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# **Fox Invest Limited**

ACN 108 069 003

## **Appendix 4D Half-Year Report**

### **For The Period Ended 31 December 2008**

**(previous corresponding period being  
the half-year ended 31 December 2007)**

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Fox Invest Limited  
ACN 108 069 003  
Half-Year Ended 31 December 2008

## Results for Announcement to the Market

	<b>\$'000</b>	<b>% Change</b>
Revenue from ordinary activities	<b>(5,793)</b>	<b>-442.9</b>
Profit from ordinary activities after tax attributable to members	<b>(6,121)</b>	<b>-668.8</b>
Net profit attributable to members	<b>(6,121)</b>	<b>-668.8</b>

<b>Dividends Per Share</b>	<b>Cents per share</b>	<b>% Franked</b>
Final 30 June 2008	-	-
There is no proposed interim dividend for the half-year ended 31 December 2008		

### Brief Explanation of results

The Board of Fox Invest Limited reports a net loss after tax of \$6,120,885 for the half-year ended 31 December 2008, a decrease of 668.8% over the previous corresponding period. This is to be expected due to the downturn in equity markets; however the Company is a long-term investor and continues to manage its portfolio on that basis.

At 1 July 2008 the All Ordinaries Index stood at 5261. By 31 December 2008 it had fallen to 3659 - a drop of 30.4%.

At 30 June 2008 the Net Tangible Asset backing after provision for tax and all fees (NTA) of FXI was 98.03c. On 31 December 2008 the NTA was 71.23c - a drop of just 27.3%.

This is an outperformance of 3.1% overall.

At 1 July 2008 the FXI share price stood at 70c. By 31 December 2008 it was 67c - a drop of just 4%.

Based on the weighted average number of shares on issue, the loss result equates to after tax earnings of (32.11) cents per share, a decrease of 685.9% on the previous corresponding period's result.

Net tangible assets per security, after tax, were \$0.6638 as at 31 December 2008, compared with \$1.2552 as at 31 December 2007.

The board has not recommended the payment of an interim dividend.

On the 2 July 2007 Fox Invest Limited announced it intended to proceed with an on market buy-back of its shares. At the Company's annual general meeting in November 2008, shareholders resolved to extend the period of the on market buy-back to 25 November 2009, covering up to 20% of the ordinary shares. At the date of this report, 2,911,615 shares have been purchased under the buy-back plan.

This Preliminary Final Report for Fox Invest Limited is based on accounts that have been audited and are not subject to disputes or qualifications.



