

**Lifestyle Communities Limited  
ABN 11 078 675 153  
And Controlled Entities**

**Half-Year Information  
For the six months ended 31 December 2012**

**Provided to the ASX under Listing Rule 4.2A**

**This half-year financial report is to be read in conjunction with the financial report for  
the year ended 30 June 2012.**

# Appendix 4D

## Half Year Report for the six months to 31 December 2012

Name of entity: Lifestyle Communities Limited

ABN or equivalent company reference: 11 078 675 153

### 1. Reporting period

Report for the half year ended: 31 December 2012

Previous corresponding periods: Half- year ended 31 December 2011

### 2. Results for announcement to the market

Revenues from ordinary activities ( <i>item 2.1</i> )	Down	14% to	\$15,767,271
Profit (loss) from ordinary activities after tax attributable to members ( <i>item 2.2</i> )	Down	50% to	\$ 2,041,536
Net profit (loss) for the period attributable to members ( <i>item 2.3</i> )	Down	50% to	\$ 2,041,536
<b>Dividends (<i>item 2.4</i>)</b>		Amount per security	Franked amount per security
Interim dividend		Nil	Nil
Final dividend		0.5 cents	0.5 cents
Previous corresponding period			
Interim dividend		Nil	Nil
Final dividend		0.5cents	0.5 cents
Record date for determining entitlements to the dividend ( <i>item 2.5</i> )			N/A
Brief explanation of any of the figures reported above necessary to enable the figures to be understood ( <i>item 2.6</i> ): Please refer to the Review of Operations and Significant Changes in the State of Affairs sections contained in the attached Directors' Report.			

**3. Net tangible assets per security (item 3)**

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	7.7 cents	8.2 cents

**5. Dividends (item 5)**

	Date of payment	Total amount of dividend
Final dividend year ended 30 June 2012	26 October 2012	\$2,310,866

**Amount per security**

	Amount per security	Franked amount per security at % tax
<b>Total dividend:</b> Current year – final 2012	0.5 cents	100%
Previous year – final 2011	0.5 cents	100%

**Total dividend on all securities**

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	\$2,311	\$2,310
<b>Total</b>	<b>\$2,311</b>	<b>\$2,310</b>

**7. Details of joint venture entities (item 7)**

Name of joint venture entity	% Securities held
Cameron Street Developments Trust (Lifestyle Cranbourne)	50%
Lifestyle Chelsea Heights Unit Trust (Lifestyle Chelsea Heights)	50%

**Aggregate share of profits (losses) of joint venture entities**

<b>Group's share of joint venture entities':</b>	2012 \$	2011 \$
Profit/(loss) from ordinary activities before tax	749,564	644,389
Income tax on ordinary activities	-	-
<b>Net profit/(loss) from ordinary activities after tax</b>	749,564	644,389
Adjustments	-	-
<b>Share of net profit/(loss) of joint venture entities</b>	749,564	644,389

**8. The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).**

**9. Independent review of the financial report (item 9)**

*The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.*



**Lifestyle Communities Limited**

**ABN 11 078 675 153**

**and Controlled Entities**

**Financial Report**

**for the Half-Year Ended**

**31 December 2012**

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2012.



## CONTENTS

<b>CORPORATE INFORMATION .....</b>	<b>1</b>
<b>DIRECTORS' REPORT .....</b>	<b>2</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION .....</b>	<b>5</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.....</b>	<b>6</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....</b>	<b>7</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....</b>	<b>8</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS .....</b>	<b>9</b>
<b>NOTES TO THE HALF YEAR FINANCIAL STATEMENTS.....</b>	<b>10</b>
<b>DIRECTORS' DECLARATION .....</b>	<b>13</b>
<b>INDEPENDENT AUDITOR'S REVIEW REPORT .....</b>	<b>14</b>

