

# Appendix 4D

## Half year report

### 1. Company details

Name of entity

First Opportunity Fund Limited

ABN or equivalent company  
reference

96 084 115 499

Half year ended ('current period')

31 December 2008

Half year ended ('previous period')

31 December 2007

### 2. Results for announcement to the market

\$A'000's

2.1 Revenues from ordinary activities	Up	14%	to	219
2.2 Net profit from ordinary activities after tax attributable to members	Up from a loss of	114	to	39 profit
2.3 Net profit after tax for the period attributable to members	Up from a loss of	114	to	39 profit
2.4 Dividends	Amount per security		Franked amount per security	
		Nil		Nil
2.5 Record date for determining entitlements to dividends	N/A			
2.6 Commentary on Results for Period	Please see Interim Financial Report attached			

### 3. Net tangible assets per security

	31 December 2008	30 June 2008
Net tangible assets per security	\$0.71	\$0.70

4. There are no entities over which control has been gained or lost during the period.
5. No dividends or distributions were paid during the period.
6. There are no dividend or distribution reinvestment plans in operation.
7. Please see Interim Financial Report attached.
8. Foreign entities – none.
9. The accounts are not subject to audit dispute or qualification. Please see Interim Financial Report attached which includes the Independent auditor's review report.



Sign here: (Director/Company Secretary)  
Print name: Jon Brett

Date: 23 February 2009

# First Opportunity Fund Limited

ABN 96 084 115 499

**Interim Financial Report**  
for the half-year ended 31 December 2008

# First Opportunity Fund Limited

ABN 96 084 115 499

## Corporate Information

### Legal Form

Company is incorporated under the Corporations Act 2001 and is registered as a Pooled Development Fund.

### Directors

Dr J S Keniry (Chairman)  
J W Murphy  
J K Brett  
A H Chonowitz

### Company Secretary

J K Brett

### Registered Office

Level 31, The Chifley Tower  
2 Chifley Square  
SYDNEY NSW 2000  
Tel: (02) 9293 2232  
Fax: (02) 9233 2306

### Bankers

National Australia Bank Limited

### Share Register

Computershare Investor Services  
Yarra Falls  
452 Johnston Street  
Abbotsford, Victoria 3067  
Tel: 1300 850 505

### Auditors

Deloitte Touche Tohmatsu

### Solicitors

Thomson Playford

### Manager

Investec Wentworth Private Equity Limited  
ACN 098 207 740  
Level 31, The Chifley Tower  
2 Chifley Square  
Sydney NSW 2000  
Tel: (02) 9293 2232  
Fax: (02) 9293 2306

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# Directors' Report

Your directors submit their report for the half-year ended 31 December 2008.

## DIRECTORS

The names and details of the directors of the company in office during the half-year and up until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

J. S. Keniry (Chairman)  
J. W. Murphy  
A. H. Chonowitz  
J. K. Brett

## REVIEW AND RESULTS OF OPERATIONS

During the period, First Opportunity Fund Ltd (FOF) received a take over offer from Equities and Freeholds Limited (EQF), a company listed on the ASX. EQF is also indirectly, FOF's largest shareholder. The offer was a script offer whereby EQF offered 11 of its shares for every 10 FOF shares that it did not own. For a number of reasons, the directors of FOF did not consider the offer suitable, as it was a script offer and EQF was much smaller than FOF with a listed portfolio of shares whereas FOF has a large cash balance. As equity markets continued to deteriorate, the market value of EQF also declined and it subsequently withdrew its offer for FOF.

FOF has also investigated many potential investment opportunities and has made a number of unsuccessful bids. FOF's conservative approach has been vindicated, as economic conditions have deteriorated significantly.

First Opportunity Fund recorded an after tax profit of \$39,493 (2007: Loss \$113,968) for the half-year.

### Monarch Winemaking Services Pty Ltd and Monarch Trading Pty Ltd

Monarch owns and operates a purpose built state of the art winery, bottling and storage facility in the centre of Pokolbin, in the Hunter Valley.

### Monarch Winemaking Services – 32.5% (2007: 32.5%) equity interest

Despite the challenges in the wine industry, Monarch Winemaking's half year results displayed a solid performance largely based on a substantial increase in winemaking income as a result of a favourable 2008 vintage. Warehouse income from wine storage and logistics continued to grow and make a balanced contribution to income.

