

21 February 2007

Folkestone Limited

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FOLKESTONE INTERIM PROFIT RESULT AND STRATEGIC OUTLOOK

Folkestone Limited (ASX: FLK) today announced a net profit after tax for the six months ended 31 December 2006 of \$495K compared with \$547K for the previous corresponding period. This result was impacted by a \$0.97 million pre tax loss relating to the sale of the last two remaining strata floors at 530 Lonsdale Street, Melbourne which was foreshadowed at the AGM in October 2006. An unchanged interim dividend of 2.5 cents per share will be paid on 3 April 2007.

Folkestone's CEO, Mr Oscar Guglielmi, said,

"The result for the six months ended 31 December 2006 reflects a period of transition as the company begins the implementation of its new strategic plan."

"Folkestone's strategy is to identify and control parcels of land that can support multi-year development programs and to co-invest with like-minded investors in the development. This strategy will enable the company to generate recurring fee income through the planning, approval, pre-development and development phases of the project in addition to its share of the development profits of the project," he said

"We are partnering with some of the biggest names in the property sector including AMP and Macquarie Goodman enabling us to develop a portfolio of larger scale projects. Whilst recurring fee income is starting to flow, the full impact of the company's strategies will progressively emerge over the next year to eighteen months," he said.

During the period under review, the company made two major acquisitions to position it for sustainable long-term growth.

In commenting on the company's key acquisitions, Mr Guglielmi said,

"The acquisition of strategically located properties at Altona and Mickleham in partnership with a highly regarded institutional investor provides a strong future workbook of industrial land and the company will also be targeting similar opportunities in the residential, retirement, retail and commercial sectors."

The company expects the net profit for the year ended 30 June 2007 to be in line with the result for the previous year.

For further information about this ASX/Media release please contact:

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About Folkestone Limited

Folkestone is a Melbourne based property development and construction group. The company currently has three medium to long term industrial projects at Port Melbourne, Altona and Mickleham and is seeking to expand this portfolio to include residential and commercial opportunities.

Folkestone's construction arm, Access Constructions, is a "design and construct" contractor specialising in industrial buildings, showrooms and low rise offices generally within the range of between \$2 million and \$20 million.

For further information about **Folkestone Limited** you can visit www.folkestone.com.au