

▶ Westralia Property Management Limited

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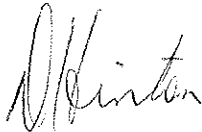
Dear Sir

Westralia Property Trust - Results for the period ending 31 December 2005

Please find as follows the Appendix 4D for the period ending 31 December 2005, including discussion and analysis of the Trust's results.

Yours sincerely

On behalf of the Board



David Hinton
Director and Company Secretary

13 March 2006

WESTRALIA PROPERTY TRUST
AND ITS CONTROLLED ENTITIES

Discussion and Analysis of 31 December 2005
Half Yearly Report

Financial Results

The reported net loss attributable to unitholders of the Westralia Property Trust was \$279,000. Included within this result were negative rent adjustments of \$211,000 relating to the Dunsborough and Kalgoorlie properties and costs of \$154,000 associated with the subdivision of the Dunsborough land and maintenance of that property.

Prior to these non-recurring items, the Westralia Property Trust has recorded an underlying profit after minority interests of \$86,000 for the six months to 31 December 2005.

Revenue and expenses

Revenue from continuing operations was in line with the previous period after allowing for the rent adjustments.

Balance Sheet

The net debt since 30 June 2005 has been reduced by \$2,855,000 to \$59,121,000.

This reduction has been achieved by through lower trade and other receivables of \$3,516,000 which in the main occurred near balance date.

This reduction comprises:

- \$2,000,000 from the sale of the Dunsborough land that occurred in a prior period;
- \$896,000 repayment of a loan from a previously related party; and
- \$472,000 collection of rent previously in arrears.

These collections can be seen in the balance of cash and cash equivalents which was \$3,377,000 at 31 December 2005.

The gearing ratio (net debt divided by total tangible assets excluding cash) at 31 December 2005 was 55%, down from 57% at 30 June 2005.

Investment properties have increased by \$1,133,000 due to the settlement of two strata suites at the Broadwater Pagoda Hotel and Apartments, an increase in the Murray Street commercial property offset by a reduction in the value of tourism investments.

Cash Flow

Overall cash flow was \$2,955,000 for the period.

Operating cash inflow for the six months to 31 December 2005 was \$780,000. The inflow has been largely influenced by the active collection of receivables by the Responsible Entity.

Investing cash inflows of \$2,130,000 are due primarily to the collection of the final instalment for the sale of Dunsborough land that occurred in a prior period.

WESTRALIA PROPERTY TRUST AND ITS CONTROLLED ENTITIES

Financing activities contributed an inflow of \$45,000 compared to an outflow of \$694,000 in the previous corresponding period. This small inflow is a result of the cessation of distributions in the current period and the Trusts ability to operate without the need for additional borrowings.

Distributions to unitholders

The Trust has not paid a distribution to unitholders in the period.

As highlighted in the 2005 Annual Report, the Directors believe that the current profit and cash flow are not adequate to support a distribution. Only once the level of debt has been reduced to a sustainable level and profits have improved will the Trust be able to consider future distributions.

Second Half outlook

The Responsible Entity will continue to apply financial discipline in the management of the Trust. As can be seen from the charges impacting the first half result it is possible that once off charges may occur in the second half as a result of the rationalisation.

The Responsible Entity's actions are aimed at ensuring the Trust is capable of acting strategically when opportunities arise.

Future developments

The Responsible Entity recognises that in order to restore unitholder value it is necessary to rationalise the structure of the Trust's operations and reduce the exposure to tourism properties, diversify the income sources and redeploy capital to commercial property.

