



**FOX**  **INVEST**<sup>TM</sup>  
**LIMITED**  
ACN 108 069 003

**2007**  
**ANNUAL**  
**REPORT**

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## CHAIRMAN'S LETTER

Dear Shareholder,

I am very pleased to present the Company's Annual Report this year, the first in which Fox Invest Limited is a listed public company and in which I have the privilege of being its Chairman.

This has been a very busy year for the Company having issued a prospectus and raised further capital in May 2007 and listing on the Australian Stock Exchange in the same month.

The Company's net profit increased by 14.8% over last year's result to \$3.467 million, a pleasing outcome, which has enabled the Company to declare a dividend of 12 cents per share.

The Dividend Reinvestment Plan provides for shareholders to reinvest their dividends with shares to be issued at a discount of 5%. I am sure many Shareholders will find this attractive. Also, as part of its capital management program, the Company began an on market buy-back at the end of July 2007, which continues to remain active.

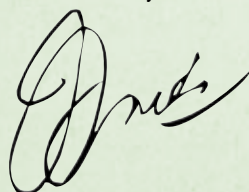
### OUTLOOK

In this upcoming reporting season most companies in which we are investing will be reporting their performance to 30 June 2007. Many of these companies are expected to report increased earnings and dividends given the favourable economic conditions that have continued in the last six months of the financial year.

Fox Invest Limited is therefore likely to report an increased profit for the six months to 31 December 2007. As a long term investor with a strong balance sheet, your Company is placed ideally to take advantage of the market volatility with its buy-write strategy and of long term investment opportunities as these arise.

On behalf of the Board of Directors I thank you for your ongoing support throughout the year and I look forward to your continued support in the year ahead.

Yours sincerely,



John Fries  
Chairman

## MANAGING DIRECTOR'S LETTER

Hello Investor,

It is with great pleasure that I present my third annual review of the Company.

This was a very satisfactory year for our Company with revenue up 6.1% to \$5.103 million and profit up 14.8% to \$3.467 million. Based on the weighted average number of shares on issue, the profit result equates to after tax earnings of 20 cents per share, an increase of 17.65% on last year's result.

Net tangible assets per security, after tax, were \$1.3154 as at 30 June 2007, compared with \$1.1925 as at 30 June 2006. The net tangible asset per security before provision for all tax at 30 June 2007 was \$1.4088, compared with \$1.2584 at 30 June 2006.

As you are no doubt aware, the market has been very volatile in recent weeks. However, the Company's portfolio has weathered this storm and rebounded to maintain the net tangible asset value of the shares at a level above the issue price under the Company's recent prospectus.

It is our intention to continue to pursue an investment philosophy of investing in shares that we believe will outperform the market and continue to write options and invest in instalment warrants to add leverage to the return on assets. The Company has found this latter strategy to be very rewarding, as the writing of calls in volatile markets is an excellent way of generating income.

I look forward to another successful year for the Company and thank you for your ongoing support.



Peter Spann  
Managing Director

# DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2007.

## 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)
- Peter John Conway (Resigned 21/02/07)
- Martin Geoffrey Krawitz (Appointed 20/02/04)

Directors have been in office since the start of the financial year to the date of this report except for:

- John James Fries (Appointed 21/02/07)
- Peter John Conway (Resigned 21/02/07)

## PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were the investment in a blend of equity portfolios designed to deliver above market returns and an attractive dividend yield.

## REVIEW AND RESULTS OF OPERATIONS

The net profit for the company for the year ended 30 June 2007 after providing for income tax amounted to \$3,467,032 (2006: \$3,019,451).

During the period the company received dividends totalling \$480,116 (2006: \$979,505) which represents 9.4% (2006: 20.4%) of total revenue. Of the sum received in 2006, an amount of \$587,680 was received in the form of a franked dividend from the BHP share buyback scheme.

At the 30 June 2007 the company had established a diversified investment portfolio in accordance with the company's investment mandate. The composition of the portfolio at 30 June 2007 was:-

	Mandate	30 June 2007	30 June 2006
<b>Growth shares</b>	up to 80%	22%	31%
<b>Income shares</b>	up to 80%	56%	51%
<b>Cash</b>	up to 40%	22%	18%

### *Net Tangible Assets per Share (NTA)*

At 30 June 2007 the NTA after tax was \$1.31 per share (2006: \$1.19 per share)

## DIVIDENDS PAID OR RECOMMENDED

Dividends paid or declared since the start of the financial year are as follows:

- a partly franked dividend (72.00%) of 6.0 cents per share was paid during the year.
- subsequent to year end on the 29 August 2007 a partly franked dividend (35.78% franked), of 12.0 cents per share, based on the results for the year ended 30 June 07 was declared. This dividend will be paid on the 16 November 2007.

## FINANCIAL POSITION

Net assets of the company are \$26,038,310 as at 30 June 2007 compared to \$20,677,469 at 30 June 2006. This \$5,360,841 increase is in part from the issue of shares \$3,188,800 during the year.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the company allotted 2,455,539 shares and 19,795,339 options pursuant to a prospectus dated 26th February 2007. Following this capital raising the company listed on the Australian Stock Exchange on the 18th May 2007.

## AFTER BALANCE DATE EVENTS

On the 2nd July 2007, the company announced it intended to proceed with an on market buy-back of up to 1,700,000 of its shares. At the date of this report 737,489 shares have been purchased under the buy-back plan

## FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Disclosure of other information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

## INFORMATION ON DIRECTORS

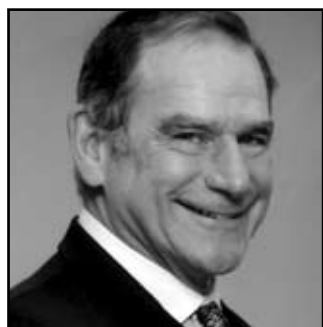


**PETER JOHN SPANN**  
MANAGING DIRECTOR, PORTFOLIO MANAGER

Peter is the founder of the Freeman Fox group of companies and is a well-known public speaker and presenter of investment seminars. Peter has had a wealth of experience in business development over the past fifteen years, and has served on the boards and or advised a number of private and public companies

Prior to establishing the Freeman Fox group of companies, Peter had extensive roles in developing businesses to success.

