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29 August 2008

The Manager
ASX Limited
20 Bridge Street
Sydney NSW 2000

Allco Hybrid Investment Trust (ASX: AHU) – Alleasing Annual Report

Please find attached the Annual Report for the Alleasing Trust for the year ended 30 June 2008.

The consolidated loss of the Consolidated Entity for the year ended 30 June 2008 was $149.8m (2007 loss: $33.9m) after a debit to income tax expense of $15.5m (2007: $1.1m). The loss in the Consolidated Entity was largely due to the write down of goodwill and deferred tax assets and the significant interest costs on borrowings and preference capital used to finance the acquisition of the various companies now in the Scheme.

As previously advised, Allco Funds Management Limited, as Manager of the Alleasing Trust and on behalf of Allco Managed Investment Funds Limited as Responsible Entity of the Alleasing Trust, is proceeding with negotiations with respect to a sale of the Alleasing Pty Ltd business.

Accounting standards require a distinction to be drawn between those Alleasing Trust assets 'Held for Sale', being Alleasing Pty Ltd and its consolidated entities, and the continuing operations. The financial performance and financial position of the assets 'Held for Sale' can be found in Note 42 of the financial statements.

Despite the challenges presented by the current financial markets Alleasing Pty Limited generated total income of $63.802m in the year to 30 June 2008 which was in line with prior year ($63.828m), whilst earnings before finance costs, goodwill impairment, taxes, depreciation and FX movement increased by 51% to $23.256m (prior year $15.374m).

Further to our announcement of 4 August 2008, Alleasing's Senior Facilities and Mezzanine Facilities have been further extended to 15 and 16 September 2008 respectively.

We will keep AHUG security holders informed as further progress is made on the potential sale of Alleasing Pty Ltd.

Yours sincerely,

T. Lennox

Tom Lennox
Company Secretary
Allco Managed Investment Funds Limited
As Responsible Entity for the Allco Hybrid Investment Trust

ASX RELEASE

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Alleasing Trust
ARSN 109 102 150

2008 Annual Report

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Alleasing Trust
Directors report

The directors of Allco Managed Investment Funds Limited (ABN 47 117 400 987) ("Responsible Entity"), the responsible entity of the Alleasing Trust ("Scheme"), present their report together with the financial report of the Consolidated Entity consisting of the Scheme and the entities it controlled (collectively, the "Consolidated Entity") at the end of, or during, the year ended 30 June 2008.

Scheme information

The Scheme was constituted on 17 November 2003 and was registered as a managed investment scheme with the Australian Securities and Investments Commission ("ASIC") on 28 May 2004. The Responsible Entity is incorporated and domiciled in Australia, with its registered office located at Level 24, 1 Macquarie Place, Sydney NSW 2000. The Responsible Entity is a subsidiary of Allco Finance Group Limited ("AFG").

Directors

Michael Brogan was a director of the Responsible Entity during the whole of the financial year and up to the date of this report:

The following persons were directors of the Responsible Entity from the date of their appointment and continue in office at the date of this report:

Ian Tsicalas – appointed on 30 April 2008; and
Neil Brown – appointed on 8 August 2008.

The following persons were directors of the Responsible Entity from the beginning of the financial year until the date of their resignation:

Richard Alcock – resigned on 30 April 2008; and
Michael Stefanovski – resigned on 8 August 2008.

No director of the Responsible Entity held a relevant interest in units of the Scheme at the date of this report.

Principal activities

The Consolidated Entity operated as a finance group investing in leasing companies which specialise in small ticket leases. There has been no change in the nature of the Consolidated Entity's activities during the financial year.

Review of operations

Overview

From 1 July 2005, the Consolidated Entity changed from a sale of receivable to a loan based arrangement of funding, resulting in the application of typical finance lease accounting under AASB117 Leases. The effect of this change is that the profitability of the transaction is spread through the term of the contract rather than being recognised upfront.

On 17 April, 2008 the Scheme issued 2,000,000 ordinary units at $1 per unit to Re Leasing Pty Limited. The proceeds were used to purchase remaining 50% of the interest in the Alltech group of companies, namely Alltech Finance Pty Ltd, Alltech Residuals Pty Ltd and Alltech Finance NZ ltd, from the original owners pursuant to a shareholders agreement dated 20 December, 2005.

Alleasing Finance Limited raised $Nil (2007: $0.020m) in notes and debentures during the financial year.

Presentation of Results

Alleasing Pty Ltd is being offered for sale excluding corporate debt and cash. The sale of Alleasing Pty Ltd is expected to be completed in the first half of 30 June 2009 financial year. In accordance with AASB5 (Non-current assets held for Sale and Discontinued Operations) the financial performance and the financial position is disclosed between continuing operations (results in relation to companies not offered for sale) and the disposal group (Alleasing Pty Ltd excluding corporate debt and cash). The financial performance and the financial position of the disposal group are shown as separate lines in the Income Statement and Balance Sheet. Further details are shown in Note 42 of the financial statements.

Alleasing Trust
Directors report

Results

The consolidated loss of the Consolidated Entity for the year ended 30 June 2008 was $149.8m (2007 loss: $33.9m) after a debit to income tax expense of $15.5m (2007: $1.1m). The loss in the Consolidated Entity was largely due to the writedown of goodwill and deferred tax assets and the significant interest costs on borrowings and preference capital used to finance the acquisition of the various companies now in the Scheme.

Distributions – Alleasing Trust

There were no distributions paid or payable for the year ended 30 June 2008.

Assets

Value of assets in the Scheme is $729.5m (2007: $807.5m) at 30 June 2008. The basis of valuation of the Scheme assets is set out in Note 1 of the financial statements.

Interests in the Scheme

The movement in ordinary units on issue in the Scheme during the financial year is set out below:

	2008	2007
Opening balance	45,012,546	16,723,538
Units issued during the year	2,000,000	28,289,008
Units on issue at 30 June	47,012,546	45,012,546

The 2,000,000 ordinary units issued during the year were to purchase the remaining interest in the Alltech group. The interests held in the Scheme are disclosed in Note 30 of the financial statements.

Significant changes in the state of affairs

In the opinion of the directors of the Responsible Entity, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the period not otherwise disclosed in this report or in the financial report.

Likely developments

Other than the proposed sale of Alleasing Pty Ltd disclosed in post balance sheet events, information on likely developments in the operations of the Consolidated Entity and the expected results of those operations have not been included in this report because the directors of the Responsible Entity believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation

The Consolidated Entity has assessed whether there are any particular or significant environmental regulations which apply to it under Commonwealth, State or Territory legislation and has determined that there are none.

Indemnification and insurance of officers and auditors

During the financial year, Alleasing Pty Limited paid a premium of $45,203 (2007: $57,369) to insure the directors and officers of the Scheme and its wholly owned subsidiaries.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Consolidated Entity. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Under the Scheme's Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Scheme's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Scheme.

No indemnities have been provided, nor insurance premiums paid out of the Scheme's assets, in relation to insurance cover for the auditors of the Scheme.

Fees paid to and interests held in the Scheme by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its associates out of the assets of the Scheme during the period are disclosed in Note 37 of the financial statements. No fees were paid out of the Scheme to the directors of the Responsible Entity during the period.

There were no interests in the Scheme held by the Responsible Entity or its associates as at the end of the financial year.

Non audit services

The Consolidated Entity may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Scheme and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the financial year are set out in Note 39 of the financial statements.

The Board has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Board is satisfied that the provision of non-audit services by the auditor, as set out in Note 39 of the financial statements, did not compromise the auditors' independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not affect the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Events occurring after balance sheet date

Sale of Alleasing Pty Ltd

Alleasing Pty Ltd is being offered for sale excluding corporate debt and cash. The sale of Alleasing Pty Ltd is expected to be completed in the first half of 30 June 2009 financial year.

The assets and the liabilities of Alleasing Pty Ltd have been disclosed separately on the balance sheet in accordance with AASB5 (see Note 42 of the financial statements for further details). The carrying value of the net assets of the disposal group is $37.8 million.

The corporate debt that has been excluded from the sale of Alleasing Pty Ltd is $176.6 million as at 30 June 2008.

A retention agreement for senior management is in place and is payable following completion of the sale.

Borrowings

The Consolidated Entity's banking facilities are disclosed in Note 21 of the financial statements. The Consolidated Entity has a number of borrowings, repayments of which fall due on or before 16 September 2008. In particular the Consolidated Entity's secured working capital facility expires on 15 September 2008 and is secured by a first ranking fixed and floating charge over the "residual" assets.

The Consolidated Entity also has other borrowings with related parties totalling $130.659m as disclosed in note 21 of the financial statements. These amounts are repayable on 16 September 2008. In addition the Scheme has Preference unit liabilities of $142.306m at 30 June 2008 as disclosed in Note 26 of the financial statements.

In the event that if Alleasing Trust is unable to sell Alleasing Pty Ltd or the price achieved from any sale is insufficient to meet the obligations of Alleasing Trust, and these obligations become due and payable, the Directors would call on AFG, under the letter of support provided by AFG on 30 November 2007, to provide financial assistance to enable Alleasing Trust to meet its debts as and when they fall due including in particular the obligations of Alleasing Trust to pay principal amounts in respect of the redemption of the Alleasing preference units.

The directors are of the view, based on legal advice, that AFG is obliged under the Letter of Support to pay any shortfall in the assets of the Consolidated Entity necessary to meet the obligations of Alleasing Trust and the entities it controls, including the obligation to pay the principal amounts and all coupons payable on the preference units issued by Alleasing Trust, and the obligations as guarantors of the Alleasing Hybrids.

However, the directors have been advised that AFG does not agree that it has an obligation under the Letter of Support to meet any shortfall in the payment of principal amounts payable on the redemption of the Alleasing preference units on 17 August 2009.

Although the directors of AMIFL disagree with AFG's position, they recognise that the resolution of the disagreement with AFG on reasonable terms is likely to be in the best interests of holders of the Alleasing Hybrids. A formal dispute resolution process for recovery under the Letter of Support is likely to be costly and time-consuming, and the damages recoverable by the Scheme are likely to be less than the total amount payable on redemption of the preference units. There is also uncertainty about AFG's ability to pay amounts under the Letter of Support, or to pay damages awarded against it. There is therefore significant doubt about the Scheme's ability to recover the full principal amount of the preference units.

Accordingly, the directors have commenced negotiations with AFG for the allocation of an amount from the proceeds of any sale of Alleasing Pty Limited to the partial repayment of principal amounts on the preference units. At the date of this report, there has been no agreement on the sale of Alleasing Pty Limited, and no agreement between AMIFL and AFG on the allocation of any sale proceeds.

Alleasing Relationship to AFG

The Responsible Entity is a wholly owned subsidiary of AFG. The Scheme is managed pursuant to a management agreement between the Responsible Entity and Allco Funds Management Limited, which is also a wholly owned subsidiary of AFG.

On 21 August 2008 AFG signed a new senior debt facility with its syndicate bankers. The new facility will be available for draw down once certain conditions precedent of an administrative nature are satisfied. Under the terms of the revised syndicate facility agreement AFG is required to reduce its corporate debt facility to $400million by 30 June 2009 and is actively disposing of certain assets to meet its obligation. Further AFG must repay or refinance the remaining $400million by 30 September 2009. The directors of AFG acknowledge that some uncertainty remains over the ability of AFG to meet its funding requirements and to refinance or repay the $400million of corporate borrowings at 30 September 2009.

The directors continue to monitor this situation and will consider the potential impact of any further announcement made by AFG.

