



Fox Invest Limited

Financial Statements and Review Report
For the period ended 31 December 2006

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Directors' report

Your directors submit the financial report of the company for the half year ended 31 December 2006.

Directors

The names of directors who held office during or since the end of the half year:

- John James Fries appointed 21 February 2007
- Peter John Spann
- Martin Geoffrey Krawitz
- Peter John Conway resigned 21 February 2007

Review of Operations

The net profit for the company for the half year ended 31 December 2006 before income tax amounted to \$1,963,416 (half year ended 31 December 2005: \$2,431,218).

At the 31 December 2006 the company had established a diversified investment portfolio in accordance with the company's investment mandate. The portfolio at the 31 December 2006 comprised the following:-

Portfolio	* Portfolio Dec 2006	Portfolio % Composition				Permitted %
		2006		2005		
		Dec	June	Dec	June	
Growth Shares	\$5,989,383	26%	31%	37%	27%	up to 60%
Income Shares	\$10,372,723	45%	51%	51%	46%	up to 60%
Cash	\$6,537,781	29%	18%	12%	27%	up to 40%
	\$22,899,887	100%	100%	100%	100%	

* Excluding costs to realise share value

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 2006.

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



Director

Peter John Spann

Dated this 21st day of February 2007

Auditor's independence declaration

To the Directors of Fox Invest Limited

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2006 there have been:

- (a) no contraventions of the auditor independence requirements as set out in 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.

GRANT THORNTON QUEENSLAND PARTNERSHIP
Chartered Accountants

Grant Thornton Queensland Partnership
DJ Carroll

D J CARROLL
Partner

21st February 2007
Brisbane

Income statement

For the half year ended 31 December 2006

	31.12.2006	31.12.2005
	\$	\$
Revenue from ordinary activities	2,341,090	2,916,561
Management & administration fees	(253,745)	(364,920)
Directors remuneration expense	(32,286)	(36,775)
Professional fees	(58,935)	(42,922)
Other expenses	(32,708)	(40,726)
Profit before income tax	1,963,416	2,431,218
Income tax expense	(598,837)	(679,833)
Profit for the period	1,364,579	1,751,385
Overall Operations:		
Basic earnings per share (cents per share)	7.87	10.10
Diluted earnings per share (cents per share)	7.61	9.67

The accompanying notes form part of these financial statements.

Balance sheet

As at 31 December 2006

	31.12.2006 \$	30.6.2006 \$
CURRENT ASSETS		
Cash and cash equivalents	6,537,782	3,881,322
Trade and other receivables	-	72,091
Financial assets	16,224,344	17,855,710
Other current assets	28,715	31,531
TOTAL CURRENT ASSETS	22,790,841	21,840,654
NON-CURRENT ASSETS		
Deferred tax assets	174,175	193,611
TOTAL NON-CURRENT ASSETS	174,175	193,611
TOTAL ASSETS	22,965,016	22,034,265
CURRENT LIABILITIES		
Trade and other payables	40,887	20,818
Current tax liabilities	348,420	-
TOTAL CURRENT LIABILITIES	389,307	20,818
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,566,958	1,335,978
TOTAL NON-CURRENT LIABILITIES	1,566,958	1,335,978
TOTAL LIABILITIES	1,956,265	1,356,796
NET ASSETS	21,008,751	20,677,469
EQUITY		
Issued capital	16,696,914	16,696,914
Reserves	80,718	73,632
Retained earnings	4,231,119	3,906,923
TOTAL EQUITY	21,008,751	20,677,469

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the half year ended 31 December 2006

	Share Capital Ordinary \$	Retained Profits \$	Options Reserve \$	Total \$
Balance at 1.7.2005	13,236,636	1,341,931	4,306	14,582,873
Shares issued during the year	3,568,300	-	-	3,568,300
Share based payments for directors	-	-	10,675	10,675
Profit attributable to members of parent entity	-	1,751,385	-	1,751,385
Sub-total	16,804,936	3,093,316	14,981	19,913,233
Dividends paid or provided for	-	(454,459)	-	(454,459)
Balance at 31.12.2005	16,804,936	2,638,857	14,981	19,458,774
Balance at 1.7.2006	16,696,914	3,906,923	73,632	20,677,469
Share based payments for directors	-	-	7,086	7,086
Profit attributable to members of parent entity	-	1,364,579	-	1,364,579
Sub-total	16,696,914	5,271,502	80,718	22,049,134
Dividends paid or provided for	-	(1,040,383)	-	(1,040,383)
Balance at 31.12.2006	16,696,914	4,231,119	80,718	21,008,751

The accompanying notes form part of these financial statements.