His consultancy company SMAARTco has provided business plans for finance, business development and succession planning to in excess of 200 firms in 3 years, and his pharmacy consulting business is recognised by industry leaders as reshaping the future of retail pharmacy. Peter has published a number of books including 'Wealth Magic', a national bestseller, 'Business Power' and 'Marketing Genius'.



**JOHN JAMES FRIES** NON EXECUTIVE CHAIRMAN

John has more than 45 years experience in finance, accountancy and administration. He is Honorary Treasurer and Deputy Chairman of Australian Red Cross NSW, as well as serving as a director on another not-for-profit organisation and other private companies in which he has an interest. John is a Director of electronics and mobile phone retailer Strathfield Group Limited, a public listed company. He was also Deputy Chairman of Tribeca Learning Limited when it was a public listed company. John was formerly Finance Director of Vodaphone Group in Australia, and prior to that Finance Director

of McIlwraith McEachern Limited, Oakbridge Limited and Great Northern Mining Limited (all public listed companies).

For 12 years from early 1970's, John was a Management Consultant in both London (Coopers and Lybrand) and Sydney. He has an Honours degree in Commerce from UNSW, is a Fellow of the Australian Society of Certified Practising Accountants, a member of the Australian Institute of Company Directors and recently a Member, Association of Corporate Treasurers (UK). He is also a Justice of the Peace.



**MARTIN GEOFFREY KRAWITZ  
NON EXECUTIVE DIRECTOR**

Martin is a qualified chartered accountant and has extensive professional experience both as a chartered accountant and an executive in the financial services industry.

Martin is a director of a number of private companies and has particular experience and expertise with merchant banking, financial investments, property developments and structured investments.

**COMPANY SECRETARIES**

The names of company secretaries as at the end of the year are:



**HOWARD WOOLCOTT COMPANY SECRETARY**

Appointed 21st February 2007

Howard has an economics degree from The University of Sydney with majors in revenue law and accounting. He is also a Certified Practising Accountant. His career has included positions in merchant banking in the UK and the finance industry in Australia.

He was a founder and past director of listed public company Tribeca Learning Limited, a Registered Training Organisation specialising in education services for the financial planning industry. He has been working with the Freeman Fox

Group of companies for the past eighteen months and is the Group's Chief Operating Officer.

**DIRECTORS' EMOLUMENTS**

Pursuant to Australian Securities and Investments Commission Order 98/2395 dated 24 December 1998 information required to be included in the Directors' report may be transferred to the financial report. Accordingly the information required to be disclosed in relation to Directors Emoluments has been transferred to Note 5 in the financial statements.

**DIRECTORS' BENEFITS**

Directors' benefits are set out in Note 5 to the financial statements. No director since the end of the previous financial year has received or become entitled to receive a benefit (other than emoluments shown in the financial report or notes thereto) by reason of a contract made by the company or a related company with the Director or with a firm which he is a member or with a company in which he has substantial financial interest.

**MEETINGS OF DIRECTORS**

During the financial year, 5 meetings of directors were held. Attendances by each director during the year were:

	<b>MEETINGS</b>	
	<b>eligible to attend</b>	<b>attended</b>
<b>Peter John Spann</b>	<b>5</b>	<b>5</b>
<b>John James Fries</b>	<b>3</b>	<b>3</b>
<b>Peter John Conway</b>	<b>1</b>	<b>1</b>
<b>Martin Geoffrey Krawitz</b>	<b>5</b>	<b>4</b>

The company has an audit and risk committee which, at the date of this report, has met once.

## INDEMNIFYING OFFICERS OR AUDITOR

During the year the company provided an indemnity to directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The content of the insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

## ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

## NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2007:

Taxation Services	\$12,838
Prospectus Review	\$7,500

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the independence declaration provided by the company's auditors in relation to the review of the 30 June 2007 financial report is presented on page 25 and forms part of this Directors' Report.

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



Director  
Peter John Spann

Dated this 30th day of August 2007

# INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	<i>Note</i>	<b>2007</b> \$	<b>2006</b> \$
Revenue from ordinary activities	2	5,103,441	4,808,163
Management & administration fees		(497,275)	(499,000)
Other expenses from ordinary activities		(238,028)	(138,333)
Directors remuneration expense	5(b)	(76,788)	(122,526)
<b>Profit from ordinary activities before income tax</b>		<b>4,291,350</b>	<b>4,048,304</b>
Income tax expense relating to ordinary activities	4	824,318	1,028,853
Net profit from ordinary activities after related income tax expense		3,467,032	3,019,451
<b>Overall Operations:</b>			
Basic earnings per share (cents per share)		0.20	0.17
Diluted earnings per share (cents per share)		0.19	0.17

The accompanying notes form part of these financial statements

# BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2007

	<i>Note</i>	<b>2007</b>	<b>2006</b>
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	6,622,091	3,881,322
Trade and other receivables	8	128,294	72,091
Financial assets	9	24,073,599	17,855,710
Current tax assets	10	4,959	-
Other current assets	11	11,647	31,531
<b>TOTAL CURRENT ASSETS</b>		<b>30,840,590</b>	<b>21,840,654</b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets	10	261,388	193,611
<b>TOTAL NON-CURRENT ASSETS</b>		<b>261,388</b>	<b>193,611</b>
<b>TOTAL ASSETS</b>		<b>31,101,978</b>	<b>22,034,265</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	2,833,374	20,818
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,833,374</b>	<b>20,818</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	10	2,230,294	1,335,978
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,230,294</b>	<b>1,335,978</b>
<b>TOTAL LIABILITIES</b>		<b>5,063,668</b>	<b>1,356,796</b>
<b>NET ASSETS</b>		<b>26,038,310</b>	<b>20,677,469</b>
<b>EQUITY</b>			
Issued capital	13	19,620,679	16,696,914
Reserves		84,058	73,632
Retained earnings		6,333,573	3,906,923
<b>TOTAL EQUITY</b>		<b>26,038,310</b>	<b>20,677,469</b>

