

Appendix 4D

Abacus Property Group

(comprising 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)

The Appendix 4D should be read in conjunction with the interim financial report and the most recent annual financial report.

ABN: 31 080 604 619

Interim Financial Report

For the half year ended 31 December 2011

Results for announcement to the market

(corresponding period half year ended 31 December 2010) ⁽¹⁾

Total revenues and other income	down	28%	to	\$132.8m
Net profit after income tax expense attributable to stapled security holders	down	84%	to	\$2.4m
Underlying profit ⁽²⁾	down	14%	to	\$39.8m

- (1) Certain numbers shown here do not correspond to the 2010 financial statements as they reflect required adjustments resulting from the adoption of AASB10.
- (2) The underlying profit reflects the statutory profit / (loss) as adjusted in order to present a figure which reflects the Directors' assessment of the result for the ongoing business activities of the Group, in accordance with the AICD / Finsia principles for reporting underlying profit. Adjustments have been adjusted for the fair value of investments held at balance date.

Distributions	per stapled security
December 2011 half	8.25 cents
This distribution was declared on 10 January 2012 and will be paid on or about 13 March 2012	
Record date for determining entitlement to the distributions	27 January 2012

Refer to the attached announcement for a detailed discussion of the Abacus Property Group's results and the above figures for the half year ended 31 December 2011.

Details of individual and total distribution payments	per stapled security	Total
Final June 2011 distribution	paid 15 August 2011	8.25 cents
		\$31.2 m
The distributions were paid in full by Abacus Trust and Abacus Income Trust which do not pay tax, hence there were no franking credits attached.		

	31 December 2011	30 June 2011
Net tangible assets per security ⁽³⁾	\$2.43	\$2.51

- (3) Net tangible assets per security excludes the external non-controlling interest.

The Group has consolidated the following entities during the period following the adoption of AASB10, 11 and 12:

- Abacus Hospitality Fund
- Abacus Storage Fund
- Abacus Diversified Income Fund II
- Abacus Miller Street Fund

Details of associates and joint venture entities

	Ownership Interest		Share of net profit/(loss)	
	31 Dec 2011	30 June 2011	31 Dec 2011	30 June 2011
	%	%	\$'000	\$'000
Abacus Aspley Village Trust	33	33	279	(9,631)
Abacus Colemans Road Trust	50	50	(3)	575
Abacus Wodonga Land Fund	15	15	-	(1,195)
Fordtrans Pty Ltd (Virginia Park)	50	50	2,307	4,077
Hampton Residential Retirement Trust	50	50	1,241	1,241
Jigsaw Trust	50	50	1,420	505
309 George St JV Trust	25	-	286	-
Other investments	25 - 50	50	(1,223)	(1,982)
			4,307	(6,410)

The above equity accounted net profits and losses are predominantly due to fair value movements in the respective entities in which the Group has co-invested.

Distribution Reinvestment Plan (DRP)

The Abacus Property Group DRP allows securityholders to reinvest their distributions into APG securities at a discount to the market price. Information on the terms of the DRP is available from our website www.abacusproperty.com.au.

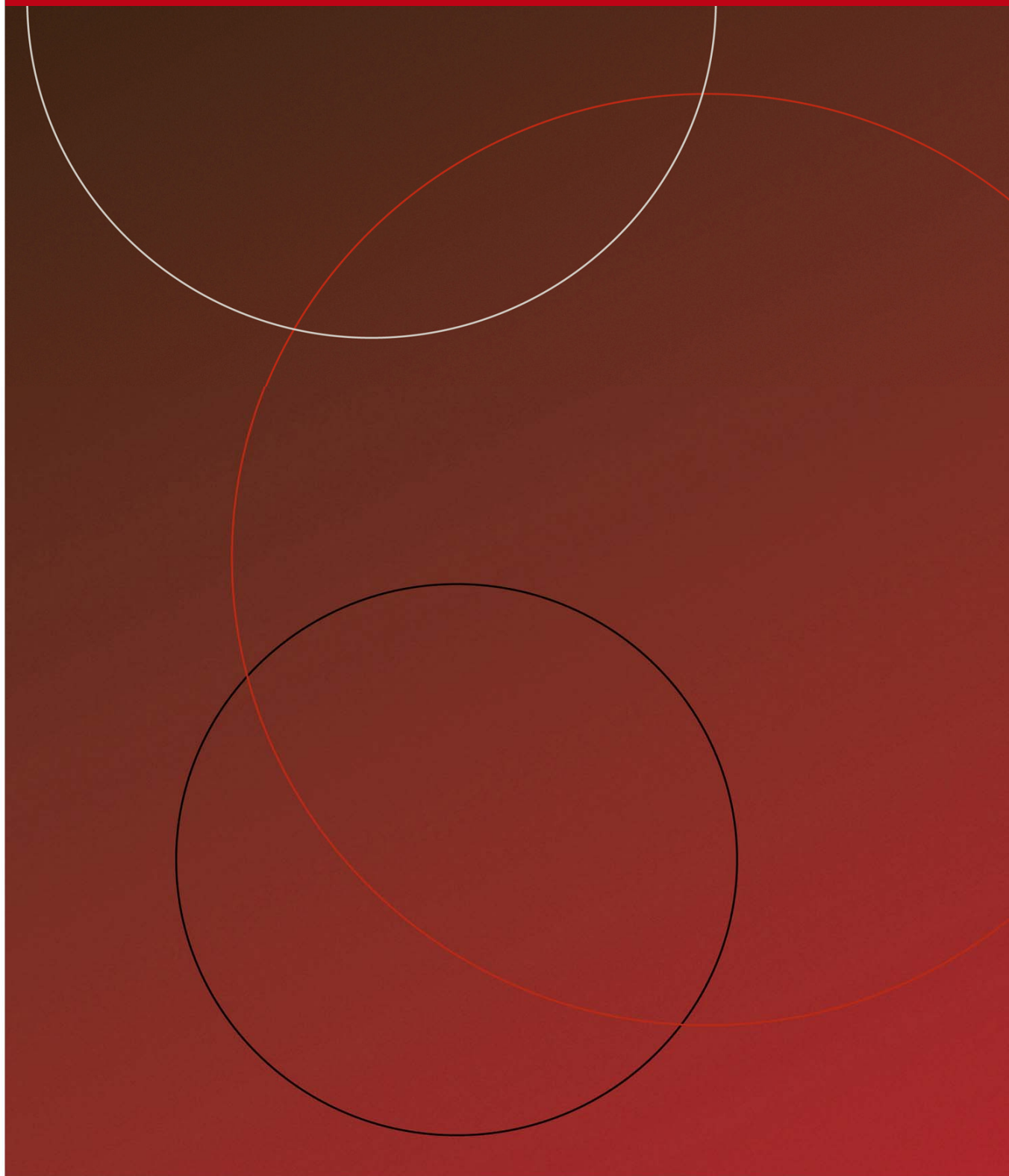
Securityholders wishing to participate in the DRP may lodge their election notice at any time. The record date for determining entitlements to each distribution is also the record date for participation in the DRP for that distribution.

Abacus Property Group
ABN 31 080 604 619



Financial Report

For the half-year ended 31 December 2011



HALF-YEAR FINANCIAL REPORT

31 December 2011

Directory

Abacus Group Holdings Limited

ABN: 31 080 604 619

Abacus Group Projects Limited

ABN: 11 104 066 104

Abacus Funds Management Limited

ABN: 66 007 415 590

Registered Office

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 and Abacus Group Holdings Limited:

John Thame, Chairman
Frank Wolf, Managing Director
William Bartlett
David Bastian
Malcolm Irving
Myra Salkinder

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:

Boardroom Pty Ltd
Level 7, 207 Kent St
SYDNEY NSW 2000
Tel: (02) 9290 9600
Fax: (02) 9279 0664

Company Secretary:

Ellis Varejes

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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 2011 and Abacus Property Group's 30 June 2011 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 2011**

The Directors present their report for the period ended 31 December 2011.

DIRECTORS

The Directors of Abacus Group Holdings Limited ("AGHL"), Abacus Funds Management Limited ("AFML") - the Responsible Entity of Abacus Trust ("AT") and Abacus Income Trust ("AIT") and Abacus Group Projects Limited ("AGPL") in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

John Thame	Chairman (Non-executive)
Frank Wolf	Managing Director
William Bartlett	Non-executive Director
David Bastian	Non-executive Director
Malcolm Irving	Non-executive Director
Myra Salkinder	Non-executive Director

PRINCIPAL ACTIVITIES

The Abacus Property Group operates predominantly in Australia and its principal activities during the course of the half-year ended 31 December 2011 included:

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

ABP GROUP STRUCTURE (Listed entities)

The ABP Group is comprised of AGHL, AT, AGPL and AIT. Shares in AGHL and AGPL and units in AT and AIT have been stapled together so that none can be dealt with without the others and are traded together on the Australian Securities Exchange as ABP. An ABP security consists of one share in AGHL, one unit in AT, one share in AGPL and one unit in AIT. A transfer, issue or reorganisation of a share or unit in any of the component parts is accompanied by a transfer, issue or reorganisation of a share or unit in each of the other component parts.

AGHL and AGPL are companies that are incorporated and domiciled in Australia. AT and AIT are Australian registered managed investment schemes. Abacus Funds Management Limited ("AFML"), the Responsible Entity of AT and AIT, is incorporated and domiciled in Australia and is a wholly-owned subsidiary of AGHL.

ABACUS PROPERTY GROUP CONSOLIDATION

During the period the Directors adopted AASB10 – Consolidated Statements, AASB11 – Joint Arrangements and AASB12 – Disclosure of Interests in Other Entities. The application of AASB10 has lead to the consolidation of Abacus Diversified Income Fund II, Abacus Hospitality Fund, Abacus Storage Fund and Abacus Miller Street Holding Trust by the ABP Group. This is due to the combination of ABP's role as responsible entity, and its exposure to variable returns arising from its collective equity and loan investments in these funds and certain guarantees. The standards require application as at 1 July 2010 and the comparative balances have been adjusted accordingly. The total impact of consolidating the funds was a net reduction of \$93.5 million to the 1 July 2010 retained earnings (see note 2 of the financial statements).

AGHL 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 Group for the half-year ended 31 December 2011 comprise the consolidated financial reports of AGHL and its controlled entities, AT and its controlled entities, AGPL and its controlled entities, AIT and its controlled entities, Abacus Diversified Income Fund II and its controlled entities, Abacus Hospitality Fund and its controlled entities, Abacus Storage Fund and its controlled entities and Abacus Miller Street Holding Trust and its controlled entity.

DIRECTORS' REPORT

31 December 2011

REVIEW AND RESULTS OF OPERATIONS

The Group earned a net profit attributable to members of \$2.4 million for the half-year ended 31 December 2011 (December 2010: \$14.9 million). This profit has been calculated in accordance with Australian Accounting Standards and includes certain significant items that need adjustment to enable securityholders to obtain an understanding of the ABP Group's underlying profit of \$39.8 million (December 2010: \$46.3 million).

The underlying profit reflects the statutory profit / loss as adjusted in order to present a figure which reflects the Directors' assessment of the result for the ongoing business activities of the ABP Group, in accordance with the AICD / Finsia principles for reporting Underlying Profit.

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Consolidated statutory net profit after tax attributable to members of the Group	2,420	14,929
less: consolidated profits relating to Abacus Hospitality Fund, Abacus Storage Fund Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust	(11,044)	4,725
Net profit attributable to ABP securityholders	13,464	10,204
Certain significant items:		
Net loss in fair value of investments and financial instruments held at balance date	4,585	17,462
Net loss/(gain) in fair value of derivatives	20,697	(5,819)
Net loss in fair value of investment properties included in equity accounted profits from associates and joint ventures	365	8,460
Net change in property, plant and equipment remeasured at fair value	694	-
Debt forgiveness and provisioning pursuant to the restructuring of Abacus Hospitality Fund	-	16,000
Underlying profit attributable to ABP securityholders	39,805	46,307

	31 Dec 2011	31 Dec 2010
Basic earnings per security (cents)	0.63	4.05
Basic underlying earnings per security (cents)	10.35	12.56
Distribution per security (cents - including proposed distribution)	8.25	8.25

The reduction in the net profit after tax attributable to members of the Group was principally caused by the falling \$A interest rates over the period which at reporting date yield a fair value change of \$20.7 million on the interest rate swap book which is used to fix the cost of borrowings, managed interest cover covenants and align these borrowings with the net revenue earned by the property portfolio.

As at 31 December 2011, the Group had an interest in the following properties:

	\$'000	No. of properties
ABP Group (listed entities)*	827,292	44
Abacus Hospitality Fund^	156,221	5
Abacus Storage Fund^	332,176	42
Abacus Diversified Income Fund II^	182,235	24
Abacus Miller Street Holding Trust^	62,800	1

*Owned by ABP securityholders

^Consolidated

During the half-year the Directors approved a revised valuation policy for the Group whereby all assets must be independently valued at least every two years (previously annually).

DIRECTORS' REPORT**31 December 2011****DISTRIBUTIONS**

An interim distribution of 8.25 cents per ABP stapled security was declared on 10 January 2012 which will be paid on 13 March 2012. Distributions are paid on a semi-annual basis.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 24 February 2012 the ABP and Abacus Storage Fund securityholders approved the proposal to merge the ABP Group and Abacus Storage Fund into a single listed A-REIT by stapling the ABP Group and Abacus Storage Fund securities so that they will be traded together on the Australian Securities Exchange as ABP. The implementation date for the merger will be 6 March 2012 and trading in the new stapled securities will commence on 14 March 2012.

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the group under ASIC Class Order 98/100. The group is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained an independence declaration from our auditor, Ernst & Young, and such declaration is set out on page 5.

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



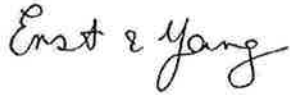
John Thame
Chairman
Sydney, 29 February 2012



Frank Wolf
Managing Director

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 2011, 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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that appears to read 'K. Zdrilic'.

K. Zdrilic
Partner
29 February 2012

CONSOLIDATED INCOME STATEMENT
HALF-YEAR ENDED 31 DECEMBER 2011

		31 Dec 2011	31 Dec 2010
			Restated*
	Notes	\$'000	\$'000
REVENUE			
Rental income		52,727	47,037
Storage income		22,520	20,729
Hotel income		28,291	28,109
Finance income	5(a)	19,805	10,305
Funds management income	5(b)	3,543	2,265
Sale of inventory		-	78,000
Total Revenue		126,886	186,445
Net change in fair value of investment properties derecognised		1,323	264
Net change in fair value of investments and financial instruments derecognised	5(c)	(82)	3,255
Share of profit / (loss) from equity accounted investments	11(b)	4,307	(8,298)
Other		63	2,890
Total Revenue and Other Income		132,497	184,556
Property expenses and outgoings		(8,288)	(7,337)
Storage expenses		(7,982)	(7,119)
Hotel expenses		(20,668)	(20,958)
Depreciation, amortisation and impairment expense		(4,167)	(3,362)
Cost of inventory sales		-	(63,094)
Net change in fair value of derivatives		(35,077)	11,018
Net change in fair value of investment properties held at balance date		(5,655)	(8,424)
Net change in fair value of investments held at balance date	6(a)	(76)	(5,597)
Finance costs	6(b)	(36,524)	(33,128)
Administrative and other expenses		(12,224)	(14,289)
PROFIT / (LOSS) BEFORE TAX		1,836	32,266
Income tax expense		(2,058)	(1,308)
NET PROFIT / (LOSS) AFTER TAX		(222)	30,958
less: net (profit) / loss attributable to non-controlling interests			
AT members		(79)	4,688
AGPL members		2,240	4,999
AIT members		132	(5,186)
External		2,642	(16,029)
NET PROFIT ATTRIBUTABLE TO MEMBERS OF AGHL		4,713	19,430
Net profit / (loss) attributable to members of the Group analysed by amounts attributable to:			
AGHL members		4,713	19,430
AT members		79	(4,688)
AGPL members		(2,240)	(4,999)
AIT members		(132)	5,186
NET PROFIT AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP		2,420	14,929

Basic and diluted earnings per stapled security (cents)

14

0.63

4.05

*Certain numbers shown here do not correspond to the 2010 financial statements as they reflect required adjustments resulting from the adoption of AASB10 as set out in note 2.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
HALF-YEAR ENDED 31 DECEMBER 2011

	31 Dec 2011	31 Dec 2010
	\$'000	Restated* \$'000
NET PROFIT / (LOSS) AFTER TAX	(222)	30,958
OTHER COMPREHENSIVE INCOME		
Revaluation of assets, net of tax	1,497	(1,860)
Foreign exchange translation adjustments, net of tax	(1,060)	(939)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	215	28,159
Total comprehensive income / (loss) attributable to:		
Members of the APG Group	1,940	14,826
External non-controlling interest	(1,725)	13,333
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	215	28,159

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Total comprehensive income / (loss) attributable to members of the Group analysed by amounts attributable to:		
AGHL members	4,233	19,322
AT members	79	(4,688)
AGPL members	(2,240)	(4,994)
AIT members	(132)	5,186
TOTAL COMPREHENSIVE INCOME / (LOSS) AFTER TAX ATTRIBUTABLE TO MEMBERS OF THE GROUP	1,940	14,826

*Certain numbers shown here do not correspond to the 2010 financial statements as they reflect required adjustments resulting from the adoption of AASB10 as set out in note 2.

ABACUS PROPERTY GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HALF-YEAR ENDED 31 DECEMBER 2011

		31 Dec 2011	30 Jun 2011	1 Jul 2010
	Notes	\$'000	restated* \$'000	restated* \$'000
CURRENT ASSETS				
Cash and cash equivalents		66,502	63,046	37,783
Trade and other receivables		17,551	17,186	14,996
Property, plant and equipment		-	-	20,901
Investment properties held for sale	8	164,015	91,131	91,327
Inventory		49,433	46,489	60,656
Property loans	10(a)	9,715	19,324	63,357
Other financial assets		191	959	2,189
Other		3,871	4,114	3,543
TOTAL CURRENT ASSETS		311,278	242,249	294,752
NON-CURRENT ASSETS				
Investment properties	8	1,253,738	1,338,130	1,199,464
Inventory		56,735	34,488	30,891
Property loans	10(b)	165,691	153,893	138,148
Other financial assets	10(c)	32,125	32,177	53,881
Property, plant and equipment	9	150,218	163,238	159,279
Equity accounted investments	11	122,724	99,195	102,028
Deferred tax assets		15,300	16,486	16,897
Intangible assets and goodwill		35,161	35,173	35,173
Trade and other receivables		6,434	6,000	-
TOTAL NON-CURRENT ASSETS		1,838,126	1,878,780	1,735,761
TOTAL ASSETS		2,149,404	2,121,029	2,030,513
CURRENT LIABILITIES				
Trade and other payables		30,800	30,509	32,424
Interest-bearing loans and borrowings	12	13,450	47,366	230,790
Derivatives at fair value		10,544	-	-
Income tax payable		370	566	-
Other		2,335	3,567	3,186
TOTAL CURRENT LIABILITIES		57,499	82,008	266,400
NON-CURRENT LIABILITIES				
Trade and other payables		13,942	13,575	4,065
Interest-bearing loans and borrowings	12	835,293	791,868	540,987
Derivatives at fair value		52,456	28,644	44,855
Deferred tax liabilities		9,558	9,308	7,203
Other financial liabilities		58,356	49,902	36,789
Other		3,147	5,314	1,866
TOTAL NON-CURRENT LIABILITIES		972,752	898,611	635,765
TOTAL LIABILITIES		1,030,251	980,619	902,165
NET ASSETS		1,119,153	1,140,410	1,128,348
TOTAL EQUITY		1,119,153	1,140,410	1,128,348

*Certain amounts shown here do not correspond to the 2011 financial statements as they reflect required adjustments resulting from the adoption of AASB10 as set out in note 2.

ABACUS PROPERTY GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

HALF-YEAR ENDED 31 DECEMBER 2011

		31 Dec 2011	30 Jun 2011	1 Jul 2010
			restated*	restated*
	Notes	\$'000	\$'000	\$'000
Equity attributable to members of AGHL:				
Contributed equity		54,609	53,699	51,964
Issue costs		(3,531)	(3,429)	(3,524)
Reserves		1,925	2,405	1,839
Accumulated losses		(37,325)	(46,275)	(80,362)
Total equity attributable to members of AGHL:		15,678	6,400	(30,083)
Equity attributable to unitholders of AT:				
Contributed equity		896,616	884,655	860,694
Issue costs		(23,694)	(23,672)	(23,630)
Accumulated losses		(139,869)	(104,494)	(58,057)
Total equity attributable to unitholders of AT:		733,053	756,489	779,007
Equity attributable to members of AGPL:				
Contributed equity		9,811	9,657	9,459
Reserves		(78)	(78)	(85)
Accumulated losses		(19,977)	(17,737)	(11,740)
Total equity attributable to members of AGPL:		(10,244)	(8,158)	(2,366)
Equity attributable to unitholders of AIT:				
Contributed equity		228,260	224,125	217,242
Issue costs		(5,211)	(5,211)	(5,211)
Retained earnings		19,963	20,095	33,349
Total equity attributable to unitholders of AIT:		243,012	239,009	245,380
Equity attributable to external non-controlling interest:				
Contributed equity		133,960	135,713	135,145
Reserves		(62)	(978)	955
Retained earnings		3,756	11,935	310
Total equity attributable to external non-controlling interest:		137,654	146,670	136,410
TOTAL EQUITY		1,119,153	1,140,410	1,128,348
EQUITY				
Contributed equity	13	1,156,860	1,139,824	1,106,994
Reserves		1,847	2,327	1,754
Accumulated losses		(177,208)	(148,411)	(116,810)
Total stapled security holders' interest in equity		981,499	993,740	991,938
Total external non-controlling interest		137,654	146,670	136,410
TOTAL EQUITY		1,119,153	1,140,410	1,128,348

*Certain amounts shown here do not correspond to the 2011 financial statements as they reflect required adjustments resulting from the adoption of AASB10 as set out in note 2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HALF-YEAR ENDED 31 DECEMBER 2011

	Attributable to the stapled security holder					External	
	Issued capital	Asset revaluation reserve	Foreign currency translation	Employee equity benefits	Retained earnings	Non-controlling interest	Total Equity
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2011*	1,139,824	1,021	(4,142)	5,448	(148,411)	146,670	1,140,410
Other comprehensive income	-	153	(633)	-	-	917	437
Net income for the period	-	-	-	-	2,420	(2,642)	(222)
Total comprehensive income for the period	-	153	(633)	-	2,420	(1,725)	215
Distribution reinvestment plan	17,159	-	-	-	-	-	17,159
Issue costs	(123)	-	-	-	-	-	(123)
Acquisition of NCI	-	-	-	-	-	(1,754)	(1,754)
Distribution to security holders	-	-	-	-	(31,217)	(5,537)	(36,754)
At 31 December 2011	1,156,860	1,174	(4,775)	5,448	(177,208)	137,654	1,119,153

	Attributable to the stapled security holder					External	
	Issued capital	Asset revaluation reserve	Foreign currency translation	Employee equity benefits	Retained earnings	Non-controlling interest	Total Equity
CONSOLIDATED	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2010 (pre AASB10)	1,110,517	342	(3,975)	5,448	(23,262)	13,799	1,102,869
Application of AASB10	(3,523)	297	(358)	-	(93,547)	122,610	25,479
At 1 July 2010 (post AASB10)	1,106,994	639	(4,333)	5,448	(116,809)	136,409	1,128,348
Other comprehensive income	-	(41)	(62)	-	-	(2,696)	(2,799)
Net income for the period	-	-	-	-	14,929	16,029	30,958
Total comprehensive income for the period	-	(41)	(62)	-	14,929	13,333	28,159
Equity raisings	-	-	-	-	-	-	-
Distribution reinvestment plan	15,149	-	-	-	-	61	15,210
Issue costs	40	-	-	-	-	-	40
Distribution to security holders	-	-	-	-	(29,842)	(6,238)	(36,080)
At 31 December 2010*	1,122,183	598	(4,395)	5,448	(131,722)	143,565	1,135,677

*Certain amounts shown here do not correspond to the 2011 financial statements as they reflect required adjustments resulting from the adoption of AASB10 as set out in note 2.

CONSOLIDATED STATEMENT OF CASH FLOW
HALF-YEAR ENDED 31 DECEMBER 2011

	31 Dec 2011	31 Dec 2010*
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Income receipts	117,261	182,426
Interest received	1,222	843
Distributions received	608	1,283
Income tax paid	(830)	(290)
Finance costs paid	(27,459)	(28,655)
Operating payments	(46,682)	(45,936)
NET CASH FLOWS FROM OPERATING ACTIVITIES	44,120	109,671
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments and funds advanced	(63,715)	(54,685)
Proceeds from sale and settlement of investments and funds repaid	18,583	12,425
Purchase of property, plant and equipment	(654)	(1,677)
Proceeds from sale of property, plant and equipment	12,137	3
Purchase of investment properties	(15,341)	(82,126)
Disposal of investment properties	22,527	18,343
Payment for other investments	(1,474)	(2,258)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(27,937)	(109,975)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of issue / finance costs	(2,363)	(6)
Repayment of borrowings	(4,114)	(296,811)
Proceeds from borrowings	15,305	335,779
Distributions paid	(21,373)	(22,434)
NET CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES	(12,545)	16,528
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,638	16,224
Net foreign exchange differences	(181)	(199)
Cash and cash equivalents at beginning of period	63,045	37,283
CASH AND CASH EQUIVALENTS AT END OF PERIOD	66,502	53,308

*Certain amounts shown here do not correspond to the 2011 financial statements as they reflect required adjustments resulting from the adoption of AASB10 as set out in note 2.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2011****1. CORPORATE INFORMATION**

Abacus Property Group ("APG" or the "Group") is comprised of Abacus Group Holdings Limited ("AGHL") (the nominated parent entity), 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 2011 was authorised for issue in accordance with a resolution of the directors on 29 February 2012.

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 annual 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 2011. 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 2011 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Preparation

The half-year financial report has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134 "Interim Financial Reporting" and other mandatory professional requirements. Except as otherwise disclosed in notes 2(d), the same accounting policies have been applied as in the last annual financial report.

The half-year financial report has been prepared on a historical cost basis, except for investment properties and derivative financial instruments which have been measured at fair value, interest in joint ventures and associates which are accounted for using the equity method, and certain investments and financial assets 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.

(b) Consolidation

Subsidiaries are all those entities over which the Group has power over the investee such that the Group is able to direct the relevant activities, has material exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investor's returns.

(c) Joint arrangements

Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the investment is accounted for using the equity method. To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangements the Group recognises their share of the assets, liabilities, revenues and expenses of the operation.

(d) Changes in accounting policy and disclosures

The following amending Standards have been adopted from 1 July 2011. Adoption of these Standards did not have any effect on the financial position or performance of the Group:

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in accounting policy and disclosures (continued)

AASB 124 Related Party Disclosure: the revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition.

The Group has also adopted the following standards, together with the consequential amendments as at 31 December 2011.

AASB 10 Consolidated Financial Statements: establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities*.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 127.

AASB 11 Joint Arrangements: replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the parties a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the parties a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.

AASB 12 Disclosure of Interests in Other Entities: includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about certain joint arrangements, associates and structured entities and subsidiaries with non controlling interests.

The Group has applied the above standards retrospectively as at 1 July 2010 and the comparative balances have been adjusted accordingly.

The impact of the adoption of these standards are summarised below:

AASB10 Consolidated Financial Statements: adoption has resulted in the consolidation of the Abacus Hospitality Fund, the Abacus Storage Fund, the Abacus Diversified Income Fund II and the Abacus Miller Street Fund. This is due to the combination of APG's role as responsible entity, variable returns arising from its collective equity and loan investments in these funds and certain guarantees. The total impact of consolidating the funds was a net reduction of \$93.5 million to the Group's 1 July 2010 retained earnings made up as follows:

- **Abacus Hospitality Fund ("AHF"):** the consolidation of AHF results in the effective settlement of the Abacus working capital loan to AHF at its fair value at the deemed control date rather than its anticipated recoverable value based on a 2016 maturity date. This resulted in a \$47.1 million reduction to the Group's 1 July 2010 retained earnings.
- **Abacus Storage Fund ("ASF"):** the consolidation of ASF resulted in a \$1.7 million increase to the Group's 1 July 2010 retained earnings.
- **Abacus Diversified Income Fund II ("ADIFII"):** The consolidation of ADIFII results in the recognition of ADIFII's issued units as a liability as a result of the capital guarantee and is measured at the current value of the capital and yield guarantee amounts rather than the estimated liability under the guarantees in 2013 and 2016. This resulted in a \$48.4 million reduction to the Group's 1 July 2010 retained earnings.
- **Abacus Miller Street Holding Trust ("AMSHT"):** the consolidation of AMSHT will result in a \$0.3m increase to the Group's 1 July 2010 retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Changes in accounting policy and disclosures (continued)

As a result of the accounting policy change, the following consolidation adjustments were made to the financial statements:

As of 1 July 2010 (statement of financial position)

- Increase in cash and cash equivalents of \$16.0 million
- Increase in trade and other receivables of \$1.2 million
- Increase in inventory of \$0.5 million
- Decrease in property loans of \$210.7 million
- Increase in other assets of \$1.6 million
- Increase in investment properties of \$581.7 million
- Increase in other financial assets of \$6.8 million
- Increase in property, plant and equipment of \$150.0 million
- Decrease in equity accounted investment of \$25.7 million
- Increase in deferred tax assets of \$3.7 million
- Increase in trade and other payables of \$19.4 million
- Increase in interest bearing loans and borrowings of \$422.1 million
- Increase in derivatives at fair value of \$14.5 million
- Increase in deferred tax liabilities of \$6.9 million
- Increase in other financial liabilities of \$36.8 million
- Reduction in issued capital (recognition of issue costs) of \$3.5 million
- Increase in asset revaluation reserve of \$0.3 million
- Decrease in foreign currency translation reserve of \$0.4 million
- Increase in accumulated losses of \$93.5 million
- Increase in non-controlling interests in equity of \$122.6 million

As of and for the period ended 31 December 2010 (income statement, statement of other comprehensive income, statement of cash flow)

- Increase in property / storage / hotel income of \$60.0 million
- Decrease in finance income of \$0.4 million
- Decrease in funds management income of \$9.3 million
- Increase in net change in fair value of derivatives of \$5.2 million
- Increase in net change in fair value of investment properties derecognised of \$0.4 million
- Increase in net change in fair value of investments and financial instruments derecognised of \$0.9 million
- Decrease in share of loss from equity accounted investments of \$1.3 million
- Decrease in other revenue of \$0.8 million
- Increase in property / storage / hotel expenses and outgoings of \$29.4 million
- Increase in depreciation, amortisation and impairment expense of \$2.5 million
- Decrease in net change in fair value of investment properties held at balance date of \$3.1 million
- Net change in fair value of investments held at balance date of \$0.4 million
- Increase in finance costs of \$16.7 million
- Decrease in impairment charges of \$16.0 million
- Increase in administrative and other expenses of \$2.5 million
- Increase in income tax expense of \$2.5 million
- Net increase in profit after tax of \$20.4 million
- Net increase in comprehensive income of \$17.4 million
- Net increase in cash from operating activities of \$11.8 million
- Net decrease in cash used in investing activities of \$0.1 million
- Net decrease in cash from financing activities of \$9.5 million

As of 30 June 2011 (statement of financial position)

- Increase in cash and cash equivalents of \$19.1 million
- Increase in trade and trade receivables of \$2.8 million
- Increase in inventory of \$0.5 million

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Changes in accounting policy and disclosures (continued)**

Decrease in property loans of \$167.9 million
 Increase in other assets of \$0.9 million
 Increase in investment properties of \$585.0 million
 Decrease in other financial assets of \$40.8 million
 Increase in property, plant and equipment of \$143.9 million
 Decrease in equity accounted investments of \$28.1 million
 Increase in deferred tax assets of \$4.0 million
 Increase in trade and other payables of \$17.1 million
 Increase in interest bearing loans and borrowings of \$392.7 million
 Increase in income tax payable of \$0.6 million
 Increase in other liabilities of \$1.5 million
 Increase in derivatives at fair value of \$1.3 million
 Increase in other financial liabilities of \$49.9 million
 Reduction in issued capital (recognition of issue costs) of \$3.4 million
 Increase in asset revaluation reserve of \$0.1 million
 Decrease in foreign currency translation reserve of \$0.5 million
 Increase in accumulated losses \$82.1 million
 Increase in non-controlling interests in equity of \$132.9 million

Additional qualitative and quantitative disclosures have been added with respect to subsidiaries with material non-controlling interest. Refer to note 16.

AASB 11 Joint Arrangements: adoption has had no significant impact in the Group's method of accounting for its joint arrangements.

AASB 12 Disclosure of Interests in Other Entities: adoption has resulted in the Group disclosing the summarised financial information of material investments in joint arrangements. Prior to adoption of AASB12, the Group's share of summarised financial information was disclosed.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management has made significant judgements in relation to the following subsidiaries controlled by the Group:

Abacus Hospitality Fund: Based upon work undertaken by the Group in assessing the impact of AASB 10, the Group is deemed under the standard to have control of AHF based upon the aggregate impact of (a) the Group's role as responsible entity of AHF and (b) the size and variable nature of returns arising from the Group's loans to AHF (as the loans provided by the Group to AHF rank pari passu for downside but not on upside at fund wind up).

Abacus Storage Fund: Based upon work undertaken by the Group in assessing the impact of AASB 10, the Group is deemed under the new standard to have control of ASF based upon the aggregate impact of (a) the Group's role as responsible entity of ASF and (b) the combined equity and working capital loan interest which can potentially deliver the Group a c36% equity interest in ASF.

Abacus Diversified Income Fund II: Based upon work undertaken by the Group in assessing the impact of AASB 10, the Group is deemed under the new standard to have control of ADIFII based upon the aggregate impact of (a) the Group's role as responsible entity of ADIFII (b) the size and variable nature of returns arising from the Group's loans to ADIFII (as the Abacus Working Capital Facility provided by the Group to ADIFII ranks pari passu on downside, but not upside, at wind up) and (c) the capital and income guarantees made by the Group to unitholders of ADIFII under the ADIFII offer documents.

Abacus Miller Street Holding Trust: Based upon work undertaken by the Group in assessing the impact of AASB 10, the Group is deemed under the new standard to have control of AMSHT based upon the aggregate impact of (a) the Group's role as responsible entity of AMSHT and (b) the Group's 30% direct interest in the fund and the relative dispersion of the remaining interests not held by the Group.

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2011****4. SEGMENT INFORMATION**

The Group predominately operates in Australia. Following are the Group's operating segments, which are regularly reviewed by the Chief Operating Decision Maker to make decisions about resources allocation and to assess performance:

- (a) Property: the segment is responsible for the investment in and ownership of commercial, retail and industrial properties. This segment also includes the equity accounting of material co-investments in property entities not engaged in development and construction projects;
- (b) Funds Management: the segment includes development, origination, co-investment and fund management revenues and expenses in addition to discharging the Group's responsible entity obligations; and
- (c) Property Ventures: provides secured lending and related property financing solutions and is also responsible for the Group's investment in joint venture and associates' development and construction projects, which includes revenue from debt and equity investments in joint ventures and associates. This segment also is responsible for the Group's investment in property securities.

Segment result includes transactions between operating segments which are then eliminated.

AASB 10 - in application of the standard the Group has consolidated the Abacus Hospitality Fund, Abacus Storage Fund, Abacus Diversified Income Fund II and the Abacus Miller Street Holding Trust. The performances of these entities which are operated as externally managed investment schemes are reviewed separately to that of the performance of the Group's business segments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

4. SEGMENT INFORMATION (continued)

	Core Segments				Non Core Segments				Unallocated/ Eliminations/ Consolidated		
	Property	Funds Management	Property Ventures	Total Core Segments	AHF	ASF	ADIFII	AMSHT	Total		
Half - year ended 31 Dec 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue											
Rental income	40,059	-	-	40,059	664	-	9,092	2,912	52,727	-	52,727
Storage income	1,388	-	-	1,388	-	21,132	-	-	22,520	-	22,520
Hotel income	1,698	-	-	1,698	26,593	-	-	-	28,291	-	28,291
Finance income	662	-	18,583	19,245	-	-	-	-	19,245	(661)	18,584
Funds mangement income	-	11,933	-	11,933	-	-	-	-	11,933	(8,390)	3,543
Net change in fair value of investment properties derecognised	1,323	-	-	1,323	-	-	-	-	1,323	-	1,323
Net change in fair value of investments and financial instruments derecognised	-	560	-	560	-	-	-	-	560	(642)	(82)
Share of profit from equity accounted investments^	2,168	1,420	479	4,067	-	-	-	-	4,067	240	4,307
Other revenue	63	723	-	786	-	-	-	-	786	(723)	63
Other unallocated revenue										1,221	1,221
Total consolidated revenue	47,361	14,636	19,062	81,059	27,257	21,132	9,092	2,912	141,452	(8,955)	132,497
 Property expenses and outgoings	(7,534)	-	-	(7,534)	(171)	13	(681)	(286)	(8,659)	371	(8,288)
Storage expenses	(556)	-	-	(556)	-	(7,426)	-	-	(7,982)	-	(7,982)
Hotel expenses	(1,813)	-	-	(1,813)	(18,855)	-	-	-	(20,668)	-	(20,668)
Depreciation, amortisation and impairment expense #	(1,807)	-	-	(1,807)	(1,997)	(103)	(168)	(92)	(4,167)	-	(4,167)
Administrative and other expenses	(3,238)	(4,564)	(1,957)	(9,759)	(877)	(923)	(180)	(187)	(11,926)	619	(11,307)
Unallocated expenses										(917)	(917)
Segment result	32,413	10,072	17,105	59,590	5,357	12,693	8,063	2,347	88,050	(8,882)	79,168

^includes fair value loss of \$365k

#includes loss on property, plant and equipment remeasured at fair value of \$694k

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

4. SEGMENT INFORMATION (continued)

	Core Segments				Non Core Segments				Unallocated/		Consolidated
	Property	Funds Management	Property Ventures	Total Core Segments	AHF	ASF	ADIFII	AMSHT	Total	Eliminations	
Half - year ended 31 Dec 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net change in fair value of investments and financial instruments held at balance date				(4,585)	1,247	(1,923)	(646)	176	(5,731)	-	(5,731)
Net change in fair value of derivatives				(20,697)	(6,465)	(4,157)	(3,017)	(741)	(35,077)	-	(35,077)
Finance costs				(19,252)	(6,841)	(8,810)	(6,485)	(2,193)	(43,581)	7,057	(36,524)
Profit / (loss) before tax and non-controlling interest				15,056	(6,702)	(2,197)	(2,085)	(411)	3,661	(1,825)	1,836
Income tax benefit / (expense)				(778)	(223)	(890)	(167)	-	(2,058)	-	(2,058)
Net profit / (loss) for the period				14,278	(6,925)	(3,087)	(2,252)	(411)	1,603	(1,825)	(222)
less non-controlling interest				(814)	1,546	1,650	-	260	2,642	-	2,642
Net profit for the period attributable to members of the Group				13,464	(5,379)	(1,437)	(2,252)	(151)	4,245	(1,825)	2,420

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

4. SEGMENT INFORMATION (continued)

	Core Segments				Non Core Segments				Unallocated/ Total Eliminations Consolidated		
	Property \$'000	Funds Management \$'000	Property Ventures \$'000	Total Core Segments \$'000	AHF \$'000	ASF \$'000	ADIFII \$'000	AMSHT \$'000	Total \$'000	Eliminations \$'000	Consolidated \$'000
Half - year ended 31 Dec 2010											
Revenue											
Rental income	35,128	-	-	35,128	642	(113)	8,384	2,996	47,037	-	47,037
Storage income	761	-	-	761	-	19,968	-	-	20,729	-	20,729
Hotel income	2,835	-	-	2,835	36,274	-	-	-	39,109	(11,000)	28,109
Finance income	662	-	9,462	10,124	-	-	-	-	10,124	(662)	9,462
Funds management income	-	11,609	-	11,609	-	-	-	-	11,609	(9,344)	2,265
Sale of inventory	78,000	-	-	78,000	-	-	-	-	78,000	-	78,000
Net change in fair value of investment properties derecognised	(120)	-	-	(120)	-	384	-	-	264	-	264
Net change in fair value of investments and financial instruments derecognised	772	-	1,592	2,364	422	469	-	-	3,255	-	3,255
Share of profit from equity accounted investments	1,922	(1,394)	(7,554)	(7,026)	-	-	-	-	(7,026)	(1,272)	(8,298)
Other revenue	3,113	569	-	3,682	149	(324)	-	-	3,507	(616)	2,891
Other unallocated revenue	-	-	-	-	-	-	-	-	-	842	842
Total consolidated revenue	123,073	10,784	3,500	137,357	37,487	20,384	8,384	2,996	206,608	(22,052)	184,556
Property expenses and outgoings	(6,007)	-	-	(6,007)	(220)	(33)	(1,047)	(387)	(7,694)	357	(7,337)
Storage expenses	(308)	-	-	(308)	-	(6,811)	-	-	(7,119)	-	(7,119)
Hotel expenses	(2,500)	-	-	(2,500)	(18,458)	-	-	-	(20,958)	-	(20,958)
Depreciation, amortisation and impairment expense	(840)	-	-	(840)	(2,257)	(135)	(48)	(82)	(3,362)	-	(3,362)
Cost of inventory sales	(63,094)	-	-	(63,094)	-	-	-	-	(63,094)	-	(63,094)
Administrative and other expenses	(5,049)	(4,158)	(2,016)	(11,223)	(874)	(947)	(416)	(191)	(13,651)	(104)	(13,755)
Unallocated expenses	-	-	-	-	-	-	-	-	-	(536)	(536)
Segment result	45,275	6,626	1,484	53,385	15,678	12,458	6,873	2,336	90,730	(22,335)	68,395

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

4. SEGMENT INFORMATION (continued)

	Core Segments				Non Core Segments				Unallocated/		Consolidated
	Property	Funds Management	Property Ventures	Total Core Segments	AHF	ASF	ADIFII	AMSHT	Total	Eliminations	
Half - year ended 31 Dec 2010	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Debt forgiveness and provisioning (AHF)				(16,000)	-	-	-	-	(16,000)	16,000	-
Net change in fair value of investments and financial instruments held at balance date				(17,462)	(304)	12,693	(7,226)	(1,920)	(14,219)	198	(14,021)
Net change in fair value of derivatives				5,819	1,863	289	2,433	615	11,019	-	11,019
Finance costs				(16,438)	(6,079)	(8,722)	(8,009)	(2,172)	(41,420)	8,293	(33,127)
Profit / (loss) before tax and non-controlling interest				9,304	11,158	16,718	(5,929)	(1,141)	30,110	2,156	32,266
Income tax benefit				1,233	(69)	(2,412)	(60)	-	(1,308)	-	(1,308)
Net profit / (loss) for the period				10,537	11,089	14,306	(5,989)	(1,141)	28,802	2,156	30,958
less non-controlling interest				(333)	(5,750)	(10,727)	-	781	(16,029)	-	(16,029)
Net profit for the period attributable to members of the Group				10,204	5,339	3,579	(5,989)	(360)	12,773	2,156	14,929

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

4. SEGMENT INFORMATION (continued)

	Core Segments					Non Core Segments					
	Property	Funds Management	Property Ventures	Total Core Segments	Unallocated	AHF	ASF	ADIFII	AMSHT	Eliminations	Consolidated
Year ended 31 Dec 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets											
Cash and cash equivalents	-	-	-	-	49,930	10,976	2,786	2,040	770	-	66,502
Trade and other receivables	-	-	-	-	13,854	3,006	614	308	143	(374)	17,551
Investment properties held for sale	157,015	-	-	157,015	-	-	-	7,000	-	-	164,015
Inventory	48,914	-	-	48,914	-	519	-	-	-	-	49,433
Property loans	-	13,802	9,715	23,517	-	-	-	-	-	(13,802)	9,715
Other financial assets	-	-	191	191	-	-	-	-	-	-	191
Other	-	-	-	-	2,515	797	470	87	2	-	3,871
Total current assets	205,929	13,802	9,906	229,637	66,299	15,298	3,870	9,435	915	(14,176)	311,278
Non-current assets											
Investment properties	670,276	-	-	670,276	-	13,250	332,177	175,235	62,800	-	1,253,738
Inventory	-	-	56,735	56,735	-	-	-	-	-	-	56,735
Property, plant and equipment	6,465	-	-	6,465	-	142,971	782	-	-	-	150,218
Property loans	18,924	170,261	131,460	320,645	-	-	-	-	-	(154,954)	165,691
Other financial assets	-	48,000	24,676	72,676	-	-	-	7,630	-	(48,181)	32,125
Equity accounted investments	109,512	33,234	10,389	153,135	-	-	-	-	-	(30,411)	122,724
Deferred tax assets	-	-	-	-	11,715	3,585	-	-	-	-	15,300
Intangible assets and goodwill	2,700	-	-	2,700	32,461	-	-	-	-	-	35,161
Trade and other receivables	-	-	6,000	6,000	-	-	-	434	-	-	6,434
Total non-current assets	807,877	251,495	229,260	1,288,632	44,176	159,806	332,959	183,299	62,800	(233,546)	1,838,126
Total assets	1,013,806	265,297	239,166	1,518,269	110,475	175,104	336,829	192,734	63,715	(247,722)	2,149,404

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

4. SEGMENT INFORMATION (continued)

	Core Segments					Non Core Segments					
	Property	Funds Management	Property Ventures	Total Core Segments	Unallocated	AHF	ASF	ADIFII	AMSHT	Eliminations	Consolidated
Year ended 31 Dec 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current liabilities											
Trade and other payables	4,384	6,185	3,534	14,103	-	8,035	5,856	2,241	939	(374)	30,800
Interest-bearing loans and borrowings	-	-	-	-	13,450	-	-	-	-	-	13,450
Derivatives at fair value	-	-	-	-	10,491	-	53	-	-	-	10,544
Income tax payable	-	-	-	-	-	-	334	36	-	-	370
Other	347	215	123	685	-	542	-	1,108	-	-	2,335
Total current liabilities	4,731	6,400	3,657	14,788	23,941	8,577	6,243	3,385	939	(374)	57,499
Non-current liabilities											
Trade and other payables	3,567	-	10,375	13,942	-	-	-	-	-	-	13,942
Interest-bearing loans and borrowings	-	-	-	-	442,243	165,665	212,411	185,055	52,815	(222,896)	835,293
Derivatives at fair value	-	-	-	-	26,846	12,489	5,034	6,376	1,711	-	52,456
Deferred tax liabilities	-	-	-	-	-	313	4,658	4,587	-	-	9,558
Other financial liabilities	-	10,000	-	10,000	-	-	-	-	-	46,210	56,210
Other	3,112	399	232	3,743	581	969	-	-	-	-	5,293
Total non-current liabilities	6,679	10,399	10,607	27,685	469,670	179,436	222,103	196,018	54,526	(176,686)	972,752
Total liabilities	11,410	16,799	14,264	42,473	493,611	188,013	228,346	199,403	55,465	(177,060)	1,030,251
Net assets	1,002,396	248,498	224,902	1,475,796	(383,136)	(12,909)	108,483	(6,669)	8,250	(70,662)	1,119,153

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

4. SEGMENT INFORMATION (continued)

	Core Segments					Non Core Segments					
	Property	Funds Management	Property Ventures	Total Core Segments	Unallocated	AHF	ASF	ADIFII	AMSHT	Eliminations	Consolidated
Year ended 30 Jun 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets											
Cash and cash equivalents	-	-	-	-	47,106	9,407	3,982	1,866	2,287	-	64,648
Trade and other receivables	-	-	-	-	11,157	2,099	2,175	272	122	(241)	15,584
Investment properties held for sale	91,131	-	-	91,131	-	-	-	-	-	-	91,131
Inventory	45,989	-	-	45,989	-	500	-	-	-	-	46,489
Property loans	-	14,211	19,324	33,535	-	-	-	-	-	(14,211)	19,324
Other financial assets	-	-	959	959	-	-	-	-	-	-	959
Other	-	-	-	-	3,260	279	233	248	94	-	4,114
Total current assets	137,120	14,211	20,283	171,614	61,523	12,285	6,390	2,386	2,503	(14,452)	242,249
Non-current assets											
Investment properties	753,127	-	-	753,127	-	12,500	331,133	178,570	62,800	-	1,338,130
Inventory	-	-	34,488	34,488	-	-	-	-	-	-	34,488
Property, plant and equipment	19,341	-	-	19,341	-	143,087	810	-	-	-	163,238
Property loans	20,757	164,785	122,084	307,626	-	-	-	-	-	(153,733)	153,893
Other financial assets	-	48,000	24,976	72,976	-	-	-	7,381	-	(48,180)	32,177
Equity accounted investments	89,116	27,528	10,643	127,287	-	-	-	-	-	(28,092)	99,195
Deferred tax assets	-	-	-	-	12,481	3,827	170	-	8	-	16,486
Intangible assets and goodwill	2,712	-	-	2,712	32,461	-	-	-	-	-	35,173
Trade and other receivables	-	-	6,000	6,000	-	-	-	-	-	-	6,000
Total non-current assets	885,053	240,313	198,191	1,323,557	44,942	159,414	332,113	185,951	62,808	(230,005)	1,878,780
Total assets	1,022,173	254,524	218,474	1,495,171	106,465	171,699	338,503	188,337	65,311	(244,457)	2,121,029

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

4. SEGMENT INFORMATION (continued)

	Core Segments					Non Core Segments					
	Property	Funds Management	Property Ventures	Total Core Segments	Unallocated	AHF	ASF	ADIFII	AMSHT	Eliminations	Consolidated
Year ended 30 Jun 2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current liabilities											
Trade and other payables	4,106	5,955	3,403	13,464	-	6,534	7,474	2,669	610	(242)	30,509
Interest-bearing loans and borrowings	-	-	-	-	13,450	-	-	-	33,916	-	47,366
Income tax payable	-	-	-	-	-	-	424	142	-	-	566
Other	394	198	113	705	2,306	556	-	-	-	-	3,567
Total current liabilities	4,500	6,153	3,516	14,169	15,756	7,090	7,898	2,811	34,526	(242)	82,008
Non-current liabilities											
Trade and other payables	3,567	-	10,008	13,575	-	-	-	-	-	-	13,575
Interest-bearing loans and borrowings	-	-	-	-	433,115	162,944	209,658	186,337	20,757	(220,943)	791,868
Derivatives at fair value	-	-	-	-	17,360	6,024	931	3,359	970	-	28,644
Deferred tax liabilities	-	-	-	-	-	331	4,499	4,478	-	-	9,308
Other financial liabilities	-	10,000	-	10,000	-	-	-	-	-	39,902	49,902
Other	3,770	367	209	4,346	-	968	-	-	-	-	5,314
Total non-current liabilities	7,337	10,367	10,217	27,921	450,475	170,267	215,088	194,174	21,727	(181,041)	898,611
Total liabilities	11,837	16,520	13,733	42,090	466,231	177,357	222,986	196,985	56,253	(181,283)	980,619
Net assets	1,010,336	238,004	204,741	1,453,081	(359,766)	(5,658)	115,517	(8,648)	9,058	(63,174)	1,140,410

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

5. REVENUE

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
(a) Finance income		
Interest and fee income on secured loans	7,583	9,462
Sale of joint venture profit share rights	11,000	-
Bank interest	1,222	843
Total finance income	19,805	10,305
(b) Funds Management Income		
Asset management fees	452	435
Property management fees	480	170
Consulting and other income	931	-
Interest on loans to funds management entities	1,680	1,660
Total funds management income	3,543	2,265
(c) Net change in fair value of investments and financial instruments derecognised		
Net change in fair value of financial instruments derecognised	-	1,663
Net change in fair value of other investments derecognised	(82)	1,592
Total net change in fair value of investments and financial instruments derecognised	(82)	3,255

6. EXPENSES

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
(a) Net change in fair value of investments held at balance date		
Net change in fair value of property securities held at balance date	325	(235)
Net change in fair value of options held at balance date	(249)	5,832
Total net change in fair value of investments held at balance date	76	5,597
(b) Finance costs		
Interest on loans	34,231	29,925
Amortisation of finance costs	2,293	3,203
Total finance costs	36,524	33,128

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

7. DISTRIBUTIONS PAID AND PROPOSED

	31 Dec 2011	31 Dec 2010
ABP Group	\$'000	\$'000
(a) Distributions paid during the period		
June 2011 half: 8.25 cents per stapled security (2010: 8.25 cents)	31,217	29,842
	31,217	29,842
(b) Distributions proposed and not recognised as a liability*		
December 2011 half: 8.25 cents per stapled security (2010: 8.25 cents)	31,907	30,558

Distributions were paid from Abacus Trust and Abacus Income Trust (which do not pay tax provided they distribute all their taxable income) hence, there were no franking credits attached.

*The interim distribution of 8.25 cents per stapled security was declared on 10 January 2012. The distribution being paid on or about 13 March 2012 will be approximately \$31.9 million. No provision for the distribution has been recognised in the balance sheet at 31 December 2011 as the distribution had not been declared by the end of the half-year.

	31 Dec 2011	31 Dec 2010
AHF	\$'000	\$'000
(a) Distributions paid during the period		
June 2011 quarter: 1.125 cents per security (2010: 2.0625 cents)	552	1,011
September 2011 quarter: 1.125 cents per security (2010: 2.0625 cents)	550	1,011
	1,102	2,022
(b) Distributions proposed and recognised as a liability		
December 2011 half: 1.125 cents per stapled security (2010: 2.0625 cents)	551	1,011

	31 Dec 2011	31 Dec 2010
ASF	\$'000	\$'000
(a) Distributions paid during the period		
September 2011 quarter: 2.1875 cents per security (2010: 2.1875 cents)	1,910	1,907
(b) Distributions proposed and recognised as a liability		
December 2011 quarter: 2.1875 cents per stapled security (2010: 2.1875 cents)	1,910	1,908

	31 Dec 2011	31 Dec 2010
AMSHT	\$'000	\$'000
(a) Distributions paid during the period		
September 2011 quarter: 1.125 cents per security (2010: Nil)	214	-
	214	-
(b) Distributions proposed and recognised as a liability		
December 2011 quarter: 1.125 cents per stapled security (2010: Nil)	214	1,908

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2011****7. DISTRIBUTIONS PAID AND PROPOSED (continued)**

	31 Dec 2011	31 Dec 2010
ADIFII	\$'000	\$'000
(a) Interim distributions paid during the period		
September 2011: rate as per unit class		
Class A units 0.75 cents per unit (2010: 2.125 cents)	80	650
Class B units 2.331 cents per unit (2010: 2.125 cents)	590	107
Class C units 1.748 cents per unit (2010: 1.545 cents)	375	53
	1,045	810
(b) Distributions proposed and recognised as a liability		
Interim distribution payable for the December 2011 quarter: rate as per unit class		
Class A units 0.75 cents per unit (2010: 2.125 cents)	80	370
Class B units 2.331 cents per unit (2010: 2.125 cents)	590	394
Class C units 1.748 cents per unit (2010: 1.545 cents)	434	131
	1,104	895

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

8. INVESTMENT PROPERTIES

	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Investment properties held for sale		
Retail	56,050	62,769
Industrial	26,840	26,840
Commercial	80,000	-
Other	1,125	1,522
Total investment properties held for sale	164,015	91,131
	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Investment properties		
Retail	283,657	285,686
Commercial	410,008	497,143
Industrial	180,115	177,019
Storage	348,908	347,983
Other	31,050	30,299
Total investment properties	1,253,738	1,338,130
Total investment properties including held for sale	1,417,753	1,429,261

The current investment properties represent 17 properties which are either subject to a sales contract or an active sales campaign. All properties are expected to be sold by 31 December 2012.

Reconciliation

A reconciliation of the carrying amount of investment properties excluding properties held for sale at the beginning and end of the half-year is as follows:

	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Carrying amount at beginning of the financial period	1,338,130	1,194,459
Straight lining rental assets	(158)	(147)
Additions and capital expenditure	16,330	213,959
Fair value adjustments for properties held at balance date	(3,745)	9,678
Transfers	-	(31,874)
Disposals	(13,736)	(15,970)
Effect of movements in foreign exchange	(983)	(3,229)
Properties transferred to held for sale	(82,100)	(28,746)
Carrying amount at end of the financial year	1,253,738	1,338,130

Investment properties are carried at the Directors' determination of fair value. The determination of fair value includes reference to the original acquisition cost together with capital expenditure since acquisition and either the latest full independent valuation, latest independent update or directors' valuation. Total acquisition costs include incidental costs of acquisition such as property taxes on acquisition, legal and professional fees and other acquisition related costs.

During the half-year the Directors approved a revised valuation policy for the Group whereby all assets must be independently valued at least every two years (previously annually). The key underlying assumptions, on a portfolio basis, contained within the independent and director valuations above are as follows:

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2011****8. INVESTMENT PROPERTIES (continued)****Abacus Property Group***

- A weighted average capitalisation rate for each category is as follows;
 - Group – 8.43% (30 June 2011: 8.50%)
 - Retail – 8.12% (30 June 2011: 8.07%)
 - Commercial – 8.42% (30 June 2011: 8.56%)
 - Industrial – 9.39% (30 June 2011: 9.41%)
 - Other – 8.55% (30 June 2011: 8.76%)
- The current occupancy rate for the portfolio is 92.1% (30 June 2011: 92.8%).
- A weighted average rent review for the 12 months to 31 December 2012 of 3.2% (30 June 2011: 3.0%).

As at 31 December 2011, 2% of the number of properties in the portfolio was subject to external valuations, the remaining 98% was subject to internal valuation.

Abacus Storage Fund

- A weighted average capitalisation rate of 9.13% (30 June 2011: 9.2%)
- The established weighted average occupancy level, after assessing historical performance and other critical matters likely to affect occupancy performance is 89.71%
- Current storage fee rates

As at 31 December 2011, 40% of the number of properties in the portfolio was subject to external valuations, the remaining 60% was subject to internal valuation.

Abacus Diversified Income Fund II

- A weighted average capitalisation rate for each category is as follows;
 - Office – 9.30% (30 June 2011: 9.27%)
 - Industrial – 8.86% (30 June 2011: 8.75%)
 - Retail – 8.00% (30 June 2011: 8.25%)
- The current occupancy rate for the portfolio is 95% (30 June 2011: 94%)
- A weighted average rent review for the 12 months to 31 December 2012 of 3.36% (30 June 2011: 3.29%)

As at 31 December 2011, 26% of the number of properties portfolio was subject to external valuations, the remaining 74% was subject to internal valuation.

* Excludes Abacus Hospitality Fund, Abacus Storage Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2011****8. INVESTMENT PROPERTIES (continued)****Abacus Miller Street Holding Trust**

- A capitalisation rate of 8.25% (30 June 2011: 8.25%)
- The current occupancy rate of the property is 98% (30 June 2011: 98%) which is not expected to materially change during the period relevant to the valuation based on a conservative 50% tenant retention rate
- A weighted average rent review for the 12 months to 31 December 2012 of 4.0% (30 June 2011: 4.0%)

The property was internally valued as at 31 December 2011.

The independent and director valuations are based on common valuation methodologies including capitalisation and discounted cash flow approaches, which have regard to recent market sales evidence. Accordingly, the directors' valuations at 31 December 2011 have regard to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

The majority of the investment properties are used as security for secured bank debt.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

9. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Land and buildings		
At 1 July, net of accumulated depreciation	144,999	161,709
Additions	148	561
Disposals	(11,991)	(9,688)
Revaluations	944	(3,275)
Effect of movements in foreign exchange	(163)	(2,034)
Depreciation charge for the period	(967)	(2,274)
At end of period, net of accumulated depreciation	132,970	144,999
Fair value	145,151	156,237
Accumulated depreciation	(12,181)	(11,238)
Net carrying amount at end of period	132,970	144,999
Plant and equipment		
At 1 July, net of accumulated depreciation	18,239	18,471
Additions	520	3,129
Disposals	(189)	(108)
Effect of movements in foreign exchange	18	(154)
Depreciation charge for the period	(1,340)	(3,099)
At end of period, net of accumulated depreciation	17,248	18,239
Fair value	36,087	35,970
Accumulated depreciation	(18,839)	(17,731)
Net carrying amount at end of period	17,248	18,239
Total	150,218	163,238

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Property, plant and equipment		
Hotel properties ⁽¹⁾	148,471	149,330
Budget lodge / hostel accommodation	-	12,028
Storage properties	1,650	1,747
Office Equipment / furniture and fittings	97	133
Total property, plant and equipment	150,218	163,238

The property, plant and equipment are carried at the directors' determination of fair value. The determination of fair value includes reference to the original acquisition cost together with capital expenditure since acquisition and either the latest full independent valuation, latest independent update or directors' valuation. Total acquisition costs include incidental costs of acquisition such as property taxes on acquisition, legal and professional fees and other acquisition related costs.

(1) Includes pub properties but excludes the value of licences that are accounted for separately as intangibles.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

9. PROPERTY, PLANT AND EQUIPMENT (continued)

The independent and director valuations are based on common valuation methodologies including capitalisation and discounted cash flow approaches, which have regard to recent market sales evidence. Accordingly, the directors' valuations at 31 December 2011 have regard to market sales evidence in adopting a market valuation for each property including the key assumptions outlined.

10. PROPERTY LOANS AND OTHER FINANCIAL ASSETS

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
(a) Current property loans		
Secured loans - amortised cost ⁽ⁱ⁾	9,629	17,794
Interest receivable on secured loans - amortised cost	86	1,530
	9,715	19,324
(b) Non-current property loans		
Secured loans - amortised cost ⁽ⁱ⁾	146,319	129,797
Interest receivable on secured loans - amortised cost	19,372	24,096
	165,691	153,893
(c) Non-current other financial assets		
Investments in securities - unlisted - fair value	4,495	4,796
Other financial assets - fair value ⁽ⁱⁱ⁾	27,630	27,381
	32,125	32,177

- (i) Mortgages are secured by real property assets. The current facilities are scheduled to mature and are expected to be realised on or before 31 December 2012 and the non-current facilities will mature between 1 January 2013 and 24 December 2018. An amount of \$31.7 million (30 June 2011: \$31.8 million) is a loan to Abacus Wodonga Land Fund, a related party.
- (ii) Abacus enters into loans and receivables with associated options that provide for a variety of outcomes including repayment of principal and interest, satisfaction through obtaining interests in equity or property or combinations thereof. At the end of the period, the maximum exposure to credit risk in relation to these instruments was \$27.6 million (30 June 2011 \$27.4 million).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Investment in associates	11(i)	-	-
Investment in joint ventures	11(ii)	122,724	99,195
		122,724	99,195

(a) Details of Associates and Joint Ventures

(i) Associates

	Principal Activity	31 Dec 2011 %	30 Jun 2011 %	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Abacus Wodonga Land Fund ⁽¹⁾	Land subdivision	15	15	-	-
				-	-

(ii) Joint Ventures

	Principal Activity	ownership interest		carrying value	
		31 Dec 2011 %	30 Jun 2011 %	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Abacus Aspley Village Trust	Property investment	33	33	10,224	9,944
Abacus Rosebery Property Trust	Property development	50	50	1,640	1,900
Abwill 350 George St Trust	Property development	50	50	6,828	6,862
Birkenhead Point Marina Pty Ltd ⁽²⁾	Marina operator	50	50	419	248
Fordtrans Pty Ltd (Virginia Park)	Property investment	50	50	59,898	57,524
Hampton Residential Retirement Trust	Property development	50	50	4,676	4,657
Jigsaw Trust	Childcare operator	50	50	9,784	9,013
Pakenham Valley Unit Trust	Land subdivision	50	50	21	150
The Abacus Colemans Road Trust	Property development	50	50	1,704	1,717
The Mount Druitt Unit Trust	Property investment	50	50	493	452
The Tulip Unit Trust	Property development	50	50	1,856	1,766
309 George St JV Trust	Property investment	25	-	11,224	-
Australian Aggregation Head Trust	Property investment	25	25	13,957	4,962
				122,724	99,195

(1) Abacus Funds Management Limited acts as the Responsible Entity of the Fund

(2) Operates the marina adjacent to the Birkenhead Point Shopping Centre in Drummoyne NSW.

(b) Extract from associates and joint ventures' profit & loss statements

	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Revenue	35,112	99,427
Expenses	(26,368)	(127,823)
Net profit / (loss)	8,744	(28,396)
Share of net profit / (loss)	4,307	(8,298)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(c) Extract from associates and joint ventures' balance sheets

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Current assets	42,106	42,662
Non-current assets	581,517	387,664
	623,623	430,326
Current liabilities	(26,462)	(29,872)
Non-current liabilities	(278,663)	(160,286)
	(305,125)	(190,158)
Net assets	318,498	240,168
Share of net assets	122,724	99,195

Material investments in joint ventures follows.

Fordtrans Pty Ltd (Virginia Park) ("VP")

The Group has a 50% interest in the ownership and voting rights of Fordtrans Pty Ltd. VP's principal place of business is in Bentleigh East, Victoria.

VP owns a sizeable Business Park providing a mixture of industrial and office buildings as well as supporting facilities including gymnasium, swim centre, child care centre, children's play centre, cafe, yoga centre and martial arts centre. The site has recently been enhanced following the purchase of a neighbouring site that offers expansion potential and residential opportunity.

The Group jointly controls the venture with the other partner under the terms of Unitholders Agreement and requires unanimous consent for all major decisions over the relevant activities.

The Group's share of income (including distributions) for the period ended 31 December 2011 was \$2.27 million (31 December 2010: \$1.86 million).

Summarised Financial Information

Summarised financial information in respect of VP is as follows:

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Cash & cash equivalents	1,961	865
Other current assets	5,963	6,705
Total current assets	7,924	7,570
Total non-current assets	177,133	186,740
Total assets	185,057	194,310
Other current liabilities	872	1,149
Total current liabilities	872	1,149
Non-current financial liabilities	64,389	64,389
Total non-current liabilities	64,389	64,389
Total liabilities	65,261	65,538
Net assets	119,796	128,772

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)**Fordtrans Pty Ltd (Virginia Park) (“VP”) (continued)***Summarised Statement of Comprehensive Income*

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Revenue	5,247	5,975
Interest income	772	1,358
Interest expense	(1,717)	(2,106)
Profit before tax	4,302	3,721
Income tax expense	-	-
Total comprehensive income	4,302	3,721

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

12. INTEREST BEARING LOANS AND BORROWINGS

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Abacus Property Group*		
Current		
Bank loans - A\$	13,450	13,450
	13,450	13,450
Abacus Miller Street Holding Trust		
Current		
Bank loans - A\$	-	34,000
Less: Unamortised borrowing costs	-	(84)
	-	33,916
(a) Total current	13,450	47,366
Abacus Property Group*		
Non-current		
Bank loans - A\$	425,252	420,270
Other loans - A\$	23,736	18,680
Less: Unamortised borrowing costs	(6,741)	(5,835)
	442,247	433,115
Abacus Hospitality Fund		
Non-current		
Bank loans - A\$	49,240	49,240
Bank loans - A\$ value of NZ\$ denominated loan	19,450	19,739
Loans from related parties	24,292	23,339
Less: Unamortised borrowing costs	(585)	(606)
	92,397	91,712
Abacus Storage Fund		
Non-current		
Bank loans - A\$	125,732	125,732
Bank loans - A\$ value of NZ\$ denominated loan	51,529	52,301
Less: Unamortised borrowing costs	(1,549)	(1,955)
	175,712	176,078
Abacus Diversified Income Fund II		
Non-current		
Bank loans - A\$	91,718	91,718
Less: Unamortised borrowing costs	(672)	(755)
	91,046	90,963
Abacus Miller Street Holding Trust		
Non-current		
Bank loans - A\$	34,000	-
Less: Unamortised borrowing costs	(109)	-
	33,891	-
(b) Total non-current	835,293	791,868

* Excludes Abacus Hospitality Fund, Abacus Storage Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

12. INTEREST BEARING LOANS AND BORROWINGS (continued)

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
(c) Maturity profile of current and non-current interest bearing loans		
Due within one year	13,450	47,450
Due between one and five years	844,949	742,072
Due after five years	-	58,947
	858,399	848,469

Abacus Property Group*

The Group maintains a range of interest-bearing loans and borrowings. The sources of funding are spread over a number of counterparties and the terms of the instruments are negotiated to achieve a balance between capital availability and cost of debt.

Bank loans are \$A denominated and are provided by several banks at interest rates that include both fixed and floating arrangements. The loans are denominated in Australian dollars and the term to maturity varies from June 2012 to December 2015. The bank loans are secured by charges over the investment properties, certain inventory and certain property, plant and equipment.

Approximately 93.4% (30 June 2011: 57.6%) of bank debt drawn was subject to fixed rate arrangements with a weighted average term to maturity of 3.84 years (30 June 2011: 4.13 years).

APG's weighted average interest rate as at 31 December 2011 was 7.38% (30 June 2011: 7.84%). Line fees on undrawn facilities contributed to 0.51% of the weighted average interest rate at 31 December 2011 (30 June 2011: 0.50%). APG's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2011 was 6.87% (30 June 2011: 7.33%).

* Excludes Abacus Hospitality Fund, Abacus Storage Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

Abacus Hospitality Fund

AHF has financed its Australasian hotel portfolio via an \$A and \$NZ facility provided by a major Australian bank which matures in June 2014. The facility is secured by a charge over the investment properties and certain property, plant and equipment and at 31 December 2011 approximately 68.1% (30 June 2011: 67.9%) of drawn bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 5.1 years (30 June 2011: 5.6 years).

AHF's weighted average interest rate as at 31 December 2011 was 8.31% (30 June 2011: 8.22%). Line fees on undrawn facilities contributed to 0.39% of the weighted average interest rate at 31 December 2011 (30 June 2011: 0.19%). AHF's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2011 was 7.92% (30 June 2011: 8.03%).

Abacus Storage Fund

ASF has financed its Australasian self storage portfolio via an \$A and \$NZ facility provided by a club of major Australian banks which matures in August 2013. The facility is secured by a charge over ASF's investment properties and at 31 December 2011 approximately 89.9% (30 June 2011: 77.9%) of drawn bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 2.2 years (30 June 2011: 2.4 years).

ASF's weighted average interest rate as at 31 December 2011 was 7.82% (30 June 2011: 8.03%). Line fees on undrawn facilities contributed to 0.13% of the weighted average interest rate at 31 December 2011 (30 June 2011: 0.11%). ASF's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2011 was 7.69% (30 June 2011: 7.92%).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

12. INTEREST BEARING LOANS AND BORROWINGS (continued)

Abacus Diversified Income Fund II

ADIFII has financed its Australian investment property portfolio via two \$A facilities provided by a two major Australian banks which matures in September 2013 and September 2014 respectively.

The facilities is secured by charges over ADIF II's investment properties and at 31 December 2011 approximately 85.6% (June 2011: 85.6%) of drawn bank debt facilities were subject to fixed rate arrangements with a weighted average term to maturity of 0.9 years (June 2011: 1.4 years).

ADIF II's weighted average interest rate as at 31 December 2011 was 8.61% (30 June 2011: 8.90%). Line fees on undrawn facilities contributed to 0.34% of the weighted average interest rate at 31 December 2011 (30 June 2011: 0.31%). ADIFII's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2011 was 8.27% (30 June 2011: 8.59%).

Abacus Miller Street Holding Trust

The Miller Street investment property is financed by a major Australian bank via a secured charge. The facility expires September 2013. AMSHT has hedged 97.1% of its drawn debt (97.1% 30 June 2011) and at reporting date AMSHT's weighted average interest rate as at 31 December 2011 was 8.13% (30 June 2011: 8.61%). Line fees on undrawn facilities contributed to 0.08% of the weighted average interest rate at 31 December 2011 (30 June 2011: 0.00%). AMSHT's weighted average interest rate excluding the undrawn facilities line fees as at 31 December 2011 was 8.05% (30 June 2011: 8.61%).

(d) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Abacus Property Group*		
Total facilities - bank loans	617,907	607,907
Facilities used at reporting date - bank loans	(438,702)	(433,720)
Facilities unused at reporting date - bank loans	179,205	174,187
Abacus Hospitality Fund		
Total facilities - bank loans	77,866	78,261
Facilities used at reporting date - bank loans	(68,690)	(68,979)
Facilities unused at reporting date - bank loans	9,176	9,282
Abacus Storage Fund		
Total facilities - bank loans	190,000	190,000
Facilities used at reporting date - bank loans	(177,261)	(178,025)
Facilities unused at reporting date - bank loans	12,739	11,975
Abacus Diversified Income Fund		
Total facilities - bank loans	104,577	104,577
Facilities used at reporting date - bank loans	(91,718)	(91,719)
Facilities unused at reporting date - bank loans	12,859	12,858
Abacus Miller Street Holding Trust		
Total facilities - bank loans	35,000	34,000
Facilities used at reporting date - bank loans	(34,000)	(34,000)
Facilities unused at reporting date - bank loans	1,000	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

12. INTEREST BEARING LOANS AND BORROWINGS (continued)

Abacus Property Group*

These facilities comprise fixed and floating rate secured facilities.

The Group's debt facilities are secured first mortgage facilities – they are collateralised by the Group's real estate assets. Full utilisation of available facilities would require additional real estate assets to collateralise draw downs. Facility readily available at reporting date based upon (a) existing secured property assets and (b) a targeted Group Gearing ratio (Total Debt – Cash / Total Assets – Cash) of between 30% to 35% is \$55.0 million (30 June 2011: \$64.2 million). Cash on hand at reporting date is \$49.9 million (30 June 2011: \$45.5 million).

In December the Group refinanced its \$400 million syndicated bank debt facility (maturing in August 2013) with a new tranchised \$200 million three year and \$200 million four year facility and its \$80 million working capital bank debt facility (which also had an August 2013 maturity) with a new \$100 million facility with ANZ.

Abacus' \$70m bilateral facility, which had a December 2012 maturity, has been renewed with ANZ to September 2014. Finally, Abacus has also amended the terms of its ANZ funded Metcash portfolio facility by reducing both the available facility by \$10m and its term by 2.25 years. These amendments have provided Abacus with a \$34 million facility with a March 2013 maturity date.

Note 15 Capital Management sets information on key banking covenants for both APG and its consolidated managed funds.

* Excludes Abacus Hospitality Fund, Abacus Storage Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

(e) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

	Note	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Current			
<i>First mortgage</i>			
Investment properties held for sale	8	164,015	91,131
Total current assets pledged as security		164,015	91,131
Non-current			
<i>First mortgage</i>			
Freehold land and buildings		5,188	19,325
Property, plant and equipment		143,754	143,897
Inventory		105,508	80,378
Investment properties	8	1,253,738	1,338,130
Total non-current assets pledged as security		1,508,188	1,581,730
Total assets pledged as security		1,672,203	1,672,861

(f) Defaults and breaches

During the current and prior periods, there were no defaults or breaches on any of the loans.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

13. CONTRIBUTED EQUITY

	31 Dec 2011 \$'000	30 Jun 2011 \$'000
(a) Issued stapled securities		
Stapled securities	1,189,296	1,172,136
Issue costs	(32,436)	(32,312)
Total contributed equity	1,156,860	1,139,824

(b) Movement in stapled securities on issue

	Stapled securities	
	Number '000	Value \$'000
At 30 June 2011	378,484	1,139,824
- distribution reinvestment plan	8,268	17,159
- less transaction costs	-	(123)
Securities on issue at 31 December 2011	386,752	1,156,860

14. EARNINGS PER STAPLED SECURITY

	31 Dec 2011	31 Dec 2010
Basic and diluted earnings per stapled security (cents)	0.63	4.05

Reconciliation of earnings used in calculating earnings per stapled security

Basic and diluted earnings per stapled security

Net profit (\$'000)	2,420	14,929
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Weighted average number of shares:

Weighted average number of stapled securities for basic earning per security ('000)	384,730	368,686
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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

15. CAPITAL MANAGEMENT

Abacus Property Group*

The Group seeks to manage its capital requirements through a mix of debt and equity funding. It also ensures that Group entities comply with capital and distribution requirements of their constitutions and/or trust deeds, the capital requirements of relevant regulatory authorities and continue to operate as going concerns. The Group also protects its equity in assets by taking out insurance.

The Group assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. In addition to tracking actual against budgeted performance, the Group reviews its capital structure to ensure sufficient funds and financing facilities, on a cost effective basis are available to implement the Group's strategy that adequate financing facilities are maintained and distributions to members are made within the stated distribution guidance (i.e. paid out of normalised profits).

The Group actively manages its capital via the following strategies: issuing new stapled securities, activating its distribution reinvestment plan (presently active at 2.5% discount to VWAP but not underwritten), electing to have the dividend reinvestment plan underwritten, adjusting the amount of distributions paid to members, activating a security buyback program, divesting assets, active management of the Group's fixed rate swaps, directly purchasing assets in managed funds or (where practical) recalibrating the timing of transactions and capital expenditure so as to avoid a concentration of net cash outflows.

The Group manages the cash flow effect of interest rate risk by entering into interest rate swap agreements that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate swap contracts have been recorded on the Statement of Financial Position at their fair value in accordance with AASB 139 Financial Instruments: Recognition and Measurement. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances, as a result derivatives do not qualify for hedge accounting and are recorded at fair value through the Statement of Income.

The change in fair value on the derivatives this period has been a result of falling interest rates and volatility in interest rate curves.

* Excludes Abacus Hospitality Fund, Abacus Storage Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

A summary of the Group's key banking covenants are set out below:

Covenant	Covenant Requirement	Key Details
Nature of facilities	Secured, non recourse ¹	The Group has no unsecured facilities
ICR	> 1.5	Net rental income / interest expense (on bank loans)
Group ICR	> 2.0 ²	Group EBITDA (ex fair value P&L and impairment to goodwill and intangibles) / total interest expense
Total Gearing	< 50% ²	Total liabilities (net of cash) / total tangible assets (net of cash)
LVR	< 55% to 67.5% ⁴	Drawn loan / bank accepted valuations
Gearing ratio on a look through basis	< 60% ³	ABP gearing plus gearing from proportional consolidation of equity accounted investments

1. There are no market capitalisation covenants.

2. Condition of the current \$400m Syndicated facility, \$100m Working Capital facility and the \$70m Bilateral facility.

3. Condition of the \$100m Working Capital Facility and \$400m Syndicated facility.

4. The 67.5% LVR for the new Working Capital Facility is maintained but will step down to 65.0% from 1 July 2012.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

15. CAPITAL MANAGEMENT (continued)

Consolidated Funds

The Capital Management approach and strategies employed by the Group are also deployed for the funds ABP manages and which are consolidated in these accounts – AHF, ASF, ADIFII and AMSHT (or the Consolidated Funds).

Points unique to the capital management of these respective funds are:

- The Consolidated Funds via their responsible entities comply with capital and distribution requirements of their constitutions and/or deeds, the capital requirements of relevant regulatory authorities and continue to operate as going concerns
- There are currently no DRP discounts for any of the Funds.

A summary of banking covenants – by fund – is set out below:

Covenant	AHF	ASF	ADIF II	AMSHT
Nature of facilities	Secured, non recourse	Secured, non recourse	Secured, non recourse	Secured, non recourse
LVR Covenant	55% ¹	55% ^{3, 4}	50% - 57.5% ³	57.5% ³
ICR Covenant	1.5 ²	1.55 ^{5, 6}	1.5 ⁵	1.5 ⁵

1. Drawn loan less cash secured / bank accepted valuations

2. Underlying EBITDA (ex fair value P&L) / interest expense paid to banks

3. Drawn loan / bank accepted valuations

4. The 55% LVR for the Working Capital Facility is maintained but will step down to 52.5% from 1 July 2012 and to 50% from 1 January 2013

5. Net rental income / interest expense paid to banks

6. The ICR of 1.55 is maintained but will step up to 1.60 from 1 January 2012, to 1.65 from 1 July 2012 and to 1.75 from 1 January 2013.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

16. INTEREST IN SUBSIDIARIES

(a) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries with material non-controlling interest:

Name of Entity	Principal place of business	% held by NCI	Profit/(loss) allocated to NCI \$'000	Accumulated NCI \$'000
31 December 2011				
Abacus Hospitality Fund	Australia	90	1,546	31,367
Abacus Storage Fund	Australia	80	1,650	86,031
Abacus Miller Street Holding Trust	Australia	70	260	5,775
			3,456	123,173
31 December 2010				
Abacus Hospitality Fund	Australia	90	(5,750)	33,803
Abacus Storage Fund	Australia	80	(10,727)	92,777
Abacus Miller Street Holding Trust	Australia	70	781	6,335
			(15,696)	132,915

The country of incorporation is the same as the principal place of business, unless stated otherwise.

Significant Restrictions

There are no significant restrictions.

(b) Summarised financial information about subsidiary with material NCI

Summarised statement of financial position

	31 Dec 2011 \$'000	30 Jun 2011 \$'000
Abacus Hospitality Fund		
Current assets	15,298	12,285
Current liabilities	(8,577)	(7,090)
Net current assets	6,721	5,195
Non-current assets	159,806	159,414
Non-current liabilities	(179,436)	(170,267)
Net non-current assets	(19,630)	(10,853)
Net assets	(12,909)	(5,658)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

16. INTEREST IN SUBSIDIARIES (continued)

(c) Summarised financial information about subsidiary with material NCI (continued)

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Abacus Storage Fund		
Current assets	3,870	6,390
Current liabilities	(6,243)	(7,898)
Net current assets	(2,373)	(1,508)
Non-current assets	332,959	332,113
Non-current liabilities	(222,103)	(215,088)
Net non-current assets	110,856	117,025
Net assets	108,483	115,517

	31 Dec 2011	30 Jun 2011
	\$'000	\$'000
Abacus Miller Street Holding Trust		
Current assets	915	2,503
Current liabilities	(939)	(34,526)
Net current assets	(24)	(32,023)
Non-current assets	62,800	62,808
Non-current liabilities	(54,526)	(21,727)
Net non-current assets	8,274	41,081
Net assets	8,250	9,058

Summarised statement of comprehensive income

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Abacus Hospitality Fund		
Revenue	27,440	37,677
Profit / (loss) before income tax	(6,518)	11,345
Income tax expense	(224)	(68)
Profit / (loss) after tax	(6,742)	11,277
Other comprehensive income	1,146	(1,906)
Total comprehensive income	(5,596)	9,371

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

16. INTEREST IN SUBSIDIARIES (continued)

(c) Summarised financial information about subsidiary with material NCI (continued)

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Abacus Storage Fund		
Revenue	21,183	20,440
Profit / (loss) before income tax	(2,146)	16,775
Income tax expense	(890)	(2,412)
Profit / (loss) after tax	(3,036)	14,363
Other comprehensive income	(208)	(838)
Total comprehensive income	(3,244)	13,525

	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
Abacus Miller Street Holding Trust		
Revenue	2,950	3,020
Loss before income tax	(374)	(1,117)
Income tax expense	-	-
Loss after tax	(374)	(1,117)
Other comprehensive income	-	-
Total comprehensive income	(374)	(1,117)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

17. OTHER FINANCIAL LIABILITIES

Abacus Property Group*

The Group has provided the following guarantees to the ADIFII:

Unit Type	Cash Distribution Yield Guarantee	Capital Return Guarantee
Existing Units \$1.00 (Class A)	8.5% pa until 30 June 2011 and based on the actual distributable cash of the Fund thereafter.	\$1.00 per unit at 30 September 2013 if the net assets per Unit are less than \$1.00 at 30 June 2013.
Converted Units \$1.00 (Class B)	9% pa until 30 June 2011 and 9.0% pa plus indexation thereafter (indexed in line with inflation in each year after 1 July 2011).	\$1.00 per Unit at Fund termination (effective on 30 June 2016).
New Units \$0.75 (Class C)	9% until 30 June 2011 and 9% pa plus indexation thereafter (indexed in line with inflation in each year after 1 July 2011).	\$0.75 per Unit at Fund termination (effective on 30 June 2016).

The Underwritten Distributions will be achieved by deferring the interest on the Working Capital Facility or by deferring any of the fees payable to the Group under the constitution of ADIFII (or a combination of these things) or in any other way the Group considers appropriate. Any interest or fee deferral or other funding support may be recovered if the actual cash distribution exceeds the cash required to meet the underwritten distribution at the expiration of the Fund term or on a winding up of the Fund.

The Underwritten Capital Return will apply to all ADIFII units on issue as at 1 July 2013 (Class A) or on or after 1 July 2016 (Class B and C). At the time the Group will make an offer to acquire each Class A unit for \$1.00, or ensure that each holder of Class B units receives back their \$1.00 initial capital and each holder of Class C units receives back their \$0.75 initial capital. The Underwritten Capital returns can be satisfied at the Group's discretion (Class A) through either a payment in cash or by the Group issuing stapled securities in APG to an equivalent value based on the 10 day volume weighted average price of APG's stapled securities over the period ending on 30 June 2013 or prior to issuing stapled securities as applicable.

After 30 June 2016 the Group will, if required, set off all or part of the principal of the second secured Working Capital Facility loan provided to ADIFII in satisfaction of the Group's obligations in respect of the Underwritten Capital Return in respect of the Class B and Class C units.

As a result of the consolidation of ADIFII under AASB10 the underwritten capital guarantee results in ADIFII's units on issue being classified as a liability and at the end of the period the value was \$55.8 million (30 June 2011: \$47.3 million).

* Excludes Abacus Hospitality Fund, Abacus Storage Fund, Abacus Diversified Income Fund II and Abacus Miller Street Holding Trust

NOTES TO THE FINANCIAL STATEMENTS**31 DECEMBER 2011****18. COMMITMENTS AND CONTINGENCIES**

There are no contingent assets or liabilities at 31 December 2011.

19. EVENTS AFTER BALANCE SHEET DATE

On 24 February 2012 the ABP and Abacus Storage Fund securityholders approved the proposal to merge the ABP Group and Abacus Storage Fund into a single listed A-REIT by stapling the ABP Group and Abacus Storage Fund securities so that they will be traded together on the Australian Securities Exchange as ABP. The implementation date for the merger will be 6 March 2012 and trading in the new stapled securities will commence on 14 March 2012.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Abacus Group Holdings Limited, 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) giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date for the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (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
Chairman
Sydney, 29 February 2012



Frank Wolf
Managing Director

To the members of Abacus Group Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Abacus Group Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated income statement, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 Interim and Other Financial Reports 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 2011 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*. 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 attached to 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 half-year financial report of Abacus Group Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, likely belonging to K. Zdrilic.

K. Zdrilic
Partner
Sydney
29 February 2012