



Forest Place Group Limited

ABN 75 061 421 565

and its Controlled Entities

Half-Year Financial Report 31 December 2007

Directors' Report for the Half-Year Ended 31 December 2007

The Directors present their Report together with the Consolidated Financial Statements of Forest Place Group Limited ('Company') and its Controlled Entities ('Consolidated Entity') for the half-year ended 31 December 2007 and the Independent Auditor's Review Report thereon.

DIRECTORS

The Directors of Forest Place Group Limited during the half-year and until the date of this Report are:

I L Fraser	Independent Non-Executive Chairman
D C Mackenzie	Independent Non-Executive Director
J M Laboo	Executive Director (appointed as Director on 27 August 2007)
P Parker	Non-Executive Director
M A Miller	Non-Executive Director (appointed as Director on 20 September 2007)
P R Brown	Non-Executive Director (resigned as Director on 20 September 2007)

All Directors shown were in office from the beginning of the half-year until the date of this Report, unless otherwise stated.

REVIEW AND RESULTS OF OPERATIONS

The consolidated profit for the half-year ended 31 December 2007 attributable to the members of Forest Place Group Limited was:

	31 December 2007 \$'000	31 December 2006 \$'000
Operating profit before income tax	19,237	18,018
Income tax expense	(5,778)	(5,447)
Operating Profit Attributable to the Company	13,459	12,571

This represents an increase in operating profit after tax of 7.1% over the previous corresponding period.

Operating revenue (excluding fair value changes) was \$4.700m for the period (2006: \$5.364m). In addition, the change in fair value has increased to \$17.501m, compared to \$16.903m in the prior comparable period.

During the period under review, the Consolidated Entity leased or re-leased 62 accommodation units in its owned retirement villages. There were 12 leases of new units and 50 re-lease units. This compares with leases and re-leases in the corresponding prior period of 10 and 46 respectively. Although the number of leased or re-leased units has increased, operating revenue is down due to the requirement under Accounting Standards to recognise the deferred management fee income over the expected resident's tenure.

Development

At the Albany Creek village, the development of Stage 7 of 16 new self-contained units has commenced during the period. The Durack Village has begun initial feasibility studies for the development of Stage 1 at Durack South of 20 new self-contained units and an upgrade of central facilities. The Taringa Village is complete and no further development will occur.

Current Assets and Current Liabilities

The Balance Sheet of the Consolidated Entity discloses total current assets of \$17.040m and current liabilities of \$180.359m. This arises because of the requirement under Australian Accounting Standards to classify Resident Loans, as a current liability, whereas the asset, to which this relates, Investment Properties, is required to be classified as a non-current asset. 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 which is not reflected by classifying all Resident Loans as current liabilities.

The Consolidated Entity's best estimate is that of the total Resident Loans of \$164.730m, only \$15.152m is expected to be paid within the next twelve months. Further, if this amount was repayable, it is estimated that incoming contributions of more than \$24.212m would be received from new residents. The Consolidated Entity has no legal liability to pay outgoing residents prior to receiving funds from incoming residents.

Bank Loan

The loan with Suncorp has been refinanced and is now due and payable on 31 December 2009 and has been disclosed as non-current Interest Bearing Loans and Borrowings in the Balance Sheet as at 31 December 2007.

Loan with FKP Limited

The loan facility was provided by FKP Limited for the development and construction costs incurred by the Consolidated Entity. As this loan is being continued as interest bearing, it is disclosed as current Interest Bearing Loans and Borrowings in the Balance Sheet at 31 December 2007. The loan balance with FKP Limited at 31 December 2007 is \$6.113m.

Outlook

Forest Place has an excellent base of leased accommodation units and significant development activities are yet to be undertaken at Albany Creek, Durack South and the syndicated villages at Cleveland and Clayfield.

DIVIDENDS

There were no dividends paid or declared by the Company.