The accompanying notes form part of these financial statements

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	<i>Note</i>	Share Capital Ordinary \$	Retained Earnings \$	Options Reserve \$	Total \$
<b>Balance at 1.7.2005</b>		13,236,636	1,341,931	4,306	14,582,873
Shares issued during the year	13(a)	3,568,300	-	-	3,568,300
Equity raising costs		(108,022)	-	-	(108,022)
Share based payments for directors	5(b)	-	-	69,326	69,326
Profit attributable to members		-	3,019,451	-	3,019,451
<b>Sub-total</b>		<b>16,696,914</b>	<b>4,361,382</b>	<b>73,632</b>	<b>21,131,928</b>
Dividends paid or provided for	16	-	(454,459)	-	(454,459)
<b>Balance at 30.6.2006</b>		<b>16,696,914</b>	<b>3,906,923</b>	<b>73,632</b>	<b>20,677,469</b>
<b>Balance at 1.7.2006</b>		16,696,914	3,906,923	73,632	20,677,469
Shares issued during the year	13(a)	3,188,800	-	-	3,188,800
Costs for share issue		(265,035)	-	-	(265,035)
Share based payments for directors	5(b)	-	-	10,426	10,426
Profit attributable to members		-	3,467,032	-	3,467,032
<b>Sub-total</b>		<b>19,620,679</b>	<b>7,373,955</b>	<b>84,058</b>	<b>27,078,692</b>
Dividends paid or provided for	16	-	(1,040,382)	-	(1,040,382)
<b>Balance at 30.6.2007</b>		<b>19,620,679</b>	<b>6,333,573</b>	<b>84,058</b>	<b>26,038,310</b>

The accompanying notes form part of these financial statements

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

	<i>Note</i>	2007 \$	2006 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Proceeds from trading investments		4,428,480	4,496,330
Payments for trading investments		(4,880,821)	(6,299,585)
Investment income		2,024,924	1,212,803
Payments to suppliers & directors		(200,337)	(116,433)
Payments related to management and investment trading		(518,293)	(556,857)
Income tax refund		2,221	24,429
<b>Net cash provided by / (used in) operating activities</b>	<b>20</b>	<b>856,174</b>	<b>(1,239,313)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from the issue of shares		3,188,800	-
Proceeds from the exercising of options		-	853,500
Payment of costs relating to share issue		(265,035)	(108,022)
Dividends paid		(1,039,170)	(438,806)
Net cash provided by financing activities		1,884,595	306,672
Net increase (decrease) in cash held		2,740,769	(932,641)
Cash at the beginning of the financial year		3,881,322	4,813,963
<b>Cash at the end of the financial year</b>	<b>7</b>	<b>6,622,091</b>	<b>3,881,322</b>

The accompanying notes form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Fox Invest Limited is a listed public company incorporated and domiciled in Australia.

The financial report of Fox Invest Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. The financial statements were authorised for issue by the Directors on 30th August 2007.

### BASIS OF PREPARATION

#### REPORTING BASIS AND CONVENTIONS

The financial 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.

### ACCOUNTING POLICIES

#### (a) REVENUE RECOGNITION

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.

Realised gains and losses arising from the disposal of equity investments are recognised in the Income Statement as investment income.

#### (b) 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 bid 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 IFRS, 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 bid 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.

(c) CASH

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.

(d) 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 economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) 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 Balance Sheet are shown inclusive of GST.

(f) NEW ACCOUNTING STANDARDS AND AUSTRALIAN ACCOUNTING INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company to adopt in future accounting periods. The significant ones are as follows:

- AASB 7 Financial instruments: Disclosure and AASB 2005-10 Amendments to Australian Accounting Standards (effective from 1 July 2007) arising from the release of AASB 7. AASB 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit, liquidity and market risk, including sensitivity analysis to market risk. Application of the standards will not affect any amounts recognised in the financial statements but will impact the type of information disclosed in relation to the company and consolidated entity's financial instruments. This amendment will be applied from 1 July 2007.

## 2. PROFIT FROM ORDINARY ACTIVITIES

Operating revenue:	Note	2007 \$	2006 \$
Investment income		4,275,420	3,603,783
Interest received from cash held in bank accounts		316,474	192,200
Dividend income		480,116	979,505
Trust distributions received		23,293	30,660
Other income		8,138	2,015
<b>Total revenues from ordinary activities</b>		<b>5,103,441</b>	<b>4,808,163</b>

## 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. INCOME TAX EXPENSE

(a) THE COMPONENTS OF TAX EXPENSE COMPRISE:

Current tax		(2,221)	98,951
Deferred tax	10	826,539	929,902
		<b>824,318</b>	<b>1,028,853</b>

The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30%		1,287,405	1,214,491
<b>ADD:</b>			
Assessable items for taxation		14,008	219,220
Prior year (over)/under provision		(2,221)	41,985
Directors option expense		3,128	20,798
Other		12,559	1,375
<b>LESS:</b>			
Deductible capital raising costs		(115,732)	(38,872)
Rebateable fully franked dividends		(181,337)	(414,027)
Tax losses utilised		(185,357)	(16,117)
Other		(8,135)	-
<b>Income tax expense/(refund) attributable to profit from ordinary activities before income tax</b>		<b>824,318</b>	<b>1,028,853</b>

The applicable weighted average effective tax rates are as follows:

	19%	25%
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The decrease in the weighted average effective consolidated tax rate for 2007 is a result of the utilisation of carried forward tax losses.

## 5. KEY MANAGEMENT PERSONNEL COMPENSATION

AASB 124 Related Party Disclosures defines key management personnel as “persons having authority and responsibility for the planning, directing and controlling activities of the entity”. The

only persons that have this authority are the Directors of Fox Invest Limited.