13 March 2006

Westralia Property Trust

ARSN 096 588 046

Half Yearly Report

Appendix 4D

31 December 2005

	% change	31 December 2005	31 December 2004
		\$'000	\$'000
Revenue from continuing operations	Down 11.2%	2,766	3,114
Loss from continuing operations after tax attributable to unitholders	Down 82.7%	(279)	(1,609)
Net loss attributable to unitholders	Down 82.7%	(279)	(1,609)
Distribution to unitholders paid or payable			
Total amount		Nil	1,945
Cents per unit		Nil	3.00
Basic and diluted earnings / (loss) per unit (cents)		(0.41)	(2.48)

Westralia Property Trust

ARSN 096 588 046

Half Yearly Report

31 December 2005

Directors Report

The Directors of Westralia Property Management Limited, the Responsible Entity of Westralia Property Trust ("the Trust") report as follows:

Directors

The Directors of the Responsible Entity in office during the half year and at the date of this report are:

David Ayers Hinton
Leslie Peter Wozniczka
Anthony Charles Gwynne Davies
Peter Arthur Ray Hall

Review and Results of Operations

The Trust has not paid any distributions in the period and made a net loss attributable to unitholders of \$279,000.

Further details on the results and operations are included in the attached Discussion and Analysis report.

Rounding of amounts

The entity is of the kind specified in the Australian Securities & Investments Commission class order 98/0100. In accordance with that class order, amounts in the consolidated financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Auditor's Independence Declaration

On 8 February 2006 RSM Bird Cameron resigned as auditor and was replaced by Ernst & Young. Ernst & Young conducted their review of the Financial Report for the half year ended 31 December 2005.

The auditors independence declaration is set out on page 5 and forms part of the Directors Report for the half year ending 31 December 2005.

This report has been made in accordance with a resolution of Directors.



David Hinton
Director

13 March 2006

Auditor's Independence Declaration to the Directors of the Responsible Entity of Westralia Property Trust

In relation to our review of the financial report of Westralia Property Trust for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



Gavin A Buckingham
Partner
13 March 2006

**WESTRALIA PROPERTY TRUST
AND ITS CONTROLLED ENTITIES**

CONDENSED INCOME STATEMENT

For the Half Year ended 31 December 2005

	31 December 2005 \$'000	31 December 2004 \$'000
CONTINUING OPERATIONS		
Trust revenue		
Rental income	2,694	2,921
Other trust revenue		
Interest revenue - related parties	-	55
Interest revenue - Other	72	16
Other revenue	-	122
Total revenue	2,766	3,114
Trust expenses		
Responsible entity fees	(386)	(207)
Auditors remuneration	(49)	(20)
Costs associated with previously sold assets	(251)	-
Net fair value decrement of investments and investment properties	(58)	-
Borrowing costs	(2,368)	(2,221)
Other expenses	(270)	(187)
NET PROFIT / (LOSS) FROM CONTINUING OPERATIONS BEFORE FINANCE COSTS ATTRIBUTABLE TO UNITHOLDERS AND MINORITY INTERESTS	(616)	479
Finance costs attributable to Westralia Property Trust unitholders *	-	(1,945)
Finance costs attributable to minority interests	(17)	(124)
NET LOSS FROM CONTINUING OPERATIONS AFTER FINANCE COSTS ATTRIBUTABLE TO UNITHOLDERS AND MINORITY INTERESTS	(633)	(1,590)
NET (PROFIT) / LOSS ATTRIBUTABLE TO MINORITY INTERESTS	354	(19)
NET LOSS ATTRIBUTABLE TO UNITHOLDERS OF WESTRALIA PROPERTY TRUST	(279)	(1,609)
 BASIC AND DILUTED LOSS PER UNIT (CENTS)	 (0.41)	 (2.48)

* Due to the finite life clause contained within the constitution of WPT and its subsidiaries, upon adoption of AASB 132 on 1 July 2004, the units in WPT are now classified as a liability. As a result, distributions, as well as the income accrued to the units in the Trust, have been accounted for as an expense and presented in the Income Statement for the period as a finance cost to unitholders.

The condensed income statement should be read in conjunction with the accompanying notes.

