

ASX Release

31 December 2012 – Half Year Result

The Company's financial statements for the half-year to 31 December 2012 are attached to this release. The key results are summarised below:

Revenue	\$2,653,000
After Tax Profit	\$401,000
EPS	\$0.01
NTA per share*	\$0.19
Pro Forma NTA per share*	\$0.23
Adjusted NTA per share*	\$0.26

**See the discussion of NTA later in this release.*

Dividend

The board has resolved to declare a fully franked interim dividend of 0.5 cents per share to be paid on 28 March 2013.

Buy Back

On 29 February 2012 BlackWall announced a buy back of its shares. This buy back expires on 14 March 2013. Under the buy back the Company has acquired and cancelled 305,576 shares at a weighted average price of 9.5 cents per share. The Board has resolved to extend the buy back for a further 12 months from 15 March 2013.

Net Tangible Assets

The company holds just over 17 million units in a listed trust, known as P-REIT (ASX Code: PXT), of which BlackWall is the manager and responsible entity. PXT is a real estate investment trust with gross assets of \$122 million (gearing of 43%). Approximately 67% of its assets are income producing real estate with the balance in property securities. PXT was listed in October 2011 and trades at a significant discount to NTA. The trust is involved (as a defendant) in court proceedings initiated by the MacarthurCook Property Securities Fund (ASX Code: MPS). The proceedings relate to transactions entered into by PXT's former responsible entity, that is, before BlackWall's businesses assumed management of the Trust. In August 2012 a judgment was entered against the Trust for over \$19 million. The Trust has appealed this judgment. The appeal is before the court in early April.

The Company's NTA per share carries its investment in PXT at the Trust's trading price on 31 December 2012 of 11.5 cents per unit, the Pro Forma NTA carries PXT at its NTA of 23 cents per unit and the Adjusted NTA carries PXT at its NTA assuming the appeal is won and the litigation provision in the PXT balance sheet is reversed. More information on PXT can be found on the ASX Announcements platform or on the BlackWall website at www.blackwallfunds.com.au.

In addition, the financial statements include a contingent asset of 2 cents per share, which is derived from performance fees payable at maturity of the BlackWall Storage Fund in October 2013. As these fees are contingent on the sale of the underlying assets, they are not yet recognised on BlackWall's balance sheet.



BLACKWALL PROPERTY FUNDS

About BlackWall

BlackWall's businesses generate fee and investment revenue from a portfolio of income producing real estate. We manage the following investment structures on behalf of retail, high net worth and institutional investors:

P-REIT	Diversified
The Bakehouse Quarter	Mixed Use Precinct
BlackWall Penrith Fund No. 2	Retail
BlackWall Storage Fund	Self Storage
BlackWall Telstra House Trust	Commercial
WRV Unit Trust	Entertainment
Tankstream Property Investments Fund	Diversified

Stuart Brown
Chief Executive Officer



BLACKWALL PROPERTY FUNDS

& Controlled Entities

ACN 146 935 131 ABN 37 146 935 131

Condensed Interim Consolidated Financial Statements

Half-year Ended 31 December 2012

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The Directors of BlackWall Property Funds Limited ("BlackWall" or "the Company") and its controlled entities ("the Group") present their report for the half-year ended 31 December 2012.

Principal Activities

The Group is a vertically integrated property funds management business earning fee and investment income from a portfolio of income producing real estate.

Review of Operations

The net result from continuing operations for the Group for the half-year ended 31 December 2012 was a profit after tax of \$401,000 (2011: \$328,000) with total Comprehensive Income (that is including movements in reserves) of \$258,000 (2011: Loss \$3,606,000). The significant change in Comprehensive Income is due to marking to market of the Group's investment in P-REIT (ASX Code: PXT) at 31 December 2011. P-REIT ("the Trust") is a real estate investment trust for which the Group acts as manager /Responsible Entity which listed on the ASX in October 2011.

Since listing the P-REIT unit price has traded well below its Net Tangible Assets (NTA) and was \$0.115 at 31 December 2012.