**DIRECTORS**

The following persons were directors of Fox Invest Limited during or since the end of the financial year:

- Peter John Spann
- John James Fries (appointed 21/02/2007)
- Peter John Conway (resigned 21/02/2007)
- Martin Geoffrey Krawitz

There are no other key management personnel within Fox Invest Limited.

**(a) KEY MANAGEMENT COMPENSATION**

	<b>Directors' Fees (incl Superannuation)</b>	<b>Non-Cash Benefits</b>	<b>Total</b>
<b>2007</b>			
Total Compensation	66,362	10,426	76,788
<b>2006</b>			
Total Compensation	53,200	69,326	122,526

**(b) DIRECTORS' REMUNERATION (INCLUDING SUPERANNUATION, WHERE APPLICABLE)**

<b>2007 Total Compensation</b>	<b>Directors' Fees (incl Superannuation)</b>	<b>Options \$</b>	<b>Total \$</b>
Peter John Spann	-	5,196	5,196
John James Fries	21,430	-	21,430
Peter John Conway	16,650	2,615	19,265
Martin Geoffrey Krawitz	28,282	2,615	30,897
	<b>66,362</b>	<b>10,426</b>	<b>76,788</b>
<b>2006 Total Compensation</b>	<b>Directors' Fees (incl Superannuation)</b>	<b>Options \$</b>	<b>Total \$</b>
Peter John Spann	-	34,662	34,662
Peter John Conway	26,600	17,332	43,932
Martin Geoffrey Krawitz	26,600	17,332	43,932
	<b>53,200</b>	<b>69,326</b>	<b>122,526</b>

Other than related party transactions detailed in note 22 the directors are not entitled and do not receive superannuation contributions, cash bonus, non cash benefits or any other benefits besides those noted above.

**(c) OPTIONS GRANTED AS REMUNERATION**

The following share-based payment arrangements existed at 30 June 2007:

On 11 March 2005, the following share options were granted to the directors as part of their remuneration:

Options	Exercise price \$	First Exercise Date
200,000	1.05	01/01/2006
200,000	1.10	01/01/2007
200,000	1.15	01/01/2008

The options are exercisable on or before 31 December 2008. At reporting date, no options have lapsed.

The price was calculated by using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	\$1.10
Weighted average life of the option	2.5 years
Underlying share price	\$1.17
Expected share price volatility	20%
Risk free interest rate	5.8%

#### (d) OPTIONS HELD DIRECTORS

Directors	Balance as at 30.6.06	Options Exercised	Options Acquired	Balance 30.6.07	Total Vested 30.6.07	Total Exercisable 30.6.07	Total Unexercisable 30.6.07
Peter Spann	300,000	-	-	300,000	-	200,000	100,000
John Fries	-	-	11,551	11,551	11,551	11,551	-
Peter Conway	150,000	-	-	150,000	-	100,000	50,000
Martin Krawitz	150,000	-	-	150,000	-	100,000	50,000
<b>Total</b>	<b>600,000</b>	<b>-</b>	<b>11,551</b>	<b>611,551</b>	<b>-</b>	<b>411,551</b>	<b>200,000</b>

#### (e) SHAREHOLDINGS HELD BY DIRECTORS

Directors	Allocated	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.6.07
Peter Spann*	100	-	-	-	100
John Fries**	30,000	-	-	-	30,000
Martin Krawitz***	75,000	-	-	-	75,000
<b>Total</b>	<b>75,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,100</b>

\* Peter Spann indirectly holds 100 ordinary shares through Fox Portfolio Pty Ltd

\*\* John Fries indirectly holds 30,000 ordinary shares through a private family trust

\*\*\* Martin Krawitz indirectly holds 75,000 ordinary shares through a private company

#### (f) REMUNERATION PRACTICES

The board policy is to remunerate non-executive directors at market rates for time, commitment, experience and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market price, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of

those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

## 6. AUDITORS REMUNERATION

Remuneration of the auditor for:	<i>Note</i>	2007 \$	2006 \$
- Audit or reviewing the financial report		24,500	20,000
- Review of the half year report		9,000	10,500
- Other services:			
Services relating to preparation & lodgement of income tax return		12,838	5,741
Services relating to the review of prospectus		7,500	-
		<b>53,838</b>	<b>36,241</b>

## 7. CASH & CASH EQUIVALENTS

Cash at bank	6,622,091	3,881,322
	<u>6,622,091</u>	<u>3,881,322</u>

## 8. TRADE & OTHER RECEIVABLES

Other debtors	128,294	72,091
	<u>128,294</u>	<u>72,091</u>

## 9. FINANCIAL ASSETS

Shares in listed corporations, at market value	9,288,281	10,057,566
Warrants on issue, at market value	14,883,318	7,988,186
Open options position, at market value	(98,000)	(190,042)
	<b>24,073,599</b>	<b>17,855,710</b>

Shares and warrants valued at \$3,968,422 have been designated as collateral as part of the option trading. At 30 June 2007 \$348,239 of this collateral has been utilised as collateral against open option positions.

## 10. TAX

### (a) ASSETS

#### CURRENT

Income tax refundable	4,959	-
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#### NON CURRENT

Deferred tax asset comprises :

Transaction costs on equity raised	135,959	97,971
Carried forward tax loss	125,429	95,640
	<b>261,388</b>	<b>193,611</b>