### Monarch Trading – 32.5% (2007: 32.5%) equity interest

Monarch have made significant changes to its brand positioning, pricing strategy and distribution model and are seeing signs of a more positive outlook for profitability. Most encouraging has been the growth in cellar door performance under the influence of a new cellar door manager, which represents the highest profit channel and fastest generator of cash flow.

This growth has also been complemented by a more concerted export effort with new customers in the Netherlands and the UK, where Monarch have established The Secret Vine joint venture for marketing its wines together with other boutique Australian wines.

The shift in market positioning and distribution has required a rigorous approach to rationalisation of stock. Whilst Monarch has endeavoured to find alternative channels for obsolete product lines the overall process has largely been completed with a negative impact on profit. Monarch anticipates a stronger performance in the second half of the financial year as both national distribution and cellar door sales consolidate.

### King Valley Wines Pty Ltd – 25% (2007: 25%) equity interest

King Valley Wines completed a successful vintage in FY 2008 with a record tonnage processed of 6,280 tonnes leading to the strongest revenue for some time and a healthy profit.

Production constraints meant that many of its customers were forced to process elsewhere. To correct these constraints a new 26,000 litre press has been installed for the 2009 vintage and the old tank press has been automated. This will double the effective fruit processing capacity of the winery in any 24 hour

period. Current efforts are focused on reducing running costs through improved organisation and automation while still maintaining or improving the level of customer service. The company has also purchased a winescan and will begin offering wine analysis to other companies in the area on a fee for service basis in addition to the analysis performed as part of the current processes.

As a contract winery, winemaking activities in the first half of the financial year are minimal, this has impacted the financial results for the period under review, as there is little opportunity to absorb costs.

King Valley showed a loss attributable to First Opportunity Fund of \$105,229 (2007: \$110,740) for the first half of the year. The budget for the remainder of the year and subject to normal seasonal conditions anticipates a profit for the full year. As always other challenges such as the current bushfires in Victoria may yet have a significant impact on the quantity of fruit processed

The King Valley is not immune from the general industry downturn that has been reported in the press. It is expected that processing volumes will be smaller in the 2009 vintage due to lower vineyard yields. New customers are being actively sought so that any spare winery capacity can be used.

#### **Dividends**

No dividends were declared or paid during the period under review. (2007: NIL per share).

#### **Changes in the state of affairs**

Other than as listed above there were no changes in the state of its affairs during the period under review.

#### **Auditor's Independence and non-audit services**

Deloitte Touche Tohmatsu, the company's auditor, did not perform any other services other than their statutory duties during the period.

A copy of the auditor's declaration as required under section 307C of the Corporations Act 2001 is on page 4 of this interim report.

Signed in accordance with a resolution of the directors made pursuant to section 298(2) of the Corporations Act 2001.



Jon Brett  
Director

23 February 2009

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# Auditor's Independence Declaration

**Deloitte.**

Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

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225 George Street  
Sydney NSW 2000  
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Deloitte Touche Tohmatsu

Chair of the Board Audit Committee  
First Opportunity Fund Limited  
The Chifley Tower, Level 31, 2 Chifley Square  
SYDNEY, NSW 2000

23 February 2009

Dear Board Members

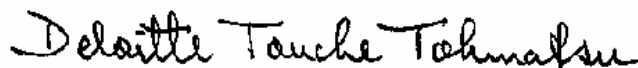
## **First Opportunity Fund Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of First Opportunity Fund Limited.

As lead audit partner for the review of the financial statements of First Opportunity Fund Limited for the financial half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Michael Kaplan  
Partner  
Chartered Accountants