**Fox Invest Limited**

Financial Statements and Review Report  
For the period ended 31 December 2008

## **Contents**

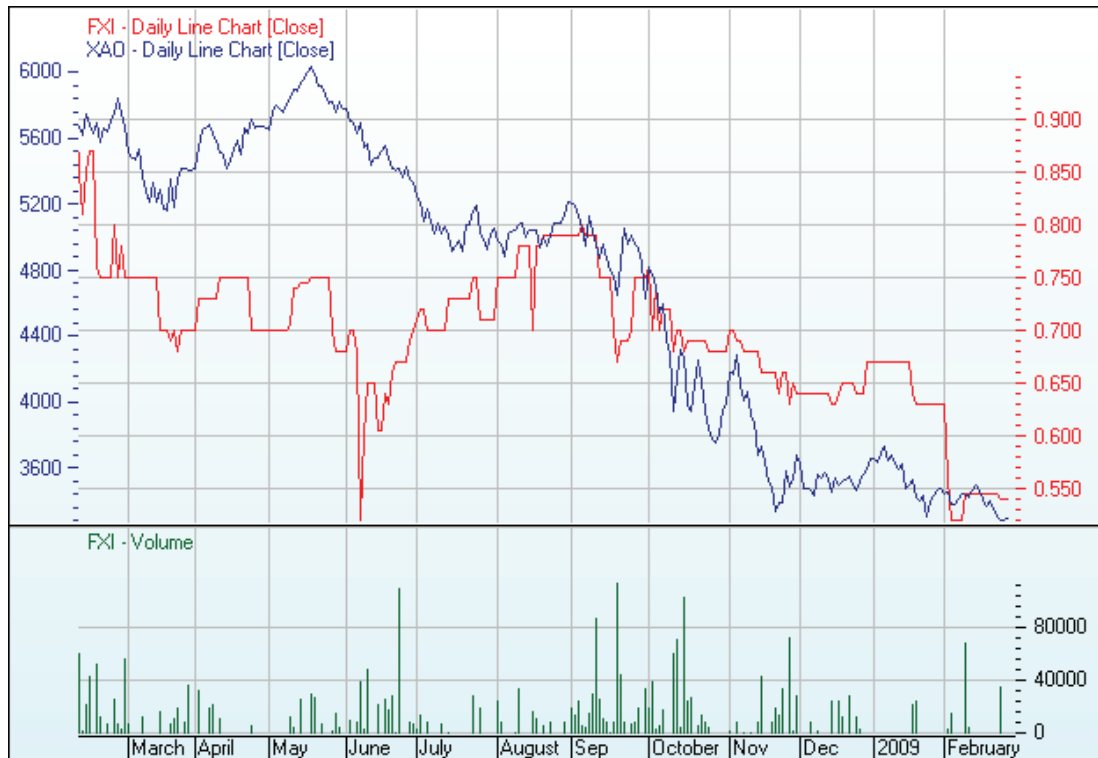
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## Managing Director’s report

Share market conditions were extremely unfavourable during this period and significantly detrimental to the performance of the company. At 1 July 2008 the All Ordinaries Index stood at 5261. By 31 December 2008 it had fallen to 3659 - a drop of 30.4%.

At 30 June 2008 the Net Tangible Asset backing after provision for tax and all fees (NTA) of FXI was 98.03c. On 31 December 2008 the NTA was 71.23c - a drop of just 27.3%. This is an outperformance of 3.1% overall.

At 1 July 2008 the FXI share price stood at 70c. By 31 December 2008 it was 67c, - a drop of just 4%.



This chart from the ASX shows the performance of FXI shares as compared to the ASX 200.

It indicates that for the majority of the period FXI outperformed this benchmark. Whilst the share price is supported by the buyback it can be viewed as a proxy of the NTA as the buyback maximums reflect the movement of the NTA.

Sincerely  
Peter Spann

Managing Director

## 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 year are:

- Peter John Spann (Appointed 20/02/04)
- John James Fries (Appointed 21/02/07)
- Michael Willis (Appointed 9/10/08)
- Howard Graham Woolcott (Resigned 26/11/08)

Directors have been in office since the start of the financial year to the date of this report unless indicated.

### Review and Results of Operations

The net loss for the company for the half-year ended 31 December 2008 after providing for income tax amounted to \$6,120,885 (2007 profit: \$1,075,837).

By 31 December 2008 the company had de-leveraged its investment portfolio and moved a significant proportion of the portfolio to Cash as a result of increased volatility in equity markets. It is noted that in the Prospectus issued in February 2007, the investment mandate stated that a maximum of 40% of the investments be held in Cash. The Directors have determined that due to prevailing market conditions, a 51% cash holding is appropriate. The composition of the portfolio at 31 December 2008 was:-

	<u>31 December 2008</u>	<u>31 December 2007</u>
Growth investments	43%	34%
Income investments	6%	65%
Cash	51%	1%

### Net Tangible Assets per Share (NTA)

At 31 December 2008 the NTA after tax was \$0.66 per share (2007: \$1.26 per share).

### On Market Share Buy-Back

On 26 November 2008 the Shareholders resolved by ordinary resolution to extend the period of the On Market Share Buy-Back to 25 November 2009, covering up to 20% of the ordinary shares. During the period 1 July 2008 to 31 December 2008, 1,479,306 shares were bought back at a cost of \$1,058,587.

## Directors' report (continued)

### **Auditors' Independence Declaration**

A copy of the independence declaration provided by the company's auditors in relation to the review of the 31 December 2008 financial report is presented on page 10 and forms part of this Directors' Report.