ROUNDING

The amounts contained in this Report and in the Half-Year Financial Report are presented in Australian dollars and all values have been rounded off to the nearest one thousand dollars in accordance with ASIC Class Order 98/100, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

We confirm that we have obtained an Independence Declaration from our Auditor which is set out on Page 3.

Signed in accordance with a resolution of the Directors:



D C Mackenzie
Director

Dated at Brisbane this 28th day of February 2008.

Auditor's Independence Declaration for the half-year ended 31 December 2007

To: The Directors of Forest Place Group Limited:

As lead engagement partner for the review of Forest Place Group Limited and its Controlled Entities for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the Corporations Act in relation to the review and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



PKF
CHARTERED ACCOUNTANTS



K L Colyer
Partner

Dated at Brisbane this 28th day of February 2008.

Condensed Income Statement for the Half-Year Ended 31 December 2007

	Consolidated Entity	
	31 December 2007 \$'000	31 December 2006 \$'000
Rendering of services	1,688	1,363
Deferred management fee	1,960	3,082
Syndicate fees	1,050	902
Change in fair value of investment properties	17,501	16,903
Other income	2	17
Change in fair value of resident loans	(1,975)	(2,739)
Corporate and unallocated overheads	(1,227)	(1,445)
Sales and marketing expenses	(713)	(668)
Nursing home operating costs	(766)	(712)
Finance costs	(519)	(822)
Share of net profits / (losses) of associates accounted for using the equity method	2,236	2,137
Profit Before Income Tax Expense	19,237	18,018
Income tax expense relating to ordinary activities	(5,778)	(5,447)
Net Profit from Continuing Operations Attributable to Members of the Company	13,459	12,571
Earnings per Share:		
Basic earnings per share	16.3 cents	15.2 cents
Diluted earnings per share	16.3 cents	15.2 cents

The Condensed Income Statement is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on page 8.

Condensed Balance Sheet as at 31 December 2007

	Note	Consolidated Entity	
		31 December	30 June
		2007	2007
		\$'000	\$'000
Current Assets:			
Cash and cash equivalents		5,850	664
Trade and other receivables		10,301	10,418
Other financial assets		272	612
Other		617	170
Total Current Assets		17,040	11,864
Non-Current Assets:			
Investment properties		396,618	378,545
Equity-accounted investments	3(a)	22,180	19,604
Property, plant and equipment		851	746
Intangible assets		253	253
Other financial assets		4	-
Total Non-Current Assets		419,906	399,148
Total Assets		436,946	411,012
Current Liabilities:			
Trade and other payables		1,624	784
Interest bearing loans and borrowings	1(b)	6,113	14,270
Resident loans		164,730	158,409
Unearned income		4,372	3,434
Current tax liabilities		3,054	1,302
Provisions		60	60
Other financial liabilities		406	892
Total Current Liabilities		180,359	179,151
Non-Current Liabilities:			
Interest bearing loans and borrowings	1(b)	7,305	63
Deferred tax liabilities		70,816	66,791
Provisions		41	41
Total Non-Current Liabilities		78,162	66,895
Total Liabilities		258,521	246,046
Net Assets		178,425	164,966
Equity:			
Contributed equity		56,605	56,605
Retained profits		121,820	108,361
Total Equity		178,425	164,966

The Condensed Balance Sheet is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on page 8.

Condensed Statement of Changes in Equity for the Half-Year Ended 31 December 2007

	Consolidated Entity	
	31 December 2007 \$,000	30 June 2007 \$,000
Share Capital:		
Balance at beginning and end of period	56,605	56,605
Retained Earnings:		
Balance at beginning of period	108,361	64,465
Profit for the period	13,459	43,896
Balance at end of period	121,820	108,361
Total Equity at End of Period	178,425	164,966

The Condensed Statement of Changes in Equity is to be read in conjunction with the accompanying Notes to the Half-Year Financial Report set out on page 8.

