

Not applicable

Date

Not applicable

Time

Not applicable

Approximate date the annual report will be available

Not applicable

Compliance statement

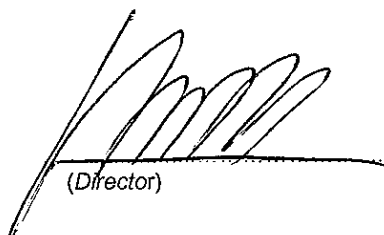
- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.
- 2 This statement, and the financial statements under the Corporations Law (if separate), use the same accounting policies.
- 3 In the case of a half-yearly report the same accounting standards and methods of computation are followed as compared with the most recent annual accounts.
- 4 This statement does give a true and fair view of the matters disclosed.
- 5 This statement is based on financial statements to which one of the following applies:

(Tick one)

- ☐ The financial statements have been audited.
- ☒ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☐ The financial statements are in the process of being audited or subject to review.
- ☐ The financial statements have *not* yet been audited or reviewed.
- 6 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*).

- 7 The entity does not have a formally constituted audit committee.

Sign here:


(Director)

Date: 15/3/05

Print name: GEOFFREY MCMAHON

Notes

True and fair view If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

Income tax If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

Additional information An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement.

LEYSHON PROPERTY FUND NO.3
BSX LISTING RULES – ANNEXURE 3A
ANNEXURE A
For the Period Ended 31 December 2004

Annexure A(1)

31 December 2004

<u>Capital</u> <u>Distribution Paid</u>	<u>Amount</u> <u>Paid</u>	<u>Rate</u> <u>Per Annum</u>
<i>Period</i> 21 December 2004 to 31 December 2004	<u>\$60,990.03</u> \$60,990.03	8%