**WESTRALIA PROPERTY TRUST
AND ITS CONTROLLED ENTITIES**

CONDENSED BALANCE SHEET

As at 31 December 2005

	Note	31 December 2005 \$'000	30 June 2005 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	3,413	460
Trade and other receivables		236	3,752
Other financial assets		518	-
Other assets		183	41
TOTAL CURRENT ASSETS		4,350	4,253
NON CURRENT ASSETS			
Investment properties		105,498	104,365
Other financial assets		-	1,076
TOTAL NON CURRENT ASSETS		105,498	105,441
TOTAL ASSETS		109,848	109,694
CURRENT LIABILITIES			
Trade and other payables		1,300	972
Interest bearing borrowings		29,104	24,569
TOTAL CURRENT LIABILITIES		30,404	25,541
NON CURRENT LIABILITIES			
Interest bearing borrowings		33,430	37,867
TOTAL NON CURRENT LIABILITIES EXCLUDING UNITHOLDER AND MINORITY INTEREST		33,430	37,867
TOTAL LIABILITIES EXCLUDING UNITHOLDER AND MINORITY INTEREST		63,834	63,408
NET ASSETS EXCLUDING UNITHOLDER AND MINORITY INTEREST		46,014	46,286
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MINORITY INTERESTS			
Unitholder liability		40,182	40,516
Minority interest liabilities		5,832	5,770
TOTAL NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MINORITY INTERESTS	8	46,014	46,286

STATEMENT OF CHANGES IN EQUITY

Due to the finite life clause contained within the constitution of WPT and its subsidiaries, upon adoption of AASB 132 on 1 July 2004, the amount previously representing unitholder and minority interests funds are now classified as a liability. As a result, there was no equity at the start or end of the period. Changes in Net Assets Attributable to Unitholders and Minority Interests are disclosed at Note 8.

The condensed balance sheet should be read in conjunction with the accompanying notes.

**WESTRALIA PROPERTY TRUST
AND ITS CONTROLLED ENTITIES**

CONDENSED CASH FLOW STATEMENT

For the Half Year ended 31 December 2005

	Note	31 December 2005 \$'000	31 December 2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rent received		3,364	2,737
Interest received		637	15
Other receipts		-	81
GST received		554	1,169
GST paid		(523)	(492)
Interest and borrowing costs paid		(2,314)	(2,178)
Other expenses paid		(938)	(722)
NET CASH INFLOW FROM OPERATING ACTIVITIES		780	610
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property		(273)	(1,111)
Proceeds from sale of investments		1,987	-
Repayment of advances from related parties		-	(183)
Proceeds from repayment of advances to former related parties		416	-
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		2,130	(1,294)
CASH FLOWS FROM FINANCING ACTIVITIES			
Unit issue costs		-	(486)
Finance costs paid - distributions to unitholders and minority interests		(17)	(865)
Proceeds from borrowings		1,603	3,832
Repayment of borrowings		(1,541)	(3,175)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		45	(694)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		2,955	(1,378)
Add opening cash and cash equivalents at beginning of period		422	1,253
CLOSING CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	3,377	(125)

The condensed cash flow statement should be read in conjunction with the accompanying notes.

WESTRALIA PROPERTY TRUST AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Trust as the full financial report.

The half year financial report should be read in conjunction with the annual Financial Report of the Westralia Property Trust as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable to financial years beginning before 1 January 2005 ('AGAAP').

It is also recommended that the half year financial report be considered together with any public announcements made by the Westralia Property Trust and its controlled entities during the half year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules and the Corporations Act 2001.

a) Basis of accounting

The half year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Constitution of the Westralia Property Trust, the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half year financial report has been prepared on a historical cost basis, except for investment properties and other financial assets, which have been measured at fair value based upon Directors' valuations. Independent valuations are conducted at intervals of not more than three years and are considered by the Directors of the Responsible Entity when determining fair values.

Going concern

The Directors believe that at the date of signing the financial report there are reasonable grounds to believe that:

- finance facilities currently experiencing covenant breaches, as noted below, can be successfully restructured or covenants re-negotiated; and
- interest bearing borrowings falling due can be extended or re-financed on similar terms.

