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www.abacusproperty.com.au

Abacus Group Holdings Limited
ACN 080 064 619
Abacus Group Projects Limited
ACN 104 066 104
Abacus Funds Management Limited
ACN 007 415 590
Abacus Property Services Pty Limited
ACN 050 739 001

ASX ANNOUNCEMENT

Abacus Announces Strong First Half Result

Abacus Property Group today reported a 25% increase in normalised net profit after tax, underpinned by strong growth across its principal property investments and funds management businesses. Key highlights for the period included:

- a 9% increase in normalised earnings per security;
- an 8% increase in distribution per security; and
- a 9% increase in NTA per security.

Total assets under management grew by 11.5% over the half to $2.3 billion, primarily through additions to the principal property book and expansion of the funds management business.

Abacus's financial position strengthened significantly during the half, with:

- total equity growing 20% to $963 million, primarily as a result of a $100 million institutional placement completed in July and retained earnings increasing 18% to $175 million; and
- gearing was maintained at 32.5%.

A new $550 million club debt facility with the ANZ, CBA and St George Bank has been signed and, subject to the satisfaction of the few remaining routine conditions precedent, will be drawn down shortly. This new facility will provide certainty and flexibility for the Group's funding requirements, and will initially be drawn to $380 million. Key features of the facility when drawn include:

- a weighted average term of 3.2 years;
- an average total cost of 7.3%;
- 88% fixed rate swap coverage; and
- a weighted average swap term of 5.8 years.

Key highlights in the Group's operations over the reporting period included the acquisition of $210 million of property (with a further $90 million to settle post 31 December), bringing total property assets to $925 million. Within this portfolio, there are approximately $340 million of assets being incubated for future release as managed fund products.

The funds management business expanded in line with expectations over the six months to December with the launch of the $190 million Abacus Diversified Income Fund II in July and the growth of the Abacus Hospitality Fund to over $330 million in assets by year end. ADIFII was included on the BT and Macquarie Wrap investment platforms, and the Hospitality Fund was also included on Macquarie Wrap. Further growth is expected as new investment opportunities are syndicated over the next 12 -18 months, coupled with performance fees to be earned on several funds.

Abacus established a new joint venture relationship with Sanctuary Residences (NZ), which will develop and manage retirement villages in Australia. Sanctuary Residences is a joint venture business between Cliff Cook (one of the founding shareholders in Metlife Care) and Equity International (a real estate private equity firm affiliated with Sam Zell's Equity Group Investments). The joint venture will focus on developing well situated luxury retirement living solutions for the elderly, utilising Sanctuary's long history in this sector and Abacus' Australian property expertise to create a secure, recurring DMF income stream. During the half, the joint venture obtained approval to acquire its first development site in Crows Nest from the Abacus Crows Nest Property Trust, and is currently working on the acquisition of a second site.

It was also announced last week that Abacus would be included in the S&P/ASX 200 Index from 15 February 2008, which is a significant milestone for the Group.

Outlook

Abacus is very well-placed for continued growth across all businesses. Our new debt facilities, asset recycling strategy, retail fund inflows and mortgage book will provide substantial cashflow to fund new acquisitions that meet our investment criteria. Volatile markets and restrictive credit conditions may provide acquisition opportunities as well as opportunities for our financial solutions and joint venture businesses.

Further information on the Group's results and an update on current operations are provided in the attached half-year financial report and presentation. Abacus has also released an overview of its principal property portfolio.

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14 February 2008

Ellis Varejes
Company Secretary
Abacus Property Group
(02) 9253 8600

Vivienne Bower
Investor Relations
Abacus Property Group
(02) 9253 8600
0431 487 025

Abacus Property Group

Appendix 4D – Half year report

For the six months ended 31 December 2007

Previous corresponding period the six months ended 31 December 2006

At 31 December 2007, Abacus Property Group comprised Abacus Group Holdings Limited, Abacus Trust, Abacus Income Trust and Abacus Group Projects Limited. Abacus Funds Management Limited, a subsidiary of Abacus Group Holdings Limited, is the responsible entity of the Abacus Trust and Abacus Income Trust. This report is for the Group as a whole.

Results for Announcement to the Market

Abacus Property Group revenues, net profit, earnings per security and distributions per security all grew strongly in the half year ended 31 December 2007:

	Six months to 31 December 2007	Six months to 31 December 2006	change
Total income[1]	$90.21 m	$80.82 m	12%
Pre-tax profit	$66.99 m	$44.63 m	50%
Net profit attributable to s/holders	$67.66 m	$41.11 m	65%
Normalised net profit attributable to s/holders[2]	**$48.08 m**	**$38.33 m**	**25%**
Earnings per security	10.94 cps	7.63 cps	43%
Normalised EPS after AIFRS adjustments[2]	7.77 cps	7.11 cps	9%
Distributions per security	6.50 cps	6.00 cps	8%
Securities on issue	618.5 m	538.8 m	15%

1. Total income is defined as total revenue plus realised gains on sale of investments plus unrealised revaluation gains on properties and investments.
2. Normalised earnings is net profit adjusted for AIFRS fair value adjustments, including property revaluations, revaluations of derivatives and other financial instruments and share-based payments.

The key factors underpinning these results include:

- A 10% increase in net property rental income compared to the previous corresponding period;
- The sale of properties at Noble Park, Dingley and office strata suites at 109 Pitt Street and origination fees on the disposal of the Group's interest in the Rydges Esplanade Hotel;
- The revaluation of 14 properties; and
- An increase in asset management fees and other funds management income, principally through the growth in the Abacus Hospitality Fund and the launch of the Abacus Diversified Income Fund II.