	<i>Note</i>	2007 \$	2006 \$
<b>(b) LIABILITIES</b>			
NON CURRENT			
Deferred tax liabilities comprise:			
Fair value adjustments		(2,230,294)	(1,335,978)
<b>(c) RECONCILIATIONS</b>			
<b>(i) GROSS MOVEMENTS</b>			
The overall movement in the deferred tax asset account is as follows:			
Opening balance		(1,142,367)	(212,465)
(Charge)/credit to income statement	4	(826,539)	(929,902)
<b>Closing balance</b>		<b>(1,968,906)</b>	<b>(1,142,367)</b>
<b>(ii) DEFERRED TAX ASSETS</b>			
The movement in the deferred tax asset for each temporary difference during the year is as follows:			
Transaction costs on equity raised			
Opening balance		97,971	104,436
(Charge)/Credit to income statement		37,988	(6,465)
<b>Closing balance</b>		<b>135,959</b>	<b>97,971</b>
Carried forward tax losses			
Opening balance		95,640	-
(Charge)/Credit to income statement		29,789	95,640
<b>Closing balance</b>		<b>125,429</b>	<b>95,640</b>
Other			
Opening balance		-	14,661
(Charge)/Credit to income statement		-	(14,661)
<b>Closing balance</b>		<b>-</b>	<b>-</b>
<b>(iii) DEFERRED TAX LIABILITIES</b>			
The movement in the deferred tax liabilities for each temporary difference during the year is as follows:			
Fair value adjustment			
Opening balance		(1,335,978)	(331,562)
(Charge)/Credit to income statement		(894,316)	(1,004,416)
<b>Closing balance</b>		<b>(2,230,294)</b>	<b>(1,335,978)</b>

## 11. OTHER CURRENT ASSETS

Prepayments	11,647	4,167
Sundry	-	27,364
	<b>11,647</b>	<b>31,531</b>

## 12. TRADE & OTHER PAYABLES

Trade creditors	56,361	4,653
Other creditors *	2,748,193	15,508
Accrued expenses	26,950	-

<i>Note</i>	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Provision for unpaid dividends	1,870	657
	<b>2,833,374</b>	<b>20,818</b>

\* For 2007, this represents warrant purchases that settled on the 4th July 2007.

### 13. CONTRIBUTED EQUITY

19,795,339 fully paid ordinary shares (2006: 17,339,800)	20,528,600	17,339,800
Capital raising costs	(907,921)	(642,886)
	<b>19,620,679</b>	<b>16,696,914</b>

#### (a) ORDINARY SHARES

At beginning of reporting year	17,339,800	13,771,500
Shares issued during the year - 2,455,539 ordinary shares (2006:3,568,300)	2,455,539	3,568,300
	<b>19,795,339</b>	<b>17,339,800</b>

The ordinary shares participate in dividends and the proceeds on winding up in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### 14. EARNINGS PER SHARE

Earnings used in the calculation of earning per share and dilutive earnings per share is the net profit after tax.	\$3,467,032	\$3,019,451
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	17,635,692	17,339,800
Weighted average number of options outstanding	600,000	600,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	18,235,692	17,939,800

### 15. RESERVES

#### OPTIONS RESERVE

The options reserve records items recognised as expenses on valuation of the directors' share options.

### 16. DIVIDENDS

(a) DISTRIBUTIONS PAID BY THE COMPANY	1,040,382	454,459
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A final dividend of 6.0 cents per share on each ordinary share held as at 30 June 2006 franked to 71.62% was paid on 3 November 2006.

#### (b) DIVIDENDS NOT RECOGNISED AT YEAR END

The company intends to declare a dividend of 12.0 cents, partly franked to (35.78%) based on the results for the year ended 30 June 2007.

<i>Note</i>	<b>2007</b>	<b>2006</b>
	\$	\$

### (c) DIVIDEND FRANKING ACCOUNT

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.	362,238	414,027
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Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (b), this having been determined following closing of the register at record date.

## 17. COMMITMENTS

The company does not have any future capital or lease commitments.

## 18. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at 30 June 2007.

## 19. SUBSEQUENT EVENTS

On the 2nd July 2007, the company announced it intended to proceed with an on market buy-back of up to 1,700,000 of its shares. At the date of this report 737,489 shares have been purchased under the buy-back plan.

## 20. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with profit from ordinary activities after Income Tax

<b>Profit from ordinary activities after income tax</b>	3,467,032	3,019,451
Non-cash flows in profit from ordinary activities		
Director's options expense	10,426	69,326
<b>Changes in assets and liabilities:</b>		
(Increase)/decrease in receivables	(56,203)	29,227
(Increase)/decrease in other financial assets	(6,217,889)	(5,318,613)
(Increase)/decrease in current tax assets	(4,959)	38,008
(Increase)/decrease in other assets	19,884	4,892
(Increase)/decrease in deferred tax asset	(67,777)	(74,514)
Increase/(decrease) in trade and other payables	2,811,344	(11,506)
Increase/(decrease) in deferred taxes payable	894,316	1,004,416
<b>Cash flows from operations</b>	<b>856,174</b>	<b>(1,239,313)</b>

## 21. FINANCIAL INSTRUMENTS

### (a) INTEREST RATE RISK

The company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

<b>30 June 2006</b>	<b>Floating Interest Rate \$</b>	<b>Non Interest Bearing \$</b>	<b>Total \$</b>
Financial assets	-	17,887,241	17,887,241
Trade & receivables	-	72,091	72,091
Cash assets	3,881,322	-	3,881,322
	<b>3,881,322</b>	<b>17,959,332</b>	<b>21,840,654</b>
Weighted Average Interest Rate	5.22%		

<b>30 June 2006</b>	<b>Floating Interest Rate \$</b>	<b>Non Interest Bearing \$</b>	<b>Total \$</b>
Financial assets	-	24,085,246	24,085,246
Trade & receivables	-	128,294	128,294
Current tax assets	-	4,959	4,959
Cash assets	6,622,091	-	6,622,091
	<b>6,622,091</b>	<b>24,218,499</b>	<b>30,840,590</b>
Weighted Average Interest Rate	5.91%		

**(b) DERIVATIVE TRANSACTIONS**

Derivative financial instruments namely call options are traded by the company as part of operating activities.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions as disclosed in the statement of financial position and notes to the financial statements. Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations.

**(c) CREDIT RISK**

The company is exposed to credit related losses in the event of non-performance by counterparties to financial instruments. The directors do not expect any counterparties to fail to meet their obligations.

**(d) MARKET RISK**

Market price risk is the risk that the value of the company's investment portfolio will fluctuate as a result of changes in market prices. The company aims to manage its risk in line with the investment mandate.