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

A handwritten signature in black ink, appearing to read 'Peter John Spann', written in a cursive style.

Director  
Peter John Spann

Dated this 27<sup>th</sup> day of February 2009

## Income statement

### For the half year ended 31 December 2008

	<b>31.12.2008</b>	<b>31.12.2007</b>
	<b>\$</b>	<b>\$</b>
Profit / (loss) from investment activities	(5,792,600)	1,688,663
Management & administration fees	(183,294)	(223,070)
Other expenses from ordinary activities	(90,453)	(105,949)
Directors remuneration expense	(54,538)	(51,453)
<b>Profit from ordinary activities before income tax</b>	<b>(6,120,885)</b>	<b>1,308,191</b>
Income tax expense relating to ordinary activities	-	232,354
<b>Net profit from ordinary activities after related income tax expense</b>	<b>(6,120,885)</b>	<b>1,075,837</b>
<b>Overall Operations:</b>		
Basic earnings per share (cents per share)	(32.11)	5.48
Diluted earnings per share (cents per share)	(32.11)	5.48

The accompanying notes form part of these financial statements

## Balance sheet

### As at 31 December 2008

	Note	31.12.2008 \$	30.6.2008 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		6,191,024	671,508
Trade and other receivables		59,538	207,588
Financial assets		5,924,030	18,433,487
Current tax assets		19,017	5,810
Other current assets		3,944	8,535
<b>TOTAL CURRENT ASSETS</b>		<b>12,197,553</b>	<b>19,326,928</b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets		-	799,640
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>799,640</b>
<b>TOTAL ASSETS</b>		<b>12,197,553</b>	<b>20,126,568</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		140,849	90,752
<b>TOTAL CURRENT LIABILITIES</b>		<b>140,849</b>	<b>90,752</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		-	799,640
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>799,640</b>
<b>TOTAL LIABILITIES</b>		<b>140,849</b>	<b>890,392</b>
<b>NET ASSETS</b>		<b>12,056,704</b>	<b>19,236,176</b>
<b>EQUITY</b>			
Issued capital	2	18,651,996	19,710,583
Reserves		87,400	87,400
Retained earnings		(6,682,692)	(561,807)
<b>TOTAL EQUITY</b>		<b>12,056,704</b>	<b>19,236,176</b>

The accompanying notes form part of these financial statements

## Statement of changes in equity

### For the half year ended 31 December 2008

	Share Capital Ordinary	Retained Earnings	Options Reserve	Total
Note	\$	\$	\$	\$
<b>Balance at 1.7.2007</b>	19,620,679	6,333,573	84,058	26,038,310
Shares issued during the period	1,372,979	-	-	1,372,979
Costs for share issue	(1,641)	-	-	(1,641)
Shares bought back	(1,016,282)	-	-	(1,016,282)
Share based payments for directors	-	-	3,340	3,340
Profit attributable to members	-	1,075,837	-	1,075,837
Sub-total	19,975,735	7,409,410	87,398	27,472,543
Dividends paid or provided for	-	(2,349,019)	-	(2,349,019)
<b>Balance at 31.12.2007</b>	19,975,735	5,060,391	87,398	25,123,524
<b>Balance at 1.7.2008</b>	19,710,583	(561,807)	87,400	19,236,176
Shares issued during the period	-	-	-	-
Shares bought back	(1,058,587)	-	-	(1,058,587)
Profit attributable to members	-	(6,120,885)	-	(6,120,885)
Sub-total	18,651,996	(6,682,692)	87,400	12,056,704
Dividends paid or provided for	-	-	-	-
<b>Balance at 31.12.2008</b>	2 18,651,996	(6,682,692)	87,400	12,056,704

