



# **Forest Place Group Limited**

(consisting of Forest Place Group Limited ABN 75 061 421 565 and its controlled entities)

## **Appendix 4D and financial report for the half-year ended 31 December 2011**

This half-year financial report constitutes the Appendix 4D prepared in accordance with the Australian Securities Exchange Listing Rules and the half-year financial report in accordance with the *Corporations Act 2001*. This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Forest Place Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## Forest Place Group Limited

Forest Place Group Limited ('Consolidated Entity') comprises Forest Place Group Limited ('Parent Entity') ABN 75 061 421 565 and its controlled entities.

### Appendix 4D

#### for the half-year ended 31 December 2011

(previous corresponding period being the half-year ended 31 December 2010)

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Profit after tax	\$'000	up/down	% movement
Revenue	7,108	down	20.2%
Profit after tax attributable to members	13,867	up	3.1%

Dividends	total dividend	amount per share	franked amount per share
Interim dividend – payable 30 March 2012	\$1.817m	2.2 cps	-
Previous corresponding period	\$1.817m	2.2 cps	2.2 cps

A dividend of 2.2 cents per share was declared post 31 December 2011 on 23 February 2012, attributable to the half-year ended 31 December 2011. The record date for determining entitlements to the interim dividend is 15 March 2012. No dividend reinvestment plans are in operation with respect to the dividend.

Additional information	31 December 2011	30 June 2011
Net tangible assets ('NTA') per share	\$3.14	\$2.96

#### Entities over which control has been gained or lost during the period

There were no entities over which control was gained or lost during the half-year ended 31 December 2011.

#### Associates and joint ventures

No new associates or joint ventures were acquired during the half-year ended 31 December 2011. There are no associates or joint ventures recognised and accounted for as at 31 December 2011.

Commentary on the results for the period can be found in the attached December 2011 Half-Year Directors' Report.

Additional Appendix 4D disclosure requirements can be found in the attached notes to the December 2011 Half-Year Consolidated Financial Statements.



Michael Shannon  
Company Secretary

Brisbane  
23 February 2012

The Directors present their report together with the consolidated financial statements of Forest Place Group Limited ('Parent Entity') and its controlled entities ('Consolidated Entity') for the half-year ended 31 December 2011 and the Auditor's Review Report thereon.

## DIRECTORS

The Directors of Forest Place Group Limited during the half-year and up to the date of this report are:

G E Grady	Executive Chairman
J M Laboo	Executive Director
P Parker	Non-Executive Director
D C Mackenzie	Non-Executive Independent Director

I L Fraser was a Director from the beginning of the half-year until his resignation on 22 August 2011.

M Palavidis was appointed as an Independent Non-Executive Director effective 1 November 2011.

## REVIEW AND RESULTS OF OPERATIONS

The net profit attributable to members of the Consolidated Entity for the half-year ended 31 December 2011 was as follows:

	31 December 2011 \$'000	31 December 2010 \$'000
Profit from continuing operations before income tax	21,073	18,793
Income tax expense relating to ordinary activities	(5,943)	(3,144)
<b>Net profit from continuing operations</b>	<b>15,130</b>	<b>15,649</b>
Net profit attributable to non-controlling interests	(1,263)	(2,204)
<b>Net profit attributable to members of the Consolidated Entity</b>	<b>13,867</b>	<b>13,445</b>

The net profit after tax attributable to the members for the half-year was \$13.867m (2010: \$13.445m), which represents a 3.1% increase on the previous corresponding period. Earnings per share during the half-year were 16.79 cents per share (2010: 16.28 cents per share).

The increase in net profit after tax attributable to members was predominately due to the change in fair value of investment properties offset by an increase in income tax expense and a decrease in net profit attributable to non-controlling interests recognised in the current period. The change in fair value of investment properties increased to \$18.576m, compared to \$14.399m in the prior corresponding period. The increase was predominantly the result of the fair value increment due to the completion of 24 new units at Albany Creek.