The directors have considered the impact of these matters and concluded that the financial report should be prepared on a going concern basis.

Other than the above, in the opinion of the directors of the Responsible Entity there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to significantly affect the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme, in future financial years.

Rounding of amounts

The Consolidated Entity is of a kind referred to in Class Order 98/0100 (as amended), issued by ASIC, relating to the "rounding off" of amounts in the directors report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with the Class Order to the nearest thousand dollars or in certain cases to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

Auditor

PricewaterhouseCoopers continues in office in accordance with Division 6 of Part 2M.4 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors of the Responsible Entity.

Ian Tsicalas
Chairman
Sydney
29 August 2008

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Auditor's independence declaration

As lead auditor for the audit of Alleasing Trust for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Alleasing Trust and the entities it controlled during the year.

EA Barron
Partner
PricewaterhouseCoopers

Sydney
29 August 2008

Alleasing Trust
Income Statements
For the year ended 30 June 2008

		Consolidated		Parent	
		2008	2007	2008	2007
		$,000	$,000	$,000	$,000
Other operating income		-	-	3,231	7,908
Interest income - other		6,265	5,160	20,270	19,527
Total income		6,265	5,160	23,501	27,435
Responsible entity fee		(3,674)	(5,901)	(3,075)	(5,296)
Other operating expenses	5	(2)	11	(2)	11
Impairment of goodwill		-	-	(3,018)	-
Total expenses before finance costs and depreciation		(3,676)	(5,890)	(6,095)	(5,285)
Earnings before finance costs, taxes and depreciation		**2,589**	**(730)**	**17,406**	**22,150**
Finance costs	4	(39,699)	(44,280)	(16,953)	(25,065)
Loss before income tax		(37,110)	(45,010)	453	(2,915)
Income tax benefit/(expense)	6	-	(1,633)	-	-
Loss from continuing operations		(37,110)	(46,643)	453	(2,915)
Loss from discontinued operations		(112,643)	12,704	-	-
(Gain)/Loss attributable to minority interest		-	-	-	-
Loss attributable to the unitholders of the Scheme		(149,753)	(33,939)	453	(2,915)

The above income statements should be read in conjunction with the accompanying notes.

Alleasing Trust
Balance Sheets
As at 30 June 2008

	Note	Consolidated		Parent	
		2008	2007	2008	2007
		$,000	$,000	$,000	$,000
Current assets					
Cash and cash equivalents	8	32,224	23,701	-	-
Finance lease receivables	9	-	170,819	-	-
Trade and other receivables	10	1,761	63,682	170,930	3,702
Current tax assets		-	-	-	-
Inventories	11	-	193	-	-
Other	12	983	4,420	399	-
Assets of Disposal Group classified as Held for Sale	42(c)	636,413	-	-	-
Total current assets		671,381	262,815	171,329	3,702
Non current assets					
Finance lease receivables	13	-	327,046	-	-
Receivables	14	58,127	66,863	-	150,393
Other financial assets	16	-	5	-	3,018
Plant and equipment held under operating leases	17	-	10,083	-	-
Property,plant and equipment - entity owned	17	-	2,170	-	-
Deferred tax assets	18	-	20,531	-	-
Intangible assets	19	-	118,020	-	-
Total non-current assets		58,127	544,718	-	153,411
Total assets		729,508	807,533	171,329	157,113
Current liabilities					
Trade and other payables	20	6,196	36,782	1,640	576
Lease funding payables		-	191,109	-	-
Interest-bearing loans and borrowings	21	176,668	162,151	29	28
Derivative financial instruments		-	-	-	-
Current tax liabilities	22		2,835	-	-
Provisions	23	-	4,585	-	-
Other	24	-	775	-	-
Liabilities directly associated with assets of Disposal Group classified as Held for Sale	42(c)	598,649	-	-	-
Total current liabilities		781,513	398,237	1,669	604
Non current liabilities					
Lease funding payables		-	305,045	-	-
Interest-bearing loans and borrowings	25	52,670	57,491	19,338	17,604
Preference units	26	142,306	133,342	142,306	133,342
Deferred tax liabilities	27	-	10,851	-	-
Provisions	28	-	210	-	-
Other	29	-	-	-	-
Total non-current liabilities		194,976	506,939	161,644	150,946
Total liabilities		976,489	905,176	163,313	151,550
Net liabilities		(246,981)	(97,643)	8,016	5,563
Equity					
Contributed capital	30(a)	47,013	45,013	47,013	45,013
Reserves	31	-	1,425	-	-
Retained losses	32	(293,468)	(144,081)	(38,997)	(39,450)
Equity directly associated with assets of Disposal Group classified as Held for Sale		(526)	-	-	-
Total equity attributable to unit holders of the Scheme		(246,981)	(97,643)	8,016	5,563
Minority interest	33		-		
Total equity		(246,981)	(97,643)	8,016	5,563

The above balance sheets should be read in conjunction with the accompanying notes

Alleasing Trust
Statements of changes in equity
For the year ended 30 June 2008

	Note	Consolidated		Parent entity	
		2008	2007	2008	2007
		$,000	$,000	$,000	$,000
Total equity at the beginning of the year		(97,643)	(101,340)	5,563	(19,811)
Adjustment to retained earnings due to change in economic interest in subsidiaries		364	-	-	-
Adjustment to opening retained earnings due to change in accounting policy	46	-	5,062		
Adjustment to opening retained earning due to accounting error	44	-	2,022	-	-
Restated total equity at the beginning of the financial year		(97,279)	(94,256)	5,563	(19,811)
Exchange differences on translation of foreign operations	31	(1,949)	2,263	-	-
Net (expenses)/income recognised directly in equity		(1,949)	2,263	-	-
Loss for the year		(149,753)	(33,939)	453	(2,915)
Total recognised income and expense for the year		(151,702)	(31,676)	453	(2,915)
Total recognised income and expense for the year is attributable to:					
Unitholders of the Scheme		(151,702)	(31,676)	453	(2,915)
Minority Interest		-	-	-	-
		(151,702)	(31,676)	453	(2,915)
Transactions with unit holders in their capacity as unit holders:					
Contributions of equity, net of transaction costs	30a	2,000	28,289	2,000	28,289
		2,000	28,289	2,000	28,289
Total equity at the end of the year		(246,981)	(97,643)	8,016	5,563

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Alleasing Trust
Cash flow statements
For the year ended 30 June 2008

	Note	Consolidated		Parent entity	
		2008	2007	2008	2007
		$,000	$,000	$,000	$,000
Cash flows from operating activities					
Receipts from customers and funders		68,908	66,079	-	-
Payments to suppliers and employees		(39,697)	(37,687)	-	(4,120)
Interest income		7,111	2,355	(641)	-
Other income		(40)	3,340	-	-
Income taxes paid		3,963	519	-	-
Net cash from business operations		40,245	34,606	(641)	(4,120)
Net Lease Receipts from customers		246,818	300,410	-	-
Net Lease Payments / Funding		(253,955)	(305,875)	-	-
Net cash inflows / (outflows) from operating activities	40	33,108	29,141	(641)	(4,120)
Cash flows from investing activities		-	-	-	-
Payment for sale of subsidiary		(1,422)	-	-	-
Proceeds from sale of property, plant and equipment		(771)	-	-	-
Proceeds on sale of the subsidiary		-	25	-	-
Net cash inflows / (outflows) from investing activities		(2,193)	25	-	-
Cash flows from financing activities					
Proceeds from borrowings		11,102	6,020	641	20,030
Repayment of borrowings		(33,494)	(25,390)	-	(15,910)
Security deposit paid		-	(7,274)	-	-
Net cash inflows / (outflows) from financing activities		(22,392)	(26,644)	641	4,120
Net increase in cash and cash equivalents		8,523	2,522	-	-
Cash and cash equivalents at 1 July		23,701	21,179	-	-
Cash and cash equivalents at 30 June	8	32,224	23,701	-	-

Financing arrangements - refer note 21

Non cash financing and investing activities - refer note 41

Notes to the consolidated financial statements

1. Significant accounting policies

This general purpose financial report for the year ended 30 June 2008 comprises Alleasing Trust ("the Scheme") and its subsidiaries (together referred to as the "Consolidated Entity"). The principal accounting policies adopted in the preparation of this financial report are set out below, and have been consistently applied to all periods presented, unless otherwise stated.

This financial report was authorised for issue by the directors on 29 August 2008. The directors of the responsible entity have the power to amend and reissue the financial report.

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Scheme constitution and Australian Accounting Standards, Urgent Issues Group Interpretations and other authorative pronouncements adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001.* International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS"). Compliance with AIFRS ensures that the consolidated financial statements and notes of the Consolidated Entity comply with IFRS and the interpretations adopted by the International Accounting Standards Board.

(b) Basis of preparation

The accounting policies applied by the Scheme in this year end financial report are the same as those applied by the Scheme in its financial report as at and for the year ended 30 June 2007, except as detailed in Note (46) covering changes in accounting policy.

The Company is of a kind referred to in ASIC Class Order 98/100 (as amended) issued by the Australian Securities & Investments Commission (ASIC) and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

As at 30 June 2008, the Consolidated Entity has a deficiency of capital and reserves of $247.0 million, and a working capital deficiency of $110.1 million. The Consolidated Entity has also experienced operating losses during the period to 30 June 2008. Allco Finance Group Limited ("AFG") has provided an undertaking that it will continue to support the Scheme to at least 30 September 2009. The Responsible Entity is a wholly owned subsidiary of AFG. The Scheme is managed pursuant to a management agreement between the Responsible Entity and AFML. AFML is also a wholly owned subsidiary of AFG.

The continuing viability of the Consolidated Entity and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Consolidated Entity being successful in:

(i) receiving the continuing support of AFG, including the ongoing subordination of the loan of $131 million;
(ii) negotiating additional funding (see Note 43); and
(iii) achieving sufficient future cash flows to enable its obligations to be met.

As noted in Note 43 the directors are currently in discussions with AFG regarding differing interpretations between AFG and the directors as to whether the letter of support provides for the repayment of principal amounts of debt. Note 43 states that while the directors continue to pursue all opportunities to ensure that the Scheme continues to be a going concern there is significant uncertainty surrounding the letter of support from AFG which may cast doubt about whether the Scheme will be able to meet its debts as and when they fall due.

On 21 August 2008 AFG signed a new senior debt facility with its syndicate bankers. The new facility will be available for draw down once certain conditions precedent of an administrative nature are satisfied. Under the terms of the revised syndicate facility agreement AFG is required to reduce its

corporate debt facility to $400million by 30 June 2009 and is actively disposing of certain assets to meet its obligation. Further, AFG must repay or refinance the remaining $400million by 30 September 2009. The directors of AFG acknowledge that some uncertainty remains over the ability of AFG to meet its funding requirements and to refinance or repay the $400million of corporate borrowings at 30 September 2009.

The directors continue to monitor this situation and will consider the potential impact of any further announcement made by AFG.

The Directors have considered the impact of these matters and concluded that the financial report should be prepared on a going concern basis.

Disposal Group

The Scheme is currently in the process of selling Alleasing Pty Ltd as outlined in Note 43. In accordance with AASB5 Non-current Assets Held for Sale and Discontinued Operations, the operations being sold have been classified and disclosed as a disposal group. The net loss of the disposal group has been disclosed as a single line in the Income Statement, while the total assets and total liabilities of the disposal group have been disclosed as single lines in the Balance Sheet.