## Corporate Information

Lifestyle Communities Limited	ABN 11 078 675 153
Registered Office	Level 2, 35 Market Street South Melbourne Vic 3205 Australia
Directors	Tim Poole – Non-Executive Chairman James Kelly – Managing Director Bruce Carter – Executive Director, Finance Dael Perlov – Executive Director, Operations James Craig – Non-Executive Director
Company Secretary	Geoff Hollis
Principal Place of Business	Level 2, 35 Market Street South Melbourne Vic 3205 Australia
Share Registry	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street, Abbotsford Victoria 3067 Telephone 61 3 9415 5000 Fax 61 3 9473 2500. Investor queries (within Australia) 1300 850 505
Solicitors	Herbert Geer Level 20, 385 Bourke Street Melbourne VIC 3000 Australia
Bankers	Westpac Banking Corporation Limited 360 Collins Street Melbourne Vic 3000 Australia
Auditors	Pitcher Partners Accountants Auditors & Advisors Level 19, 15 William Street Melbourne VIC 3000 Australia

## Directors' Report

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Lifestyle Communities Limited and the entities it controlled for the half year ended 31 December 2012. The independent auditor's review report is also attached. This financial report has been prepared in accordance with Australian Accounting Standards.

## Review of Operations

### Settlements and annuity cash flows

Lifestyle Communities settled 68 new homes (51 net of joint ventures) during the half year ended 31 December 2012. The total number of homes settled as at 31 December 2012 are 614 (557 net of joint ventures) an increase of 13% from 30 June 2012. The company also settled four resale homes during the half year compared with six during the half year ended 31 December 2011.

Gross cash flows received from site rental and deferred management fees during the half year ended 31 December 2012 increased by approximately 34% to \$2.4 million (2011: \$1.8 million).

### Assets, liabilities and equity

During the December half Lifestyle Communities completed an entitlement offer and placement to raise gross proceeds of \$36.5 million. Settlement occurred on 21 December 2012. The proceeds have been distributed as follows:

- Repaid \$16.8 million from the loan note facility;
- Repaid \$2.6 million bank facility in relation to the Hastings land acquisition;
- Incurred costs of \$1.2 million in equity raising fees and expenses;
- \$15.9 million has been added to the equity pool for the development of new communities and to provide a minimum liquidity buffer.

The entitlement offer and placement has materially changed the company's balance sheet as at 31 December 2012 with the major changes being:

- Total assets are up by 20% to \$126.4 million (30 June 2012: \$105.4 million);
- Net assets are up by 92% to \$77.2 million (30 June 2012: \$40.1 million);
- Interest bearing loans and borrowings are down by 31% to \$35.1 million (30 June 2012: \$51.2 million); and
- Leverage (or LVR) is down to 28% (30 June 2012: 49%).

### Revenue, expenses and net profit

Revenue and profit in a half year period can be impacted by the number of communities where new homes are available for sales and settlements and the price of those homes. Net profit before tax for the half year ended 31 December 2012 was \$3.0 million compared with \$5.9 million for the half year ended 31 December 2011. The following points are worth noting:

- Revenue from the sale of new homes was \$11.3 million compared to \$14.5 million for the previous corresponding period. Revenue from the settlement of new homes



at the company's new communities at Shepparton and Chelsea Heights only partially offset the decline at Brookfield and Tarneit, which are essentially complete. With a full period of settlements at Chelsea Heights in the June half this reduction in revenue is not expected to be repeated in the second half; and

- The company incurred additional marketing expenditure of approximately \$0.58 million during the December half. This one off investment was made primarily to position the Lifestyle Communities brand with a wider proportion of the emerging baby boomer market. The company has to date been pleased with the results of this investment.

### Update on communities

A brief status report on each of the communities as at 31 December 2012 is as follows:

- Lifestyle Brookfield in Melton and Lifestyle Seasons in Tarneit have completed selling new homes. Both sites have a few remaining settlements which are expected to occur by the end of the calendar year;
- Lifestyle Warragul continues to proceed in accordance with expectations. Approximately 79% of new homes have been sold and 68% have been settled;
- Lifestyle Cranbourne also continues to proceed in accordance with expectations. Approximately 68% of new homes have been sold and 51% have been settled;
- Lifestyle Shepparton is selling well and has attracted solid local support with 47 new homes sold to date. Being a country market a key focus for the company is the rate of settlements and we are pleased with the 20 settlements achieved to date;
- Lifestyle Chelsea Heights is the company's newest community with the first homes settling in December 2012. To date 45% of new homes have been sold; and
- Lifestyle Hastings commenced construction in January 2013 with first settlements expected in the second half of the 2013 calendar year. To date the company has 23 presales which represents approximately 16% of the total homes available in the community.