The Trust is involved in court proceedings initiated by the MacarthurCook Property Securities Fund (ASX Code: MPS). The proceedings relate to a series of transactions entered into before BlackWall's businesses assumed management of the Trust. On 10 August 2012 Justice Hammerschlag handed down a judgment ("Judgment") in favour of MPS. The Judgment is for \$17,764,204 including Judgment court interest (to the date of Judgment) but excluding costs. The Responsible Entity has estimated costs and interest to be in the order of \$1.7 million bringing the total provision for the Judgment to \$19,500,000. The Responsible Entity has subsequently lodged an appeal. The appeal is set down for hearing in early April 2013. Given the Judgment the Directors resolved to impair the value of the Trust's investment in P-REIT at 30 June 2012 to its trading price of 9 cents per unit. Movements since that impairment are shown as an unrealised gain in Other Comprehensive Income.

Further commentary on the operations and the results are set out in the ASX announcement accompanying the financial statements.

Significant Changes in Affairs

There were no significant changes to the state of affairs of the Group during the financial period.

Dividends

A fully franked dividend of 0.5 cents per fully paid share was paid on 31 October 2012 (2011: nil). In addition, Directors have declared an interim fully franked ordinary dividend of 0.5 cents per fully paid share, to be paid on 28 March 2013.

Events Subsequent to Reporting Date and Likely Developments

In January 2013, the Group entered into an agreement to sell its investments in Bakehouse Cellars Pty Ltd for consideration of \$400,000. This results in a profit of \$120,000. \$200,000 cash was received in January 2013 and the remaining \$200,000 is due on 31 March 2013. On 30 January 2013, \$50,000 of borrowings was repaid to the Group's lender (refer to Note 6).

Events Subsequent to Reporting Date and Likely Developments (continued)

To the best knowledge of the Directors, there have been no other matters or circumstances that have arisen since the end of the period that have materially affected or may materially affect the Group's operations in future financial years, the results of those operations or the Group's state of affairs in future financial years.

Contingencies

The Group in its capacity as investment manager of the BlackWall Storage Fund ("BSF") is entitled to a performance fee based on the uplift in BSF's underlying properties. The fee is payable on expiry of BSF in October 2013. Current property valuations will result in a performance fee of around \$1 million payable to BlackWall and its subsidiaries. Approximately \$250,000 of this fee will be attributable to outside equity interests.

Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Office Holders

Richard Hill (Independent Chairman)
Joseph (Seph) Glew (Non-Executive Director)
Robin Tedder (Non-Executive Director)
Stuart Brown (Managing Director)
Don Bayly (Company Secretary)

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out in these financial statements. ESV Chartered Accountants continues in office under section 327 of the Corporations Act 2001.

Rounding Of Amounts

The Group is a group of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

**Stuart Brown**

Director
Sydney, 22 February 2013



chartered
accountants

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Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2012, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Dated at Sydney the 22nd day of February 2013

A handwritten signature in dark ink, appearing to be 'ESV' followed by a checkmark-like flourish.

ESV Chartered Accountants

A handwritten signature in dark ink, appearing to be 'Chris Kirkwood' followed by a long, sweeping horizontal line.

Chris Kirkwood
Partner

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Condensed Consolidated Statement of Comprehensive Income

For the Half-year Ended 31 December 2012

	Note	December 2012 \$'000	December 2011 \$'000
Fund and asset management income		1,058	1,198
Property management income		918	1,143
Serviced office income		489	384
Investment income		172	202
Other income		16	26
Gain on foreign exchange differences		-	11
Total Revenue		2,653	2,964
Business operating expenses		(2,160)	(2,360)
Depreciation		(104)	(122)
Finance costs		(26)	(28)
Loss on disposal of assets		-	(21)
Other expenses		(12)	(7)
Profit Before Income Tax		351	426
Income tax benefit / (expense)	4	50	(98)
Profit For the Period		401	328
Other Comprehensive Income / (Loss)			
Foreign currency translation		-	(9)
Unrealised gain on available-for-sale investments		277	16
Unrealised gain / (loss) on investments in P-REIT		258	(3,606)
Other Comprehensive Income / (Loss) For the Period		535	(3,599)
Total Comprehensive Income / (Loss) For the Period		936	(3,271)
Profit / (Loss) Attributable To:			
Owners of the Group		403	323
Non-controlling interest		(2)	5
		401	328
Total Comprehensive Income / (Loss) Attributable To:			
Owners of the Group		938	(3,276)
Non-controlling interest		(2)	5
		936	(3,271)
Earnings Per Share			
Continuing operations:			
Basic and diluted earnings per share	9	\$0.01	\$0.01

The accompanying notes form part of these condensed interim consolidated financial statements.

