



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 2012

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 2012 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 2012

(previous corresponding period being the half-year ended 31 December 2011)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Profit after tax	\$'000	up/down	% movement
Revenue	5,415	Down	24%
Loss after tax attributable to members	(4,642)	Down	133%

Dividends	total dividend	amount per share	franked amount per share
Interim dividend - payable 28 March 2013	\$1.817m	2.2 cps	-
Previous corresponding period	\$1.817m	2.2 cps	-

Additional information	31 December 2012	30 June 2012
Net tangible assets ('NTA') per share	\$2.34	\$2.43

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 2012.

Associates and joint ventures

No new associates or joint ventures were acquired during the half-year ended 31 December 2012. There are no associates or joint ventures recognised and accounted for as at 31 December 2012.

Commentary on the results for the period can be found in the attached December 2012 Half-Year Directors' Report.

Additional Appendix 4D disclosure requirements can be found in the attached notes to the December 2012 Half-Year Consolidated Financial Statements.



Lisa Godfrey
Company Secretary

Sydney
26 February 2013

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 2012 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:

P R Brown ¹	Non-Executive Chairman
P Parker	Non-Executive Director
D C Mackenzie	Non-Executive Director
M Palavidis	Non-Executive Director
D A Hunt ²	Executive Director
<i>Retired Directors</i>	
G E Grady ³	Executive Chairman
J M Laboo ⁴	Executive Director

1. Mr Brown was appointed a Non-Executive Director effective 3 September 2012 and Non-Executive Chairman on 8 October 2012, upon Mr Grady's retirement from the Board.
2. Mr Hunt was appointed Executive Director on 8 October 2012.
3. Mr Grady was appointed Executive Chairman of the Board on 24 May 2011 and retired from the Board effective 8 October 2012.
4. Mr Laboo was appointed Director on 27 August 2007 and resigned effective 3 September 2012.

REVIEW AND RESULTS OF OPERATIONS

The net profit attributable to members of the Consolidated Entity for the half-year ended 31 December 2012 was as follows:

	31 December 2012 \$'000	31 December 2011 \$'000
(Loss)/profit from continuing operations before income tax	(6,458)	21,073
Income tax credit/(expense) relating to ordinary activities	1,989	(5,943)
Net (loss)/profit from continuing operations	(4,469)	15,130
Net profit attributable to non-controlling interests	(173)	(1,263)
Net (loss)/profit attributable to members of the Consolidated Entity	(4,642)	13,867

The following table summarises the key reconciling items between the Consolidated Entity's statutory profit and the underlying profit after tax.

	31 December 2012 \$'000	31 December 2011 \$'000
Underlying profit after tax	1,645	2,206
Retirement valuation adjustment (net of tax and OEI)	(6,287)	11,661
Net (loss)/profit attributable to members of the Consolidated Entity	(4,642)	13,867

The Consolidated Entity's underlying profit after tax for the half year ended 31 December 2012 was \$1.645 million, a reduction of \$0.561 million compared to the previous comparative period. In the opinion of the Directors, the Consolidated Entity's underlying profit reflects the results generated from the ongoing operating activities and is calculated in accordance with AICD/Finsia principles. The non-operating adjustment relates to the impact of the retirement valuation (net of tax and outside equity interest) and is non-cash in nature. This is included in the Consolidated Entity's statutory result but excluded from the underlying result. The Consolidated Entity's distribution policy is based on underlying profit.

The net loss after tax attributable to the members for the half-year was \$4.642 million (2011: profit \$13.867 million), which represents a 133.5% decrease on the previous corresponding period. Loss per share during the half-year was 5.6 cents per share (2011: profit 16.79 cents per share).

The decrease in net profit after tax attributable to members was predominantly due to a 2.8% reduction in average unit prices during the period. The impact of these price adjustments reduced the valuation of the retirement portfolio by \$8.541 million in gross terms (\$6.287 million after tax and outside equity interest).

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Revenue from continuing operations

Revenue for the half-year was \$5.415 million comprising:

	31 December 2012 \$'000	31 December 2011 \$'000	Change \$'000	Change %
Deferred management fee	3,734	5,247	(1,513)	(28.8)
Services provided	526	529	(3)	(0.6)
Government grants or subsidies	1,038	1,104	(66)	(6.0)
Interest	26	46	(20)	(43.5)
Other	91	182	(91)	(50.0)
Total revenue	5,415	7,108	(1,693)	(23.8)

Retirement Villages

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 2012 excludes fair value changes of \$7.594 million.