Earnings per security

	Dec 2007	Dec 2006
Basic earnings per stapled security	10.94	7.63
Diluted earnings per stapled security	10.76	7.63
Basic normalised earnings per stapled security	7.77	7.11
Diluted normalised earnings per stapled security	7.64	7.11

Net tangible assets per security

	Dec 2007	June 2007	Dec 2006
Net tangible assets per security	$1.44	$1.32	$1.27

The increase in the net tangible assets per security relative to the previous corresponding period primarily reflects:

- Increased equity through capital raisings undertaken over the past twelve months, including a $100 million institutional placement in July 2007, a Security Purchase Plan and the ongoing operation of the Distribution Reinvestment Plan;
- Revaluation of the investment property portfolio in December 2007; and
- Increased retained earnings.

Controlled entities

In November 2007, Abacus Property Group acquired 58% of the voting shares of U Stow It Holdings Limited, an unlisted public holding company based in Australia, which owns 100% of U Stow It Pty Limited, a company specialising in self-storage in Canberra.

Distributions

Distributions were paid in full by the Abacus Trust on a pre-tax basis.

Distribution period	Date paid	Individual distribution cps	Total distribution $ m
Quarter ended 30 September 2007	8 November 2007	3.25	20.23
Quarter ended 31 December 2007	7 February 2008	3.25	20.47

The record date for determining entitlements to the December distribution was 31 December 2007.

The quarterly distribution increased 7.7% to 3.50 cents per security from 1 January 2008. This brings the total distribution forecast for the financial year ending 30 June 2008 to 13.5 cents per security, representing an 8.0% increase in the annual distribution over the last financial year.

Distribution Reinvestment Plan (DRP)

The Abacus Property Group DRP allows securityholders to reinvest their distributions into APG securities at a 2% discount to the market price, being the volume weighted average price of securities traded on the ASX over the five business days up to and including the record date.

Securityholders wishing to participate in the DRP may lodge their election notice at any time. The record date for determining entitlements to each quarterly distribution is also the record date for participation in the DRP for that distribution. The record dates for the Abacus Property Group's distributions generally are the last business days of March, June, September and December in each year.

Associates and joint venture entities

	% Ownership
Abacus Nominees (No 4) Pty Limited ATF Abacus Rosebery Property Trust	50%
Telak Close Pty Limited ATF Willoughby Development Trust	50%
Bando Road Pty Limited ATF Cronulla Property Trust	50%
Pakenham Valley Pty Limited ATF Pakenham Valley Unit Trust	50%
Corporate Helpers Pty Limited ATF The Main Street Pakenham Unit Trust	50%
Abacus Colemans Road Trust	50%
Abacus Muswellbrook Pty Ltd	50%
Mt Druitt Unit Trust	50%
Abacus-Marblo Abbey Unit Trust	50%
Playworld Pty Ltd atf the Tulip Unit Trust	50%
Clarendon Property Investments Pty Ltd ATF The Bay Street Brighton Unit Trust	50%
Aquarius Link Pty Limited ATF East Boundary Road Trust No. 1	50%
Aquarius Link Pty Limited ATF East Boundary Road Trust No. 2	50%
Fordview Pty Limited ATF Building Property Trust	50%
Gamsdale Pty Limited ATF Southern Property Trust	50%

None of the above entities made a material contribution to net profit of the Group over the reporting period or the previous corresponding period.

Audit status

Independent auditor Ernst & Young has completed a review of the accounts on which this report is based and provided an unqualified opinion.

A copy of the Abacus Property Group 31 December 2007 Half-Year Financial Report with the Ernst & Young review opinion is attached.

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2007

Directory

Responsible Entity:
Abacus Funds Management Limited
ABN 66 007 415 590
Level 34, Australia Square
264-278 George Street
SYDNEY NSW 2000
Tel: (02) 9253 8600
Fax: (02) 9253 8616
Website: www.abacusproperty.com.au

Directors of Responsible Entity:
John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
David Bastian
Dennis Bluth
Malcolm Irving
Len Lloyd

Directors of Abacus Group Holdings Limited:
John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
David Bastian
Dennis Bluth
Malcolm Irving
Len Lloyd

Company Secretary:
Ellis Varejes

Custodian:
Perpetual Trustee Company Limited
Level 12 Angel Place
123 Pitt Street
SYDNEY NSW 2000

Auditor:
Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Compliance Plan Auditor:
Ernst & Young
Ernst & Young Centre
680 George Street
SYDNEY NSW 2000

Share Registry:
Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
SYDNEY NSW 2000
Tel: (02) 1800 635 323 Toll free
Fax: (02) 8234 5050

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It is recommended that this Half-Year Financial Report should be read in conjunction with the Half-Year Financial Report of Abacus Trust, Abacus Group Projects Limited and Abacus Income Trust as at 31 December 2007 and Abacus Property Group's 30 June 2007 Annual Financial Report. It is also recommended that the report be considered together with any public announcements made by the Abacus Property Group in accordance with its continuous disclosure obligations arising under the Corporations Act 2001.

DIRECTORS' REPORT
31 DECEMBER 2007

The Directors present their report together with the consolidated financial reports of Abacus Group Holdings Limited and the auditor's report thereon.

Abacus Group Holdings Limited has been identified as the parent entity of the group referred to as the Abacus Property Group ("APG" or the "Group"). The consolidated financial reports of the Abacus Property Group for the half-year ended 31 December 2007 comprise the consolidated financial reports of Abacus Group Holdings Limited and its controlled entities, Abacus Trust and its controlled entities, Abacus Income Trust and its controlled entities, and Abacus Group Projects Limited and its controlled entities.

DIRECTORS

The Directors of Abacus Group Holdings Limited in office during the half year and until the date of this report are set out below:

John Thame	Chairman (Non-executive)
Frank Wolf	Managing Director
William Bartlett	Non-executive Director
Dennis Bluth	Non-executive Director
Malcolm Irving	Non-executive Director
David Bastian	Non-executive Director
Len Lloyd	Executive Director

The Group operates predominantly in Australia and its principal activities during the course of the half-year ended 31 December 2007 included:

- investment in commercial, retail and industrial properties;
- property funds management and investment;
- property finance; and
- participation in property joint ventures and developments.