The accompanying notes form part of these financial statements

## Statement of cash flows

### For the half year ended 31 December 2008

	Note	31.12.2008 \$	31.12.2007 \$
<b>Cash flow from operating activities</b>			
Proceeds from trading investments		11,164,888	202,135
Payments for trading investments		(4,966,093)	(5,108,504)
Investment income		647,095	731,820
Payments to suppliers & directors		(90,303)	(126,233)
Payments related to management and investment trading		(183,294)	(223,070)
Tax refunded/( paid)		5,810	-
<b>Net cash provided by / (used in) operating activities</b>		<b>(6,578,103)</b>	<b>(4,523,851)</b>
<b>Cash flow from financing activities</b>			
Proceeds from the exercising of options		-	762,313
Payment for shares bought back		(1,058,587)	(1,016,282)
Payment of costs relating to share issue		-	(1,641)
Dividends paid		-	(1,508,330)
<b>Net cash provided by financing activities</b>		<b>(1,058,587)</b>	<b>(1,763,940)</b>
Net increase (decrease) in cash held		5,519,516	(6,287,791)
Cash at the beginning of the financial year		671,508	6,622,091
<b>Cash at the end of the financial year</b>		<b>6,191,024</b>	<b>334,300</b>

The accompanying notes form part of these financial statements

## Notes to the financial statements

### For the half year ended 31 December 2008

#### 1 Basis of preparation

The half-year financial statements are a general purpose financial report that has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Fox Invest Limited is a listed public company incorporated and domiciled in Australia.

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 Fox Invest Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied and are consistent with those on the June 2008 financial report. 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.

	2008	2007	2008	2007
	No. of	No. of	\$	\$
	Shares	Shares	\$	\$
<b>2 Issued capital</b>				
Fully paid ordinary shares				
Opening balance	19,643,813	19,795,439	19,710,583	19,620,679
Options exercised	-	604,208	-	762,313
Dividend reinvestment plan	-	548,568	-	610,666
Share issue costs	-	-	-	(1,641)
Share buy back	(1,479,306)	(933,162)	(1,058,587)	(1,016,282)
Closing balance	18,164,507	20,015,053	18,651,996	19,975,735

#### 3 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.

#### 4 Dividends

a. Distributions paid by the company - 2,349,019

There were no dividends paid during the reporting period.

#### 5 Subsequent events

Subsequent to year end, the Company entered into an agreement to acquire equity in a related party, the completion of which has not yet been finalised. This investment will not exceed 5% of the equity interests in Fox Invest Limited.

## Directors' declaration

The directors of the company declare that:

1. The financial statements and notes, as set out in pages 3 to 7, are in accordance with the Corporations Act 2001:
  - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - b. give a true and fair view of the financial position as at 31 December 2008 and of the performance for the half-year ended on that date of the company.
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 27<sup>th</sup> day of February 2009

**AUDITOR'S INDEPENDENCE DECLARATION****TO THE DIRECTORS OF FOX INVEST LIMITED**

Grant Thornton Queensland Partnership  
ABN 13 131 589 059

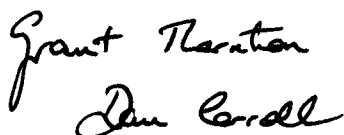
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In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Fox Invest Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- 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



Daniel J Carroll  
Partner

Brisbane

Dated 27 February 2009

**INDEPENDENT AUDITOR'S REVIEW REPORT****TO THE MEMBERS OF FOX INVEST LIMITED**

Grant Thornton Queensland Partnership  
ABN 13 131 589 059

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**Report on the half-year financial report**

We have reviewed the accompanying half-year financial report of Fox Invest 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 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.

**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**

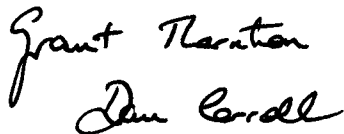
This auditor's review report relates to the financial report of Fox Invest Limited for the half-year ended 31 December 2008 included on Fox Invest Limited's web site. The Company's directors are responsible for the integrity of the Fox Invest Limited's web site. We have not been engaged to report on the integrity of the Fox Invest Limited's 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 Fox Invest 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



Daniel J Carroll  
Partner

Brisbane

Dated 27 February 2009