During the half-year, the Consolidated Entity leased or re-leased 50 (half-year ended 31 December 2011: 49) accommodation units in its owned retirement villages. There were 8 leases of new units and 42 re-leases of existing units. This compares with leases and re-leases in the previous corresponding period of 1 and 48 respectively.

The Consolidated Entity controls 1,280 units (half-year ended 31 December 2011: 1,265 units) under lease at its 5 owned villages (half-year ended 31 December 2011: 5 owned villages).

During the period FPG has been actively focused on reducing the company owned stock in order to improve cash flow generation and continued focus on back to basics sales and marketing principles. Consistent with this strategy, in the six months to 31 December 2012, buy-back sales are 188% above the revised budget at 31 December 2012 and 86% above volumes achieved for the same period last calendar year.

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's policy is to distribute 40% to 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.

FPG's strategy during the period was focused on reducing the level of company owned stock that had built up over recent periods. This strategy was positive for FPG, as illustrated by the increase in operating cash flows from \$3.054 million in the prior comparative period to \$12.781 million in the current period. However, the sale of company owned stock resulted in lower margins than traditional resident to resident resales and therefore the underlying profit was materially lower than the prior comparative period.

Sales achieved during the six months to 31 December 2012 were broadly in line with the prior comparative period however the change in mix impacted profit and cash flow outcomes. The Board has considered the impact on profit for this period and through to 30 June 2013 and has decided to depart from the Dividend and Gearing policy this year and hold the interim dividend in line with the prior comparative period.

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.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Going concern

The balance sheet of the Consolidated Entity discloses total current assets of \$16.915 million and total current liabilities of \$290.609 million. 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 \$260.324 million, only \$28.681 million 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 \$50.137 million 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 \$206.320 million at 31 December 2012;
- the Consolidated Entity's forecast profitability and cash flows; and
- the Consolidated Entity complied at all times during 2012 with its debt covenant obligations and there are reasonable grounds to believe that it will continue to do so in 2013.

DIVIDENDS AND DISTRIBUTIONS

A dividend of 2.2 cents per share was declared post 31 December 2012 on 25 February 2013, attributable to the half year ended 31 December 2012. The dividend is unfranked and is expected to be paid to shareholders on 28 March 2013. The record date for entitlement to the dividend is 14 March 2013.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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.

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

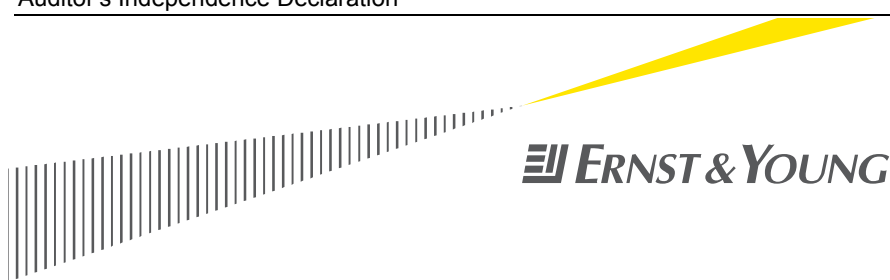
The Consolidated Entity is an entity of a kind referred to in ASIC Class Order 98/100 and in accordance with that Class Order, amounts in the Financial Report and Directors' Report are rounded to the nearest one thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:



P R Brown
Non-Executive Chairman

Sydney
26 February 2013



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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 2012, 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 & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Douglas Bain'.

Douglas Bain
Partner
Sydney
26 February 2013

	Consolidated Entity	
	31 December	31 December
	2012	2011
	\$'000	\$'000
Continuing operations		
Rendering of services	1,564	1,633
Deferred management fees	3,734	5,247
Other income	117	228
Revenue	5,415	7,108
Change in fair value of investment properties	(18,341)	18,576
Change in fair value of resident loans	10,747	(989)
Corporate and unallocated overheads	(1,346)	(1,192)
Sales and marketing expenses	(670)	(470)
Residential aged care facility operating costs	(1,198)	(1,278)
Finance costs	(890)	(341)
Other expenses	(175)	(341)
(Loss)/profit from continuing operations before income tax	(6,458)	21,073
Income tax benefit/(expense)	1,989	(5,943)
(Loss)/profit from continuing operations after income tax	(4,469)	15,130
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	(4,469)	15,130
(Loss)/profit for the period is attributable to:		
Owners of Forest Place Group Limited	(4,642)	13,867
Non-controlling interests	173	1,263
	(4,469)	15,130
Total comprehensive income for the period is attributable to:		
Owners of Forest Place Group Limited	(4,642)	13,867
Non-controlling interests	173	1,263
	(4,469)	15,130
Earnings per share (Cents per share):		
Basic earnings per share	(5.6)	16.79
Diluted earnings per share	(5.6)	16.79