OPERATING PROFIT AND DISTRIBUTIONS

The Group earned a net profit attributable to security holders of $67.7 million (December 2006: $41.1 million).

The Group paid cash distributions to security holders of $38.6 million (6.5 cents per security) during the half-year ended 31 December 2007 (December 2006: $31.5 million; 6.0 cents per security). In addition, a distribution of $20.5 million (3.25 cents per security) was declared and provided for in respect of the quarter ended 31 December 2007.

The Abacus Trust funded all distributions to security holders for the half-year ended 31 December 2007, and the Group has announced that forecast distributions to be paid in respect of periods after 31 December 2007 will increase 7.7% to 3.5 cents per stapled security per quarter.

DIRECTORS' REPORT

31 DECEMBER 2007

REVIEW OF OPERATIONS

APG revenues, net profit, normalised earnings per security and distributions per security all grew strongly in the half year ended 31 December 2007:

	31 December 2007 $'000	31 December 2006 $'000	% change
Total income *	90,209	80,815	12
Pre-tax profit	66,990	44,634	50
Net profit attributable to security holders	67,662	41,107	65
Net profit	68,102	40,946	66
Earnings per security (cents)	10.94	7.63	43
"Normalised earnings" per security (ex AIFRS fair value adjustments) (cents) **	7.77	7.11	9
Distributions per security (cents)	6.50	6.00	8

* Total revenue plus realised gains on sale of investments plus unrealised revaluation gains on properties/investments

** Normalised earnings is net profit adjusted for AIFRS fair value adjustments (namely property revaluations, revaluations of derivatives and other financial instruments and share based payments).

Similarly APG's financial condition also strengthened during the half year:

	31 December 2007	30 June 2007	% change
Total Assets ($ million)	1,569	1,270	24
Gearing (%)	32.5	30.0	8
Net Assets ($ million)	962.7	803.2	20
Net Tangible Assets ($ million)	922.4	764.2	21
NTA per security ($)	1.44	1.32	9
Retained earnings ($ million)	175.3	148.4	18
Securities on issue (million)	641.9	578.6	11
Weighted average securities on issue (million)	618.5	553.2	12

Business activities which contributed to the Group's operating performance and financial condition for the half year were:

Property

Total investment property assets at 31 December 2007 were $890 million (30 June 2007 $673 million). During the half year APG acquired 13 properties with an aggregate purchase price of more than $210 million.

Revaluation of the property portfolio during the half year contributed $13.6 million to the Group's assets.

Gains from sale of 2 properties and strata suites in 109 Pitt Street, Sydney increased Property's contribution to half year operating profit by $9.2 million.

DIRECTORS' REPORT
31 DECEMBER 2007

REVIEW OF OPERATIONS continued

Funds Management

The $190m Abacus Diversified Income Fund II was launched to retail investors in July 2007. The fund is an open-ended property fund investing in a diversified portfolio of investment properties and other property based assets.

Gross assets under management (including APG assets) grew to $2.3 billion at 31 December 2007 (June 2007 $2 billion).

Fees and other income from ongoing funds management activities totalled $25.2 million (December 2006 $33.3 million).

Property Finance

Total assets including accrued interest (net of provisions) at 31 December 2007 were $125 million (30 June 2007 $120.5 million).

Revenue earned from interest and fees (net of provisions) totalled $6.2 million for the half year (December 2006 $7 million).

Joint ventures & Developments

Investments managed within the Joint Ventures & Developments division comprise direct and indirect property investments and at 31 December 2007 totalled $91.2 million (30 June 2007 $89.3 million).

Revenue in the form of equity accounted income, distributions and fair value revaluations of listed securities and options contributed $2.6 million to half year operating profit (December 2006 $4.4million).

DIRECTORS' REPORT
31 DECEMBER 2007

REVIEW OF OPERATIONS continued

Other

On 25 July 2007 the Group completed a $100 million capital raising through the placement of 52.6 million securities at an issue price of $1.90. On 15 November 2007 the Group also raised $7.4 million through the security purchase plan (SPP) by issuing 4 million securities.

As a result of the Group's strong financial performance distributions are forecast to increase in 2008. Quarterly distributions of 3.25 cents per security for the first half will be increased to 3.5 cents from the quarter commencing 1 January 2008. This 7.7% increase in quarterly distributions will yield a full year distribution of 13.5 cents for the year ending 30 June 2008 which will be an 8% increase on the 12.5c in distributions paid for the 30 June 2007 financial year.

DIRECTORS' REPORT
31 DECEMBER 2007

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 13 February 2008 the Group signed club facility debt agreements with ANZ (as lead arranger), CBA and St George Bank. Note 11 sets out in more detail the Group's new financing arrangements.

Other than as disclosed already in this report, there has been no matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may affect, the Group's operations in future financial periods, the results of those operations or the Group's state of affairs in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is set out on page 7.

Signed in accordance with a resolution of the directors.
Abacus Group Holdings Limited (ABN 31 080 604 619)

John Thame
Chairman

Frank Wolf
Managing Director

Sydney, 14 February 2008

Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

Tel 61 2 9248 5555
Fax 61 2 9248 5959

Auditor's Independence Declaration to the Directors of Abacus Group Holdings Limited

In relation to our review of the financial report of Abacus Group Holdings Limited for the half-year ended 31 December 2007, 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.