### Outlook

The company is satisfied with the rate of construction, sales and settlements across the communities currently under development. The company currently expects the total number of settlements in the second half of the financial year to exceed the total number of first half settlements. The company also expects that net profit before tax for the year ending 30 June 2013 will be higher than the prior year.

As noted at the time of the equity raising last year, the company continues to believe the market for new site acquisitions is favourable at present. The company is currently considering a range of opportunities but will remain highly disciplined in its assessment of these opportunities.

### Significant changes in the state of affairs

The company issued 521,280,283 ordinary shares during the period at \$0.07 per share in accordance with an entitlement offer and placement announced to the ASX on 20 November 2012. The funds received net of capital raising fees and transaction costs were \$35.3 million.

## Directors

The names of the company's directors in office during the period and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Tim Poole, Non-Executive Chairman (appointed Chairman 31 December 2012)

James Kelly, Managing Director

Bruce Carter, Executive Director, Finance

Dael Perlov, Executive Director, Operations

James Craig, Non-Executive Director (appointed 31 December 2012)

David Paranthoienne, Non-Executive Chairman (resigned 31 December 2012)

Geoff Hollis, Company Secretary

## Auditor's independence declaration

The auditor's independence declaration is set out on page 5 and forms part of the Director's Report for the half year ended 31 December 2012.

Signed in accordance with a resolution of the directors.



James Kelly  
Managing Director  
Lifestyle Communities Limited  
15 February 2013

## AUDITOR'S INDEPENDENCE DECLARATION

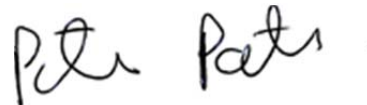
### To the Directors of Lifestyle Communities Limited.

In relation to the independent review for the half-year ended 31 December 2012, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of any applicable code of professional conduct.



S D WHITCHURCH  
Partner  
15<sup>th</sup> February 2013



PITCHER PARTNERS  
Melbourne



**Condensed Consolidated Statement of Comprehensive Income**  
For the half year ended 31 December 2012

	Note	Half-year	
		2012	2011
		\$	\$
Sale of homes		11,259,544	14,507,283
Rental revenue		2,619,381	1,925,492
Deferred management fee		1,045,747	721,524
Development fees		676,886	484,929
Sub-division revenue		-	486,532
Finance revenue		165,713	307,744
<b>Revenue</b>		<u>15,767,271</u>	<u>18,433,504</u>
Cost of sales		(9,809,789)	(11,293,551)
Gross profit		<u>5,957,482</u>	<u>7,139,953</u>
Other income	3	3,815,268	4,925,922
Sub-division expenses		-	(286,952)
Development expenses		(1,867,353)	(1,282,126)
Village management expenses		(1,663,049)	(1,055,919)
Corporate overheads		(1,895,030)	(1,649,954)
Land expenses		-	(387,300)
Finance costs		(1,332,730)	(1,487,744)
<b>Profit before income tax</b>		<u>3,014,588</u>	<u>5,915,880</u>
Income tax expense		(973,052)	(1,861,883)
<b>Profit from continuing operations</b>		<u><u>2,041,536</u></u>	<u><u>4,053,997</u></u>
<b>Total comprehensive income is attributable to:</b>			
Members of the parent		<u>2,041,536</u>	<u>4,053,997</u>
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent</b>			
<b>Earnings per share</b>		cents	cents
Basic earnings per share		0.424	0.877
Diluted earnings per share		0.421	0.868

The accompanying notes form part of these financial statements.