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Condensed Consolidated Statement of Financial Position

As at 31 December 2012

	Note	December 2012 \$'000	June 2012 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		1,046	1,162
Trade and other receivables		747	1,070
Other assets		2	40
Total Current Assets		1,795	2,272
Non-current Assets			
Trade and other receivables		-	50
Equity accounted investments		285	285
Financial assets	5	8,045	7,411
Property, plant and equipment		610	683
Deferred tax assets		52	60
Intangible assets		374	374
Total Non-current Assets		9,366	8,863
TOTAL ASSETS		11,161	11,135
LIABILITIES			
Current Liabilities			
Trade and other payables		515	950
Current tax payable		83	261
Borrowings	6	400	425
Provisions		170	177
Total Current Liabilities		1,168	1,813
Non-current Liabilities			
Other payables		99	81
Provisions		12	9
Total Non-current Liabilities		111	90
TOTAL LIABILITIES		1,279	1,903
NET ASSETS		9,882	9,232
EQUITY			
Share capital	7	11,338	11,367
Reserves		443	(92)
Accumulated losses		(2,005)	(2,151)
Parent Interest		9,776	9,124
Non-controlling interest		106	108
TOTAL EQUITY		9,882	9,232

The accompanying notes form part of these condensed interim consolidated financial statements.

BlackWall Property Funds Limited and Controlled Entities

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Condensed Consolidated Statement of Changes in Equity

For the Half-year Ended 31 December 2012

	Ordinary shares \$'000	Retained earnings/ (accumulated losses) \$'000	Foreign currency translation reserve \$'000	Amounts recognised in equity relating to assets classified as available-for- sale \$'000	Attributable to owners of the parent \$'000	Non- controlling interest \$'000	Total \$'000
Balance at 1 July 2012	11,367	(2,151)	-	(92)	9,124	108	9,232
Profit / (losses) for the period	-	403	-	-	403	(2)	401
Other comprehensive income	-	-	-	535	535	-	535
Dividend paid	-	(257)	-	-	(257)	-	(257)
Cancellation of shares	(29)	-	-	-	(29)	-	(29)
Balance at 31 December 2012	11,338	(2,005)	-	443	9,776	106	9,882
Balance at 1 July 2011	11,286	859	1	(59)	12,087	100	12,187
Profit for the period	-	323	-	-	323	5	328
Other comprehensive loss	-	-	(9)	(3,590)	(3,599)	-	(3,599)
Issue of shares	195	-	-	-	195	-	195
Cost of issuing shares	(108)	-	-	-	(108)	-	(108)
Balance at 31 December 2011	11,373	1,182	(8)	(3,649)	8,898	105	9,003

The accompanying notes form part of these condensed interim consolidated financial statements.

BlackWall Property Funds Limited and Controlled Entities

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Condensed Consolidated Statement of Cash Flows

For the Half-year Ended 31 December 2012

	December 2012 \$'000	December 2011 \$'000
Cash Flows From Operating Activities		
Receipts from customers	3,087	3,504
Payments to suppliers and employees	(2,829)	(3,270)
Dividends and distributions received	83	123
Interest paid	(26)	(28)
Interest received	15	11
Income tax paid	(150)	(41)
Net Cash Flows From Operating Activities	180	299
Cash Flows From Investing Activities		
Proceeds from sale of investments	-	447
Acquisition of property, plant and equipment	(30)	(206)
Proceeds from sale of property, plant and equipment	-	20
Acquisition of other investments	-	(167)
Loans from related parties	55	1,031
Loan repayments to related parties	(10)	(1,397)
Net Cash Flows From / (Used in) Investing Activities	15	(272)
Cash Flows From Financing Activities		
Proceeds from issue of shares	-	195
Transaction costs for issue of shares	-	(115)
Repayment of borrowings	(25)	-
Payments for shares buy back	(29)	-
Dividend paid	(257)	-
Net Cash Flows From / (Used in) Financing Activities	(311)	80
Net Increase / (Decrease) in Cash Held	(116)	107
Cash and cash equivalent at the beginning of the period	1,162	675
Effect of exchange rates on cash holdings	-	(9)
Cash and Cash Equivalent at End of the Period	1,046	773

The accompanying notes form part of these condensed interim consolidated financial statements.