Cash flow statement

For the half year ended 31 December 2006

	31.12.2006	31.12.2005
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and directors	(64,088)	(82,985)
Payments made for trading investments	(7,842,747)	(3,300,225)
Payments received for trading investments sold	11,258,978	565,277
Investment income	620,985	563,020
Payments relating to investment income	(277,065)	(397,641)
Income tax (paid)/received	-	(2,011)
Net cash provided by (used in) operating activities	3,696,063	(2,654,565)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash provided by (used in) investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from issue of shares	-	853,500
Dividends paid	(1,039,602)	(431,077)
Net cash provided by (used in) financing activities	(1,039,602)	422,423
Net increase (decrease) in cash held	2,656,460	(2,232,142)
Cash at 1 July 2006	3,881,322	4,813,963
Cash at 31 December 2006	6,537,782	2,581,821

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the half year ended 31 December 2006

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, Urgent Issues Group 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 2006.

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

(a) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(b) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call with banks or financial institutions, net of bank overdrafts; and investments in money market instruments with less than 30 days to maturity.

(c) Revenue

The activity of the company is that of an investment company, returns being in the form of dividends, trust distributions, interest income, trading income and options income.

Dividend income is recognised at the ex-dividend date and in accordance with generally accepted accounting principles. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Realised gains and losses arising from the disposal of equity investments are recognised in the statement of financial performance as investment income.

Note 1: Basis of Preparation**(d) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, GST is recognised as part of the costs of acquisition of the asset or as part of an expense item. Receivables and payables in the statement of financial position are shown inclusive of GST.

(e) Financial assets at fair value through profit or loss

Under AASB 139 marketable securities are designated in the Balance sheet as “financial assets at fair value through profit and loss”. These investments are initially recognised at fair value, typically represented by cost including transaction costs. Investments are measured at fair value and include transaction costs. Investments are valued based on quoted last trade market prices at balance date. Gains and losses from changes in the fair value of the financial assets are included in the Income statement in the period in which they arise.

In accordance with AIFRS, derivative instruments are categorised as “financial assets at fair value through profit or loss” and are accounted for at fair value, with changes to such values to be recognised through the Income statement in which they arise. Open options positions are valued based on quoted last trade market prices at balance date. Gains and losses from changes in the fair value of the financial assets are included in the Income statement in the period in which they arise.

(f) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

	31.12.2006	31.12.2005
	\$	\$
Note 2: Profit from ordinary activities		
Operating revenue:		
Unrealised gain / (loss) through change in market value of held for trading financial assets	688,731	2,389,044
Realised gain / (loss) on held for trading financial assets	1,186,715	118,573
Interest received	155,949	102,188
Dividend and trust distributions	309,695	306,756
	2,341,090	2,916,561

Note 3: Dividends

Dividends Paid (6 cents per share franked to 72%)	1,040,383	454,459
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Note 4: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 5: Events Subsequent to Reporting Date

Subsequent to the period end the Directors are continuing with the process to list Fox Invest Ltd on the Australian Securities Exchange. Subject to ASIC approval a prospectus to raise up to \$20 million will be issued prior to listing the company.

Note 6: Segment information

The company operates as an investment company acquiring and selling shares, trust units, options and warrants.

The company currently operates in one geographical segment being Australia.

Directors' declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3-8:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the company's financial position as at 31 December 2006 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.



Director

Peter John Spann

Dated this 21st day of February 2007

Independent review report

To the members of Fox Invest Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Fox Invest Limited (Company), which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, notes to the financial statements and the directors' declaration.

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 designing, implementing 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 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 2006 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 Fox Invest 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.

Independent review report continued

To the members of Fox Invest Limited

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Fox Invest Limited on 21st February 2007, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fox Invest 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 2006 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.

GRANT THORNTON QUEENSLAND PARTNERSHIP
Chartered Accountants

Grant Thornton Queensland Partnership
DJ Carroll

D J CARROLL
Partner

21st February 2007
Brisbane