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

		Consolidated Entity	
	Note	31 December 2012 \$'000	30 June 2012 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		3,812	1,457
Trade and other receivables		11,461	14,547
Other financial assets		1,608	1,563
Other assets		34	707
Total current assets		16,915	18,274
Non-current assets			
Trade and other receivables		1,060	458
Investment properties		599,478	607,215
Property, plant and equipment		666	699
Intangible assets		253	254
Other financial assets		552	948
Total non-current assets		602,009	609,574
TOTAL ASSETS		618,924	627,848
LIABILITIES			
Current liabilities			
Trade and other payables		3,821	4,625
Interest bearing loans and borrowings		25	29
Provision for income tax		61	61
Resident loans		260,324	260,807
Unearned income		24,513	24,780
Provisions		75	68
Other financial liabilities		1,790	1,751
Total current liabilities		290,609	292,121
Non-current liabilities			
Trade and other payables		502	-
Interest bearing loans and borrowings		32,079	29,224
Deferred tax liabilities		84,109	86,124
Provisions		48	49
Other financial liabilities		5,257	5,852
Total non-current liabilities		121,995	121,249
TOTAL LIABILITIES		412,604	413,370
NET ASSETS		206,320	214,478
EQUITY			
Contributed equity	3	56,605	56,605
Retained profits		141,054	148,834
Reserves	4	(4,566)	(4,738)
Total equity attributable to members		193,093	200,701
Equity attributable to non-controlling interests		13,227	13,777
TOTAL EQUITY		206,320	214,478

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	Sub-total \$'000		
Balance at 1 July 2011	56,605	193,747	(5,994)	244,358	18,974	263,332
Comprehensive income:						
Loss for the period	-	13,867	-	13,867	1,263	15,130
Total comprehensive income for the period	-	13,867	-	13,867	1,263	15,130
Transactions with owners in their capacity as owners:						
Dividends and distributions provided for	-	-	-	-	-	-
Non-controlling interests on consolidation of subsidiaries	-	-	1,216	1,216	(1,312)	(96)
Total transactions with owners in their capacity as owners	-	-	1,216	1,216	(1,312)	(96)
Balance at 31 December 2011	56,605	207,614	(4,778)	259,441	18,925	278,366
Balance at 1 July 2012	56,605	148,834	(4,738)	200,701	13,777	214,478
Comprehensive income:						
Loss for the period	-	(4,642)	-	(4,642)	173	(4,469)
Total comprehensive income for the period	-	(4,642)	-	(4,642)	173	(4,469)
Transactions with owners in their capacity as owners						
Dividends and distributions provided for	-	(3,138)	-	(3,138)	-	(3,138)
Transactions with non-controlling interests	-	-	172	172	(723)	(551)
Total transactions with owners in their capacity as owners	-	(3,138)	172	(2,966)	(723)	(3,689)
Balance at 31 December 2012	56,605	141,054	(4,566)	193,093	13,227	206,320

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

	Consolidated Entity	
	31 December	31 December
	2012	2011
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts in the course of operations	18,232	9,342
Cash payments in the course of operations	(4,159)	(6,044)
Interest received	26	46
GST(paid)/recovered	(66)	51
Borrowing costs paid	(1,252)	(341)
Net cash provided by operating activities	12,781	3,054
Cash flows from investing activities		
Payments for property, plant and equipment	(3)	(188)
Payments for intangible assets	-	(45)
Payments for investment properties	(9,871)	(8,826)
Payments for investment in syndicates	(776)	(1,110)
Net cash used in investing activities	(10,650)	(10,169)
Cash flows from financing activities		
Finance lease payments	(4)	(8)
Proceeds from interest bearing loans and borrowings	6,792	9,643
Repayment of interest bearing loans and borrowings	(3,426)	-
Dividends paid	(3,138)	(3,133)
Net cash provided by financing activities	224	6,502
Net increase/(decrease) in cash and cash equivalents	2,355	(613)
Cash and cash equivalents at beginning of period	1,457	2,143
Cash and cash equivalents at end of period	3,812	1,530

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

1. STATEMENT OF ACCOUNTING POLICIES

The financial report of Forest Place Group Limited for the half-year ended 31 December 2012 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 26 February 2013.

(a) Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2012 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 2012 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 unless otherwise stated.

(b) New Accounting Standards and Interpretations

In the current period, the Consolidated Entity has adopted the following new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the 'AASB') which have been adopted since the annual report for the year ended 30 June 2012.

AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets

These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

The adoption of this amendment has no material impact on the Consolidated Entity's financial statements.

(c) Going concern

The balance sheet of the Consolidated Entity discloses total current assets of \$16.915 million and total current liabilities of \$290.609 million. 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 \$260.324 million, only \$28.681 million 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 \$50.137 million 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 \$206.320 million at 31 December 2012;
- the Consolidated Entity's forecast profitability and cash flows; and
- the Consolidated Entity complied at all times during 2012 with its debt covenant obligations and there are reasonable grounds to believe that it will continue to do so in 2013.

(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 2012.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(e) Accounting estimates and judgements (continued)

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 and assumptions 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
31 December 2012			
Revenue:			
Revenue outside the Consolidated Entity	929	4,486	5,415
Total segment revenue			5,415
Revenue from ordinary activities			5,415
Result:			
Net segment result	21	(6,479)	(6,458)
Loss from ordinary activities before income tax expense			(6,458)
Income tax benefit			1,989
Net loss from ordinary activities after income tax			(4,469)
Depreciation and amortisation	(25)	(10)	(35)
Change in fair value of investment properties	-	(18,341)	(18,341)
Change in fair value of resident loans	-	10,747	10,747
31 December 2011			
Revenue:			
Revenue outside the Consolidated Entity	898	6,210	7,108
Total segment revenue			7,108
Revenue from ordinary activities			7,108
Result:			
Net segment result	(16)	21,089	21,073
Profit from ordinary activities before income tax expense			21,073
Income tax expense			(5,943)
Net profit from ordinary activities after income tax			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)

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
31 December 2012			
Assets:			
Segment assets	1,225	617,699	618,924
Consolidated total assets			618,924
Liabilities:			
Segment liabilities	1,812	410,792	412,604
Consolidated total liabilities			412,604
Acquisitions of non-current assets	3	9,871	9,874
	Residential aged care facilities \$'000	Retirement villages \$'000	Consolidated Entity \$'000
30 June 2012			
Assets:			
Segment assets	935	626,913	627,848
Consolidated total assets			627,848
Liabilities:			
Segment liabilities	1,539	411,831	413,370
Consolidated total liabilities			413,370
Acquisitions of non-current assets	16	30,461	30,477

3. CONTRIBUTED EQUITY

	Consolidated Entity		Consolidated Entity	
	31 December 2012	30 June 2012	31 December 2012	30 June 2012
	Number of shares		\$'000	
Issued capital (no par value)				
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's policy is to distribute 40% to 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.

3. CONTRIBUTED EQUITY (continued)

(a) Capital management

FPG's strategy during the period was focused on reducing the level of company owned stock that had built up over recent periods. This strategy was positive for FPG, as illustrated by the increase in operating cash flows from \$3.054 million in the prior comparative period to \$12.781 million in the current period. However, the sale of company owned stock resulted in lower margins than traditional resident to resident resales and therefore the underlying profit was materially lower than the prior comparative period.

Sales achieved during the six months to 31 December 2012 were broadly in line with the prior comparative period however the change in mix impacted profit and cash flow outcomes. The Board has considered the impact on profit for this period and through to 30 June 2013 and has decided to depart from the Dividend and Gearing policy this year and hold the interim dividend in line with the prior comparative period.

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 2012 \$'000	30 June 2012 \$'000
Syndicate options reserve:		
Balance at beginning of the year	5,091	5,659
Syndicate put options	(199)	(568)
Balance at end of year	4,892	5,091
Fair value reserve:		
Balance at beginning of the year	(353)	335
Fair value gain/(loss) on transactions with owners	27	(688)
Balance at end of year	(326)	(353)
Total reserves	4,566	4,738

5. DIVIDENDS

A dividend of 2.2 cents per share was declared post 31 December 2012 on 25 February 2013, attributable to the half-year ended 31 December 2012. The dividend is unfranked and is expected to be paid to shareholders on 28 March 2013. The record date for entitlement to the dividend is 14 March 2013.

A final dividend of 3.8 cents per share was paid on 26 September 2012, attributable to the year ended 30 June 2012. The final dividend was unfranked.

6. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(a) Guarantees

The Consolidated Entity's financial institution has provided guarantees of \$52,379 (30 June 2012: \$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

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 2001*, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2012 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 2001*.
- (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



P R Brown
Non-Executive Chairman

Sydney
26 February 2013



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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 as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising FPG and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the 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 controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*. As the auditor of Forest Place Group Limited and the entities it controlled during the half-year, 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 of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Douglas Bain', with a stylized flourish extending to the right.

Douglas Bain
Partner
Sydney
26 February 2013