Accordingly, the Directors have prepared the financial report on a going concern basis.

The ability of the Trust to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report is therefore dependent upon a satisfactory resolution of the covenant breaches and the extension or re-financing of borrowings falling due as discussed below. Should the Directors be unable to achieve this, there is significant uncertainty whether the Trust will be able to continue as a going concern.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION (CONT)

In the adoption of this basis the Directors have considered the impact of the following matters on the Trust's ability to continue as a going concern:

- Two controlled entities namely Dunsborough Hotel Property Syndicate and Kalgoorlie Apartment Hotel Syndicate have breached financial covenants under their respective bank finance facilities and have continued to breach those covenants in the period to the date of this report. The lender under these respective facilities has acknowledged the breaches of these covenants and at the date of this report has not sought the repayment of the facilities and has reserved their rights.
- There are interest bearing borrowings of \$29,104,000 falling due within 12 months, of which \$8,894,000 fall due by 31 March 2006 and \$15,755,000 in the quarter ended 30 June 2006.
- The Trust made a net loss for the half-year ended 31 December 2005.
- The Trust has a deficiency of current liabilities over current assets of \$26,054,000 as at 31 December 2005, due to the borrowing maturities noted above and the long term nature of its property investments.

Notwithstanding the above, the Directors have also considered the following pertinent matters:

- Generation of operating cash flow of \$780,000 and a reduction in net debt of \$2,855,000 for the period.
- Subsequent to period end, finance facilities of \$1,350,000 were repaid from cash on hand at balance date.
- The Responsible Entity is currently in negotiations with financiers to refinance the facilities and re-negotiate covenant terms.

The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities, that might be necessary should the Trust not be able to continue as a going concern.

b) Statement of compliance

The half year financial report complies with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with Australian Equivalent to International Financial Reporting Standard (AIFRS) AASB 134 "Interim Financial Reporting" ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

This is the first half year financial report prepared based on AIFRS and comparatives for the half year ended 31 December 2004 and full year-ended 30 June 2005 have been restated accordingly.

A summary of the significant accounting policies of the Trust under AIFRS is disclosed in Note 1(c). A reconciliation of equity and profit due to this restatement is disclosed at note 1 (d).

**WESTRALIA PROPERTY TRUST
AND ITS CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION (CONT)

c) Summary of significant accounting policies

i) Basis of consolidation

The consolidated financial statements of the Trust comprise the financial statements of Westralia Property Trust (WPT) and its subsidiaries.

The financial statements of subsidiaries are prepared for the same reporting period as WPT, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-Trust transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Trust and cease to be consolidated from the date on which control is transferred out of the Trust.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which WPT has control.

Minority interests represent the interests in Dunsborough Hotel Property Syndicate, Pagoda Hotel Property Syndicate and Pagoda Fixed Term Property Syndicate not held by the Trust.

ii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

iii) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

iv) Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on the derecognition of an investment property are recognised in the income statement in the period of derecognition.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION (CONT)

v) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available for sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the income statement.

Gains and losses on available for sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

vi) Impairment

At each reporting date, the Trust assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Trust makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

vii) Trade and other payables

Payables are recognised for amounts to be paid in the future for goods and services rendered, and including outstanding settlements on the purchase of investments and distributions payable together with any accrued interest.

viii) Interest-bearing borrowings

All borrowings are initially recognised at cost, being fair value of the consideration received net of issue costs associated with the borrowings.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

ix) Revenue

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

Rental and other property income is recognised as income when receivable under the terms of the rental agreement.

Contingent rentals are recognised as revenue in the period in which they are earned.