### Revenue from continuing operations

Revenue for the half-year was \$7.108m comprising:

	31 December 2011 \$'000	31 December 2010 \$'000	Change \$'000	Change %
Deferred management fee	5,247	6,891	(1,644)	(23.9)
Services provided	529	541	(12)	(2.2)
Government grants or subsidies	1,104	1,061	43	4.1
Interest	46	76	(30)	(39.5)
Other	182	338	(156)	(46.2)
<b>Total revenue</b>	<b>7,108</b>	<b>8,907</b>	<b>(1,799)</b>	<b>(20.2)</b>

### Retirement Village

Revenue from retirement villages is largely comprised of deferred management fees ('DMF'). Total revenue for the retirement villages for the half year ended 31 December 2011 excludes fair value changes of \$17.587m.

## REVIEW AND RESULTS OF OPERATIONS (continued)

### Operating highlights

During the half-year, the Consolidated Entity leased or re-leased 49 (half-year ended 31 December 2010: 55) accommodation units in its owned retirement villages. There was 1 lease of a new unit and 48 re-leases of existing units. This compares with leases and re-leases in the previous corresponding period of 3 and 52 respectively.

The Consolidated Entity controls 1,265 units (half-year ended 31 December 2010: 1,241 units) under lease at its 5 owned villages (half-year ended 31 December 2010: 5 owned villages). Profit generation is likely to continue to grow as a result of the elevated DMF base coupled with the reactivation of the development pipeline, which includes approximately 396 units.

The villages have been built on a philosophy of 'Quality of Life'. Improvements continue to be made to the standard of service and facilities.

### Capital management

When managing capital, being fully paid ordinary securities, retained profits and reserves, management's objective is to ensure that the Consolidated Entity uses a mix of funding options, while remaining focused on the objective of optimising returns to its equity holders. Management aims to maintain a capital structure that ensures the lowest weighted average cost of capital available.

Management may adjust the Consolidated Entity's capital structure to take advantage of favourable changes in the cost of capital. This could include changing the amount of dividends to be paid to equity holders, returning capital to equity holders or adjusting debt levels.

The Consolidated Entity intends to distribute 40%-60% of realised underlying profit in accordance with its Dividend and Gearing policy announced in December 2010. Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Consolidated Entity in accordance with AICD/Finsia principles of recording underlying profit. The non-cash component of the underlying retirement revaluation will be excluded from the base, which will assist in balancing recurring income with earnings growth from developments.

The 35% maximum gearing target will ensure further discipline while still allowing the flexibility needed for the successful execution of growth targets.

The Consolidated Entity is not subject to any other externally imposed capital requirements.

### Going concern

The balance sheet of the Consolidated Entity discloses total current assets of \$11.440m and total current liabilities of \$291.095m. This largely arises because resident loans are classified in full as a current liability, whereas the asset to which the loans relate, investment properties, is classified as a non-current asset. Resident loans are classified as a current liability because the Consolidated Entity does not have an unconditional right to defer settlement of resident loans for at least 12 months after the reporting period. In practice, the rate at which the Consolidated Entity's retirements' residents vacate their units, and hence the rate at which the resident loans will fall due for repayment, can be estimated on the basis of statistical tables.

The Consolidated Entity's best estimate is that of the total resident loans of \$261.678m, only \$26.734m is statistically likely to be paid within the next 12 months. Further, if this amount was repayable, it is estimated that incoming contributions of more than \$49.079m would be received from new residents. The Consolidated Entity has no legal liability to pay outgoing residents prior to receiving funds from incoming residents other than within the specific operation of the guaranteed transfer provisions.

After considering all available current information, the Directors have concluded there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they fall due and payable. This assessment has taken account of the impact of current financial market conditions on liquidity and the ability to refinance debt, as well as compliance with lending covenants and all other matters that should be assessed in arriving at the conclusion that the financial statements can be prepared on a going concern basis. The Directors have also considered the following matters:

- the Consolidated Entity had net assets of \$278.366m at 31 December 2011;
- the Consolidated Entity's forecast profitability and cash flows; and
- the Consolidated Entity complied at all times during 2011 with its debt covenant obligations and there are reasonable grounds to believe that it will continue to do so in 2012.