Ernst + Young

Ernst & Young

E Psalti

Ed Psaltis
Partner
14 February 2008

CONDENSED INCOME AND DISTRIBUTION STATEMENTS
HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	Dec-07 $'000	Dec-06 $'000
REVENUE AND OTHER INCOME			
Rental income		29,588	28,881
Storage-related income		1,136	-
Hotel-related income		1,731	7,956
Finance income	4(a)	7,106	10,763
Funds management income	4(b)	25,245	25,870
Share of profit from equity accounted investments		3,345	855
Income from distributions		501	596
Net realised gains on investments	4(c)	9,226	2,949
Net unrealised gains/(losses) on investments	4(d)	12,331	2,945
Total Revenue and Other Income		**90,209**	**80,815**
Employee benefits expense	4(e)	(10,230)	(7,520)
Depreciation and amortisation expense	4(f)	(1,148)	(3,193)
Finance costs	4(g)	(7,254)	(14,747)
Other expenses	4(h)	(4,587)	(10,721)
PROFIT BEFORE TAX		**66,990**	**44,634**
Income tax benefit/(expense)		1,112	(3,688)
PROFIT AFTER TAX		**68,102**	**40,946**
PROFIT ATTRIBUTABLE TO:			
Equity holders of the parent entity		(2,840)	5,032
Equity holders of other stapled entities (minority interest):			
Abacus Trust		44,183	27,556
Abacus Group Projects Limited		265	20
Abacus Income Trust		26,054	8,499
Stapled security holders		**67,662**	**41,107**
Net profit attributable to external minority interests		440	(161)
NET PROFIT		**68,102**	**40,946**
Basic earnings per stapled security (cents)		**10.94**	**7.63**
Diluted earnings per stapled security (cents)		**10.76**	**-**
Basic earnings per stapled security ex fair value adjustments*		7.77	7.11
Diluted earnings per stapled security ex fair value adjustments*		7.64	-

*Based on net profit excluding AIFRS fair value adjustments (namely property revaluations, revaluations of derivatives and other financial instruments and share based payments)

CONDENSED INCOME AND DISTRIBUTION STATEMENTS CONTINUED
HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	Dec-07 $'000	Dec-06 $'000
STATEMENT OF DISTRIBUTION			
Net profit/(loss) attributable to security holders		67,662	41,107
Net transfer of undistributed income to security holders funds		(26,966)	(9,074)
Distributions paid and payable	5	**40,696**	**32,033**
Distribution per stapled security (cents per security)		6.50	6.00
Weighted average number of securities ('000)		**618,493**	**538,783**

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Notes	Dec-07 $'000	Jun-07 $'000
CURRENT ASSETS			
Cash and cash equivalents		30,061	19,068
Trade and other receivables		30,812	65,914
Inventories		10,815	13,359
Investment properties	6a	5,634	12,524
Property loans and other financial assets	7a	284,422	256,236
Other		2,254	1,764
TOTAL CURRENT ASSETS		**363,998**	**368,865**
NON - CURRENT ASSETS			
Property, plant and equipment		34,603	30,553
Investment properties	6b	884,780	660,536
Property loans and other financial assets	7b	143,790	70,945
Investments accounted for using the equity method		91,240	89,299
Deferred tax assets		5,421	4,569
Intangible assets and goodwill		40,313	40,977
Other		4,832	4,510
TOTAL NON-CURRENT ASSETS		**1,204,979**	**901,389**
TOTAL ASSETS		**1,568,977**	**1,270,254**
CURRENT LIABILITIES			
Trade and other payables		59,223	53,948
Interest-bearing loans and borrowings	11	326,955	171,473
Other		522	417
Income tax payable		-	7,139
TOTAL CURRENT LIABILITIES		**386,700**	**232,977**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	11	203,331	222,751
Other		7,389	8,742
Deferred tax liabilities		8,855	2,579
TOTAL NON-CURRENT LIABILITIES		**219,575**	**234,072**
TOTAL LIABILITIES		**606,275**	**467,049**
NET ASSETS		**962,702**	**803,205**
TOTAL EQUITY		**962,702**	**803,205**

CONDENSED BALANCE SHEET CONTINUED
AS AT 31 DECEMBER 2007

	Note	Dec-07 $'000	Jun-07 $'000
Total equity attributable to members of AGHL:			
Contributed equity		31,508	24,684
Reserves		2,511	2,703
Retained earnings		8,482	10,532
		42,501	37,919
Internal minority interests:			
Total equity attributable to unitholders of AT:			
Contributed equity		591,738	504,561
Reserves		117	-
Retained earnings		100,961	98,260
		692,816	602,821
Total equity attributable to members of AGPL:			
Contributed equity		7,228	6,240
Reserves		121	-
Retained earnings		(778)	(1,043)
		6,571	5,197
Total equity attributable to unitholders of AIT:			
Contributed equity		135,853	112,956
Retained earnings		66,666	40,615
		202,519	153,571
Total equity attributable to external minority interest:			
Contributed equity		2,544	1,321
Retained earnings		15,751	2,376
		18,295	3,697
Total minority interest		**920,201**	**765,286**
TOTAL EQUITY		**962,702**	**803,205**
EQUITY			
Contributed equity	8	766,327	648,440
Reserves		2,749	2,703
Retained earnings		175,331	148,365
Total security holders' interest in equity		944,407	799,508
Total external minority interest		18,295	3,697
TOTAL EQUITY		**962,702**	**803,205**

CONDENSED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED	Issued capital $'000	Asset revaluation reserve $'000	Foreign currency translation $'000	Employee equity benefits $'000	Retained earnings $'000	Minority interest $'000	Total Equity $'000
At 1 July 2007	648,440	-	(165)	2,868	148,365	3,697	**803,205**
Tax taken directly to equity	-	-	93	-	-	-	93
Foreign currency translation	-	-	(576)	-	-	-	(576)
Total income and expense for the half year recognised directly in equity	**648,440**	**-**	**(648)**	**2,868**	**148,365**	**3,697**	**802,722**
Net income for the half year	-	-	-	-	67,662	440	68,102
Total income for the half year	**648,440**	**-**	**(648)**	**2,868**	**216,027**	**4,137**	**870,824**
Equity raisings (net of issue costs)	105,532	-	-	-	-	-	105,532
Distribution reinvestment plan	12,355	-	-	-	-	-	12,355
Disposal of interests in Matson Resort	-	-	-	-	-	(699)	(699)
Minority interest on acquisition of U-Stow-It Holdings Limited	-	-	-	-	-	14,857	14,857
Distributions to security holders	-	-	-	-	(40,696)	-	(40,696)
Share based payments	-	-	-	529	-	-	529
At 31 December 2007	**766,327**	**-**	**(648)**	**3,397**	**175,331**	**18,295**	**962,702**

