

21 August 2008

FOLKESTONE ANNOUNCES 2008 RESULT

Folkestone Limited (ASX:FLK) announce that the company has achieved a profit for the year ended 30 June 2008 of \$3.1m in line with previous profit guidance. As advised it was below the \$4.3m earned in the previous financial year, as a direct result of the early sale of the industrial property at 720-808 Kororoit Creek Road Altona in 2006-07. Earnings per share in 2007-2008 was 10.1 cents compared to 14.2 cents previously.

The 2008 result was a very credible result considering the material impact to last year's result from the impact of the early sale of the Kororoit Creek Rd property. When the two years are considered as a whole, earnings per share totalled 24.3 cents and generated an average return on shareholder funds of more than 16%.

The directors have declared a final dividend of 3.5 cents per share. This makes a total return of 6.5 cents, the same as last year before the special dividend of 1.5 cents per share which recognised the above average result for that period.

The final dividend will be paid on 1 October 2008 and will have a record date of 17 September 2008.

It is the company's expectation that the current market conditions will continue throughout the 2009 financial year. Folkestone will continue to take a cautious and selective approach to new property acquisitions and devote its resources to adding value to its current development projects. Based upon the timing of our current development plans, the 2009 earnings are forecast to be lower than 2008.

Whilst it has become increasingly difficult to predict outcomes in the current market, the Directors believe that Folkestone is well positioned to be able to complete existing projects with its available resources and to maintain its current level of dividends in 2009.

FOR FURTHER INFORMATION REGARDING THIS ANNOUNCEMENT PLEASE CONTACT:

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ABOUT FOLKESTONE

Folkestone is a Melbourne based developer of industrial, commercial and residential property. It listed on the Australian Stock Exchange as an independent company in 2000. It operates through two divisions; Folkestone Developments and Access Constructions. These operations create value throughout the development process, from land acquisition, through planning and approvals, financing, construction, marketing and sales.