## Condensed Income Statement

HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
Interest income		174,381	149,559
Interest income from associates		14,770	12,180
Management and other fees		<u>30,000</u>	<u>30,000</u>
<b>TOTAL REVENUES</b>		<b>219,151</b>	<b>191,739</b>
Share of net (losses)/ profits of associates accounted for using the equity method		(877)	4,442
Management fee		(90,000)	(90,000)
Director's remuneration		(21,800)	(21,800)
Management agreement termination cost - equity settled share based payment		-	(17,227)
Investment due diligence costs		-	(173,000)
Professional fees		(29,120)	(28,430)
Other expenses		<u>(24,404)</u>	<u>(13,420)</u>
<b>PROFIT/ (LOSS) BEFORE INCOME TAX EXPENSE</b>		<b>52,950</b>	<b>(147,696)</b>
<b>INCOME TAX (EXPENSE)/ BENEFIT</b>		<b><u>(13,457)</u></b>	<b><u>33,728</u></b>
<b>NET PROFIT/ (LOSS) ATTRIBUTABLE TO MEMBERS OF FIRST OPPORTUNITY FUND LTD</b>		<b><u>39,493</u></b>	<b><u>(113,968)</u></b>
<b>Basic earnings/ (loss) per share (cents per share)</b>	<b>5</b>	<b>0.39</b>	<b>(1.13)</b>
<b>Diluted earnings/ (loss) per share (cents per share)</b>	<b>5</b>	<b>0.39</b>	<b>(1.13)</b>

The accompanying notes form part of these financial statements.

## Condensed Balance Sheet

AT 31 DECEMBER 2008

	Notes	December 2008 \$	June 2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,400,050	4,420,691
Receivables	2	<u>469,540</u>	<u>452,488</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>4,869,590</b></u>	<u>4,873,179</u>
<b>NON-CURRENT ASSETS</b>			
Investments accounted for using the equity method	3	<u>2,391,412</u>	<u>2,392,289</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u><b>2,391,412</b></u>	<u>2,392,289</u>
<b>TOTAL ASSETS</b>		<u><b>7,261,002</b></u>	<u>7,265,468</u>
<b>CURRENT LIABILITIES</b>			
Payables		79,502	123,421
Current tax payable		5,802	5,842
Deferred tax liability		<u>21,650</u>	<u>21,650</u>
<b>TOTAL LIABILITIES</b>		<u><b>106,954</b></u>	<u>150,913</u>
<b>NET ASSETS</b>		<u><b>7,154,048</b></u>	<u>7,114,555</u>
<b>EQUITY</b>			
Contributed equity		6,874,086	6,874,086
Share based payments reserve		103,359	103,359
Retained profits		<u>176,603</u>	<u>137,110</u>
<b>TOTAL EQUITY</b>		<u><b>7,154,048</b></u>	<u>7,114,555</u>

The accompanying notes form part of these financial statements.



## Condensed Statement of Changes in Equity

HALF-YEAR ENDED 31 DECEMBER 2008

	2008 \$	2007 \$
Total equity at the beginning of the period, as previously reported.	7,114,555	6,944,476
Net Profit/ (loss) for the half year	<u>39,493</u>	<u>(113,968)</u>
Total recognised income and expense for the half -year	<u>39,493</u>	<u>(113,968)</u>
Share-based payment – issue of options	<u>-</u>	<u>17,227</u>
<b>TOTAL EQUITY AT END OF THE HALF- YEAR</b>	<b><u>7,154,048</u></b>	<b><u>6,847,735</u></b>

The accompanying notes form part of these financial statements.

## Condensed Statement of Cash Flows

HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	2008 \$	2007 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(205,580)	(123,829)
Interest received		178,436	160,519
Receipts from associates		20,000	16,115
Income tax paid		<u>(13,497)</u>	<u>(5,439)</u>
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	4	<u>(20,641)</u>	<u>47,366</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advances repaid by associates		<u>-</u>	<u>60,000</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>-</u>	<u>60,000</u>
NET INCREASE (DECREASE) IN CASH HELD		(20,641)	107,366
Add opening cash brought forward		<u>4,420,691</u>	<u>4,448,724</u>
<b>CLOSING CASH CARRIED FORWARD</b>		<u><u>4,400,050</u></u>	<u><u>4,556,090</u></u>

The accompanying notes form part of these financial statements.

## Notes to the Half-Year Financial Statements

31 DECEMBER 2008

### 1. SIGNIFICANT ACCOUNTING POLICIES

First Opportunity Fund Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

#### (a) Statement of compliance

The interim financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB134 *Interim Financial Reporting*. Compliance with AASB134 ensures compliance with International Financial Reporting Standard IAS134 *Interim Financial Reporting*. The interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The half year financial statements were authorised for issue by the Directors on 23 February 2009.