BlackWall Property Funds Limited and Controlled Entities

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Notes to the Condensed Interim Consolidated Financial Statements

For the Half-year Ended 31 December 2012

1. Statement of Significant Accounting Policies

The financial statements cover the economic entity of BlackWall Property Funds Ltd ("BlackWall" or "the Company") and its Controlled Entities ("the Group"). BlackWall Property Funds Ltd is a publicly listed company, incorporated and domiciled in Australia.

The financial statements for the Group for the half-year ended 31 December 2012 were authorised for issue in accordance with the resolution of the Directors on 22 February 2013.

Statement of Compliance

The financial statements are general purpose financial reports which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The financial statements do not include notes of the type normally included in annual financial statements. It is recommended that the financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2012 and any public announcements made by the Group during the half-year in accordance with the continuous disclosure obligations of the ASX listing rules.

Basis of Preparation

The financial statements have been prepared on an accrual basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. Any change of presentation has been made in order to make the financial statements more relevant and useful to the user.

The Group is a group of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

2. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

BlackWall Property Funds Limited and Controlled Entities

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Notes to the Condensed Interim Consolidated Financial Statements

For the Half-year Ended 31 December 2012

2. Critical Accounting Estimates and Judgments (continued)

Key estimates - Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets.

Key estimates – Available-for-sale financial assets

Financial asset provisions have been raised with reference to the prevailing prices at 31 December 2012 of available-for-sale assets measured at fair value with gains and losses recognised in other comprehensive income. The fair value of the unlisted securities is determined by reference to the net assets of the underlying entities. The fair value of the listed securities is based on the closing price from the Australian Securities Exchange as at the reporting date. The fair value of the Bakehouse Bonds is measured by its face value adjusted for CPI movements.

3. Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group management and internal reporting structure. There is only one geographical segment being Australasia.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has adopted three reporting segments, Fund and Property Management, Investments and Unallocated. Following the acquisition of funds management operations, the Group's fee earning activities are primarily derived from property assets held within funds or held on balance sheet. As such the Group's operations and reporting lines are better represented by consolidating all of the fee earning, operating property businesses within the Fund and Property Management segment and returns derived by holding investments in property securities under the segment referred to as Investments.

The Fund and Property Management segment engages in funds and asset management as well as property services that include property management, leasing and general property consultancy. Management treats these operations as one "fee earning" operating segment.

The Investments segment includes interests in property related investments such as units in related party listed and unlisted unit trusts, loans and cash. It generates income from dividends, distributions, and interest.

The Unallocated segment represents general administrative functions at the head office (e.g. salaries).

Transfer prices between business segments are set at an arm's length basis.

BlackWall Property Funds Limited and Controlled Entities

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Notes to the Condensed Interim Consolidated Financial Statements

For the Half-year Ended 31 December 2012

3. Segment Information (continued)

The segment information for the half-year ended 31 December is as follows:

	Fund and Property Management \$'000	Investments \$'000	Unallocated \$'000	Consolidated Total \$'000
Half-year ended 31 December 2012				
Sales to external customers	2,481	172	-	2,653
Inter-segment sales	180	-	-	180
Total segment revenue	2,661	172	-	2,833
Inter-segment eliminations				(180)
Total consolidated revenue				2,653
Business operating expenses	(1,634)	(41)	(485)	(2,160)
Depreciation	(83)	-	(21)	(104)
Finance costs	(26)	-	-	(26)
Impairment	(11)	-	-	(11)
Other expenses	(1)	-	-	(1)
Inter-segment expenses	(180)	-	-	(180)
Total segment expenses	(1,935)	(41)	(506)	(2,482)
Inter-segment eliminations				180
Total consolidated expenses				(2,302)
Profit/(loss) before income tax	726	131	(506)	351
Other comprehensive income				
Net gain on available-for-sale financial assets	-	535	-	535
Total comprehensive income / (loss) for the period before tax	726	666	(506)	886
Half-year ended 31 December 2011				
Sales to external customers	2,750	214	-	2,964
Inter-segment sales	541	-	-	541
Total segment revenue	3,291	214	-	3,505
Inter-segment eliminations				(541)
Total consolidated revenue				2,964
Business operating expenses	(1,843)	(45)	(472)	(2,360)
Depreciation	(122)	-	-	(122)
Finance costs	(28)	-	-	(28)
Loss on sale of investments	-	(21)	-	(21)
Other expenses	(5)	-	(2)	(7)
Inter-segment expenses	(541)	-	-	(541)
Total segment expenses	(2,539)	(66)	(474)	(3,079)
Inter-segment eliminations				541
Total consolidated expenses				(2,538)
Profit / (loss) before income tax	752	148	(474)	426
Other comprehensive loss				
Foreign currency translation	(9)	-	-	(9)
Net loss on available-for-sale financial assets	-	(3,590)	-	(3,590)
Total comprehensive income / (loss) for the period before tax	743	(3,442)	(474)	(3,173)
31 December 2012				
Segment assets	3,116	8,045	-	11,161
Segment liabilities	(1,279)	-	-	(1,279)
Net assets	1,837	8,045	-	9,882
30 June 2012				
Segment assets	3,734	7,401	-	11,135
Segment liabilities	(1,903)	-	-	(1,903)
Net assets	1,831	7,401	-	9,232

BlackWall Property Funds Limited and Controlled Entities

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Notes to the Condensed Interim Consolidated Financial Statements

For the Half-year Ended 31 December 2012

4. Income Tax Expense / (Benefit)

	December 2012 \$'000	December 2011 \$'000
Current tax	108	126
Overprovision of prior year tax	(158)	(28)
Total income tax expense / (benefit)	(50)	98

5. Non-current Assets - Financial Assets

	Notes	December 2012 \$'000	June 2012 \$'000
Loans and receivables	5(a)	2	47
Available-for-sale assets	5(b)	8,043	7,364
Total non-current financial assets		8,045	7,411

(a) Loans and receivables, net of impairment

Loans and receivables to related parties	2	47
Total loans and receivables	2	47

\$792,000 of loans and receivables continued to be impaired as at 31 December 2012 (June 2012: \$792,000).

(b) Available-for-sale assets

Bakehouse Bonds	5,060	5,059
P-REIT Units	1,976	1,717
Pelathon Management Group Pty Ltd	10	10
BlackWall Storage Fund Units	111	111
BlackWall Telstra House Trust Units	104	104
BlackWall Pub Group Units	628	219
Tankstream Property Investments Fund Units	154	144
Total available-for-sale assets	8,043	7,364

The Group holds an investment in P-REIT which was listed on the Australian Securities Exchange (ASX) on 28 October 2011 (ASX code: PXT). TFML Limited (a subsidiary of the Group) acts as the responsible entity for P-REIT. Since listing the P-REIT unit price has traded well below its Net Tangible Assets (NTA) and was \$0.115 at 31 December 2012. TFML (as P-REIT's responsible entity) is a defendant in a Supreme Court action initiated by the MacarthurCook Property Securities Fund. The proceedings relate to a series of transactions entered into before BlackWall's businesses assumed management of the trust. On 10 August 2012 Justice Hammerschlag handed down a judgment ("Judgment") in favour of MPS. The Judgment is for \$17,764,204 including Judgment court interest (to the date of Judgment) but excluding costs. The Responsible Entity has estimated costs and interest to be in the order of \$1.7 million bringing the total provision for the Judgment to \$19,500,000. The Responsible Entity has subsequently lodged an appeal. The appeal is set down for hearing in early April 2013.

The Bakehouse Bonds are CPI linked debt instruments against a large scale mixed use property known as the Bakehouse Quarter in North Strathfield, Sydney. The Bonds' face value of \$5 million is indexed to CPI and the current value is \$5.06 million. The Bonds will mature on 30 June 2020. In addition, a coupon of 5.5% per annum is paid quarterly in arrears.

All other available-for-sale assets are investments in various managed investment schemes for which members of the Group act as responsible entity or investment manager.

