

## ASX RELEASE

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### **Folkestone Limited announces result for the half year ended 31 December 2009**

Folkestone Limited (ASX:FLK) today announced an operating loss after tax for the six months ended 31 December 2009 of \$900 thousand compared to a net loss after tax of \$181 thousand for the corresponding period in 2008.

The Board has resolved not to pay a dividend in respect of the period ended 31 December 2009.

A copy of the Half Year Report has been released simultaneously to the ASX which contain further details in relation to the company's results.

#### ***Outlook***

In response to the changing market conditions, Folkestone announced in August 2009 a change in strategic direction simultaneously with a 2 for 1 renounceable rights issue.

The first stage of the strategy relates to the orderly sell through of existing projects in a manner and within a timeframe that will maximise shareholders investment. The Board and Management are focused on this strategy and remain committed to meeting the stated timeframe of December 2011 to complete this process.

The second stage of the new strategy is to pursue a transition to a mid-scale, lowly geared property company which provides shareholders with reliable and transparent earnings and distributions. Folkestone has been active in identifying and assessing such opportunities and will continue to benchmark these transactions against a return of capital through the realisation strategy.

As previously stated, the key economic factor impacting Folkestone's business has been the availability and cost of debt and other capital for development projects. Over the last six months, Folkestone undertook a capital raising and was able to secure facility rollovers for two of its projects with St George Bank which has provided the necessary stability to pursue the orderly realisation of development assets and Folkestone is well positioned to achieve incremental returns should the industrial and commercial property markets improve as the realisation process is completed.

**For further information regarding this announcement please contact:**

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