(c) Reporting Currency

All balances are reported in Australian dollars unless otherwise stated.

(d) Principles of consolidation

Subsidiaries

The consolidated financial statements of the Scheme incorporate the assets and liabilities of all entities controlled by the Scheme as at 30 June 2008 and the results of all controlled entities for the year then ended. Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

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

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated income statements and balance sheets respectively. Investments in subsidiaries are accounted for at cost in the individual financial statements of the Scheme.

(e) Foreign currency

Functional and presentation currency

Items included in the financial statements of the Consolidated Entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Scheme's functional and presentation currency.

Foreign currency transactions and balances

Transactions in foreign currencies are initially translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items that are outstanding at the reporting date are translated at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets

and liabilities denominated in foreign currencies that are stated at fair value are translated using the exchange rates prevailing at the dates the fair value was determined.

Foreign currency translation reserve
Translation differences in respect of all foreign entities have been presented as a separate component of equity. On disposal of any foreign operation, the related cumulative translation difference will be transferred to the income statement as part of the gain or loss on disposal. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). All resulting exchange differences are recognised as a separate component of equity.

(f) Net interest margin and secondary income – from 1 July 2005
Following a change to the way in which transactions are funded from 1 July 2005, from a sale of receivable based arrangement where the risk is effectively sold, to a loan based arrangement of funding, typical finance lease accounting under AASB 117 Leases is used to account for transactions written from 1 July 2005.

Net interest margin on finance leases
This represents the movement in the present value of the lease receivable as adjusted for payments received net of interest expenses on lease deal funding. Income is brought to account over the term of each transaction.

Other lease income
Operating lease rental income - this represents the payment made by the lessee over the lease term on a straight line basis.

Secondary income
Inertia income - represents lease payments after completion of the initial contract term, extending the use of the assets in the contract, and is recognised when earned.

Net asset disposal proceeds - income derived from the sale of former rental assets, less the carrying value of the asset, and is recognised when earned.

(g) Sale of receivable and asset disposal income - to 30 June 2005

- **Sale of receivable income**
  Each controlled entity has its own method of operation within the leasing market, ranging from principal position arrangements to agency arrangements.

  Principal Arrangements
  The Consolidated Entity enters into operating lease arrangements and applies different policies determined on the level of risks and benefits that it retains.

  (i) Investment in Residuals
  Where the Consolidated Entity retains the residual risks and benefits of ownership, it recognises as an asset (and takes to income) the present value of the estimated residual position for the lease. Secondary lease income (consisting of rentals received or other proceeds received during the secondary lease term) is recognised on an accruals basis when invoiced and is allocated firstly against the investment in the residual and the remaining amounts are recorded as secondary income.

  The Consolidated Entity's investment in residual positions is exposed to various risks, including:
  (i) credit risk on self funded leasing transactions;
  (ii) asset risk (that the value of the leased asset may not be sufficient to recover the parent entity's investment).

Periodic re-assessment of the unguaranteed residual values is performed to confirm that they continue to represent a realistic estimate of realisable values at lease expiry. Such assessments are performed on a "pool basis" and are not performed on individual leases unless specific information is available on the individual leases.

(ii) Principal Lessor

Where the Consolidated Entity retains the risks and benefits of ownership of the leased asset the asset is included in fixed assets.

- **Agency Arrangements**

(i) Residual Repurchase

The controlled entity has entered into certain contracts where it has agreed to supply items of property to third parties in exchange for a rental stream. The purchase of these items is financed by a party referred to as the principal. The principal carries the credit risk for the collection of the rental stream.

The controlled entity retains the residual risk arising from sale of the item at the completion of the contract and payment of the residual balance owing to the principal. The amount due to the principal is recognised at the lease inception together with an unguaranteed residual asset.

- **Asset disposal income**

Revenue from the sale of goods is recognised when the parent entity has passed control of the goods to the buyer. Disposals of plant and equipment at cost under lease are disclosed as sales of goods rather than sales of assets in the ordinary course of business and forms part of secondary income.

(h) Finance costs

Finance costs include:

- interest on bank overdrafts which is calculated using the effective interest rate method;
- interest payable on short-term and long-term borrowings calculated using the effective interest rate method;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges (as lessee), and
- certain exchange differences arising from foreign currency borrowings.

(i) Income tax

Under current tax legislation the parent entity is not liable for income tax provided ordinary unitholders are presently entitled to all of its net income.

The income tax expense or benefit on the profit or loss for the period comprises current and deferred tax. Current tax is the expected tax payable on the current period's taxable income, using tax rates enacted or substantially enacted at the balance sheet date. Current tax also includes any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the underlying items and the tax rates, which are enacted or substantively enacted at the balance sheet date and expected to apply when the assets are recovered or liabilities are settled. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction other than a business combination that affect neither accounting profit or taxable profit, and the differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

No provision is made for additional taxes, which could become payable if certain reserves of the foreign operations were to be distributed as it is not expected that any substantial amount will be distributed from those reserves in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Alleasing Pty Ltd, as a subsidiary of the Alleasing Trust, and its wholly owned Australian controlled entities (other than Alltech Finance Pty Ltd and Alltech Residuals Pty Ltd) have entered into a tax consolidated group as of 1 January 2004. Alleasing Trust is not a member of this tax consolidated group.

Members of the tax consolidated group have entered into a Tax Funding Agreement, which provides for the funding of current tax liabilities by, and allocation of deferred tax liabilities amongst, members of the tax consolidated group.

Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the balance sheet and the tax values applying pre tax consolidation. The group is currently ascertaining the remeasured carrying tax values under the allowable methods. As no decision has yet been made by the group, no re-measurement adjustments to the deferred tax balances have currently been recognised in the consolidated financial statements at the date of signing.

The Consolidated Entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses assumed from subsidiaries are recognised by the head entity only.

The members of the tax-consolidated group have entered into a valid Tax Sharing Agreement under the tax consolidation legislation which sets out the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations and the treatment of entities leaving the tax consolidated group.

Alleasing Trust, all its Australian subsidiaries and any New Zealand subsidiaries, which are not in the Alleasing Pty Ltd sub-group, are unable to consolidate as part of the tax consolidated group. In consequence, these entities have recognised the current and deferred tax amounts relating to transactions, events and balances as their own and are not affected by any tax sharing agreements.

(j) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is recognised as a receivable or creditor, as appropriate.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand (including cash received as at 30 June 2008 from customers not forwarded to funders), deposits held at call with financial institutions, and other investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated

Entity's cash management are reported within liabilities in the balance sheet, but included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(l) Receivables

Finance lease receivables

Finance lease receivables are recognised at an amount equal to the net investment in the lease, which comprises the present value of the minimum lease payments receivable, plus the present value of any un-guaranteed residual value expected to accrue at the end of the lease.

Income is brought to account over the term of each agreement so as to achieve a constant periodic rate of return on the outstanding investment balance.

Finance lease unearned income

Finance lease receivables include lease charges in the face amount. These lease charges are recognised as income over the term of the lease contract at a constant periodic rate of return. The amount of unearned income deducted from the gross investment in the lease in notes 9 and 13 to the financial statements represents income allocable to future periods. The remaining net investment in the lease represents the principal in the face amount.

Trade and other trade receivables

Trade and other trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts and are due for settlement no more than 30 days.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. All stock items are reviewed bi-annually and their values adjusted as required.

(n) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost (deemed cost where appropriate) less accumulated depreciation. The carrying amount of an item of property, plant & equipment includes the cost of replacing part of such an item when that cost is incurred if it is probable that future economic benefits embodied with the item will eventuate and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the income statement as expenses as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Plant and equipment	2 -20 years
Plant and equipment - lessee	1 - 5 years
Furniture and fittings	8 years
Leasehold improvements	3 years
Leased assets - lessor	5 - 6 years

All software expenditure is expensed as incurred because of the nominal value of this expenditure.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Notes to the consolidated financial statements

(o) Operating leases assets where Alleasing is lessor

Lease rentals receivable on operating leases are recognised in the income statement in periodic amounts over the effective lease term. Assets provided under operating leases are depreciated on a straight line basis over the term of the lease to estimated residual value, and are reported in property, plant and equipment.

(p) Intangible assets - Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Consolidated Entity's share of the net identifiable assets at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Following initial recognition goodwill is measured at cost less any accumulated impairment losses.
Goodwill has been allocated to one cash-generating unit, the leasing business, and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Impairment is determined by assessing the recoverable amount of the cash generating unit. When the recoverable amount of the cash generating unit is less than the carrying amount, an impairment is recognised. Recoverable amount is the higher of fair value less cost to sell and value in use. The fair value is determined using the discounted cash flow method. This method estimates the fair value by discounting the future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the scheme.

Impairment losses on goodwill are recognised in profit and loss immediately and are not subsequently reversed.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the year, which remain outstanding at balance date. Creditors are stated at cost, are unsecured, and are usually paid within normal credit terms.

(r) Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs, which include legal and advisory fees, bank charges and any other ancillary borrowing costs. Fair value is calculated based on discounted expected future principal and interest cash flows. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(s) Derivative financial instruments

The Consolidated Entity enters into interest rate swap agreements. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement.

The fair value of interest rate swaps is the estimated amount that the Consolidated Entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

(t) Employee entitlements

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-vesting sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The Consolidated Entity's net obligation for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures

and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds that have maturity dates approximating to the terms of the Consolidated Entity's obligations.

Profit-sharing, bonus plans and share loan plans
The Consolidated Entity operates a bonus compensation scheme to employees which is settled in cash.

A liability for employee benefits in the form of profit sharing is recognised in employee entitlements when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

(i) there are formal terms in the plan for determining the amount of the benefit
(ii) the amounts to be paid are determined before the time of completion of the financial report, or
(iii) past practice gives clear evidence of the amount of the obligation.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(u) Provisions
A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated.

(v) Leases where Alleasing is Lessee
Leases of property, plant and equipment where the Consolidated Entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the lease term.

(w) Segment Reporting
A segment is a distinguishable component of the Consolidated Entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(x) Acquisition of assets
The purchase method of accounting is used for all acquisitions of assets (including business combinations). Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus cost directly attributable to the acquisition.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill (refer to note 19).

(y) New accounting standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.
- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to qualifying assets.
- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

2. Financial risk management

The Consolidated Entity's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include:

- sensitivity analysis
- ageing analysis for credit risk; and
- contractual maturity analysis for liquidity risk

Risk management is carried out by the Treasury/Credit department under policies approved by the Board. The Board authorises written principles for overall risk management as well as written policies covering specific areas, such as mitigating interest rate and credit risks, use of derivative financial instruments and investing excess liquidity. The Consolidated Entity does not enter into or trade financial instruments including derivative financial instruments for speculative purposes.

(a) Market risk

- Foreign exchange risk

Foreign exchange transaction risk is the risk that an adverse movement in exchange rates will increase the Australian dollar ("AUD") cost of foreign currency payables or diminish the AUD revenue of foreign currency receivables.

The Consolidated Entity is exposed to foreign currency exposure on assets and liabilities denominated in New Zealand Dollars through the ownership of New Zealand subsidiaries.

The Consolidated Entity's philosophy on foreign exchange risk management is risk mitigation. Hence the Consolidated Entity's objectives on foreign exchange risk management are to minimise the variance to the Consolidated Entity's profit margin from adverse movements in currencies against the AUD to which the Consolidated Entity is exposed.