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Notes to the Condensed Interim Consolidated Financial Statements

For the Half-year Ended 31 December 2012

6. Current Liabilities - Borrowings

	December 2012 \$'000	June 2012 \$'000
Current	400	425
Total borrowings	400	425

Borrowings are under a debt facility with National Australia Bank. The facility has matured and is therefore classified as a current liability. The Group is in the process of documenting a renewal with NAB. , During the period the Group repaid \$25,000 to reduce the borrowings to \$400,000. On 30 January 2013, the Group repaid a further \$50,000 to reduce the debt to \$350,000.

7. Share Capital

(a) Summary Table

	December 2012 \$'000	June 2012 \$'000
51,020,445 (June 2012: 51,326,021) Ordinary	11,338	11,367
Total issued capital	11,338	11,367

(b) Movement in shares on issue

	December 2012 No.	June 2012 No.
At the beginning of reporting period	51,326,021	44,358,535
Shares issued during the period	-	6,967,486
Shares cancelled during the period	(305,576)	-
At reporting date	51,020,445	51,326,021

During the period, the Company purchased 305,576 ordinary shares on-market as part of the Company's share buy back that commenced in February 2012. The shares were acquired at 9.5 cents per share. The total cost of \$29,000 (including transaction costs), was deducted from ordinary shareholder equity.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the 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.

All shares are fully paid and have no par value.

8. Dividends

Dividends paid to members during the financial period were as follows:

	December 2012 \$'000	December 2011 \$'000
Ordinary fully franked dividend of 0.5 cents (2011 - nil) per		
fully paid share paid on 31 October 2012	257	-

In addition, Directors have declared an interim fully franked ordinary dividend (0.5 cents per fully paid share) to be paid on 28 March 2013.

BlackWall Property Funds Limited and Controlled Entities

ABN 37 146 935 131

Notes to the Condensed Interim Consolidated Financial Statements

For the Half-year Ended 31 December 2012

9. Earnings Per Share

	December 2012	December 2011
Basic and diluted earnings per share	\$0.01	\$0.01
Calculated as follows:		
Profit attributable to the owners of the Group	\$403,000	\$323,000
Weighted average number of shares for basic and diluted earnings per share	50,340,025	46,017,138

10. Commitments

No capital commitments were in existence as at 31 December 2012 (2011: Nil).

11. Contingent Liabilities and Contingent Assets

The Group had no contingencies as at 31 December 2012 (2011: Nil), except for the following:

The Group in its capacity as investment manager of the BlackWall Storage Fund ("BSF") is entitled to a performance fee based on the uplift in BSF's underlying properties. The fee is payable on expiry of BSF in October 2013. Current property valuations will result in a performance fee of around \$1 million payable to BlackWall and its subsidiaries. Approximately \$250,000 of this fee will be attributable to outside equity interests.

12. Subsequent Events

In January 2013, the Group entered into an agreement to sell its investments in Bakehouse Cellars Pty Ltd for consideration of \$400,000. This results in a profit of \$120,000. \$200,000 cash was received in January 2013 and the remaining \$200,000 is due on 31 March 2013. On 30 January 2013, \$50,000 of borrowings was repaid to the Group's lender (refer to Note 6).

To the best knowledge of the Directors, there have been no other matters or circumstances that have arisen since the end of the period that have materially affected or may materially affect the Group's operations in future financial years, the results of those operations or the Group's state of affairs in future financial years.

13. Group Details

The principal place of business of the Group is:
Level 1, 50 Yeo Street
Neutral Bay NSW 2089

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Stuart Brown
Director
Sydney, 22 February 2013



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Independent Review Report to the Investors of Blackwall Property Funds Limited and Controlled Entities

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blackwall Property Funds Limited and Controlled Entities ("the Group"), which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 Group's financial position as at 31 December 2012 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 Blackwall Property Funds Limited and Controlled Entities, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Blackwall Property Funds Limited and Controlled Entities, would be in the same terms if given to the Directors as at the time of this auditor's report.

Independent Review Report to the Investors of Blackwall Property Funds Ltd and Consolidated Entities

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 Blackwall Property Funds Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 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*.

Dated at Sydney the 22nd day of February 2013



ESV Chartered Accountants



Chris Kirkwood
Partner



BLACKWALL
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