**(e) FAIR VALUE OF FINANCIAL ASSETS**

The fair value of financial assets and derivative financial instruments is included in note 9. Refer to note 1 for information on the accounting policies applied to financial assets and derivatives.

**22. RELATED PARTY DETAILS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those otherwise available to other parties unless stated.

<i>Note</i>	2007 \$	2006 \$
<b>(i) DEALER AGREEMENT</b>		
A 3% commission on the raising of funds, plus goods and services tax, was paid by Fox Invest Limited to Freeman Fox Limited (formerly known as Freeman Fox Securities Limited). Up until 20 February 2006, Freeman Fox Limited was controlled by Mr Peter Conway.	98,056	108,022
<b>(ii) ADMINISTRATION FEE</b>		
An administration fee of \$5,253 (\$5,150: 2006) per month plus goods and services tax, was paid by Fox Invest Limited to Fox Portfolio Pty Ltd, a company controlled by Mr Peter Spann during the year. This fee covers the provision of administration support services to the company. Fox Invest is a financial services provider and can only claim 75% of the GST paid. As such an unrecoverable expense of \$1,576 (\$1,409: 2006) in relation to the GST on the administration service fee is incurred.	64,613	62,909
<b>(iii) MANAGEMENT FEE</b>		
Fox Invest Limited paid an annual management fee to Freeman Fox Limited (formerly known as Freeman Fox Securities Limited). Up until 20 February 2006, Freeman Fox Limited was controlled by Mr Peter Conway. Following the listing of the company on the Australian Stock Exchange on the 18th May 2007, the management fee, as outlined in the prospectus dated the 26th February 2007, was amended to an amount equal to: 3% (plus goods and services tax) of the paid up share capital of Fox Invest Limited up to and including \$5,000,000; 2.5% (plus goods and services tax) of the paid up share capital from \$5,000,001 up to and including \$10,000,000; and 1.0% (plus goods and services tax) of the paid up share capital above \$10,000,000. The management fee is calculated and paid monthly. This fee covers the provision of investment management services to the company. Fox Invest is a financial services provider and can only claim 75% of the GST paid. As such an unrecoverable expense of \$10,553 (\$10,942: 2006) in relation to the GST on the management fee is incurred.	432,662	436,091
<b>(iv) BROKERAGE FEES</b>		
Freeman Fox Limited (formerly known as Freeman Fox Securities Limited) is paid fees at a commercial rate for the provision of broking services.		

## 23. COMPANY DETAILS

The registered office and principal place of business of the company is:

Level 11  
Waterfront Place  
1 Eagle Street  
BRISBANE QLD 4000

# DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out in pages 9 to 23, are in accordance with the Corporations Act 2001:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the company.
  
2. The Chief Executive Officer has declared that:
  - (a) The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) The financial statements and notes for the financial year comply with the Accounting Standards;
  - (c) The financial statements and notes for the financial year give a true and fair view;
  
3. 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 30th day of August 2007

## Auditor's Independence Declaration

### TO THE DIRECTORS OF FOX INVEST LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as auditor of the Fox Invest Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditors independence requirements set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON QUEENSLAND PARTNERSHIP

*Grant Thornton Queensland Partnership*  
*DJ Carroll*

D J CARROLL  
Partner

Brisbane  
Dated this 30th day of August 2007

# Independent Audit Report To the member of Fox Invest Limited ACN 108 069 003

We have audited the accompanying financial report of Fox Invest Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and statement of cash flows for the year ended on that date, notes to the financial statements and the directors' declaration.

## Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In Note 1 the Directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

## Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards, which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

**Independent Audit Report (continued)**  
**To the member of Fox Invest Limited**  
**ACN 108 069 003**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independence**

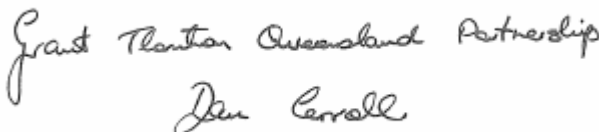
In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

**Auditor's opinion**

In our opinion:

- (a) The financial report of Fox Invest Limited is in accordance with the *Corporations Act 2001*, including:
  - i. Giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
  - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

GRANT THORNTON QUEENSLAND PARTNERSHIP

  
Grant Thornton Queensland Partnership  
DJ Carroll

D J CARROLL  
Partner

Brisbane  
Dated this 30th day of August 2007

## ADDITIONAL INFORMATION

### SHARE CAPITAL

Fox Invest Limited has on issue 18,972,950 fully paid ordinary shares held by 1,059 holders as at 14 September 2007. All ordinary shares of the company carry one vote per share.

### TWENTY LARGEST SHAREHOLDERS

Rank	Investor Name	Total Shares	% of Issued Capital
1	Mr Leslie J & Mrs Brenda K Irwin	277,435	1.46
2	Mr Peter F Garland	200,000	1.05
3	Mr David B & Mrs Wendy E Smallbone	150,000	0.79
4	Jerd Holdings Pty Ltd <Greenwood Hybrid A/C>	130,000	0.69
5	Mr Neil Thomas & Mrs Susan E O'Connor	120,000	0.63
6	Mr Trevor J & Mrs Joanne E O'Shea <Gaiwood Super A/C>	108,300	0.57
7	A Better Car Deal Pty Ltd	105,000	0.55
8	MH & WJ Howard <Super A/C>	100,000	0.53
9	IP & Choo Dental Practice Pty Ltd <IP & Coo D P Super A/C>	100,000	0.53
10	Keeshan Pty Ltd <Wilson Family A/C>	100,000	0.53
11	Maree Wrack Pty Ltd <Phone Forward Super A/C>	100,000	0.53
12	Mr Gregory P McKnight	100,000	0.53
13	Mrs Filiz & Mr Selcuk Oztosun	100,000	0.53
14	Mrs Beverley F Richardson	100,000	0.53
15	Rosemount (Caulfield) Pty Ltd <Christine Marklew Super A/C>	100,000	0.53
16	Ms Judith R Sharples	100,000	0.53
17	Mr Bradley P & Mrs Alison L Stringfellow <Midary Super A/C>	100,000	0.53
18	VJE Pty Ltd <The VJE Retirement Fund A/C>	100,000	0.53
19	Gracehill Pty Ltd <Ritchie Pension Fund A/C>	92,401	0.49
20	Judy's Choice Pty Ltd	80,000	0.42
<b>Total</b>		<b>2,363,136</b>	<b>12.46</b>

### DISTRIBUTION OF EQUITY SECURITIES

Analysis of number of shareholders by size of holding

Rank	No. Of holders	Shares	% of Issued Capital
1 – 1,000	19	14,156	0.08
1,001 – 5,000	160	631,571	3.33
5,001 – 10,000	374	3,494,476	18.42
10,001 – 100,000	499	13,742,012	72.42
100,000 and over	7	1,090,735	5.75
<b>Total</b>	<b>1,059</b>	<b>18,972,950</b>	<b>100.00</b>

There were 4 shareholders holding less than a marketable parcel (\$500) based on a market price of \$1.19 at the close of trading on 14 September 2007.

During the year ended 30 June 2007, the company recorded 69 transactions in securities. \$108,630 in brokerage (including GST) was paid or accrued during the year.

# CORPORATE GOVERNANCE

## INTRODUCTION

In August 2002 the Australian Stock Exchange established a Corporate Governance Council (CGC) and in March 2003 the CGC put forward a number of best practice recommendations.

The Directors of Fox Invest Limited strongly support the establishment and ongoing development of good corporate governance for the Company. The Company operates in accordance with the principles of good corporate governance as set out by the CGC and has adopted a series of corporate governance policies which seek to apply the principles to the extent relevant to the Company.

Below is a description of the Company's corporate governance practices which comply with the recommendations of the CGC unless otherwise stated.

## RECOMMENDATION 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

### ROLE OF THE BOARD OF DIRECTORS

The role of the Board is to build long term sustainable value for its shareholders, while respecting the interests of its stakeholders. In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company, including formulating its strategic direction, setting remuneration and monitoring the business objectives, and performance of Directors and Senior Executives. The Board relies on Senior Executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring and approving financial and other reporting.

The Board has adopted a Charter which formalises its practices, and can be viewed on the website of Fox Invest. To assist in the execution of its responsibilities, the Board has established a number of Board Committees – further details are set out below.

## RECOMMENDATION 2 – STRUCTURE THE BOARD TO ADD VALUE

### BOARD COMPOSITION

The membership of the Board, its activities and composition are subject to periodic review. Directors are initially appointed by the Board and may be subject to reelection by shareholders at the next general meeting. The Board is presently comprised of three members, being two non-executive and one executive.

The Board has assessed the independence of its non-

executive Directors according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that the two non-executive members of the Board are independent and therefore the Company has a majority of independent Directors. The Board maintains a separate Nomination Committee, whose role is to identify and recommend to the Board individuals to be selected to join the Board of the Company. It also has the important role of overseeing the evaluation of the Board.

## RECOMMENDATION 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

The Board actively promotes ethical and responsible decision making

### CODE OF CONDUCT

The Board has adopted a Code of Conduct that applies to all Directors, management and employees of the Company as well as the Company's key service providers such as the Investment Manager and the Administration Manager. This Code addresses expectations for conduct in the following areas:

- security trading;
- communications;
- conflicts of interest;
- responsibility to suppliers and customers;
- laws and regulations;
- employment; and
- adherence to policies and procedures.

### SHARE TRADING POLICY

Directors, management and key service providers must ensure that any trading in shares in the Company is undertaken within the framework set out in the Company's Share Trading Policy.

## RECOMMENDATION 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

### AUDIT, RISK AND COMPLIANCE COMMITTEE

The Board has established an Audit, Risk and Compliance Committee, which provides assistance to the Board in fulfilling its corporate governance responsibilities in relation to the Company's financial reporting, internal controls structure, risk management systems and external audit functions. The Board has adopted a formal Charter for the Committee to assist in carrying out its duties. The members of the Audit, Risk and Compliance Committee are:

- Mr. Martin Krawitz - Chairman - (Non-executive Director);

- Mr. John Fries – (Non-executive Chairman).

## FINANCIAL REPORTING

The Board relies on management to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by management who report to the Board via the Managing Director, or at Board and Audit, Risk and Compliance Committee meetings.

## RECOMMENDATION 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Board is committed to the promotion of investor confidence by providing full and timely information to all shareholders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the ASX Listing Rules. The Company has policies to ensure that it meets its continuous disclosure obligations.

## RECOMMENDATION 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

The Board fully supports shareholder participation at general meetings and works to ensure that communications with shareholders are effective and clear. Information is communicated to shareholders via the Annual Report, disclosures and announcements made to the ASX, Notices and Explanatory Memorandum for the AGM, the AGM itself, occasional letters from the Chairman or the Managing Director, and the Fox Invest website at [www.foxinvest.com.au](http://www.foxinvest.com.au).

## RECOMMENDATION 7 – RECOGNISE AND MANAGE RISK

### RISK MANAGEMENT

The Board and management regularly review procedures in respect of compliance with, and the maintenance of, statutory, legal, ethical and environmental obligations.

### COMPLIANCE

The Company has access to the Investment Manager's Compliance Manager, who is responsible for reporting to the Board on compliance issues, and recommending ways in which the Company may improve its systems and compliance monitoring.

## RECOMMENDATION 8 – ENCOURAGE ENHANCED PERFORMANCE

### PERFORMANCE REVIEW

The Board undertakes an annual review of the performance of management and Directors.

### EDUCATION

All Directors and Senior Executives are encouraged to attend professional education courses relevant to their roles. Directors

are given access to continuing professional education courses and development programs as requested and in consultation with the Chairman.

## INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO INFORMATION

Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Subject to prior consultation with the Chairman, Directors may seek independent professional advice from a suitably qualified advisor.