In respect of monetary assets and liabilities held in currencies other than the Australian dollar, the Consolidated Entity ensures that the net exposure is kept to an acceptable level, by obtaining deal funding in New Zealand dollars to match the finance lease receivables. As the only significant exposure is the net asset position of the New Zealand subsidiaries the approved policy is not to hedge the exposure.

The following table shows the Consolidated Entity's and parent entity's exposure to NZD.

	Consolidated				Parent			
	2008		2007		2008		2007	
	AUD $'000	NZD $'000	AUD $'000	NZD $'000	AUD $'000	NZD $'000	AUD $'000	NZD $'000
Assets	609,838	151,047	671,943	149,312	171,330	-	157,114	-
Liabilities	(875,298)	(127,723)	(794,441)	(121,942)	(163,313)	-	(151,550)	-
Net Assets (liabilities)	(265,459)	23,324	(122,498)	27,370	8,017	-	5,565	-

Sensitivity analysis

The following table summarises the sensitivity of the Consolidated Entity's financial assets and liabilities to foreign currency exchange risks. It assesses the effect of how a 10 percent increase or decrease in the Australian dollar against the following currencies at 30 June 2008 would have on Equity and Profit or loss at reporting date. This analysis assumes that all other variables, in particular interest rates, are held constant. The analysis is performed on the same basis for 2007.

	Consolidated				Parent			
	2008		2007		2008		2007	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
10 percent increase of NZD								
AUD	(49)	49	(121)	121	-	-	-	-
10 percent decrease of NZD								
AUD	40	(40)	99	(99)	-	-	-	-

Note : the NZD movement impacts the value of RV assets in Consolidated entity.

- Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. The Consolidated Entity's interest rate risk arises from the differences in the term for its borrowings and the underlying assets.

The primary objectives of interest rate risk management for the Consolidated Entity is to ensure that it is not exposed to interest rate movements with the potential to adversely impact the cost of funds from the Consolidated Entity's liabilities.

Notes to the consolidated financial statements

To achieve this, the Consolidated Entity uses a mix of fixed and floating interest rates (where fixed is defined as a rate fixed for 12 months or longer).

Borrowings issued at variable rates expose the Consolidated Entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

The Consolidated Entity is not significantly exposed to interest rate risk on Finance leases as the interest rates are fixed at inception as is the funding associated with the leases.

Sensitivity analysis

The following table summarises the sensitivity of the Consolidated Entity's financial assets and liabilities to a reasonable possible change in interest rate, with all other variables held constant. It assesses the effect of how a 100 basis point increase or 50 basis point decrease in the yield curve of the Australia interest rate at 30 June 2008 would have on Equity and Profit or Loss at the reporting date. The analysis is performed on the same basis for 2007.

	Consolidated		**Parent**	
	2008	**2007**	**2008**	**2007**
	Profit or loss	**Profit or loss**	**Profit or loss**	**Profit or loss**
	$'000	**$'000**	**$'000**	**$'000**
100 basis point increase	(293)	(308)	-	-
50 basis point decrease	147	154	-	-

The Consolidated Entity's exposure to cash flow interest rate risk arises predominately from the bank facility which bears a variable interest rate. The above table only impacts on those financial assets and liabilities where the interest rates are floating. Finance Lease receivables have not been included above as at 30 June 2008. No interest rate hedging was in place to manage that interest rate risk.

The Consolidated Entity's exposure to interest rate risk by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Notes to the consolidated financial statements

Consolidated — **2008**

			Fixed maturing in				
	Total	Floating interest rate	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	32,224	32,224	-	-	-	-	-
Receivable	58,127	-	-	-	-	58,127	-
Finance lease receivables	564,922		105,292	100,032	193,800	156,592	9,206
Total interest-bearing assets	655,273	32,224	105,292	100,032	193,800	214,719	9,206
Secured loan	52,670	-	-	-	-	52,670	-
Secured working capital facility	29,300	29,300	-	-	-	-	-
Secured deal funding loan	546,192	-	113,597	107,923	177,200	143,179	4,293
Secured bank loans	-	-	-	-	-	-	-
Other loans - related parties	133,564	-	133,564	-	-	-	-
Lease liabilities	71	-	71	-	-	-	-
Liabilities for unguaranteed residuals	13,804	-	13,804	-	-	-	-
Preference units	142,306	-	-	-	142,306	-	-
Total interest-bearing liabilities	917,907	29,300	261,036	107,923	319,506	195,849	4,293
Net interest-bearing assets (liabilities)	(262,634)	2,924	(155,744)	(7,890)	(125,706)	18,870	4,913

2007

Consolidated

			Fixed maturing in				
	Total	Floating interest rate	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	23,701	23,701	-	-	-	-	-
Receivable	55,395	55,395	-	-	-	-	-
Finance lease receivables	497,865	-	87,761	83,058	166,484	160,562	-
Total interest-bearing assets	576,961	79,096	87,761	83,058	166,484	160,562	
Secured loan	49,328	-	-	-	-	49,328	-
Secured working capital facility	30,797	30,797	-	-	-	-	-
Secured deal funding loan	496,153	-	97,898	93,211	155,472	149,572	-
Secured bank loans	2,854	-	-		2,854	-	-
Other loans - related parties	123,738	-	25,008	96,278	2,452	-	-
Lease liabilities	69	-	-	69	-	-	-
Liabilities for unguaranteed residuals	13,197	10,429	-		2,768	-	-
Preference units	133,342	-	-	-	-	133,342	-
Total interest-bearing liabilities	849,479	41,226	122,906	189,558	163,546	332,242	
Net interest-bearing assets (liabilities)	(272,518)	37,870	(35,145)	(106,501)	2,938	(171,680)	

Parent				**2008**				
				Fixed maturing in				
	Notes	**Total**	**Floating interest rate**	**6 months or less**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
		$,000	-	**$,000**	**$,000**	**$,000**	**$,000**	**$,000**
Receivables from related parties		169,169	-	169,169	-	-	-	-
Total interest-bearing assets		169,169	-	169,169	-	-	-	-
Payables to related parties		19,339	-	-	-	19,339	-	-
Other loans		29	-	29	-	-	-	-
Preference units		142,306	-	-	-	142,306	-	-
Total interest-bearing liabilities		161,673	-	29	-	161,644	-	-
Net interest-bearing assets		7,496	-	169,141	-	(161,644)	-	-

Parent				**2007**				
				Fixed maturing in				
	Notes	**Total**	**Floating interest rate**	**6 months or less**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**
		$,000		**$,000**	**$,000**	**$,000**	**$,000**	**$,000**
Receivables from related parties		152,535	-	-	2,142	150,393	-	-
Total interest-bearing assets		152,535	-	-	2,142	150,393	-	-
Bank overdrafts								
Payables to related parties		17,604	-	-	-	17,604	-	-
Other loans		28	-	-	28	-	-	-
Preference units		133,342	-	-	-	-	133,342	-
Total interest-bearing liabilities		150,974	-	-	28	17,604	133,342	-
Net interest-bearing assets		1,561	-	-	2,114	132,789	(133,342)	-

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding inertia rental, asset disposal revenue and finance lease receivables in some limited circumstances.

The Consolidated Entity manages its credit risk by strict adherence to the approved Credit Policy. The purpose of the policy is to deliver a shared understanding of the credit strategy so as to create an environment where the rewards of the funding of receivables are balanced with the inherent risks. The Credit Policy sets out how credit approval is obtained for customers and how brokers and vendors are accredited.

The Consolidated Entity prepares internal credit assessments on all customers in accordance with the Credit Policy taking into account its financial position, past experience and other factors. These credit assessments are used to determine the credit limit available to each individual lessee. No transactions are settled without appropriate credit approval.

The Consolidated Entity's exposure to credit risk on Finance leases is limited, with the majority of the risk borne by the funder of the lease. The credit risk that the entity is exposed to is limited to two groups of finance leases; those leases that the Consolidated Entity has funded itself ($2.3m in total self funded in 2008) and those leases that the Consolidated Entity has contributed a loss reserve towards.

On those leases that the Consolidated Entity has funded itself the full amount of the lease receivable is exposed to credit risk. As required provisioning has been raised against such contracts.

On those contracts covered by a loss reserve the maximum credit risk to the company is the aggregate value of the Loss Reserve. There are a number of distinct loss reserves and each only relates to a specific tranche of funding with

a specific funder. There is no cross collateralisation between loss pools. The loss reserves are included in Bank guarantee deposits in Trade and other Receivables and have an aggregate value of $16.5m in 2008 ($18.1m in 2007). There are protocols in place with each funder in relation to the mechanism for setting off the principal exposure under an impaired contract to a specific loss reserve, subject to the Loss Reserve balance not being exceeded. Where there is any impairment or risk of loss in relation to any contract which is in a tranche of funding covered by a loss reserve, then specific provisioning occurs against that contract.

Provisioning in place to cover the contracted firm term rentals under the Consolidated Entity funded contracts, and contracts subject to loss reserve, as at 30 June 2008 totalled $4.6m ($3.1m in 2007). This amount has been fully provided in the accounts.

Under the funding arrangements in place the rental receivable (net of GST) in relation to any contract is pledged to the specific funder from whom funding was obtained for that contract. Net receivable rentals collected on finance leases are paid to the funder of that rental receivable until the full amount due has been repaid to the funder.

It is not possible to determine the ratings of counterparties where credit risk exists as these are often small and medium businesses who do not have a rating. The portfolio is well diversified by geography, by number of contracts and exposure to specific counterparties and industries.

At the balance sheet date the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The following table summarises the credit risk of the Consolidated Entity's financial assets by assessing the age of financial assets. It also details financial assets that are individually impaired and a description of collateral held where relevant.

Notes to the consolidated financial statements

Consolidated	Total $'000	Not subject to credit risk $'000	Neither past due nor impaired $'000	Past due but not impaired < 90 days $'000	Past due but not impaired >90 days $'000	Collectively impaired $'000	Individually impaired $'000
2008							
Cash and cash equivalents	32,224	-	32,224	-	-	-	-
Finance lease receivables - Current (Note 1)	205,324	204,180	794	5	2	-	343
Trade and other receivables - Current (Note 2)	55,894	32,973	14,680	1,476	535	-	6,230
Trade and other receivables - Provision (Note 2)	(6,573)	-	-	-	-	-	-
Trade and other receivables - Net	49,321	-	-	-	-	-	-
Finance lease receivables - Non-Current (Note 1)	359,598	358,488	1,110	-	-	-	-
Receivables	62,648	4,462	58,186	-	-	-	-
2007							
Cash and cash equivalents	23,701	-	23,701	-	-	-	-
Finance lease receivables - Current (Note 1)	170,819	170,581	238	-	-	-	-
Trade and other receivables - Current	69,143	39,935	19,981	2,596	1,228	-	5,403
Trade and other receivables - Provision	(5,461)	-	-	-	-	-	-
Trade and other receivables - Net	63,682	-	-	-	-	-	-
Finance lease receivables - Non-Current (Note 1)	327,046	327,046	-	-	-	-	-
Receivables	66,865	11,371	55,436	-	-	-	58

Parent	Total $'000	Not subject to credit risk $'000	Neither past due nor impaired $'000	Past due but not impaired < 90 days $'000	Past due but not impaired >90 days $'000	Collectively impaired $'000	Individually impaired $'000
2008							
Cash and cash equivalents	-	-	-	-	-	-	-
Finance lease receivables - Current	-	-	-	-	-	-	-
Trade and other receivables - Current (Note 3)	170,930	-	170,930	-	-	-	-
Finance lease receivables - Non-Current	-	-	-	-	-	-	-
Receivables - Non-Current	-	-	-	-	-	-	-
2007							
Cash and cash equivalents	-	-	-	-	-	-	-
Finance lease receivables - Current	-	-	-	-	-	-	-
Trade and other receivables - Current (Note 3)	3,702	1,559	2,143	-	-	-	-
Finance lease receivables - Non-Current	-	-	-	-	-	-	-
Receivables - Non-Current (Note 3)	150,393	-	150,393	-	-	-	-

Note 1: Finance lease receivables
The companies credit risk on Finance Lease receivables is limited to those contracts that are self funded (2008 $2.3m; 2007 - $238k) and those contracts covered by a loss reserve. On those contracts covered by a loss reserve the maximum credit risk to the company with any funder for a tranche of receivables is the value of the specific loss reserve to cover those contracts. The aggregate value of those loss reserves are included Bank guraantee deposits in Trade and other receivables and have a value of $16.5m in 2008 and $18.1m in 2007.