#### (b) Basis of preparation

The interim financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The preparation of an interim financial report in conformity with AASB 134 *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

#### (c) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market instruments, net of outstanding bank overdrafts.

#### (d) Trade receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

#### (e) Investments in Associates

Associates are all entities over which the company has significant influence but not control, generally accompanying a share-holding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting. The investments in associates include goodwill (net of any impairment losses) identified on acquisition.

The company's share of each associate's profit or loss for the period is recognised in the income statement, and its share of post acquisition movement in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

## Notes to the Half-Year Financial Statements

### (f) Payables

Payable are stated at their amortised cost.

### (g) Contributed equity

Issued and paid up ordinary share capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### (h) Dividends

Dividends are recognised when declared and approved on or before the reporting date.

### (i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Interest income and fees earned are recognised on an accrual basis. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend revenue is recognised on a receivable basis.

### (j) Income taxes

#### Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

#### Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet.

The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in associates. Deferred tax assets arising from deductible temporary differences associated with these investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settles, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

## Notes to the Half-Year Financial Statements

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognized directly in equity.

### **(k) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### **(l) Earnings per share**

- Basic earnings per share*  
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.
- Diluted earnings per share*  
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### **(m) Equity-based compensation benefits**

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipient become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity assesses and revises if necessary its estimate of the number of options that are expected to be exercised. The expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to an exercised options reserve.

## Notes to the Half-Year Financial Statements

(n) Fair value estimation

The fair value of share based payments that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and assumptions that are based on market conditions existing at the time of granting.

	December 2008 \$	June 2008 \$
<b>2. RECEIVABLES</b>		
<b>CURRENT</b>		
Related party receivables		
- Associated companies (i)	433,376	433,376
Goods and Services Tax	5,105	8,768
Other (ii)	<u>31,059</u>	<u>10,344</u>
	<u>469,540</u>	<u>452,488</u>

Terms and conditions relating to the above financial instruments

(i) Associated companies

*Secured*

Related party loan to King Valley Wines Pty Limited of \$279,225 (June 2008: \$279,225) for which interest is payable monthly in arrears at the NAB Corporate rate on unsecured overdrafts plus one and one half percent. The amount is repayable on demand. The loan is secured by a second ranking fixed and floating charge over the assets of the associate.

*Unsecured*

Related party loan to Monarch Trading Pty Limited of \$154,151 (June 2008: \$154,151) for which no interest is payable. Repayment date is contingent on the cash flows generated by the associates. The loan is unsecured.

(ii) Other

Other receivables are non-interest bearing and have repayment terms between 30 and 60 days.

## Notes to the Half-Year Financial Statements

### 3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

INTEREST IN ASSOCIATES:	Ownership interest held		Carrying amount	
	December	June	December	June
	2008	2008	2008	2008
	%	%	\$	\$
Monarch Winemaking Services Pty Ltd (Contract Winemaker)	32.5	32.5	1,939,534	1,827,601
Monarch Trading Pty Ltd (i) (Boutique Winery)	32.5	32.5	233,905	241,487
King Valley Wines Pty Ltd (Contract Grape Processor)	25	25	217,973	323,202
			<u>2,391,412</u>	<u>2,392,289</u>

All the above interests comprise ordinary shares in the associates. All associates are incorporated in Australia.

(i) Monarch Trading Pty Limited has a 4.3% (June 2008: 4.3%) ownership interest in First Opportunity Fund Limited as at reporting date.

	December 2008 \$	December 2007 \$
<i>(i) Share of associates' profits</i>		
Share of associates':		
- Operating profit before income tax	47,094	56,179
- Income tax expense attributable to operating profits	<u>(47,971)</u>	<u>(51,737)</u>
Share of associates' net profits recognised	<u>(877)</u>	<u>4,442</u>
<i>(ii) Carrying amount of investment in associates:</i>		
Balance at the beginning of financial period	2,392,289	2,109,550
Dividend income from associate during the period	-	(16,115)
Share of associates' net profits for the period	<u>(877)</u>	<u>4,442</u>
Carrying amount of investment in associates at the end of the period	<u>2,391,412</u>	<u>2,097,877</u>

## Notes to the Half-Year Financial Statements

	December 2008 \$	December 2007 \$
<b>3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D)</b>		
<i>(iii) Summarised financial position of associates:</i>		
<b>Current assets</b>		
Cash	235,689	(92,786)
Receivables	2,024,270	2,271,814
Inventories	2,292,790	1,953,649
Other	1,567,538	1,242,020
<b>Non current assets</b>		
Property, plant and equipment	13,199,898	13,531,627
Other financial assets	14,380	17,085
<b>Liabilities</b>		
Payables	(1,736,221)	(1,542,982)
Interest bearing liabilities	(1,119,228)	(1,922,875)
Current tax liabilities	(103,375)	(172,492)
<b>Non current liabilities</b>		
Interest bearing liabilities	<u>(8,010,480)</u>	<u>(7,717,140)</u>
<b>Net assets</b>	<u><b>8,365,261</b></u>	<u><b>7,567,920</b></u>
<i>(iv) Retained profits of the associates attributable to the company:</i>		
Balance at the beginning of financial period	1,504,593	465,341
Share of associates' net profits	<u>(877)</u>	<u>4,442</u>
Balance at the end of financial period	<u><b>1,503,716</b></u>	<u><b>469,783</b></u>
<i>(v) Summarised financial performance of associates:</i>		
Aggregated revenue	4,772,775	4,765,149
Net (loss)/profit after tax	(100,131)	(88,537)



## Notes to the Half-Year Financial Statements

	Half-year ended December 2008 \$	Half-year ended December 2007 \$
<b>4. STATEMENT OF CASH FLOWS</b>		
<b>(a) Reconciliation of the operating profit/ (loss) after tax to the net cash flows from operations</b>		
Profit/ (loss) from ordinary activities after tax	39,493	(113,968)
<b>Non-cash items</b>		
Share of associates' losses/ (net profit)	877	(4,442)
Share based payment	-	17,227
<b>Changes in assets and liabilities</b>		
(Increase)/ decrease in receivables	(17,052)	65,829
(Decrease)/ increase in payables	(43,919)	181,887
(Decrease) in associates loans	-	(60,000)
(Increase) in deferred tax balances	-	(34,600)
(Decrease)/ increase in income tax liability	(40)	(4,567)
Net cash flow from (used in) operating activities	(20,641)	47,366
<b>(b) Reconciliation of cash</b>		
Cash balance comprises:		
- cash on hand	97,536	119,116
- cash deposits	4,302,514	4,436,974
Closing cash balance	4,400,050	4,556,090
<b>5. EARNINGS PER SHARE</b>		
Basic earnings/ (loss) per share	0.39 cents	(1.13 cents)
Diluted loss per share	0.39 cents	(1.13 cents)
Weighted average number of ordinary shares on issue used in the calculation of earnings per share	10,116,062	10,116,062

Options to acquire ordinary shares are not considered to be dilutive ordinary shares because their exercise price is higher than the current market price of the Company's share. For this reason basic loss is equal to diluted earnings per share.

## Notes to the Half-Year Financial Statements

	December 2008	June 2008
<b>6. NET ASSET VALUE PER SHARE</b>		
Total shareholders' equity	7,154,048	7,114,555
Number of shares on issue	10,116,062	10,116,062
Net asset value per share	<u>\$0.71</u>	<u>\$0.70</u>

### 7. SUBSEQUENT EVENTS

There have been no events subsequent to the interim balance sheet date, which are expected to have a material effect on the Company's financial position.

### 8. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no change of any contingent liabilities or contingent assets.

### 9. SEGMENT INFORMATION

The Company operates predominately in one industry investing in small-to-medium sized entities, and one geographical segment, Australia.

### 10. COMPANY INFORMATION

First Opportunity Fund Limited is a listed public company, incorporated and operating in Australia.

#### Registered Office

Level 31  
The Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

#### Principal place of business

Level 31  
The Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

## Directors' Declaration

### DIRECTORS' DECLARATION

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors



J K Brett  
Director

Sydney, 23 February 2009



Deloitte Touche Tohmatsu  
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## Independent Auditor's Review Report to the Members of First Opportunity Fund Limited

We have reviewed the accompanying half-year financial report of First Opportunity Fund Limited, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed cash flow statement, condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration as set out on pages 5 to 17.

### *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 Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year 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 2007 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 First Opportunity Fund 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

# Independent Auditor's Review Report



that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## *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 First Opportunity Fund 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 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to be "Michael Kaplan".

Michael Kaplan  
Partner  
Chartered Accountants  
Sydney, 23 February 2009