**Condensed Consolidated Statement of Financial Position**  
As at 31 December 2012

	Note	31-Dec-12 \$	30-Jun-12 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		16,668,730	3,184,621
Trade and other receivables		2,628,554	3,077,271
Inventories		15,427,785	12,753,880
Land held for sale		126,619	-
Other financial assets		500,000	-
Other current assets		261,240	295,932
<b>Total current assets</b>		<u>35,612,928</u>	<u>19,311,704</u>
<b>Non-current assets</b>			
Trade and other receivables		5,416,794	4,106,718
Inventories		12,431,882	12,899,842
Property, plant and equipment		763,377	682,116
Land held for sale		-	126,619
Other financial assets		2,000,000	2,500,000
Investment properties		70,183,481	65,780,516
<b>Total non-current assets</b>		<u>90,795,534</u>	<u>86,095,811</u>
<b>TOTAL ASSETS</b>		<u>126,408,462</u>	<u>105,407,515</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		3,466,480	4,008,396
Interest-bearing loans and borrowings		1,890,341	31,377
Provisions		215,248	225,700
<b>Total current liabilities</b>		<u>5,572,069</u>	<u>4,265,473</u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings		33,220,883	51,188,065
Provisions		193,000	182,578
Deferred tax liabilities		10,257,451	9,636,017
<b>Total non-current liabilities</b>		<u>43,671,334</u>	<u>61,006,660</u>
<b>TOTAL LIABILITIES</b>		<u>49,243,403</u>	<u>65,272,133</u>
<b>NET ASSETS</b>		<u>77,165,059</u>	<u>40,135,382</u>
<b>EQUITY</b>			
Contributed equity	5	60,997,459	24,214,692
Reserves		1,315,603	799,363
Retained earnings	6	14,851,997	15,121,327
<b>TOTAL EQUITY</b>		<u>77,165,059</u>	<u>40,135,382</u>

The accompanying notes form part of these financial statements.

**Condensed Consolidated Statement of Changes in Equity**

For the half-year ended 31 December 2012

	Note	Contributed equity	Reserves	Retained earnings	Total Equity
		\$	\$	\$	\$
<b>Balance at 1 July 2011</b>		24,214,692	522,051	11,383,966	36,120,709
Profit for the half year		-	-	4,053,997	4,053,997
<b>Total comprehensive income for the half-year</b>		24,214,692	522,051	15,437,963	40,174,706
<b>Transactions with owners in their capacity as owners:</b>					
Dividends paid		-	-	(2,310,369)	(2,310,369)
Employee share options		-	138,656	-	138,656
		-	138,656	(2,310,369)	(2,171,713)
<b>Balance as at 31 December 2011</b>		24,214,692	660,707	13,127,594	38,002,993
<b>Balance as at 1 July 2012</b>		24,214,692	799,363	15,121,327	40,135,382
Profit for the half year		-	-	2,041,536	2,041,536
<b>Total comprehensive income for the half-year</b>		24,214,692	799,363	17,162,863	42,176,918
<b>Transactions with owners in their capacity as owners:</b>					
Dividends paid	4	-	-	(781,728)	(781,728)
Dividend reinvestment plan		1,529,138	-	(1,529,138)	-
Employee share options		-	109,784	-	109,784
Issue of shares - placement		3,000,001	-	-	3,000,001
Issue of shares - entitlement offer		33,489,619	-	-	33,489,619
Costs of issue		(1,185,050)	-	-	(1,185,050)
Costs of issue - options		(406,456)	406,456	-	-
Tax effect - costs of issue		355,515	-	-	355,515
		36,782,767	516,240	(2,310,866)	34,988,141
<b>Balance as at 31 December 2012</b>		60,997,459	1,315,603	14,851,997	77,165,059

The accompanying notes form part of these financial statements.