WESTRALIA PROPERTY TRUST AND ITS CONTROLLED ENTITIES

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION (CONT)

x) Distributions

In accordance with the Trust's Constitution, the Trust fully distributes its distributable income to unitholders. Distributable income includes capital gains arising from the disposal of investments.

xi) Taxation

Under current Australian income tax legislation, the Trust is not liable for income tax provided that its taxable income (including any taxable capital gains) is fully distributed to unitholders each year.

xii) 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 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.

xiii) Terms and conditions on units

Each unit issued confers upon the unitholder an equal interest in WPT. A unit does not confer any interest in any particular asset or investment of WPT. Unitholders have various rights under the Constitution and the Corporations Act 2001, including the right to:

- receive income distributions.
- attend and vote at meetings of unitholders.
- participate in the termination and winding up of the WPT.

The rights, obligations and restrictions attached to each unitholder are identical in all respects.

xiv) Unitholders interest liability

The units of WPT are classified as liabilities as WPT has a finite life, being 80 years less one day from the date of registration of WPT. The reclassification under AIFRS from unitholders' funds to liabilities is for reporting purposes only and does not change the underlying nature, rights or obligations associated with the units.

Unitholders interest liability comprises the fair value of the consideration received by WPT for the issue of its units less any transaction costs arising on the issue of those units, plus or minus retained earnings or accumulated losses in the Trust.

**WESTRALIA PROPERTY TRUST
AND ITS CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION (CONT)

xv) Minority interest liabilities

Minority interest liabilities comprises the non current liability attributable to interests held by parties other than WPT in partially owned, but controlled subsidiaries of WPT.

xvi) Earnings per unit

Earnings per unit is calculated by dividing the net profit / (loss) attributable to unitholders of Westralia Property Trust by the weighted number of ordinary units on issue during the period.

d) Impact of adoption of AIFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable to financial years beginning before 1 January 2005 ('AGAAP') are illustrated below.

i) Reconciliation of total equity

	30-Jun-05 \$'000	31-Dec-04 \$'000	01-Jul-04 \$'000
Total equity under AGAAP after minority interest	46,594	55,241	56,261
Adjustments:			
Fair value decrement of investment properties (A)	(4,451)	(4,451)	(4,451)
Change in basis of property valuation under AGAAP (B)	4,451	-	-
Deferred expenditure recognised (C)	(308)	(483)	(507)
Reclassification of equity to liabilities (D)	(46,286)	(50,307)	(51,303)
Total equity under AIFRS after minority interest	-	-	-

ii) Reconciliation of profit

	Year ended 30-Jun-05 \$'000	Half year ended 31-Dec-04 \$'000
Profit / (loss) as previously reported under AGAAP	(5,698)	446
Adjustments:		
Fair value decrement of investment properties (A)	4,451	-
Deferred expenditure recognised (C)	177	14
Finance costs attributable to Westralia Property Trust unitholders (D)	(2,944)	(1,945)
Finance costs attributable to minority interests (D)	(213)	(124)
Profit / (loss) under AIFRS	(4,227)	(1,609)

(A) Under AIFRS (AASB 140 Investment Properties) properties are recorded at cost plus transaction costs such as stamp duty. At balance date the property is carried at fair value reflecting current market conditions with changes in carrying value recognised in the Income Statement. The adjustment represents the expensing of transaction costs subsequent to acquisition for reporting purposes that are in excess of fair value.

(B) At 30 June 2005, the Trust amended its accounting policy to measure all investment properties at fair value under AGAAP. The adjustment represents the increment in valuation under the new policy.

**WESTRALIA PROPERTY TRUST
AND ITS CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2005

1. BASIS OF PREPARATION (CONT)

(C) Scheme formation costs are expensed as incurred under AASB 138 ('Intangible Assets'). They were previously capitalised and amortised under AGAAP.

(D) Unitholders funds are classified as liabilities as they are redeemable on a specific date under AASB 132 ('Financial Instruments: Disclosure and Presentation') and AASB 139 ('Financial Instruments: Recognition and Measurement'). Distributions to Westralia Property Trust unitholders and minority interests are treated as a finance cost.

iii) Restated AIFRS Statement of Cash Flows

There are no material impacts between the cash flows presented under AGAAP and those presented under AIFRS.

2. CONTINGENT ASSETS AND LIABILITIES

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

3. SEGMENT REPORTING

The Trust operates wholly within Australia and derives rental income from property and related investments.

4. NON-CASH FINANCING ACTIVITIES

No distributions occurred in the period. The distribution reinvestment plan ("DRP") allows unit holders to elect to reinvest their distribution into new units of the Trust. The issue price of units under the DRP is the average trading price (weighted by volume) of the Trust's units traded on the Australian Stock Exchange during the 10 trading days from, and including the date on which the Trust's units trade ex-distribution, less a discount of up to 10% as determined by the Directors at their absolute discretion. The value of distributions reinvested in the half year to 31 December 2005 was \$Nil (December 2004: \$598,100), which resulted in the issue of Nil units (December 2004: 853,122 units).

The latest date for receipt of an election notice for participation in the DRP is the record date for each distribution which is the last day of each quarter.

5. RECONCILIATION OF CASH

	31 December 2005 \$'000	30 June 2005 \$'000
Cash balance comprises:		
- Cash assets	3,413	460
- Bank overdraft	(36)	(38)
	3,377	422

**WESTRALIA PROPERTY TRUST
AND ITS CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 DECEMBER 2005

6. DISTRIBUTIONS

	31 December 2005 \$'000	31 December 2005 CPU *	31 December 2004 \$'000	31 December 2004 CPU *
Timing of distributions				
- 21 October 2004	-	-	971	1.50
- 21 January 2005	-	-	974	1.50
	-	-	1,945	3.00

* Cents per unit

7. SIGNIFICANT EVENTS AFTER BALANCE DATE

Subsequent to balance date:

- a) a property syndicate in which the Trust has an investment notified of its intention to wind up. The potential financial impact to the Trust has been provided for at balance date.
- b) the Trust repaid \$1,000,000 of convertible notes, \$200,000 of debentures and \$1,350,000 of commercial bill facilities. Repayments have been financed from working capital and new commercial bill facilities.

No other matter or circumstance has arisen since the end of the financial period which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial periods.

8. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND MINORITY INTERESTS

	31 December 2005 \$'000	31 December 2004 \$'000
Opening balance at 30 June	46,286	51,303
Changes in net assets from continuing operations after finance costs attributable to unitholders and minority	(633)	(1,590)
Units issued in WPT during the period	361	598
Unit issue costs	-	(4)
Closing balance at 31 December	46,014	50,307

9. UNITS ON ISSUE

	31 December 2005	31 December 2004
Opening balance at 30 June	67,419,619	64,454,049
Units issued during the period	721,000	853,122
Closing balance at 31 December	68,140,619	65,307,171

**WESTRALIA PROPERTY TRUST
AND ITS CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Responsible Entity, Westralia Property Management Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Trust:
 - i give a true and fair view of the financial position as at 31 December 2005 and the performance for the half year ended on that date of the Trust; and
 - ii comply with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001; and

- (b) subject to successful resolution of the matters set out at Note 1(a), there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

On behalf of the Board



David Hinton
Director

13 March 2006

Independent review report to the unitholders of Westralia Property Trust

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the consolidated entity comprising both Westralia Property Trust (the Trust) and the entities it controlled during the half-year ended 31 December 2005, and the directors' declaration for the Trust for the half-year ended 31 December 2005.

The directors of Westralia Property Management Limited, the Responsible Entity of the Trust, are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the unitholders of the Trust, and in order for the Trust to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of Trust personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the Trust, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the Responsible Entity of the Trust a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Westralia Property Trust and the entities it controlled during the half-year ended 31 December 2005 is not in accordance with:

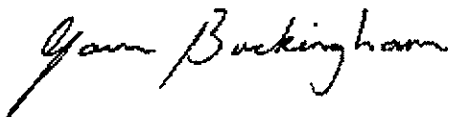
- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the statement expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(a) "Going Concern" to the financial statements, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.



Ernst & Young



Gavin A. Buckingham
Partner
Perth
13 March 2006