Condensed Cash Flow Statement for the Half-Year Ended 31 December 2007

	Consolidated Entity	
	31 December	31 December
	2007 \$'000	2006 \$'000
Cash Flows from Operating Activities:		
Cash receipts in the course of operations	12,746	9,141
Cash payments in the course of operations ¹	(4,975)	(10,717)
Interest received	2	2
GST recovered / (paid)	26	(28)
Borrowing costs paid	(665)	(1,257)
Net Cash Provided By / (Used In) Operating Activities	7,134	(2,859)
Cash Flows from Investing Activities:		
Payments for property plant and equipment	(22)	-
Payments for investment properties	(573)	(1,037)
Payment for investment in syndicates	(340)	(1,155)
Net Cash Provided By / (Used In) Investing Activities	(935)	(2,192)
Cash Flows from Financing Activities:		
Finance lease payments	(11)	(6)
Proceeds from interest bearing loans and borrowings ¹	1,679	15,632
Repayment of interest bearing loans and borrowings	(2,681)	(10,060)
Net Cash Provided By / (Used In) Financing Activities	(1,013)	5,566
Net increase / (decrease) in cash and cash equivalents	5,186	515
Cash and cash equivalents at beginning of financial period	664	530
Cash and Cash Equivalents at End of Financial Period	5,850	1,045

¹ On 1 July 2006, the outstanding payable with FKP Limited was converted to an interest bearing loan. The loan facility was provided by FKP Limited for the development and construction costs incurred by the Consolidated Entity. As this loan is now interest bearing, it is being disclosed as a financing activity in the Cash Flow Statement for the half-year ended 31 December 2007.

Notes to the Condensed Financial Statements for the Half-Year Ended 31 December 2007

1. STATEMENT OF ACCOUNTING POLICIES

Forest Place Group Limited is a company domiciled and incorporated in Australia and limited by shares. The Financial Report for the half-year ended 31 December 2007 consists of the Financial Statements of Forest Place Group Limited ('Company') and its Controlled Entities ('Consolidated Entity'). The Company's shares are traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Consolidated Entity are described in Note 2.

The Half-Year Financial Report of the Consolidated Entity was authorised for issue by the Directors on 28 February 2008.

The significant accounting policies which have been adopted in the preparation of the Half-Year Financial Report are:

(a) Basis of Preparation

This general purpose Financial Report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

This Half-Year Financial Report does not include all the notes of the type of 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 2007 and any public announcements made by Forest Place Group Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The half-year financial statements have been prepared using the same accounting policies and methods of computation as used in the annual financial statements for the year ended 30 June 2007.

For the purpose of preparing the half-year Consolidated Entity's financial statements, the half-year has been treated as a discrete reporting period.

(b) Bank Loans

The loan with Suncorp has been refinanced and is due and payable on 31 December 2009 and has been disclosed as non-current Interest Bearing Loans and Borrowings in the Balance Sheet as at 31 December 2007.

(c) Current Assets and Current Liabilities

The Balance Sheet of the Consolidated Entity discloses total current assets of \$17.040m and current liabilities of \$180.359m. This arises because of the requirement under Australian Accounting Standards to classify Resident Loans, as a current liability, whereas the asset, to which this relates, Investment Properties, is required to be classified as a non-current asset. 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 which is not reflected by classifying all Resident Loans as current liabilities.

The Consolidated Entity's best estimate is that of the total Resident Loans of \$164.730m, only \$15.152m is expected to be paid within the next twelve months. Further, if this amount was repayable, it is estimated that incoming contributions of more than \$24.212m would be received from new residents. The Consolidated Entity has no legal liability to pay outgoing residents prior to receiving funds from incoming residents.

2. SEGMENT INFORMATION

The Consolidated Entity comprises the following main business segments, based on its management reporting systems:

Retirement Villages	Management of retirement villages.
Nursing Homes	Management of nursing homes.

The Consolidated Entity operates solely in Australia.