**Condensed Consolidated Statement of Cash Flows**  
For the half-year ended 31 December 2012

	Half-Year	
	2012	2011
	\$	\$
<b>Cash flow from operating activities</b>		
Receipts from customers	15,501,539	18,967,911
Payments to suppliers and employees	(17,301,382)	(19,641,460)
Interest received	151,475	150,548
Interest paid	(3,142,091)	(1,512,147)
<b>Net cash flows used in operating activities</b>	<u>(4,790,459)</u>	<u>(2,035,148)</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(141,476)	(40,401)
Purchase of investment properties and capitalised costs	(56,536)	(6,307,626)
<b>Net cash flows used in investing activities</b>	<u>(198,012)</u>	<u>(6,348,027)</u>
<b>Cash flow from financing activities</b>		
Proceeds from entitlement offer and placement (net of costs)	35,304,570	-
Dividend paid	(781,728)	(2,310,369)
Proceeds from external borrowings	14,442,864	7,353,039
Repayment of external borrowings	(30,669,360)	(4,431,599)
Payment (net) from/(to) related joint venture entities	187,766	(637,720)
Repayments of hire purchase	(11,532)	(11,714)
<b>Net cash flows (used in) / provided by financing activities</b>	<u>18,472,580</u>	<u>(38,363)</u>
<b>Net increase / (decrease) in cash held</b>	13,484,109	(8,421,538)
<b>Cash at the beginning of the half-year</b>	<u>3,184,621</u>	<u>9,877,428</u>
<b>Cash at the end of the half-year</b>	<u>16,668,730</u>	<u>1,455,890</u>

The accompanying notes form part of these financial statements.

**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

This half-year financial report does not include all notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Lifestyle Communities Limited during the half-year ended 31 December 2012 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Lifestyle Communities Limited is a for-profit entity for the purpose of preparing the financial statements.

The half-year financial report was authorised for issue by the directors as at the date of the director's report.

**(a) Basis of preparation**

This financial report is a general purpose half-year financial report that has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

The accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2012 and the corresponding half-year.

**(b) Accounting standards issued but not yet effective**

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

(i) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interest in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*. The standard fundamentally changes the way control is defined for the purpose of identifying those entities to be included in the consolidated financial statements. It focuses on the need to have power over the investee, rights or exposure to variable returns and ability to use the power to affect the amount of its returns. Returns must vary and can be positive, negative or both. There is also new guidance on substantive rights versus protective rights and on agent versus principal relationships. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the accounting for consolidation.

AASB 11 does not focus on the legal structure of joint arrangements, but rather on how and what rights and obligations are shared between parties. If the parties share the right to the net assets of the joint arrangement, these parties are parties to a joint venture. A joint venturer can account for an investment in the arrangement using the equity method, and the choice to proportionately consolidate will no longer be permitted.

The Company has assessed the impact of the new standards. The Company currently proportionately consolidates its interests in joint ventures being Cameron Street Developments Pty Ltd and Lifestyle Chelsea Heights Pty Ltd. Under the new AASB 10 standard the Company will be able to consolidate its interests in Cameron Street Developments Pty Ltd and Lifestyle Chelsea Heights Pty Ltd.

As at 30 June 2012 the impact to the net assets of the Company will be an increase of \$1,174,641, total assets will increase by \$7,779,791 and total liabilities will increase by \$6,605,150. The Company's share of equity will remain the same; the increase in net assets will be attributed to the non-controlling interest within equity. For the year ended 30 June 2012 net profit from continuing operations will have increased by \$1,293,845, revenue will increase by \$8,845,851 and expenses will increase by \$7,552,006. The increase in net profit will be attributable to the non-controlling interest.



**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (CONTINUED)**

AASB 12 sets new minimum disclosure requirements for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard will affect the type of information disclosed in relation to the consolidated entity's investments as the new standard requires extensive new disclosures regarding the nature of risk associated with the entity's interest in other entities and the effect of those interests on its financial position, financial performance and cash flows.

The consolidated entity does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(ii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 introduces a fair value framework for all fair value measurements in the full suite of accounting standards. This standard explains how to measure fair value and aims to enhance fair value disclosures. The consolidated entity has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The consolidated entity does not expect to adopt the new standard before the operative date. The standard would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

iii) Other standards

Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are unlikely to materially impact on the financial information presented, however the assessment of the impact has not yet been completed.

**NOTE 2: SEGMENT INFORMATION**

Operating segments are reported based on internal reporting provided to the Managing Director who is the Group's chief operating decision maker.

The consolidated entity operates within one operating segment, being the property development and management industry. As a result disclosures in the consolidated financial statements and notes are representative of this segment.

	Half-year	
	2012	2011
	\$	\$

**NOTE 3: OTHER INCOME**

Fair value adjustment - investment properties (a)

	3,815,268	4,925,922
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(a) Fair value adjustment results from restating Brookfield, Seasons, Warragul, Cranbourne, Shepparton and Chelsea Heights Communities to their fair value at balance date. This income represents incremental adjustments to the fair value of investment properties upon settlement of units and reflects the discounted value of future rental and deferred management fee revenues net of expenses as well as the fair value of undeveloped land.