## DIVIDENDS AND DISTRIBUTIONS

A dividend of 2.2 cents per share was declared post 31 December 2011 on 23 February 2012, attributable to the half-year ended 31 December 2011. The dividend is unfranked and is expected to be paid to shareholders on 30 March 2012. The record date for entitlement to the dividend is 15 March 2012.

## SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Consolidated Entity signed term sheets on 16 February 2012, in respect of an \$80m debt facility maturing in February 2017. The purpose of the facility is to assist with the expansion of the Consolidated Entity's retirement village portfolio which may include the acquisition of established retirement villages and/or the development of retirement villages controlled by the Consolidated Entity.

Other than as disclosed in this report, no matters or circumstances have arisen since the end of the half-year and up until the date of this report which significantly affect or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent years.

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001***

We confirm that we have obtained the Auditor's Independence Declaration which is set out on page 5.

**ROUNDING**

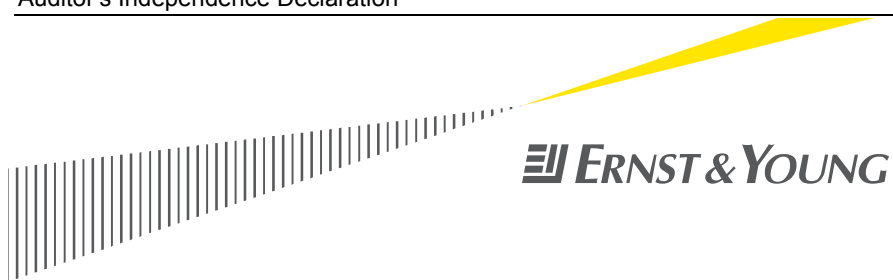
The Consolidated Entity is an entity of a kind referred to in ASIC Class Order 98/100 and in accordance with that Class Order, amounts in the Financial Report and Directors' Report are rounded to the nearest one thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:



G E Grady  
Executive Chairman

Brisbane  
23 February 2012



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## Auditor's Independence Declaration to the Directors of Forest Place Group Limited

In relation to our review of the financial report of Forest Place Group Limited comprising Forest Place Group Limited and the entities it controlled at the half-year's end or from time to time during the half-year ended 31 December 2011, 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that appears to read 'Douglas Bain'.

Douglas Bain  
Partner  
Sydney  
23 February 2012

	<b>Consolidated Entity</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2011</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Continuing operations</b>		
Rendering of services	1,633	1,602
Deferred management fees	5,247	6,891
Other income	228	414
<b>Revenue</b>	<b>7,108</b>	<b>8,907</b>
Change in fair value of investment properties	18,576	14,399
Change in fair value of resident loans	(989)	(856)
Corporate and unallocated overheads	(1,192)	(1,343)
Sales and marketing expenses	(470)	(690)
Residential aged care facility operating costs	(1,278)	(1,282)
Finance costs	(341)	(286)
Other expenses	(341)	(56)
<b>Profit from continuing operations before income tax</b>	<b>21,073</b>	<b>18,793</b>
Income tax expense	(5,943)	(3,144)
<b>Profit from continuing operations after income tax</b>	<b>15,130</b>	<b>15,649</b>
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>15,130</b>	<b>15,649</b>
<b>Profit for the period is attributable to:</b>		
Owners of Forest Place Group Limited	13,867	13,445
Non-controlling interests	1,263	2,204
	<b>15,130</b>	<b>15,649</b>
<b>Total comprehensive income for the period is attributable to:</b>		
Owners of Forest Place Group Limited	13,867	13,445
Non-controlling interests	1,263	2,204
	<b>15,130</b>	<b>15,649</b>
<b>Earnings per share (Cents per share):</b>		
Basic earnings per share	16.79	16.28
Diluted earnings per share	16.79	16.28

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

	<b>Consolidated Entity</b>	
<b>Note</b>	<b>31 December 2011 \$'000</b>	<b>30 June 2011 \$'000</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,530	2,143
Trade and other receivables	7,669	4,910
Other financial assets	2,079	1,487
Other assets	162	19
<b>Total current assets</b>	<b>11,440</b>	<b>8,559</b>
<b>Non-current assets</b>		
Investment properties	691,115	663,713
Property, plant and equipment	733	584
Intangible assets	352	307
Other financial assets	1,739	2,511
<b>Total non-current assets</b>	<b>693,939</b>	<b>667,115</b>
<b>TOTAL ASSETS</b>	<b>705,379</b>	<b>675,674</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	3,573	5,689
Interest bearing loans and borrowings	1,836	1,814
Provisions	63	3,248
Other financial liabilities	2,265	2,573
Deferred revenue	21,680	20,671
<b>Total current liabilities (excluding resident loans)</b>	<b>29,417</b>	<b>33,995</b>
Resident loans	261,678	257,102
<b>Total current liabilities</b>	<b>291,095</b>	<b>291,097</b>
<b>Non-current liabilities</b>		
Interest bearing loans and borrowings	19,017	9,399
Deferred tax liabilities	110,630	104,725
Provisions	36	37
Other financial liabilities	6,235	7,084
<b>Total non-current liabilities</b>	<b>135,918</b>	<b>121,245</b>
<b>TOTAL LIABILITIES</b>	<b>427,013</b>	<b>412,342</b>
<b>NET ASSETS</b>	<b>278,366</b>	<b>263,332</b>
<b>EQUITY</b>		
Contributed equity	3 56,605	56,605
Retained profits	207,614	193,747
Reserves	4 (4,778)	(5,994)
<b>Total equity attributable to members</b>	<b>259,441</b>	<b>244,358</b>
Equity attributable to non-controlling interests	18,925	18,974
<b>TOTAL EQUITY</b>	<b>278,366</b>	<b>263,332</b>

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



	Note	Attributable to members of Forest Place Group Limited			Non- controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Retained profits / (losses) \$'000	Reserves \$'000		
<b>Balance at 1 July 2010</b>		56,605	163,007	-	-	219,612
<b>Comprehensive income:</b>						
Profit for the period		-	13,445	-	2,204	15,649
<b>Total comprehensive income for the period</b>		-	13,445	-	2,204	15,649
<b>Transactions with owners in their capacity as owners:</b>						
Dividends and distributions provided for	5	-	-	-	-	-
Non-controlling interests on consolidation of subsidiaries		-	911	(5,509)	14,487	9,889
<b>Total transactions with owners in their capacity as owners</b>		-	911	(5,509)	14,487	9,889
<b>Balance at 31 December 2010</b>		<b>56,605</b>	<b>177,363</b>	<b>(5,509)</b>	<b>16,691</b>	<b>245,150</b>
<b>Balance at 1 July 2011</b>		56,605	193,747	(5,994)	18,974	263,332
<b>Comprehensive income:</b>						
Profit for the period		-	13,867	-	1,263	15,130
<b>Total comprehensive income for the period</b>		-	13,867	-	1,263	15,130
<b>Transactions with owners in their capacity as owners</b>						
Dividends and distributions provided for	5	-	-	-	-	-
Transactions with non-controlling interests		-	-	1,216	(1,312)	(96)
<b>Total transactions with owners in their capacity as owners</b>		-	-	1,216	(1,312)	(96)
<b>Balance at 31 December 2011</b>		<b>56,605</b>	<b>207,614</b>	<b>(4,778)</b>	<b>18,925</b>	<b>278,366</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Note	Consolidated Entity	
	31 December 2011 \$'000	31 December 2010 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	9,342	11,112
Cash payments in the course of operations	(6,044)	(2,799)
Interest received	46	75
GST recovered	51	4
Borrowing costs paid	(341)	(286)
<b>Net cash provided by operating activities</b>	<b>3,054</b>	<b>8,106</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(188)	(612)
Payments for intangible assets	(45)	-
Payments for investment properties	(8,826)	(3,152)
Payments for investment in syndicates	(1,110)	(732)
Cash acquired on consolidation of syndicates <sup>1</sup>	-	928
<b>Net cash used in investing activities</b>	<b>(10,169)</b>	<b>(3,568)</b>
<b>Cash flows from financing activities</b>		
Finance lease payments	(8)	(36)
Proceeds from interest bearing loans and borrowings	9,643	-
Repayment of interest bearing loans and borrowings	-	(4,918)
Dividends paid	(3,133)	-
<b>Net cash used in financing activities</b>	<b>6,502</b>	<b>(4,954)</b>
Net decrease in cash and cash equivalents	(613)	(416)
Cash and cash equivalents at beginning of period	2,143	3,862
<b>Cash and cash equivalents at end of period</b>	<b>1,530</b>	<b>3,446</b>

