

Appendix 4D

Half-Year Report For the half-year ended 31 December 2015

1. Details of the reporting period and the previous corresponding period

Current period: 1 July 2015 to 31 December 2015

Prior corresponding period: 1 July 2014 to 31 December 2014

2. Results for announcement to the market

	Key Information				\$A'000 Current period	\$A'000 Previous corresponding period
2.1	Revenues from ordinary activities	Down	83%	To	\$6,597	\$38,121
2.2	Profit from ordinary activities after tax attributable to members	Up	54%	To	\$3,009	\$1,959
2.3	Net profit for the period attributable to members	Up	54%	To	\$3,009	\$1,959

2.4 Dividends

The Board has resolved not to pay an interim dividend in respect of the half-year ended 31 December 2015 and no final dividend was paid for the year ended 30 June 2015.

2.5 Record date for determining entitlement to dividends

Not applicable

2.6 Brief explanation of the figures reported above

The net profit after tax attributable to Folkestone for the six months ended 31 December 2015 was \$3.0 million compared to a net profit after tax of \$1.9 million in the prior corresponding period.

The half year result attributable to Folkestone includes the following material items (pre-tax):

- \$3.2 million of recurring fee income and cost recoveries generated from the Company's funds management platform;
- \$2.1 million of trust distributions received from Folkestone's unitholding in the Folkestone Education Trust (ASX:FET);
- a \$0.5 million profit contribution from Folkestone's 50% interest in the Officer project joint venture;
- a \$4.9 million profit contribution from the West Ryde project comprising a \$3.3 million share of development profits net of fund administration costs and a \$1.6 million performance fee payable by the Fund to Folkestone;
- a (\$1.2) million impairment provision against the company's investment in the Karratha project; and
- (\$0.7) million on due diligence costs on new project opportunities.

The decrease in revenue from the prior corresponding period is as a result of the settlement of the Stage 1 development and Aldi site at the Millers Junction project at Millers Road, Altona North in the prior corresponding period.

Please refer to the attached Half-Year Report for further information.

3. Net tangible asset backing per ordinary security

Security	Current period	Previous corresponding period
Ordinary shares	83.3c	72.5c

The net tangible asset backing per ordinary security for the previous corresponding period has been adjusted to reflect the impact of the 1:5 share consolidation completed during the current reporting period.

Shares on issue at reporting date	Current period	Previous corresponding period
Ordinary shares	147,306,759	735,043,807

During the current reporting period, Folkestone Limited completed a consolidation of its capital through the conversion of every five shares into one share. Where the consolidation resulted in an entitlement to a fraction of a share; the fraction was rounded up to the nearest whole number of shares.

The share consolidation was completed on 4 November 2015 and the number of shares on issue was reduced from 736,531,824 shares to 147,306,759 shares.

4. Control gained or lost over entities in the period

	Ownership Interest	Date of gain of control
Folkestone South Dural Development Fund	100%	5 August 2015
Folkestone Geelong Development Fund	100%	23 September 2015
Folkestone Wollert Development Fund	62.5%	15 December 2015

5. Dividend details

Not applicable

6. Dividend or distribution reinvestment plan details

Not applicable

7. Details of associates and joint venture entities

Name	Ownership interest %	
	Current period	Previous corresponding Period
330 Princes Highway Pty Ltd	50%	50%
Noone St Clifton Hill Pty Ltd	50%	50%
Toga West Ryde Developments Pty Ltd	50%	50%
ID-FLK Dohertys Road Pty Ltd	80%	80%
ID-FLK Bayview Road Pty Ltd	50%	50%
Wilmac-FLK Millers Road Pty Ltd	51%	51%
Folkestone Lyon Hornsby Pty Ltd	50%	50%
Wilmac-FLK Knoxfield Pty Ltd	50%	0%
ID-Folkestone Vearings Pty Ltd	50%	0%
Lyon South Dural Pty Ltd and the trustee for the Folkestone South Dural Development Fund	50%	0%
Greenvalley Asset Property Trust	25%	25%
Folkestone Truganina Development Fund	18.76%	100%

8. Applicable accounting standards for foreign entities

Not applicable

9. Statement if accounts are subject to modified opinion, emphasis of matter or other matter paragraph

The half-year report has been subject to review, and is not subject to review with a modified opinion, emphasis of matter or other matter paragraph.