## RECOMMENDATION 9 – REMUNERATE FAIRLY AND RESPONSIBLY

The Managing Director and Senior Executives receive salary packages which may include performance-based components designed to reward and motivate. Non-executive Directors receive fees agreed on an annual basis by the Board, based on recommendations made by the Remuneration Committee, and are remunerated from a maximum amount set by shareholders.

### REMUNERATION COMMITTEE

The primary role of the Remuneration Committee is to assist the Board in discharging its responsibilities regarding remuneration and human resources requirements of the Company. In particular, the Remuneration Committee ensures that remuneration packages are set at levels that attract and retain employees capable of managing and growing the Company.

The Remuneration Committee comprises the following members:

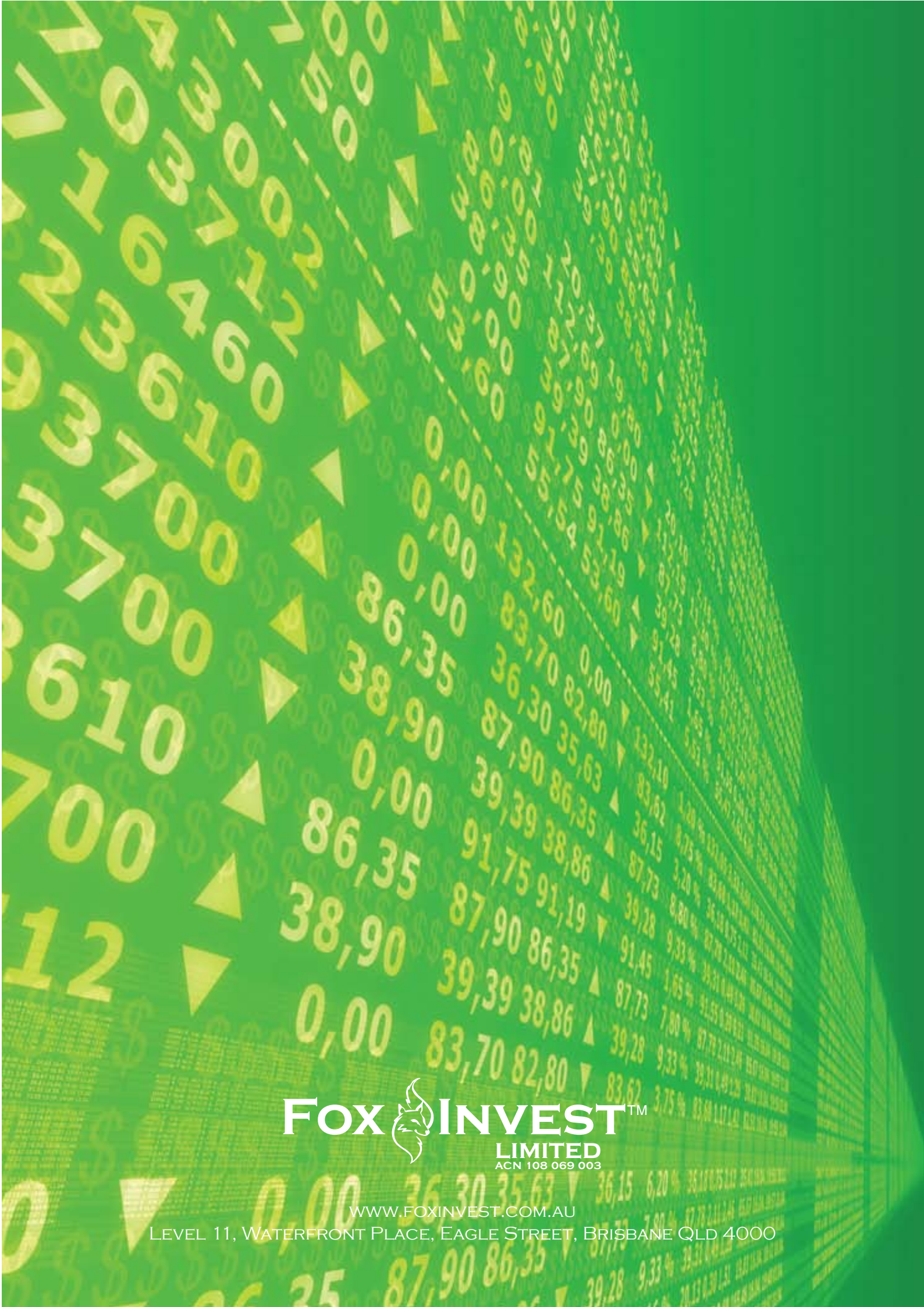
- Mr. John Fries – Chairman (Non-executive Chairman);
- Mr. Martin Krawitz (Non-executive Director).

## RECOMMENDATION 10 – RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The Board acknowledges the rights of stakeholders and has adopted a Code of Conduct (refer Recommendation 3) in line with the recommendations of this Recommendation 10. All Fox Invest Limited Directors, officers, employees and contractors are encouraged to report any instance of unlawful, unethical or unfair or dishonest conduct involving a Fox Invest Limited officer, employee or contractor. Fox Invest Limited will protect employees who make such disclosures from reprisal or detrimental action following the disclosure.

# CORPORATE DIRECTORY

<b>Directors</b>	John Fries Peter Spann Martin Krawitz
<b>Company Secretary</b>	Howard Woolcott
<b>Principal registered office in Australia</b>	Level 11, Waterfront Place 1 Eagle Street Brisbane QLD 4000 (07) 3031 9999
<b>Share registry</b>	Link Market Services Level 12, 680 George Street, Sydney NSW 2000
<b>Auditor</b>	Grant Thornton Level 4, Grant Thornton House 102 Adelaide Street, Brisbane QLD 4000
<b>Solicitors</b>	Clayton Utz Level 28, 71 Eagle Street Brisbane QLD 4000
<b>Bankers</b>	National Australia Bank Limited 180 Queen Street Brisbane QLD 4000
<b>Website address</b>	<a href="http://www.foxinvest.com.au">www.foxinvest.com.au</a>



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