Note 2: Provisioning and Impairments relate to both Finance Leases and to other receivables.

Note 3: Receivables from controlled entities
The parent entity has the following amounts receivable from controlled entites in 2008: Current $170.9m Non-current $nil (2007 current $nil, Non-current $150.4m). Whilst these amounts are neither past due nor impaired the recoverability of these should be considered in light of going concern issues noted at 1(b).

Credit Risk - Movement in the Provision for trade receivable doubtful debts

	Consolidated		Parent	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Opening balance	5,461	3,704	-	-
Provision for impairment recognised during the year	3,261	3,476	-	-
Receivables written off during the year as uncollectible	(2,149)	(1,719)	-	-
Closing Balance	6,573	5,461	-	-

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed facilities. The Consolidated Entity manages liquidity risk by continuously monitoring and forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Liquidity risk management is also concerned with planning for unforeseen events which may cause pressure on the Consolidated Entity's cash liquidity position such as an unforcasted reduction in secondary revenues, restriction to deal funding lines, an increase in costs, a business disruption and unplanned capital expenditure or other business needs. Surplus funds are only invested in instruments that re tradeable in highly liquid markets.

In addition, the Consolidated Entity sought and Allco Finance Group Limited ("AFG") has provided an undertaking that it will continue to support the Consolidated Entity to at least 30 September 2009.

The following table analyses the Consolidated Entity's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining contractual maturity period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows (includes both interest and principal cash flows).

Consolidated

	Notes	Total $,000	Floating interest rate $,000	2008 Fixed maturing in: 6 months or less $,000	6 - 12 months $,000	1 - 2 years $,000	2 - 5 years $,000	More than 5 years $,000
Secured loan		52,670	-	-	-	-	52,670	-
Secured working capital facility		29,300	29,300	-	-	-	-	-
Secured deal funding loan		546,192	-	113,597	107,923	177,200	143,179	4,293
Secured bank loans								
Other loans - related parties		133,564	-	133,564	-	-	-	-
Lease liabilities		71	-	71	-	-	-	-
Liabilities for unguaranteed residuals		13,804	-	13,804	-	-	-	-
Preference units		160,067	-	7,590	7,989	144,489	-	-
Total interest-bearing liabilities		935,668	29,300	268,625	115,911	321,688	195,849	4,293

	Notes	Total $,000	Floating interest rate $,000	2007 Fixed maturing in: 6 months or less $,000	6 - 12 months $,000	1 - 2 years $,000	2 - 5 years $,000	More than 5 years $,000
Secured loan		49,328	-	-	-	-	49,328	-
Secured working capital facility		30,797	30,797	-	-	-	-	-
Secured deal funding loan		496,153		97,898	93,211	155,472	149,572	
Secured bank loans		2,854	-	-	-	2,854	-	-
Other loans - related parties		123,738	-	25,008	96,278	2,452	-	-
- note liabiltiies		16,467		16,467				
- related party secured loans		106,886		8,540	95,894	2,452		
- unsecured converting loan								
Other loans		385			385			
Lease liabilities		69	-	-	69	-	-	-
Liabilities for unguaranteed residuals		13,197	-	-	10,429	2,768	-	-
Preference units		168,454	-	-	8,388	15,578	144,489	-
Total interest-bearing liabilities		884,591	30,797	122,906	208,375	179,125	343,388	-

Parent

	Notes	Total $'000	Floating interest rate $'000	2008 Fixed maturing in: 6 months or less $'000	6 - 12 months $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000
Payables to related parties		18,908	-	18,908	-	-	-	-
Other loans		29	-	29	-	-	-	-
Preference units		160,067		7,590	7,989	144,489		
Total interest-bearing liabilities		179,003	-	26,526	7,989	144,489	-	-

	Notes	Total $'000	Floating interest rate $'000	2007 Fixed maturing in: 6 months or less $'000	6 - 12 months $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000
Payables to related parties		17,604	-	-	-	-	17,604	-
Other loans		28	-	-	28	-	-	-
Preference units		168,454			8,388	15,578	144,489	
Total interest-bearing liabilities		186,086	-	-	8,416	15,578	162,093	

(d) Capital risk Management

The Consolidated Entity and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern.

As at 30 June 2008, the Consolidated Entity has a deficiency of capital and reserves of $247.0 million, and a working capital deficiency of $110.1m. The Consolidated Entity has also experienced operating losses during the period to 30 June 2008. The Consolidated Entity sought and Allco Finance Group Limited ("AFG") has provided an undertaking that it will continue to support the Scheme to at least 30 September 2009.

(e) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying amounts of the Scheme's assets and liabilities at the balance sheet date approximate their fair values.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill

The Consolidated Entity tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy in note 1(p). The recoverable amount of the cash generating unit has been determined based on the higher of the fair value less cost to sell calculation and its value in use. These calculations require the use of assumptions. Refer to Note 19 Intangible Assets for details of these assumptions and the potential impact of changes to the assumptions.

Lease residual values

The valuation of the residual value asset at the end of its useful life is calculated as the expected value of the asset at the end of the firm term including a value for the remaining useful life. This valuation is our estimate of the fair value of the asset at the end of the firm term.

Management, including the Chief Risk Officer, perform periodic reviews of the estimated residual values, with non-temporary impairment recognised in the current period as an increase to depreciation expense for operating lease residual impairment, or as an adjustment to yield for residual value adjustments on finance leases. Data regarding equipment values, including appraisals, and our historical residual realisation experience are among the factors considered by the Chief Risk Officer in evaluating estimated residual values.

Provisioning for credit losses

Losses can occur as a result of:

1) The default of obligors under finance receivables. Such would only occur where the lessee under a finance receivable defaults, collections action fails to recover sufficient funds, and, there is insufficient recovery from asset recovery and sale (after recovery of residual value investment) to repay scheduled funded rental payments. The potential loss is generally limited to the value of the loss reserve; and

2) Losses on the expected residual value investments in assets and other expected income from rental agreements. Such losses would occur where the lessee defaults and insufficient funds can be recovered from action against the lessee, or from sale of equipment.

Receivable arrears are closely monitored and are actively pursued and managed by an internal collections team, with use of external agents as required.

Provisions are made for losses and are subject to ongoing review and adjustment. This process is reviewed on a monthly basis by senior management, including the Chief Risk Officer, General Legal Counsel and the General Manager Leasing Services.

Provisioning is based upon: review of individual files in arrears; the ageing of arrears; prospects of recovery based upon actual circumstances; anticipated recoverability of any funds from sale of funded assets; recovery from any other collateral security; historical and projected trends as well as economic conditions.

(b) Critical judgements in applying the Consolidated Entity's accounting policies

Certain critical accounting judgements in applying the Consolidated Entity's accounting policies are described below.

Finance lease versus operating lease – application of AASB 117

AASB 117 uses substance over form to determine if a lease is an operating lease or a finance lease. For compliance with AASB 117 management have used a rebuttable presumption that if the present value of the lease payments is greater than or equal to 80% of the value of the leased assets at the inception of the lease, then the lease is a finance lease, unless facts and circumstances indicate otherwise. If the present value of the lease payments is less than 80% of the value of the leased assets at the inception of the lease, management have considered whether the lease is an operating lease.

Income Taxes

The Consolidated Entity is subject to income taxes in Australia and jurisdictions where it has foreign operations. There are some transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity recognises liabilities for any anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcomes of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Furthermore, the Consolidated Entity had recognised in its deferred tax asset account a significant amount of tax losses. These deferred tax assets in relation to the tax losses have been written down to nil as it is not probable that the tax losses will be utilised in the foreseeable future.

4. Finance costs

	Consolidated		Parent entity	
	2008	**2007**	**2008**	**2007**
	$,000	**$,000**	**$,000**	**$,000**
Interest and finance charges paid or payable	39,648	40,382	16,953	21,383
Amortisation of establishment fees	51	3,898	-	3,682
Finance costs	39,699	44,280	16,953	25,065

5. Other operating expenses

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Other	(2)	11	(2)	11
	(2)	11	(2)	11

6. Income tax benefit

(a) Income tax benefit recognised in the income statement

	Disposal Group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
Current tax	(8,574)	-	386	-	-
Deferred tax	22,097	-	710	-	-
Under/(over) provision in prior years	1,938	-	-	-	-
	15,461	-	1,096	-	-
Deferred income tax expense/(benefit) included in income tax expense comprises:					
Decrease/(increase) in deferred tax assets	10,997	-	612	-	-
Increase in deferred tax liabilities	11,099	-	98	-	-
	22,096	-	710	-	-

Income tax expense relates to continuing operations and the disposal group as follows:

	Disposal Group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
Continuing operations	-	-	1,633	-	-
Disposal Group (Note 42)	15,461	-	(537)	-	-
	15,461	-	1,096	-	-

(b) Numerical reconciliation between income tax benefit and pre-tax net profit

	Disposal Group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
Profit (loss) before income tax expense	(97,182)	(37,110)	(45,010)	453	(2,915)
Income tax at the Australian tax rate of 30% (2007: 30%)	(29,155)	(11,133)	(13,503)	136	(875)
Increase in income tax expense due to:					
- Non-deductible expenses	3	-	-	-	-
- Operating results of parent trust entity	-	(136)	875	(136)	875
- Accounting policy alignment adjustment	-	-	-	-	-
- Impairment of goodwill	36,074	-	-	-	-
- Other non-assessable amounts	-	-	-	-	-
- Losses for which no tax asset is recognised	2,559	11,269	12,543	-	-
- Written off of deferred tax assets in previous years	12,140	-	1,092	-	-
- Lease adjustments	(7,493)				
Decrease in income tax expense due to:					
- Difference in overseas tax rates	(96)	-	89	-	-
- Lease adjustments	(509)	-		-	-
	13,523	-	1,096	-	-
Under/(over) provision in prior years	1,938	-		-	-
	15,461	-	1,096	-	-

(c) Amounts recognised directly in equity

There was no current or deferred tax arising in the period recognised directly in equity.

(d) Tax losses

	Disposal Group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
Unused tax losses for which no deferred tax asset has been recognised	94,549	-	34,662	-	-
Potential benefit at 30%	28,365	-	10,399	-	-

All unused tax losses were incurred by Australian entities.

7. Segment reporting

The Consolidated Entity operates within one business segment being the leasing market, and one geographical segment being Australasia.

8. Current assets - cash and cash equivalents

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Cash at bank and on hand	32,224	23,701	-	-
Cash and cash equivalents in the statement of cash flows	32,224	23,701	-	-

9. Current assets – finance lease receivables

	Disposal group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
Minimum lease payments receivable	268,169	-	228,850	-	-
Unguaranteed residual value receivable	12,760	-	3,259	-	-
GST, Maint. Fee & Stamp Duty for Minimum lease payment	(28,968)	-	(26,616)	-	-
Gross investment in the lease receivable	251,961	-	205,493	-	-
Less unearned income	(46,637)	-	(34,674)	-	-
Net investment in the lease	205,324	-	170,819	-	-

10. Current assets – trade and other receivables

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Other trade receivables	-	18,535	-	-
Provision for trade receivable doubtful debts	-	(5,461)	-	-
Investment in unguaranteed residuals	-	25,819	-	-
Provision for expired residuals	-	(276)	-	-
Accrued income	-	-	-	-
Receivable from directors & director related parties	-	-	-	-
Receivable from controlled entities	-	-	169,169	2,142
Bank guarantee deposits/Security deposits	-	17,818	-	-
GST receivable	1,761	4,597	1,761	1,560
Other receivables	-	2,650	-	-
	1,761	63,682	170,930	3,702

11. Current assets – inventories

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Finished goods - opening balance	-	315	-	-
Additions	-	-	-	-
Disposals	-	(53)	-	-
Other	-	(69)	-	-
Finished goods - net realisable value	-	193	-	-

12. Current assets – other assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Prepayments	983	3,833	399	-
Debt establishment costs	-	-	-	-
Income tax refund	-	-	-	-
Other	-	587	-	-
	983	4,420	399	-

13. Non-current assets – finance lease receivables

	Disposal group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
Minimum lease payments receivable	393,085	-	369,787	-	-
Unguaranteed residual value receivable	51,812	-	44,020	-	-
GST, Maint. Fee & Stamp Duty for Minimum lease payment	(40,410)	-	(40,049)	-	-
Gross investment in the lease receivable	404,487	-	373,758	-	-
Less unearned income	(44,889)	-	(46,712)	-	-
Net investment in the lease	359,598	-	327,046	-	-

14. Non-current assets- Receivables

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Investment in unguaranteed residuals	-	9,526	-	-
Provision for expired residuals	-	(838)	-	-
	-	8,688	-	-
Receivable from controlled entities	-	-	-	150,393
Receivable *	58,127	55,395	-	-
Security deposit	-	-	-	-
Other	-	2,780	-	-
	58,127	66,863	-	150,393

* Receivable consists of Indirect Infrastructure Bonds and loans to related parties. These Indirect Infrastructure Bonds are sold to related parties refer to note 37(e) for further information.

Future finance lease receivables:

	Disposal group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
Finance Leases					
Gross investment in the lease receivable:					
No later than one year	251,961	-	205,493	-	-
Later than one year and not later than five years	394,132	-	363,776	-	-
Later than five years	10,355	-	9,982	-	-
	656,448	-	579,251	-	-
Present value of minimum lease payments receivable:					
No later than one year	205,571	-	151,233	-	-
Later than one year and not later than five years	299,906	-	293,475	-	-
Later than five years	7,879	-	9,282	-	-
	513,356	-	453,990	-	-
Reconciliation between the gross investment in the lease receivable and the present value of the minimum lease payments receivable:					
Gross investment in the lease receivable	656,448	-	579,251	-	-
Less unguaranteed residual value receivable	(64,572)	-	(47,279)	-	-
Minimum lease payments receivable	591,876	-	531,972	-	-
Less unearned income on minimum lease payments receivable	(78,520)	-	(77,982)	-	-
Present value of minimum lease payments receivable	513,356	-	453,990	-	-

15. Unguaranteed residual value

	Disposal group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
Current unguaranteed residual value					
Unguaranteed residual value receivable	12,760	-	3,259	-	-
Investment in unguaranteed residuals - Trade & other rec.	11,176	-	25,819	-	-
Total current unguaranteed residual value	23,936	-	29,078	-	-
Non current unguaranteed residual value					
Unguaranteed residual value receivable	51,812	-	44,020	-	-
Investment in unguaranteed residuals - Receivables	9,889	-	9,526	-	-
Total non current unguaranteed residual value	61,701	-	53,546	-	-
Total unguaranteed residual value	**85,637**	-	**82,624**	-	-

16. Non-current assets - other financial assets

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Shares in other listed entities	-	5	-	-
Shares in controlled entities (Note 38)	-	-	-	3,018
	-	5	-	3,018

17. Non-current assets - Property, plant & equipment

Property, plant and equipment

	Consolidated	
	2008	**2007**
	$,000	**$,000**
At cost	-	26,820
Less: Accumulated depreciation	-	(14,567)
Net book value	-	12,253

Consolidated 30 June 2008	**Plant and equipment held under operating leases $,000**	**Plant and equipment $,000**	**Plant and equipment under finance lease $,000**	**Totals $,000**
Opening net book amount	10,083	1,546	624	12,253
Additions	-	-	-	-
Disposals	-	-	-	-
Assets included in disposal group classified as held for sale	(10,083)	(1,546)	(624)	(12,253)
Additions through acquisitions	-	-	-	-
Depreciation charge	-	-	-	-
Foreign currency differences	-	-	-	-
Closing net book amount	-	-	-	-

Consolidated 30 June 2007	**Plant and equipment held under operating leases $,000**	**Plant and equipment $,000**	**Plant and equipment under finance lease $,000**	**Totals $,000**
Opening net book amount	12,402	2,370	1,082	15,854
Additions	-	294	2,005	2,299
Disposals	-	(626)	(1,077)	(1,703)
Additions through acquisitions	-	-	-	-
Depreciation charge	(2,319)	(492)	(1,386)	(4,197)
Foreign currency differences	-	-	-	-
Closing net book amount	10,083	1,546	624	12,253

Notes to the consolidated financial statements

18. Non current assets - deferred tax assets

	Disposal Group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
The balance comprises temporary differences attributable to:					
Doubtful debts	1,415	-	2,086	-	-
Employee entitlements	570	-	584	-	-
Provisions	270	-	940	-	-
Plant & equipment	-	-	-	-	-
Intangible elimination	101	-	344	-	-
Profit sharing arrangements	3,125	-	3,223	-	-
Other items	4,053	-	1,214	-	-
Tax losses	-	-	12,140	-	-
Net deferred tax assets	9,534	-	20,531	-	-
Movements:					
Opening Balance as at 1 July	20,531	-	21,143	-	-
Credited/(charged) to the income statement	(10,997)	-	(612)	-	-
Credited/(charged) to equity	-	-	-	-	-
Closing balance as at 30 June	9,534	-	20,531	-	-
Deferred tax assets to be recovered after more than 12 months	1,269	-	13,802	-	-
Deferred tax assets to be recovered within 12 months	8,265	-	6,729	-	-
	9,534	-	20,531	-	-

Unrecognised deferred tax assets

At 30 June 2008 deferred tax assets have not been recognised in relation to the following items:

	Disposal Group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
Tax losses	94,549	-	34,662	-	-
	94,549	-	34,662	-	-

The deferred tax assets in prior years have included amounts that relate to carried forward tax losses. At 30 June 2007 carried forward tax losses of $40.4m contributed $12.1m to the deferred tax asset balance. The deferred tax assets in relation to the tax losses have been written down to nil as it is not probable that the tax losses will be utilised in the foreseeable future.

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits there from.

19. Non-current assets - intangible assets

(a) Impairment tests for goodwill

Consolidated	Goodwill $,000
Opening Balance as at 1 July 2006	
Cost	152,002
Accumulated amortisation and impairment	(33,982)
Net carrying amount	118,020
Movement during the year ended 30 June 2007	
Opening net carrying amount	118,020
Changes through business combinations	-
Closing net carrying amount	118,020
Balance as at 30 June 2007	
Cost	152,002
Accumulated amortisation and impairment	(33,982)
Net carrying amount	118,020
Movement during the year ended 30 June 2008	
Opening net carrying amount	118,020
Changes through business combinations	2,228
Impairment of Goodwill	(120,248)
Closing net carrying amount	-
Balance as at 30 June 2008	
Cost	154,230
Accumulated amortisation and impairment	(154,230)
Net carrying amount	-

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1 (p). The test for impairment is based on the recoverable amounts of cash generating units (CGUs). Recoverable amount is determined as the higher of value in use or fair value less costs to sell. In prior years the recoverable amount was determined by a formal external valuation using the discounted cash flow method to produce a value in use, as no accurate sale price could be determined. In 2008 the operating leasing business was offered for sale through a tender process. At the time of signing these financial statements no sale agreement had been reached. Management have considered the indicative bids which provide an indication of fair value less costs to sell. However as these indicative bids can change materially as a result of due diligence they may not necessarily provide an accurate reflection of the final sale price. Refer to note 43 for more details of the proposed sale. Management have also performed value in use calculations as in prior years. The parent entity goodwill has been fully written off.

Notes to the consolidated financial statements

Key assumptions used for recoverable amount calculations

Assumptions	2008	2007	How determined
Original equipment cost of assets funded (OEC) volume growth	(2.5%) in year 1, 11% for 2010, 10% for 2011, 7% for 2012 to 2016 and 3% thereafter	14% in year 1, 10% for 2009 to 2010 and 7% thereafter	Management forecast based on potential opportunities.
Discount rate used	11.7% to 12.3%	12.0% to 13.0%	Based on the consolidated entities weighted average cost of capital.
Cost growth	3.00%	3.00%	Set at budget in 2009, and in line with inflation thereafter.

Impact of changes in key assumptions

The impairment test has led to a write-down of the entire previously recognised goodwill ($120 million). The general deterioration in market conditions and credit availability and pricing were important contributors to this impairment.

20. Current liabilities – trade and other payables

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Trade creditors	-	19,668	-	-
Commissions payable	-	124	-	-
Unearned income	4,555	7,681	-	-
GST payable		-	-	-
Accruals	-	4,580	-	-
Responsible entity fee	1,579	514	1,579	-
Other creditors	62	4,215	61	576
	6,196	36,782	1,640	576

21. Current liabilities - interest-bearing loans and borrowings

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Secured working capital facility	29,300	30,797	-	-
Secured Lease liabilities	-	69	-	-
Note liability*	-	16,127	-	-
Related party secured loans	130,659	104,346	-	-
Unsecured liability for investment in residual values unguaranteed (related party)	13,804	10,429	-	-
Unsecured converting loans	-	-	-	
Payable to related parties - unsecured	2,905	383	29	28
Other	-	-	-	-
	176,668	162,151	29	28

*Included in Note liability is $NIL (2007:$16,445k) due to related parties. The amount in 2007 is higher than the closing balance due to deferred establishment costs. Further information relating to loans from related parties is set out in notes 24, 25 and 37. Refer also to Note 43 for matters affecting the Consolidated Entity's ability to discharge its liabilities.

Notes to the consolidated financial statements

Unrestricted access was available at balance date to the following working capital facility:

Working capital facility

	Consolidated		Parent entity	
	2008	**2007**	**2008**	**2007**
	$,000	**$,000**	**$,000**	**$,000**
Total working capital facility	30,333	45,000	-	-
Used facility at balance date (including guarantees)	(30,333)	(34,539)	-	-
Unused facility at balance date	-	10,461	-	-

The working capital facility is secured by a first ranking fixed and floating charge over the assets and uncalled capital of Alleasing Pty Limited and its controlled entities. Further information is set out in Note 43.

Lease liabilities

Lease liabilities are effectively secured against the retention account (a percentage of amounts funded for certain funders on the panel) and lease receivables.

Note liabilities

Refer to Note 21 for more information on the terms of the notes.

Related Party Secured Loans

The liability to pay the related part secured loan ("mezzanine loan") and interest thereon is secured by a second ranking charge over the assets of Alleasing Pty Ltd and its subsidiaries. That charge was given to Commonwealth Bank of Australia as security trustee. Commonwealth Bank of Australia holds the charge for its own benefit as first priority, and, as a second priority, on behalf of Allco Finance Group for the liability under the mezzanine loan.

Unsecured Liability for residual values unguaranteed

Alleasing Pty Ltd and other subsidiaries have sold an interest in residual value assets to Re Leasing Pty Ltd. The interest of Re Leasing is as an owner, and not a secured creditor. Its interest in the residual value assets therefore ranks ahead of all creditors, secured and unsecured.

Other external loans

The other external loans of the Scheme are secured by a second ranking fixed and floating charge over the assets and uncalled capital of Alleasing Pty Limited and its controlled entities and against the residual values of certain assets.

22. Current liability - tax liabilities

The current tax liabilities for the Consolidated Entity of $162k (2007: $2,835k) represents the amount of income taxes payable in respect of current and prior periods. No current tax liability for the parent entity is necessary as there is no obligation in existence, as the unitholders of the trust are presently entitled to the taxable income of the Scheme.

23. Current liabilities – provisions

	Consolidated		Parent entity	
	2008	**2007**	**2008**	**2007**
	$,000	**$,000**	**$,000**	**$,000**
Employee entitlements	-	1,619	-	-
Business reorganisation	-	2,286	-	-
Other	-	680	-	-
	-	4,585	-	-

Reorganisation provision

The strategy of the Consolidated Entity has been to make several acquisitions in the small ticket leasing market with a view to achieving synergy savings. This provision reflects the costs of consolidation which form part of a formal plan for the future realisation of these savings.

Movements in provisions:

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Consolidated		
	Business reorganisation	Other	Total
	$,000	$,000	$,000
Opening balance 1 July 2007	2,286	680	2,966
Provisions made during the year	-	-	-
Liabilities included in disposal group classified as held for sale	(2,286)	(680)	(2,966)
Provisions used during the year	-	-	-
Balance at 30 June 2008	-	-	-

24. Current liabilities - other creditors

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Payable to related parties	-	-	-	-
Other	-	775	-	-
	-	775	-	-

25. Non-current liabilities - interest-bearing loans and borrowings

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Secured bank loans	-	2,854	-	-
Secured Lease liabilities	-	-	-	-
Note liability	-	-	-	-
Payable to related parties - secured	-	-	-	-
Payable to related parties - unsecured	-	2,540	19,338	17,604
Unsecured converting loans	-	-	-	-
Unsecured liability for investment in residual values unguaranteed	-	2,769	-	-
Secured loan	52,670	49,328	-	-
	52,670	57,491	19,338	17,604

Further information relating to loans from related parties is set out in notes 21 and 37.

Secured liabilities

Total secured liabilities (current and non current) are:

	Consolidated		Parent entity	
	2008	**2007**	**2008**	**2007**
	$,000	**$,000**	**$,000**	**$,000**
Bank facilities and loans	29,300	33,651	-	-
Lease liabilities	-	69	-	-
Secured loans	183,329	156,214	-	-
Secured lease payables	-	496,152	-	-
Total secured liabilities	212,629	686,086	-	-

Bank facilities and loans

The bank facilities and loans of the Scheme are secured by a first ranking fixed and floating charge over the assets and uncalled capital of Alleasing Pty Limited and its controlled entities.

Lease liabilities

Lease liabilities are effectively secured against the retention account (a percentage of amounts funded for certain funders on the panel).

Payable to related parties

During previous years, Allco Managed Investments Funds Ltd as responsible entity of the Allco Hybrid Investment Trust has advanced $39.2 million to Alleasing Finance Limited, a subsidiary of the Scheme. These loans are secured by a charge over Alleasing Finance Limited in favour of J P Morgan Trust Australia Limited in its capacity as Note Trustee under the Note Trust Deed entered into between Allco Managed Investments Funds Ltd as responsible entity of the Allco Hybrid Investment Trust, Alleasing Finance Limited, and other companies related to Alleasing Finance Ltd. The balance of this loan as at 30 June 2008 is $Nil (2007: $14,452k).

Refer to Note 37(e) for details of the related party mezzanine loan.

Converting loans

Tranche 1 converting loans accrue interest at 15% per annum and capital accretion at 15% per annum. Tranche 2 converting loans accrue interest at 15% per annum. At the election of the lender, and at a conversion trigger date, the converting loans have the ability of converting to ordinary units. On 22 December 2006 the unsecured converting loans of $28.289m were repaid in full with the funds raised from the issue of ordinary units to Re Leasing Pty Limited at $1 per unit (refer to Note 30(a)).

26. Non-current liabilities - preference units

	2008	**2007**	**2008**	**2007**
	Units	**Units**	**$,000**	**$,000**
Opening balance	130,000,000	130,000,000	133,342	112,636
Adjusted opening balance	-	-	-	-
Amortisation of establishment fee	-	-	641	-
Preference units issued	-	-	-	-
Preference units repayment	-	-	(7,989)	-
Interest accrued	-	-	16,312	20,706
	130,000,000	130,000,000	142,306	133,342

Refer to Note 43 for matters affecting the Consolidated Entity's ability to discharge its liabilities.

27. Non-current liabilities – deferred tax liabilities

	Disposal Group	Consolidated		Parent entity	
	2008	2008	2007	2008	2007
	$,000	$,000	$,000	$,000	$,000
The balance comprises temporary differences attributable to:					
Amounts recognised in profit or loss					
Other financial and residual assets	2,901	-	6,365	-	-
Depreciation	360	-	4,241	-	-
Financing costs	18,690	-	245	-	-
Net deferred tax liabilities	21,951	-	10,851	-	-
Movements:					
Opening Balance as at 1 July	10,851	-	10,754	-	-
Charged to the income statement	11,100	-	97	-	-
Charged/(credited) to equity	-	-	-	-	-
Closing balance as at 30 June	21,951	-	10,851	-	-
Deferred tax liabilities to be settled after more than 12 months	13,650	-	7,225	-	-
Deferred tax liabilities to be settled within 12 months	8,301	-	3,626	-	-
	21,951	-	10,851	-	-

28. Non-current liabilities – provisions

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Employee entitlements	-	210	-	-
Other	-	-	-	-
	-	210	-	-

29. Non-current liabilities - other creditors

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Payable to director related entities	-	-	-	-
Funding residual liability	-	-	-	-
	-	-	-	-

30. Contributed equity

Currently, there are two classes of units issued, 47,012,546 Ordinary Units and 45,303 Converting Units. As stipulated within the Scheme's Constitution, each Ordinary Unit holder represents a right to an individual share in the Scheme and this does not extend to a right to the underlying assets of the scheme. The Converting Units will convert to Ordinary Units if the Scheme entities list on the Australian Stock Exchange. The converting units have no voting rights until conversion to ordinary units.

Notes to the consolidated financial statements

(a) Ordinary units

	Consolidated		Consolidated	
	2008	**2007**	**2008**	**2007**
	Units	**Units**	**$,000**	**$,000**
Issued units	47,012,546	45,012,546	47,013	45,013
	47,012,546	45,012,546	47,013	45,013

	Number of shares	Issue Price	$
Movement in ordinary issued units			
Opening balance 1 July 2006	16,723,538	$1	16,723,538
Units issued during the year	28,289,008	$1	28,289,008
Balance at 30 June 2007	45,012,546		45,012,546
Movement in ordinary issued units			
Opening balance 1 July 2007	45,012,546	$1	45,012,546
Units issued during the year	2,000,000	$1	2,000,000
Balance at 30 June 2008	47,012,546		47,012,546

During the year ended 30 June 2008 a subsidiary of the Scheme purchased the remaining 50% equity in the Alltech Finance Pty Ltd, Alltech Finance (NZ) Limited and Alltech Residuals Pty Ltd for $2.0 million and funded the purchase through the issuance of 2,000,000 units in the Scheme.

(b) Converting units

	Number of shares	Issue Price	$
Movement in converting issued units			
Opening balance 1 July 2006	45,303	$1	45,303
Units issued during the year	-	$1	-
Balance at 30 June 2007	45,303		45,303
Movement in converting issued units			
Opening balance 1 July 2007	45,303	$1	45,303
Units issued during the year	-	$1	-
Balance at 30 June 2008	45,303		45,303

31. Reserves

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Foreign currency translation reserve				
Opening balance	1,425	(838)	-	-
Currency translation differences arising during the period	(1,951)	2,263	-	-
Equity directly associated with assets of Disposal Group classified as Held for Sale	526	-	-	-
Total foreign currency translation reserve	-	1,425	-	-

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve. Amounts are recognised in the profit or loss when the net investment is disposed of.

32. Retained losses

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Opening balance	(144,081)	(117,226)	(39,450)	(36,535)
Adjustment to retained earnings due to change in economic interest in subsidiaries	366	-	-	-
Adjustment to opening retained earnings due to change in accounting policy	-	5,062	-	-
Adjustment to opening retained earning due to accounting error	-	2,022	-	-
Adjusted opening balance	(143,715)	(110,142)	(39,450)	(36,535)
Changes for Year				
Net loss for the year	(149,753)	(33,939)	453	(2,915)
Closing balance	(293,468)	(144,081)	(38,997)	(39,450)

33. Outside equity interest in controlled entities

Interest in:

	Consolidated	
	2008	2007
	$	$
Share capital	-	50
Retained profits/(losses)	-	-
	-	50

34. Distributions

Distributions paid or payable

There were no distributions paid or payable during the period.

Notes to the consolidated financial statements

35. Commitments

Commitments contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Lease commitments				
Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	571	538	-	-
Later than one year but not later than five years	2,731	2,190	-	-
Later than five years	1,350	2,507	-	-
	4,652	5,235	-	-

36. Guarantees

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
A foreign controlled entity has entered into funding arrangements whereby on default of payment by the lessee, title to the residuary interests of the deals is lost. At 30 June 2008 all such deals were reviewed and residual values written off where it was considered necessary. No provision has been made for future loss. The value of residuary interests involved is approximately NZD$14,500 (2007: NZD309,500). The directors are confident that all remaining residuary interests will be recovered.	11	281	-	-
Unsecured guarantees by the parent entity in respect of:				
Bank guarantees issued to the Australian entity in respect of its operating leases.	433	433	-	-
Bank guarantees issued to the Australian entity in respect of a contract performance guarantee.	600	600	-	-
Standby letter of credit issued to a controlled entity in respect of securing the debt of Alleasing New Zealand Limited, a controlled entity.	-	2,706	-	-
	1,044	4,020	-	-

Notes to the consolidated financial statements

37. Related parties

(a) Responsible entity

The responsible entity of the Scheme is Allco Managed Investment Funds Limited ("AMIFL"), a wholly owned subsidiary of Allco Finance Group Limited.

The following persons were directors of AMIFL during the whole of the year, unless otherwise indicated, and up to the date of this report:
R J Alcock (Independent – Resigned 30th April, 2008)
M P C Brogan (Independent)
M J Stefanovski (Resigned 6th August, 2008)
N Brown (Appointed 6th August, 2008)
I Tsicalas (Appointed 30th April, 2008)

(b) Transactions with the Responsible Entity

Under the terms of the Trust Constitution, the Responsible Entity is entitled to a fee. Until 31 December 2006 the fee was 1.5% of the gross assets of the Scheme per annum. From 1 January 2007 the fee changed to 0.5% of the gross assets of the Consolidated Entity (less the gross assets of certain subsidiaries) per annum.

Transactions between the Scheme and the Responsible Entity during the year consisted of responsible entity fees payable.

All related party transactions are conducted on normal commercial terms and conditions.
Aggregate impacts on the income statement for the year relating to the above transactions with the Scheme:

	2008 $,000	2007 $,000
Amounts recognised as expense		
Responsible entity fees	3,075	5,295
Interest expense *	567	1,175
	3,642	6,470

Aggregate amounts of assets and liabilities at balance date relating to the above transactions with the Scheme:

	2008 $,000	2007 $,000
Liabilities		
Responsible entity fees payable	1,579	514
Loans and advances *	-	16,445
	1,579	16,959

*This represents interest paid on the notes issued to the responsible entity Allco Managed Investment Funds Limited.

(c) Related party unitholdings in the Scheme

(i) Responsible entity unitholdings

Allco Managed Investment Funds Limited, its associates and other schemes managed by Allco Managed Investments Funds Limited, held units in the Trust as follows:

Notes to the consolidated financial statements

Unitholder	Number of units at the start of the year	Number of units acquired during the year	Number of units disposed of during the year	Balance at the end of the year	Distributions paid/payable by the Scheme
2008					
Allco Managed Investments Ltd-converting units	5,556	-	-	5,556	-
Re Leasing Pty Ltd - converting units	38,887	-	-	38,887	-
Re Leasing Pty Ltd-ordinary units	45,012,536	2,000,000	-	47,012,536	-
Redshift (Alleasing) Pty Limited	10	-	-	10	-
2007					
Allco Managed Investments Ltd-converting units	5,556	-	-	5,556	-
Re Leasing Pty Ltd - converting units	26,666	12,221	-	38,887	-
Re Leasing Pty Ltd-ordinary units	16,723,528	28,289,008	-	45,012,536	-
Redshift (Alleasing) Pty Limited	10	-	-	10	-

(d) Wholly owned group

The wholly owned group consists of Alleasing Trust and its wholly owned controlled entities. Ownership interests in these controlled entities are set out in note 38.

Transactions between Alleasing Trust and other entities in the wholly owned group during the period ended 30 June 2008 consisted of:

(a) loans advanced by Alleasing Trust
(b) loans repaid to Alleasing Trust
(c) loans advanced to Alleasing Trust
(d) loans repaid by Alleasing Trust
(e) the payment of interest on the above loans

(e) Loans and interest

Re Leasing Pty Limited is 33% owned by Allco Funds Management Limited a wholly owned subsidiary of Allco Finance Group Limited, the ultimate parent company of the responsible entity Allco Managed Investment Funds Limited.

On 1 July 2006 the related party secured loan ("Mezzanine loan") with a balance of $74.163 million was novated from Re Leasing Pty Limited to Allco Finance Group Limited (AFG). In addition, the interest rate applicable was changed from 21.5% to 11.5%. During the year ended 30 June 2008 AFG earned total income on the loan of $12.493m (2007: $8.902m) and the loan balance was $130.659m (2007: $83.066m).

An additional $6.957m loan was provided on 16 August 2007 under Mezzanine loan to assist in repayment on that date of a loan from Allco Principals Investments Pty Ltd. The repayment comprised the principal debt, plus interest, charged at 15%, during the current year of $129k (2007: $828k).

A further loan of $28.143m was provided on 18 December 2007 to Alleasing Pty Ltd to assist in the repayment, on that date on behalf of a controlled entity of the Scheme, Alleasing Finance Limited, the balance of advances of $39.2m from Allco Managed Investments Limited. The repayment comprised $8.803m principal debt plus interest charged at 7.57%, during the current year of $351k (2007: $2,037k); $6.144m principal debt plus interest charged at 7.7%, during the current year of $198k (2007: $398k); $5.413m principal debt plus interest charged at 8.5%, during the current year of $205k (2007: $408k); $4.331m principal debt plus interest charged at 8.5%, during the current year of $164k (2007: $330k).

Notes to the consolidated financial statements

During the previous year Jacapac 13 Pty Limited, a wholly owned subsidiary of the Scheme, entered into an arms length transaction with certain Allco staff members. This transaction relates to the sale of Indirect Infrastructure Bonds to those related parties Each year the bonds are resold and purchased, via an interest bearing loan to the related parties.

An instalment of $1.938m (2007: $1.847m) has been repaid by the staff members and this cash is held by Allco Finance Group Limited.

Under the same arrangement the Scheme has a net investment in the infrastructure bonds and related loans of $5.457m (2007: $6.067m). This consists of the difference between the gross value of the Infrastructure Bonds as at 30 June 2008 of $55.394m (2007: $52.790m) and the associated zero coupon loan from Rabo Bank of $52.670m (2007: $49.328m) and the net receivable from related parties of $2.732m (2007: $2.605m). The net receivable consists of the differences between loans to related parties of $58.127m (2007: $55.394m) for the purchase of an interest in the infrastructure bonds and the liability to repurchase that interest a year later of $55.394m (2007: $52.790m) which are settled net. The net investment amount has been paid for by a partnership related to the Scheme and it is a non interest bearing loan. It is repayable over a five year term, with three years remaining and repayable on the same day that the Infrastructure bond matures.

Jacapac 13 Pty Limited is obligated to pay the partnership a share of the profits and for the period ending 30 June 2008, the amount is $0.599m (2007: $0.588m).

(f) Key management personnel

The following were key management personnel of the responsible entity at any time during the reporting period and, unless otherwise indicated, were key management personnel for the entire period:

(i) Directors

R J Alcock (Independent – Resigned 30th April 2008)
M P C Brogan (Independent)
M J Stefanovski (Resigned 6th August 2008)
N Brown (Appointed 6th August, 2008)
I Tsicalas (Appointed 30th April, 2008)

None of the directors of the Responsible Entity are remunerated by the Scheme. Details of fees paid to the Responsible Entity appear at note 37(b).

(ii) Other key management personnel

Executives

Name	*Position*
H Lander	CEO
M Hamilton	COO
N Narendran	CFO
J Patterson	General Counsel
B Powell	General Manager Leasing Services
P Rathbone	Chief Risk Officer
G Reid	Head of NZ

(iii) Key management personnel compensation

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$	$	$	$
Short-term employee benefits	2,599,615	1,820,409	-	-
Post-employment benefits	246,166	53,781	-	-
Long-term benefits	85,830	133,500	-	-
Termination benefits	42,500	-	-	-
	2,974,111	2,007,690	-	-

38. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(d)

Name of entity	Country of Incorporation	Class of Shares	Equity holding (%)* 2008	2007
Alleasing Pty Limited	Australia	Ordinary	100%	100%
Alleasing Finance Pty Limited	Australia	Ordinary	100%	100%
Alleasing Finance Australia Ltd (formerly RentWorks Limited)**	Australia	Ordinary	100%	100%
Alleasing Rentals Pty Limited	Australia	Ordinary	100%	100%
Alleasing Funding Pty Limited	Australia	Ordinary	100%	100%
Alleasing Management Pty Limited	Australia	Ordinary	100%	100%
Alleasing NZ Ltd (formerly RentWorks NZ Limited)	New Zealand	Ordinary	100%	100%
Alltech Finance Pty Limited *	Australia	Ordinary	100%	50%
Alltech Finance NZ Limited *	New Zealand	Ordinary	100%	50%
Alltech Residuals Pty Limited *	Australia	Ordinary	100%	50%
ALLF NZ Ltd	New Zealand	Ordinary	100%	100%
ALLF Pty Limited**	Australia	Ordinary	100%	100%
Cross Investments Pty Limited **	Australia	Ordinary	100%	100%
Focus Capital Group Pty Ltd **	Australia	Ordinary	100%	100%
Focus Capital Group (s) Pte Ltd **	Singapore	Ordinary	100%	100%
Focus Capital Group Pty Limited	New Zealand	Ordinary	100%	100%
Focus Residual Capital Limited	New Zealand	Ordinary	100%	100%
KFS Financial Services Ltd **	Australia	Ordinary	100%	100%
National Rental Corporation Limited **	Australia	Ordinary	100%	100%
Jacapac No.13 Pty Limited **	Australia	Ordinary	100%	100%
Rental Management Pty Limited **	Australia	Ordinary	100%	100%
RentWorks Corporation NZ Limited	New Zealand	Ordinary	100%	100%
RentWorks Remarketing Pty Limited (formerly Intraworks Pty Limited) **	Australia	Ordinary	100%	100%
RentWorks Funding No.1 Pty Limited **	Australia	Ordinary	100%	100%
RentWorks Funding No.2 Pty Limited **	Australia	Ordinary	100%	100%
RentWorks Funding No.3 Pty Limited **	Australia	Ordinary	100%	100%
RentWorks Funding No.10 Pty Limited **	Australia	Ordinary	100%	100%
RentWorks Technology Management Sdn. Bhd	Malaysia	Ordinary	0%	100%

*The proportion of ownership interest is equal to the proportion of voting power held.

** These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

Notes to the consolidated financial statements

39. Auditor remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$	$	$	$
Audit services				
PricewaterhouseCoopers:				
- audit and review of financial reports	687,656	560,000	-	-
- other regulatory audit services	6,500	6,000	-	-
Other auditors:				
- audit and review of financial reports	-	-	-	
- other regulatory audit services	-	-	-	-
	694,156	566,000	-	-
Other services				
PricewaterhouseCoopers:				
- other assurance services	-	-	-	-
- taxation services	1,044,778	368,834	-	-
- advisory services	-	-	-	-
Other auditors of subsidiaries:				
- other assurance services	-	-	-	-
- taxation and advisory services	-	-	-	-
	1,044,778	368,834	-	-

It is the Consolidated Entity's policy to employ PricewaterhouseCoopers on assignments additional to its statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Consolidated Entity are important. These assignments are principally accounting advice, tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. In the 30 June 2008 year management lodged a number of outstanding tax returns relating to prior years, which resulted in higher then normal expenditure on tax services.

40. Reconciliation of cash flows from operating activities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Net loss for the year	(149,753)	(33,939)	453	(2,915)
Depreciation and amortisation	121,176	21,308	3,018	-
Interest payable at the end of the year	27,889	42,165	(3,958)	20,706
Interest receivable at the end of the year	(19,809)	-	-	(19,505)
Provisions	5,493	11,748	(156)	-
Provision for doubtful debts		(447)	-	-
Writedown of residual values	21,929	-	-	-
Other cost	17,787	2,046	-	-
Gain on sale of PPE		(25)	-	-
Net foreign exchange (gain)/loss	(1,220)	1,697	-	-
Changes in operating assets and liabilities				
- (Increase) decrease in receivables	(246,818)	(333,861)	2,855	(712)
- (Increase) decrease in inventories	-	122	-	-
- (Increase) decrease in future income tax benefit	-	612	-	-
- (Increase) decrease in other operating assets	-	(2,707)	-	-
- Increase (decrease) in creditors	4,002	(18,273)	(2,212)	(1,694)
- Increase (decrease) in other operating liabilities	253,954	336,699	-	-
- Increase (decrease) in provision for income taxes payable	(1,522)	771	-	-
- Increase (decrease) in provision for deferred income tax	-	1,225	-	-
- