

Aurora Property Buy-Write Income Trust

ARSN 125 153 648

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2008

Contents

	Page
Directors' report	2
Auditor's independence declaration	4
Condensed Income statement	5
Condensed Balance sheet	6
Condensed Statement of Changes in Equity	7
Condensed Cash flow statement	8
Notes to the condensed financial statements	9
Directors' declaration	13
Independent auditor's review report to the unit holders	14

Directors' report

The directors of Aurora Funds Management Limited (ABN 69 092 626 885), the responsible entity of Aurora Property Buy-Write Income Trust ("the Fund"), present their report together with the financial report of the Fund, for the half-year ended 31 December 2008.

Principal activities

The Fund was constituted on 1 May 2007 and commenced operations on 19 July 2007.

The principal activities of the Fund during the half-year were establishing its investment strategy in equities and derivatives, in accordance with the provision of the Fund Constitution.

The Fund did not have any employees during the period.

Responsible entity

The responsible entity of Aurora Property Buy-Write Income Trust is Aurora Funds Management Limited ("the responsible entity").

Review of operations

The investment policy of the Fund continues to be that detailed in the current product disclosure statement and in accordance with the provisions of the governing documents of the Fund.

The performance of the Fund, as represented by the results of its operations, was as follows:

	31 December 2008	31 December 2007
	\$	\$
Net operating profit (loss)	603,382	(6,046,424)
<i>Distributions recommended</i>		
Distribution (cents per unit) 31 December	30.00	46.69
Distribution (cents per unit) 30 June	47.80	-

Significant changes in State of Affairs

There were no significant changes in the state of affairs of the Fund in the period to the date of this report.

Directors

The following persons were directors of the responsible entity during the whole of the half-year and up to the date of this report:

Alastair Davidson

Richard Matthews

Hugh Latimer

Simon Lindsay

Oliver (Sandy) Morgan

Darren Olney-Fraser

Donald Christie

Interests in the Fund

The units on issue in the Fund during the half-year is set out below:

	31 December 2008 No.	30 June 2008 No.
Units on issue	<u>3,965,405</u>	<u>4,319,188</u>
	\$	\$
Value of assets		
Value of Fund assets	<u>19,471,266</u>	<u>21,906,673</u>

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.

Alastair Davidson

Director

Date : 27 February 2009



Chartered Accountants
& Business Advisers

Auditor's Independence Declaration

As lead auditor for the review of Aurora Property Buy-Write Income Trust for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aurora Property Buy-Write Income Trust.

PKF

Tim Sydenham
Partner

Sydney, Dated 27 February 2009

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Condensed Income statement

	Note	31 December 2008 \$	31 December 2007 \$
Revenue			
Dividend income		-	2,960,080
Interest income	4	293,300	214,156
Net gain on financial instruments at fair value through profit and loss		162,357	-
Other Income		370,704	-
Total investment income		826,361	3,174,236
Expenses			
Investment Manager's fees		222,545	403,921
Other administration costs	6	434	903
Net loss on financial instruments at fair value through profit and loss	5	-	7,374,804
Finance costs		-	1,441,032
Total operating expenses		222,979	9,220,660
Net operating profit/(loss)		603,382	(6,046,424)
Payment to unit holders		(1,189,621)	-
Decrease in net assets attributable to unit holders	7	586,239	6,046,424
Net profit		-	-

This Condensed Income Statement should be read in conjunction with the Notes to these financial statements set out on pages 9 to 12.

Condensed Balance sheet

	Note	As at 31 December 2008 \$	As at 30 June 2008 \$
CURRENT ASSETS			
Cash & cash equivalents		20,879,266	659,045
Trade and other receivables		97,769	49,201,156
Financial assets held at fair value through profit and loss		-	21,009,520
Total assets		20,977,035	70,869,721
CURRENT LIABILITIES			
Distributions payable		1,205,965	2,116,525
Bank overdraft		-	35,226,900
Trade and other payables		299,804	11,619,623
Total current liabilities		1,505,769	48,963,048
NON CURRENT LIABILITIES			
Amounts payable to unit holders	7	19,471,266	21,906,673
Total non-current liabilities		19,471,266	21,906,673
Total liabilities		20,977,035	70,869,721
NET ASSETS		-	-

This Condensed Balance Sheet is to be read in conjunction with the Notes to these financial statements set out on pages 9 to 12

Condensed Statement of Changes in Equity

	As at 31 December 2008 \$	As at 30 June 2008 \$
<i>Total equity at the beginning of the period</i>	-	-
Profit and loss for the period	-	-
Net income/(expense) recognised directly in equity	-	-
<hr/>		
Total recognised income and expense for the period	-	-
<hr/>		
Transactions with equity holders in their capacity as equity holders	-	-
<hr/>		
<i>Total equity at the end of the period</i>	-	-
<hr/>		

Under AIFRS, net assets attributable to unit holders are classified as a liability rather than equity. As a result there was no equity at the start or end of the period. This Condensed Statement of Changes in Equity is to be read in conjunction with the Notes to these financial statements set out on pages 9 to 12

Condensed Cash flow statement

	31 December 2008 \$	31 December 2007 \$
<i>Cash flows from operating activities</i>		
Proceeds from sale of investments	144,611,480	76,239,885
Purchase of investments	(87,371,253)	(167,988,024)
Dividends received	2,186,662	1,085,031
Interest received	232,608	209,957
Other income received	370,704	
Interest paid	-	(1,441,032)
GST recovered (paid)	7,981	(128,775)
Payment of other expenses	(434)	(903)
Investment Managers Fees	(279,107)	(154,615)
	59,758,641	(92,178,476)
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	222,900	48,235,456
Payments for redemptions by unitholders	(2,434,238)	-
Distributions paid	(2,100,182)	-
Establishment costs paid	-	(1,356,006)
	(4,311,520)	46,879,451
<i>Net increase in cash and cash equivalents</i>	55,447,121	(45,299,025)
Cash and cash equivalents at beginning of the period	(34,567,855)	-
<i>Cash and cash equivalents at the end of the period</i>	20,879,266	(45,299,025)

This condensed cash flow statement is to be read in conjunction with the Notes to the financial statements set out on pages 9 to 12.

1 Introduction

Aurora Property Buy-Write Income Trust was constituted on 1 May 2007 and commenced operations on 19 July 2007 and was admitted to the Australian Stock Exchange ("ASX") on 26 July 2007.

It is recommended that this period end report be considered together with the current product disclosure document and in accordance with the provisions of the governing documents of the Fund, and any public announcements made by the Fund during the period ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Operation and principal activities

The principal activities of the Fund during the financial period was establishing its investment strategy in equities and index derivatives, and fixed interest securities in accordance with the provision of the Fund Constitution.

Reporting period

The interim report covers financial period from 1 July 2008 to 31 December 2008. The comparatives cover the period from 1 July 2007 until 31 December 2007.

Registered Office

The registered office of the Fund is at:
 Level 11, Aurora Place,
 88 Phillip St,
 Sydney, NSW 2000

2 Basis of Preparation

This interim financial report for the half-year ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. It is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

3 Dividend income

	31 December 2008	31 December 2007
	\$	\$
Dividends	-	<u>2,960,080</u>

4 Interest income

Interest Income on Cash accounts	<u>293,300</u>	<u>214,156</u>
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5 Net gain/(loss) on financial instruments

	31 December 2008 \$	31 December 2007 \$
Net gain/(loss) on financial instruments at fair value through profit and loss		
Net unrealised gain/(loss) on trading securities	-	(3,065,254)
Net unrealised gain/(loss) on derivatives	-	(1,031,046)
Net realised gain/(loss) on trading securities	392,548	(14,445,439)
Net realised gain/(loss) on derivatives	(230,191)	11,166,935
	162,357	(7,374,804)

6 Other administration costs

Administration charges	-	640
Bank charges	434	263
	434	903

Auditors remuneration - audit and review services

Fees for the services rendered to the Fund by the auditors of \$5,500 are paid by the responsible entity and recovered under the administration charge.

7. Net Assets attributable to unit holders

Movements in number of units and net assets attributable to unit holders during the period were as follows:

As stipulated within the Fund Constitution, each unit represents a right to an individual portion of the net assets of the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

	31 December 2008 No.	31 December 2008 \$
Net assets attributable to unit holders		
Opening balance at 1 July 2008	4,319,188	21,906,673
Applications during the period	45,247	222,902
Redemptions during the period	(399,030)	(2,072,070)
Decrease in net assets attributable to unit holders	-	(586,239)
	3,965,405	19,471,266
	30 June 2008 No.	30 June 2008 \$
Net assets attributable to unit holders		
Opening balance at 1 July 2007	-	-
Applications during period	4,892,650	48,660,680
Redemptions during the period	(573,462)	(3,786,624)
Distribution	-	(1,357,666)
Decrease in net assets attributable to unit holders	-	(21,609,717)
	4,319,188	21,906,673

The following rights and benefits are attached to the units on issue:

Voting

Voting is by a show of hands, unless a poll is demanded. The Corporations Act governs who can demand a poll and the value of each vote required to pass a resolution. The chair of the meeting has no casting vote.

Transfer

The Unit holders may transfer units using any form acceptable to the manager.

Distributions

The Fund intends to distribute all its distributable income each year to Unit holders.

Distributions Re-investment Plan

The Fund has established a Distribution Re-investment Plan (DRIP) for all distribution. The DRIP enables Unit holders to re-invest all or part of the distributions payable on their Units in additional units

Redemptions

An investor may ask to exit the Fund at any time. When an investor exits the Fund, the investment manager redeems the investor's relevant units. Units can only be redeemed at the exit price. Subject to the Corporations Act and the listing rules if the listing rules apply, while the manager is not obliged to give effect to a redemption request, it may redeem some or all of the units which are the subject of the request.

Winding up

After paying or making allowances for all the anticipated liabilities, subject to the rights and obligations attaching to any class, the net proceeds must be distributed pro rata to investors according to the number of units they hold at

termination.

8 Segment information

(i) Business segment

The Fund is organised into one main business segment which operates solely in the business of investment management within Australia. While the Fund operates from Australia only (the geographical segment), the Fund may have asset exposures in different countries and across different industries.

(ii) Geographic segments

The Fund operates in Australia and all directly held assets are predominantly Australian.

Some of these assets may themselves hold overseas assets.

The Fund also invests in certain securities which are listed both on the Australian and international stock exchanges.

9 Contingent assets and liabilities

There were no contingent assets and liabilities at 31 December 2008.

10 Events occurring after the balance sheet date

In the period from 31 December 2008 and the date of this report, there have been no items, transactions or events of a material and/or unusual nature.

For details on the performance of the Fund since 31 December 2008, please refer to the recent performance reports.

Directors' declaration

In the opinion of the directors of the responsible entity:

- (a) the financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including that they
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Fund's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Alastair Davidson

Director

Date : 27 February 2009



Chartered Accountants
& Business Advisers

To the members of Aurora Property Buy-Write Income Trust

Report on the Financial Report

We have reviewed the accompanying financial report of Aurora Property Buy-Write Income Trust, which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Aurora Property Buy-Write Income Trust.

Directors' Responsibility for the Half-Year Financial Report

The directors of Aurora Property Buy-Write Income Trust 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 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 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aurora Property Buy-Write Income Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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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 Aurora Property Buy-Write Income Trust is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Trust'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 *Corporations Regulations 2001*.

PKF

PKF



Tim Sydenham
Partner

Sydney, Dated 27 February 2009