	Nursing Homes \$'000	Retirement Villages \$'000	Consolidated Entity \$'000
31 December 2007			
Revenue:			
Revenue from outside the Consolidated Entity	941	3,757	4,698
Total Segment Revenue			4,698
Other unallocated revenue			2
Revenue from Ordinary Activities			4,700
Result:			
Segment result including changes in fair value	175	16,826	17,001
Share of net profit of equity-accounted investments			2,236
Profit from ordinary activities before income tax expense			19,237
Income tax expense			(5,778)
Net Profit	-	-	13,459
Depreciation and amortisation	-	15	15

Notes to the Condensed Financial Statements for the Half-Year Ended 31 December 2007

2. SEGMENT INFORMATION (CONTINUED)

	Nursing Homes \$'000	Retirement Villages \$'000	Consolidated Entity \$'000
31 December 2006			
Revenue:			
Revenue from outside the Consolidated Entity	751	4,596	5,347
Total Segment Revenue			5,347
Other unallocated revenue			17
Revenue from Ordinary Activities			5,364
Result:			
Segment result including changes in fair value	21	15,860	15,881
Share of net profit of equity-accounted investments			2,137
Profit from ordinary activities before income tax expense			18,018
Income tax expense			(5,447)
Net Profit	-	-	12,571
Depreciation and amortisation	23	-	23

3. EQUITY-ACCOUNTED INVESTMENTS**(a) Carrying Amounts**

		Ownership Interest		Investment Carrying Amounts	
		31 December 2007 %	30 June 2007 %	31 December 2007 \$'000	30 June 2007 \$'000
Forest Place Cleveland Syndicate	Retirement village ²	62.50 ¹	62.50 ¹	11,930	10,395
Forest Place Clayfield Syndicate	Retirement village ²	43.60	41.60	10,250	9,209
				22,180	19,604

¹ The investment in the Forest Place Cleveland Syndicate has been treated as an investment in associate as the Consolidated Entity does not have the ability to make key financial and operating decisions as this requires unanimous agreement by all syndicate members, and precludes the Consolidated Entity from voting on matters benefiting the Consolidated Entity.

² Both syndicates were formed in Australia.

(b) Movements in Carrying Amounts of Investments

	6 Months to 31 December 2007 \$'000	Year Ended 30 June 2007 \$'000
Carrying amount of investment in syndicates at the beginning of financial year	19,604	12,297
Purchase of investment in syndicates	340	1,254
Share of net profit	2,236	6,053
Carrying Amount of Investments in Syndicates at End of Financial Period	22,180	19,604

(c) Summarised Financial Information of Syndicates

	31 December 2007 \$'000	30 June 2007 \$'000
<i>Consolidated Entity's share of:</i>		
Assets	66,146	60,283
Liabilities	43,966	40,679
Revenue	3,297	8,332 ¹
Profit	2,236	6,053 ¹

¹ The Revenue and the Profit are for the year ended 30 June 2007.

4. DIVIDENDS AND DISTRIBUTIONS

No dividends or distributions were declared or paid during the financial period.

5. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There have been no changes since 30 June 2007.

6. SUBSEQUENT EVENTS

Since 31 December 2007, there have been no events which have a material effect on the Consolidated Entity that have not already been reported in the current period.

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Directors' Declaration

The Directors of Forest Place Group Limited declare that they are of the opinion that:

- (a) the Financial Statements and Notes of the Forest Place Group Limited and its Controlled Entities are in accordance with the Corporations Act 2001, including that they:
 - (i) comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the Forest Place Group Limited and its Controlled Entities;
- (b) at the date of this Statement 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.

Signed in accordance with a resolution of the Directors:



D C Mackenzie
Director

Dated at Brisbane this 28th day of February 2008.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of the Forest Place Group Limited:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of the Forest Place Group Limited, which comprises the condensed balance sheet as at 31 December 2007 and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a summary of significant accounting policies other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2007 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Forest Place Group Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance 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*.

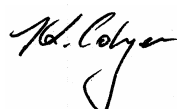
Conclusion

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 the 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



PKF
CHARTERED ACCOUNTANTS



K L Colyer
Partner

Dated at Brisbane this 28th day of February 2008.

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