CONSOLIDATED	Issued capital $'000	Asset revaluation reserve $'000	Foreign currency translation $'000	Employee equity benefits $'000	Retained earnings $'000	Minority interest $'000	Total Equity $'000
At 1 July 2006	**572,503**	**1,907**	**(229)**	**-**	**96,626**	**2,304**	**673,111**
Foreign currency translation	-	-	144	-	-	-	144
Other	-	-	-	-	365	-	365
Total income and expense for the half year recognised directly in equity	**572,503**	**1,907**	**(85)**	**-**	**96,991**	**2,304**	**673,620**
Net income for the half year	-	-	-	-	41,107	(162)	40,945
Total income and expense for the half year	572,503	1,907	(85)	-	138,098	2,142	714,565
Equity raisings (net of issue costs)	85,827	-	-	-	-	-	85,827
Distributions to security holders	-	-	-	-	(32,034)	-	(32,034)
Share based payments	-	-	-	2,408	-	-	2,408
At 31 December 2006	**658,330**	**1,907**	**(85)**	**2,408**	**106,064**	**2,142**	**770,766**

CONDENSED CASH FLOW STATEMENT
HALF-YEAR ENDED 31 DECEMBER 2007

	Notes	Dec-07 $'000	Dec-06 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Income receipts		68,564	64,191
Interest received		8,575	10,431
Distributions received		-	419
Income tax (paid)/received		(7,163)	-
Borrowing costs paid		(13,024)	(14,828)
Operating payments		(22,422)	(23,199)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**34,530**	**37,014**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments and funds advanced		(329,460)	(306,793)
Proceeds from sale and settlement of investments and funds repaid		255,403	184,910
Purchase of a controlled entity	9	(22,702)	-
Disposal of controlled entities		59,501	131,557
Purchase of plant and equipment		(24,366)	(66)
Disposal of property, plant and equipment		4,586	-
Purchase of investment properties		(193,876)	(81,493)
Disposal of investment properties		44,174	19,575
Payment for other investments		(4,516)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(211,256)**	**(52,310)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of stapled securities		105,422	66,728
Repayment of borrowings		(302,669)	(121,696)
Proceeds from borrowings		411,123	113,459
Distributions paid		(26,396)	(31,466)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**187,480**	**27,025**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**10,754**	**11,729**
Net foreign exchange differences		239	-
Cash and cash equivalents at beginning of period		19,068	20,107
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**30,061**	**31,836**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

1. CORPORATE INFORMATION

Abacus Property Group ("APG" or the "Group") is comprised of Abacus Group Holdings Limited ("AGHL"), Abacus Trust ("AT"), Abacus Group Projects Limited ("AGPL") and Abacus Income Trust ("AIT"). Shares in AGHL and AGPL and units in AT and AIT have been stapled together so that neither can be dealt with without the other. The securities trade as one security on the Australian Stock Exchange (the "ASX") under the code ABP.

The financial report of the Group for the half year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 14 February 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Abacus Property Group for the year ended 30 June 2007. It is also recommended that the half-year financial report be considered together with any public announcements made by the Abacus Property Group during the half-year ended 31 December 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001. All of the above are found on the APG website *www.abacusproperty.com.au*.

(a) Basis of preparation

The half-year financial report is a general–purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional requirements.

The half-year financial report has been prepared on a historical cost basis, except for investment properties, property, plant and equipment and financial instruments that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Group under ASIC Class Order 98/100. The Group is an entity to which the class order applies.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period and where necessary, comparatives have been reclassified to conform to changes in presentation in this financial report.

(b) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies used in the Group's annual financial statements for the year ended 30 June 2007, except the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2007. The amending standards had no material financial impact to the Group for the half-year ended 31 December 2007.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(c) Basis of consolidation

The half-year consolidated financial statements comprise the financial statements of Abacus Group Holdings Limited and its subsidiaries, Abacus Trust and its subsidiaries, Abacus Group Projects Limited and its subsidiaries and Abacus Income Trust and its subsidiaries collectively referred to as the Abacus Property Group ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies with adjustments made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full and subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the Group has control.

External minority interests represent those equity interests in Abacus Hobart Growth Trust, The Wollongong Property Trust, Abacus Independent Retail Property Trust and U-Stow-It Holdings Limited that are not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

3. SEGMENT INFORMATION

The Group's primary business segments are Property, Funds Management, Property Finance and Joint Ventures and Developments. The Property division comprises the ownership of commercial, retail and industrial properties. The Funds Management division develops, originates and manages off balance sheet funds in addition to discharging the Group's responsible entity obligations. Property Finance comprises mortgage lending and related property financing solutions. Joint Ventures & Developments comprise investments in joint venture activities and in securities of other listed and unlisted property trusts.

Business segments	Property $'000	Funds Management $'000	Property Finance $'000	Joint Ventures & Developments $'000	Total $'000
Half year ended 31 Dec 2007					
Revenue					
Revenue from external customers	32,456	15,878	6,187	3,846	58,367
Realised gains on investments	9,226	9,367	-	-	18,593
Unrealised gains/(losses) on investments	13,549	-	-	(1,218)	12,331
	55,231	**25,245**	**6,187**	**2,628**	**89,291**
Unallocated revenue					918
Total consolidated revenue					**90,209**
Result					
Segment result	45,279	21,222	5,009	1,816	73,326
Unallocated revenue					918
Profit/(loss) before tax and finance costs					**74,244**

Business segments	Property $'000	Funds Management $'000	Property Finance $'000	Joint Ventures & Developments $'000	Total $'000
Half year ended 31 Dec 2006					
Revenue					
Revenue from external customers	29,410	12,109	9,011	1,451	51,981
Realised and unrealised gains on investments	2,949	21,188	-	2,945	27,082
	32,359	33,297	9,011	4,396	79,063
Unallocated revenue					1,752
Total consolidated revenue					**80,815**
Result					
Segment result	21,932	26,570	5,887	3,240	57,629
Unallocated revenue					1,752
Profit/(loss) before tax and finance costs					**59,381**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

4. REVENUES AND EXPENSES

	Dec-07 $'000	Dec-06 $'000
4. INCOME & EXPENSES		
(a) Finance income		
Interest and fee income on secured loans	11,188	12,011
Provision for doubtful debts	(5,000)	(3,000)
Bank interest	918	1,752
Total finance income	**7,106**	**10,763**
(b) Funds Management Income		
Asset management fees	3,294	1,352
Property management fees	400	277
Consulting and other income	4,252	1,041
Interest on loans to funds management entities	7,932	2,012
Sale of interests in the Matson Hotel *	9,367	-
Sale of units in AHF *	-	8,672
Sale of the Rendezvous Hotel	-	12,516
Total funds management income	**25,245**	**25,870**

* Sale was to a fund managed by AFML

	Dec-07 $'000	Dec-06 $'000
(c) Net realised gains on disposal of:		
Investment properties	7,742	2,949
1-5 Lake Dingley, Melbourne *	1,484	-
Total net realised gains on investments	**9,226**	**2,949**

* Sale was to a fund managed by AFML

	Dec-07 $'000	Dec-06 $'000
(d) Unrealised gains on investments		
Change in fair value of investment properties	13,643	-
Change in fair value of property securities	(1,312)	2,945
Total unrealised gains on investments	**12,331**	**2,945**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

4. INCOME AND EXPENSES continued

	Dec-07 $'000	Dec-06 $'000
(e) Employee benefits expense		
Wages and salaries	9,701	5,112
Share based payments	529	2,408
Total employee benefits expense	**10,230**	**7,520**
(f) Depreciation and amortisation expense		
Depreciation of property, plant and equipment - hotels	382	2,879
Depreciation of property, plant and equipment - other	3	11
Amortisation of intangible assets	56	60
Amortisation - other	707	243
Total depreciation and amortisation expense	**1,148**	**3,193**
(g) Finance costs		
Interest on loans	14,357	16,782
Amortisation of finance costs	586	210
Total finance costs (on historical basis)	14,943	16,992
Unrealised gains on interest rate swaps	(7,689)	(2,245)
Total finance costs	**7,254**	**14,747**
(h) Other expenses		
Property outgoings	4,506	4,709
Other administrative expenses	81	6,012
Total other expenses	**4,587**	**10,721**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

5. DISTRIBUTIONS PAID AND PROPOSED

	Dec-07 $'000	Dec-06 $'000
(a) Distributions paid during the half year		
Final distribution for financial year 30 June 2007:		
3.25 cents per unit (2006: 3.00 cents)	18,419	15,491
Interim distribution paid during the half year:		
September: 3.25 cents per unit (2006: 3.00 cents)	20,229	15,974
	38,648	**31,465**
(b) Distributions proposed and recognised as a liability		
Interim distribution payable for the December quarter:		
3.25 cents per unit (2006: 3.00 cents)	**20,467**	**16,059**

Distributions were paid from Abacus Trust (which does not pay tax provided it distributes all its taxable income) hence, there were no franking credits attached.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

6. INVESTMENT PROPERTIES

Property	Acquisition date	Cost including all additions $'000	Independent valuation date	Value Dec-07 $'000	Value Jun-07 $'000
(a) Current asset					
109 Pitt Street, Sydney, NSW (i) (b)	22-Jun-99	9,924	30-Jun-06	**5,634**	**12,524**
(b) Non-current assets					
66 Christina Road, Villawood, NSW (iv)	28-May-02	8,213	31-Dec-07	13,200	12,426
CSIRO, Limestone Ave., Campbell, ACT (iv)	21-Jun-02	12,686	30-Jun-07	20,000	20,000
4 Ray Road, Epping, NSW (ii)	30-Apr-97	27,043	30-Jun-07	54,500	54,500
Ashfield Mall, Ashfield, NSW (iv)	15-Sep-97	86,806	31-Dec-07	122,000	116,843
10-12 Pike Street, Rydalmere, NSW (v)	1-Oct-98	14,262	30-Jun-07	22,400	22,400
Liverpool Plaza, Liverpool, NSW (iv)	16-Aug-04	32,860	31-Dec-07	42,000	37,020
Macquarie Street, Liverpool, NSW (iv)	21-Sep-05	5,451	31-Dec-07	5,500	5,503
Moore Street, Liverpool, NSW (iv)	14-Oct-05	2,265	31-Dec-07	2,300	2,297
Aspley Village Shopping Centre (iii) (g)	15-Feb-06	16,374	1-Feb-06	24,516	18,607
Westpac House, Adelaide SA (i)	5-Oct-04	54,327	30-Jun-07	72,024	68,850
Homemaker City, Moorabbin, NSW (iv)	11-Aug-06	38,690	31-Dec-07	34,000	38,690
95 and 117 Mina Parade, Alderley, QLD	14-Sep-07	20,971	9-Jul-07	20,982	-
Cnr Main Street & Bellevue Drive, and 169 Varsity Parade, Varsity Lakes, QLD	17-Sep-07	24,042	16-Jul-07	24,055	-
16-18, 17-21 Anzac Street, and 206-220 Hume Highway, Greenacre, NSW	30-Nov-07	14,037	18-Sep-07	13,913	-
1769 Hume Highway, Campbellfield	12-Nov-07	18,538	10-Oct-07	18,549	-
12-14 Butler Road, Hurstville, NSW	31-May-07	18,714	18-May-07	18,733	18,714
27 Grant Street, Port Macquarie, NSW	26-Jun-07	16,021	6-Jun-07	16,028	16,021
8 Sylvania Way, Lisarow, NSW	23-Jul-07	10,510	30-Jun-07	10,315	-
198-206 St Johns Road, Glebe, NSW	4-Oct-07	6,501	5-Sep-07	6,351	-
144-168 National Boulevarde, Campbellfield	9-Nov-07	21,668	28-Sep-07	21,268	-
Lot 121, Orielton Road, Smeaton Grange	22-Nov-07	10,198	12-Oct-07	10,011	-
23 Norton Street, Leichhardt, NSW	22-Oct-07	9,062	30-Sep-07	8,894	-
Townsville Storage portfolio	13-Sep-07	23,823	13-Sep-07	23,823	-
Hamilton Storage portfolio	10-Sep-07	6,878	10-Sep-07	6,878	-
U-Stow-It Storage portfolio [f]	23-Nov-07	52,400	-	52,400	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

6. INVESTMENT PROPERTIES continued

Property	Acquisition date	Cost including all additions $'000	Independent valuation date	Value Dec-07 $'000	Value Jun-07 $'000
8 Station Street, Wollongong, NSW (vi) (c)	30-Jun-03	7,866	31-Dec-07	12,750	12,000
1-5 Lake Dingley, Melbourne	28-May-03	11,956	30-Jun-06	-	13,300
367 Peel Street, Tamworth, NSW (iv)	22-Feb-04	11,961	31-Dec-07	13,300	12,700
500 Princes Highway,Noble Park,VIC (ii)	27-Nov-03	19,222	30-Jun-07	-	21,000
31-33 Windorah Avenue, Stafford, QLD (iv)	3-Nov-03	5,109	30-Jun-07	6,500	6,500
Lennons Plaza, 66 Queen St., QLD (v)	19-Dec-03	32,272	31-Dec-07	43,500	39,000
26 Savage Street & 681 Curtin Avenue, Pinkenba, QLD (iv)	23-Jan-04	5,040	30-Jun-07	12,000	12,000
671 Gympie Rd, Chermside, QLD (v)	17-Dec-04	4,722	31-Dec-07	6,500	5,877
9-14 Yates Street, Mawson Lakes, SA (v)	7-Jun-05	6,857	31-Dec-07	5,750	5,700
36-52 National Blvd, Campbellfield, VIC (iv)	18-Jul-05	8,832	30-Jun-07	10,300	10,300
Gympie Market Place, Gympie (ii) (d)	7-Jun-04	7,340	30-Jun-07	9,000	9,000
29-47 & 18-20 Becker St, Cobar NSW (iv) (d)	5-Aug-04	1,174	30-Jun-07	1,960	1,950
50 Mostyn Street, Castlemaine, VIC (iv) (d)	11-May-05	8,092	30-Jun-07	10,200	10,200
29 Queen Street, North Bundaberg, QLD (v) (d) (g)	18-Jul-05	15,536	11-Aug-05	16,678	15,536
93 Victoria Street, Eaglehawk, VIC (iv) (d)	29-Sep-05	6,150	30-Jun-07	6,900	6,900
12 Docker Street, Wangaratta, QLD (iv) (d)	31-Oct-05	2,965	30-Jun-07	3,100	3,100
Kingscote Kangaroo Island, SA (iv) (d)	21-Dec-05	4,337	30-Jun-07	4,500	4,500
96-98 Victoria Street, St.George, QLD (ii) (d)	18-Aug-05	3,029	30-Jun-07	3,200	3,200
293-295 Grt Eastern Highway, Midland WA (iv) (d)	21-Jun-06	7,228	30-Jun-07	10,282	10,250
Mt View Plaza, Kirwan, QLD (i) (d)	31-Aug-06	7,743	31-Dec-07	8,500	7,743
Mid City Plaza, Maryborough, VIC (d)	29-Jun-07	4,802	23-Apr-07	4,816	4,802
244-256 Liverpool Road, Ashfield, NSW (iv)	26-Mar-98	8,195	31-Dec-07	6,900	6,900
Woodlands Drive, Braeside, VIC	20-Dec-06	1,007	5-Dec-06	1,007	1,007
4-8 Jacobs Street, Bankstown (vi)	2-Dec-02	5,161	31-Dec-07	5,850	5,200
20-28 Sir William Pickering Drive, Christchurch, NZ	20-Jul-07	16,647	8-Jun-07	16,647	-
Non-current - Investment properties				**884,780**	**660,536**
Total investment properties				**890,414**	**673,060**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

6. INVESTMENT PROPERTIES continued

(i) As valued by Knight Frank Pty Limited
(ii) As valued by Colliers International Consultancy and Valuation Pty Ltd
(iii) As valued by Urbis Property Consultants
(iv) As valued by CB Richard Ellis Pty Ltd
(v) As valued by FPD Savills (NSW) Pty Limited
(vi) As valued by DTZ Australia

Notes:

(a) The value of properties not externally valued at 31 December 2007 may include capital expenditures after the last valuation date.
(b) The property at 109 Pitt Street is currently under refurbishment and has been subdivided into strata units. The retail component and the leasehold interest in the car park were sold in prior financial years while the sale of the commercial units continues at 31 December 2007.
(c) The Abacus Income Trust owns 98.4% of the units in the Wollongong Property Trust which owns 8 Station Street, Wollongong.
(d) Property is owned by Abacus Independent Retail Property Trust (AIRPT). Abacus Retail Property Trust, a wholly owned trust of Abacus Income Trust, owns 75% of the units in AIRPT.
(e) The Group acquired 58.07% interest in U-Stow-It Holdings Pty Limited in November 2007.
(f) Properties undergoing major redevelopment were valued at cost including capitalised costs.
(g) The investment properties are used as security for secured bank debt.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

	Dec-07 $'000	Jun-07 $'000
7. PROPERTY LOANS AND OTHER FINANCIAL ASSETS		
(a) Current		
Secured loans [(a)]	47,558	88,942
Secured funding to funds management entities [(b)]	229,106	153,827
Accrued interest on loans	15,769	16,467
Provision for doubtful debts	(8,011)	(3,000)
	284,422	**256,236**
(b) Non-current		
Secured loans [(a)]	68,304	35,467
Secured funding to funds management entities [(b)]	17,500	-
Accrued interest on secured loans	6,173	2,077
Derivative financial instruments	14,834	7,944
Investments in property securities	36,979	25,457
	143,790	**70,945**

(a) Mortgages are secured by real property assets. The current facilities are scheduled to mature on or before 31 December 2008 and the non-current facilities will mature between 1 January 2009 and 30 June 2014.

(b) Interim funding is provided to other entities outside the Group managed by the responsible entity AFML to enable acquisition of properties ahead of receipt of funds from investors. The loans are typically unsecured and the rates of interest equal the rate of the respective fund's distribution. The loans rate ahead of the security holders' interests.

8. CONTRIBUTED EQUITY

	Dec-07 $'000	Jun-07 $'000
(a) Issued stapled securities		
Stapled securities	788,824	670,937
- securities financed by APG under the ESLP	(22,497)	(22,497)
Total contributed equity	**766,327**	**648,440**

(b) Movement in stapled securities on issue

	Stapled securities Number '000	Value $'000
At 1 July 2007	**578,633**	**648,440**
- security purchase plan	3,991	7,422
- institutional equity raising	52,632	100,000
- distribution reinvestment plan	6,644	12,355
- less transaction costs	-	(1,890)
Securities on issue at 31 December 2007	**641,900**	**766,327**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

9. BUSINESS COMBINATION

Acquisition of U-Stow-It Holdings Limited

In November 2007, APG acquired 58% of the voting shares of U-Stow-It Holdings Limited, an unlisted public holding company based in Australia, which owns 100% of U-Stow-It Pty Limited, a company specialising in self storage.

The total cost of the combination was $22,731,594 and comprised of the payment of cash and costs directly attributable to the combination.

The fair value of the identifiable assets and liabilities of U-Stow-It Holdings Limited as at the date of acquisition was:

	Recognised on Acquisition	Carrying value
	$'000	**$'000**
Cash and cash equivalents	30	30
Trade receivables	703	703
Investment properties	52,400	52,400
Plant & equipment	492	492
Other assets	21	21
Assets	**53,646**	**53,646**
Trade payables	(732)	(732)
Other payables & accruals	(712)	(712)
Interest bearing debt	(10,510)	(10,510)
Deferred tax liability	(6,259)	(5,270)
Liabilities	**(18,213)**	**(17,224)**
Fair value on identifiable net assets	35,433	36,422
Minority share (42%)	(14,857)	
Fair value of APG's share (58%)	20,576	
Goodwill arising on acquisition	2,156	
	22,732	
Cash paid	22,623	
Direct costs relating to the acquisition	109	
Total cost of the acquisition	**22,732**	

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

9. BUSINESS COMBINATION continued

From the date of the acquisition through to 31 December 2007, U-Stow-It Holdings Limited's contribution to the Net Profit of the Group is not significant.

If the combination had taken place at the beginning of the 6-month period ended 31 December 2007, the net profit after tax from continuing operations for the Group would have been $69.47 million and revenue from continuing operations would have been $92 million.

The key factors contributing to the $2,156,000 of goodwill relate to opportunity to establish a strong geographical presence in the Canberra market, the yield and portfolio value of the three sites and the high quality of the self-storage stores themselves.

10. COMMITMENTS AND CONTINGENCIES

Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets.

11. EVENTS AFTER THE BALANCE SHEET DATE

On 13 February 2008 the Group signed club facility debt agreements with ANZ (as lead arranger), CBA and St George Bank. Under the club facility arrangement properties previously financed on a secured basis with a number of individual banks have been combined into a common security pool which is financed by the Club participants.

The effect of this new Club facility is to establish a new $550 million club facility to replace the Group's existing debt arrangements for its principal property portfolio and will be initially drawn down to approximately $380m. The facility comprises a core facility of $400 million secured against the Group's principal property book (with a $250 million tranche of 3 years duration and $150 million tranche of 4 years duration) and an acquisition facility (to fund short-term acquisitions of additional properties) of $150 million, secured against the Group's property assets with a 1.5 year term.

The Group has fixed interest rate swap coverage for 88% of its debt with a weighted average fixed interest rate of 6.38% for A$ debt with a weighted average swap term 5.8 years.

The average cost of debt under the new club facility and existing fixed rate swap positions will be 7.3%.

In addition to the new Club Facility, the Group has further debt funding of $106 million (maturing in 2010 and 2011) that is secured over approximately $268 million of assets being incubated on the balance sheet for future funds management initiatives.

Other than as disclosed already in this report, there has been no matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may affect, the Group's operations in future financial periods, the results of those operations or the Group's state of affairs in future financial periods.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors, we 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) give a true and fair view of the financial position as at 31 December 2007 and the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(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

John Thame	Frank Wolf
Chairman	Managing Director

Sydney, 14 February 2008

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To the members of Abacus Group Holdings Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half year financial report of Abacus Group Holdings Limited (the company), which comprises the condensed balance sheet as at 31 December 2007, and the condensed income and distribution statements, condensed statement of changes in equity and condensed cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising both Abacus Group Holdings Limited 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 company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 2007 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Abacus Group Holdings 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 interim financial report of Abacus Group Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst + Young

Ernst & Young

Ed Psaltis
Partner
Sydney

14 February 2008