1. Effective 1 July 2010, the Cleveland and Clayfield Syndicates were consolidated into the Consolidated Entity. Prior to this, they have been treated as associates and accounted for under the equity method.

## 1. STATEMENT OF ACCOUNTING POLICIES

The financial report of Forest Place Group Limited for the half-year ended 31 December 2011 consists of the financial statements of Forest Place Group Limited ('Parent Entity') and its controlled entities ('Consolidated Entity'). The Parent Entity is domiciled and incorporated in Australia. The financial report is presented in Australian dollars.

The half-year financial report of the Consolidated Entity was authorised for issue by the Directors on 23 February 2012.

### (a) Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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 2011 and any public announcements made by the Forest Place Group Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

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

### (b) New Accounting Standards and Interpretations

No new standards or interpretations deemed to have a material impact on the financial statements or performance of the Consolidated Entity have been adopted since the annual report for the year ended 30 June 2011.

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They have not been applied in preparing these financial statements:

#### **AASB 10: 'Consolidated Financial Statements'**

This standard replaces part of AASB 127: 'Consolidated and Separate Financial Statements' and is applicable for the annual period beginning 1 January 2013. This new standard introduces a new definition of control that determines which entities are consolidated. This new definition of control may potentially lead to the consolidation of entities that were not previously included in the Consolidated Entity resulting in more assets and liabilities on the books. This standard is not expected to have a significant impact on the amounts recognised or disclosures made in the financial statements.

#### **AASB 12: 'Disclosure of Interests in Other Entities'**

This standard is applicable for annual reporting periods beginning on or after 1 January 2013. This standard clarifies the disclosure requirements for all forms of interests in other entities including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is not expected to have a significant impact on the amounts recognised or disclosures made in the financial statements.

#### **AASB 13: 'Fair Value Measurement'**

This standard is applicable for annual reporting periods beginning on or after 1 January 2013. This standard establishes a single source of guidance for determining the fair value of assets and liabilities. The Consolidated Entity is currently assessing the impact of this standard.

### (c) Going concern

The balance sheet of the Consolidated Entity discloses total current assets of \$11.440m and total current liabilities of \$291.095m. This largely arises because resident loans are classified in full as a current liability, whereas the asset to which the loans relate, investment properties, is classified as a non-current asset. Resident loans are classified as a current liability because the Consolidated Entity does not have an unconditional right to defer settlement of resident loans for at least 12 months after the reporting period. In practice, the rate at which the Consolidated Entity's retirements' residents vacate their units, and hence the rate at which the resident loans will fall due for repayment, can be estimated on the basis of statistical tables.

The Consolidated Entity's best estimate is that of the total resident loans of \$261.678m, only \$26.734m is statistically likely to be paid within the next 12 months. Further, if this amount was repayable, it is estimated that incoming contributions of more than \$49.079m would be received from new residents.

After considering all available current information, the Directors have concluded there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they fall due and payable. This assessment has taken account of the impact of current financial market conditions on liquidity and the ability to refinance debt, as well as compliance with lending covenants and all other matters that should be assessed in arriving at the conclusion that the financial statements can be prepared on a going concern basis. The Directors have also considered the following matters:

- the Consolidated Entity had net assets of \$278.366m at 31 December 2011;
- the Consolidated Entity's forecast profitability and cash flows; and
- the Consolidated Entity complied at all times during 2011 with its debt covenant obligations and there are reasonable grounds to believe that it will continue to do so in 2012.

## 1. STATEMENT OF ACCOUNTING POLICIES (continued)

### (d) Accounting estimates and judgements

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

#### ***Valuation of retirement living assets and liabilities***

For details on the valuation basis of retirement living assets and liabilities refer to the annual report for the year ended 30 June 2011.

#### ***Critical accounting judgments in applying the Consolidated Entity's accounting policies***

In the process of applying the Consolidated Entity's accounting policies, the Consolidated Entity makes various judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the consolidated financial statements. These include:

- the percentage completion on construction work performed; and
- whether the substance of the relationship between the Consolidated Entity and an entity indicates that the entity should be consolidated by the Consolidated Entity or recognised as an investment in associate.

There have been no significant changes in estimates from those of the previous financial year and corresponding interim reporting period.

## 2. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

### (a) Reportable segments

The principal products and services delivered by the Consolidated Entity, from which each reportable segment derives revenue are as follows:

- Retirements Management of retirement villages
- Residential aged care facilities Management of residential aged care facilities

### (b) Segment revenues and results

The Consolidated Entity operates solely in Australia. The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the periods under review:

	Residential aged care facilities \$'000	Retirement villages \$'000	Consolidated Entity \$'000
<b>31 December 2011</b>			
<b>Revenue:</b>			
Revenue outside the Consolidated Entity	898	6,210	7,108
<b>Total segment revenue</b>			7,108
<b>Revenue from ordinary activities</b>			7,108
<b>Result:</b>			
<b>Net segment result</b>	(16)	21,089	21,073
Profit from ordinary activities before income tax expense			21,073
Income tax expense			(5,943)
<b>Net profit from ordinary activities after income tax</b>			15,130
Depreciation and amortisation	(28)	(11)	(39)
Change in fair value of investment properties	-	18,576	18,576
Change in fair value of resident loans	-	(989)	(989)
<b>31 December 2010</b>			
<b>Revenue:</b>			
Revenue outside the Consolidated Entity	926	7,981	8,907
<b>Total segment revenue</b>			8,907
<b>Revenue from ordinary activities</b>			8,907
<b>Result:</b>			
<b>Net segment result</b>	57	18,736	18,793
Profit from ordinary activities before income tax expense			18,793
Income tax expense			(3,144)
<b>Net profit from ordinary activities after income tax</b>			15,649
Depreciation and amortisation	(26)	(10)	(36)
Change in fair value of investment properties	-	14,399	14,399
Change in fair value of resident loans	-	(856)	(856)

## 2. SEGMENT INFORMATION (continued)

### (c) Segment assets and liabilities

The following is an analysis of the Consolidated Entity's assets and liabilities by reportable operating segment for the periods under review.

	Residential aged care facilities \$'000	Retirement villages \$'000	Consolidated Entity \$'000
<b>31 December 2011</b>			
<b>Assets:</b>			
Segment assets	1,079	704,300	705,379
<b>Consolidated total assets</b>			<b>705,379</b>
<b>Liabilities:</b>			
Segment liabilities	1,589	314,757	316,346
Unallocated corporate liabilities			110,667
<b>Consolidated total liabilities</b>			<b>427,013</b>
<b>Acquisitions of non-current assets</b>	188	8,871	9,059
	Residential aged care facilities \$'000	Retirement villages \$'000	Consolidated Entity \$'000
<b>30 June 2011</b>			
<b>Assets:</b>			
Segment assets	1,101	674,573	675,674
<b>Consolidated total assets</b>			<b>675,674</b>
<b>Liabilities:</b>			
Segment liabilities	923	306,651	307,574
Unallocated corporate liabilities			104,768
<b>Consolidated total liabilities</b>			<b>412,342</b>
<b>Acquisitions of non-current assets</b>	25	20,710	20,735

## 3. CONTRIBUTED EQUITY

	Consolidated Entity		Consolidated Entity	
	31 December 2011	30 June 2011	31 December 2011	30 June 2011
	Number of shares		\$'000	
<b>Issued capital (no par value)</b>				
Balance at beginning and end of the period	82,578,509	82,578,509	56,605	56,605

### (a) Capital management

When managing capital, being fully paid ordinary securities, retained profits and reserves, management's objective is to ensure that the Consolidated Entity uses a mix of funding options, while remaining focused on the objective of optimising returns to its equity holders. Management aims to maintain a capital structure that ensures the lowest weighted average cost of capital available.

Management may adjust the Consolidated Entity's capital structure to take advantage of favourable changes in the cost of capital. This could include changing the amount of dividends to be paid to equity holders, returning capital to equity holders or adjusting debt levels.

The Consolidated Entity intends to distribute 40%-60% of realised underlying profit in accordance with its Dividend and Gearing policy announced in December 2010. Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Consolidated Entity in accordance with AICD/Finsia principles of recording underlying profit. The non-cash component of the underlying retirement revaluation will be excluded from the base, which will assist in balancing recurring income with earnings growth from developments. The 35% maximum gearing target will ensure further discipline while still allowing the flexibility needed for the successful execution of growth targets. The Consolidated Entity is not subject to any other externally imposed capital requirements.

#### 4. RESERVES

	Consolidated Entity	
	31 December 2011 \$'000	30 June 2011 \$'000
<b>Syndicate options reserve:</b>		
Balance at beginning of the year <sup>1</sup>	5,659	-
Syndicate put options	(977)	5,659
<b>Balance at end of year</b>	<b>4,682</b>	<b>5,659</b>
<b>Fair value reserve:</b>		
Balance at beginning of the year <sup>1</sup>	335	-
Fair value gain/(loss) on transactions with owners	(239)	335
<b>Balance at end of year</b>	<b>96</b>	<b>335</b>
<b>Total reserves</b>	<b>4,778</b>	<b>5,994</b>

1 Effective 1 July 2010, the Cleveland Syndicate and Clayfield Syndicate accounts were consolidated into the Consolidated Entity.

#### 5. DIVIDENDS

A dividend of 2.2 cents per share was declared post 31 December 2011 on 23 February 2012, attributable to the half-year ended 31 December 2011. The dividend is unfranked and is expected to be paid to shareholders on 30 March 2012. The record date for entitlement to the dividend is 15 March 2012.

A final dividend of 3.8 cents per share was paid on 30 September 2011, attributable to the year ended 30 June 2011. The franked amount per share was 1.6 cents.

#### 6. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

##### (a) Guarantees

The Consolidated Entity's financial institution, has provided guarantees of \$72,000 (30 June 2011: \$72,000) to local authorities to secure obligations pursuant to development approvals for villages still being developed. The guarantees are secured by a registered mortgage over the retirement villages.

#### 7. EVENTS AFTER BALANCE SHEET DATE

The Consolidated Entity signed term sheets on 16 February 2012, in respect of an \$80m debt facility maturing in February 2017. The purpose of the facility is to assist with the expansion of the Consolidated Entity's retirement village portfolio which may include the acquisition of established retirement villages and/or the development of retirement villages controlled by the Consolidated Entity.

Other than as disclosed in this report, no matters or circumstances have arisen since the end of the half-year and up until the date of this report which significantly affect or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent years.

In accordance with a resolution of the Directors of Forest Place Group Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2011*, including:
  - (i) Giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the Consolidated Entity; and
  - (ii) Complying with Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2011*.
- (b) There are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



G E Grady  
Executive Chairman

Brisbane  
23 February 2012





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## Independent review report to members of Forest Place Group Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Forest Place Group Limited ('FPG') which comprises the balance sheet at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising FPG and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the half-year Financial Report

The Directors of FPG 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 internal 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 Interim and Other Financial Reports 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 consolidated entity's financial position as at 31 December 2011 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 Forest Place Group Limited during the period, 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 have given to the Directors a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



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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 Forest Place Group Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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*.

Ernst & Young.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Douglas Bain', with a long horizontal line extending to the right.

Douglas Bain  
Partner  
Sydney  
23 February 2012