**NOTE 4: DIVIDENDS**

Dividend paid during the half-year  
Dividend reinvestment plan

	781,728	2,310,369
	1,529,138	-
	<u>2,310,866</u>	<u>2,310,369</u>

	Half-year	
	2012	2011
	\$	\$
<b>NOTE 5: CONTRIBUTED EQUITY</b>		
999,703,416 Ordinary shares (2011: 462,173,090)	60,997,459	24,214,692
	Number	\$
<b>2011</b>		
Balance as at 1 July 2011	462,073,090	24,214,692
<i>Movement in ordinary shares on issue</i>		
Exercise of options	100,000	-
Balance as at 31 December 2011	462,173,090	24,214,692
<b>2012</b>		
Balance as at 1 July 2012	462,173,090	24,214,692
<i>Movement in ordinary shares on issue</i>		
Dividend reinvestment plan (issued at 9.4 cents per share)	16,250,043	1,529,138
Issue of shares - placement (issued at 7 cents per share)	42,857,150	3,000,001
Issue of shares - entitlement offer (issued at 7 cents per share)	478,423,133	33,489,619
Costs of issue		(1,185,050)
Costs of issue - options		(406,456)
Tax effect - costs of issue		355,515
Balance as at 30 June 2012	999,703,416	60,997,459

**NOTE 6: RETAINED EARNINGS**

Movements in retained earnings were as follows:

Balance 1 July	15,121,327	11,383,966
Net profit	2,041,536	4,053,997
Dividend paid	(2,310,866)	(2,310,369)
	14,851,997	13,127,594

**NOTE 7: BORROWINGS**

(a) During the period the company repaid \$16,849,816 of its facility with Morstem Pty Ltd. The balance of this facility at balance date is \$25,000,000.

(b) During the period the company repaid \$2,560,000 of its facility with Westpac Banking Corporation in relation to financing for land at Hastings. This facility was fully repaid.

**NOTE 8: SIGNIFICANT CHANGES**

On 20th November 2012 the company announced an entitlement offer and placement to raise \$36.5million. The entitlement offer and placement were successfully completed prior to 31 December 2012.

**NOTE 9: SUBSEQUENT EVENTS**

There has been no matter or circumstance, which has arisen since 31 December 2012 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2012, of the consolidated entity, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2012, of the consolidated entity.

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

There has been no change in contingent liabilities since 30 June 2012 apart from the following:

- (a) Bank guarantees as at 31 December 2012 are \$76,950.
- (b) A conditional contract was executed on 28th June 2012 to dispose of 50% of the land located at Hastings. This contract was terminated and the company has retained 100% of the land at Hastings and will develop the site wholly owned.



### **Directors' Declaration**

The directors declare that the financial statements and notes set out on pages 6 to 12 in accordance with the *Corporations Act 2001*;

- (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2012 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Lifestyle Communities Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink that reads "James Kelly".

James Kelly  
Managing Director  
Lifestyle Communities Limited  
15 February 2013  
Melbourne

**LIFESTYLE COMMUNITIES LIMITED  
ABN 11078675153  
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
LIFESTYLE COMMUNITIES LIMITED**

We have reviewed the accompanying half-year financial report of Lifestyle Communities Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed 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 period's 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 control as the directors determine is 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 a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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 Lifestyle Communities Limited, 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*.

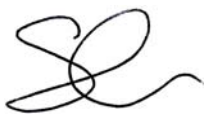
**LIFESTYLE COMMUNITIES LIMITED  
ABN 11078675153  
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
LIFESTYLE COMMUNITIES LIMITED**

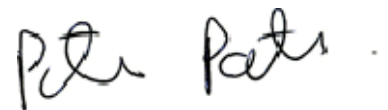
*Conclusion*

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 Lifestyle Communities 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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



S D WHITCHURCH  
Partner



PITCHER PARTNERS  
Melbourne

15<sup>th</sup> February 2013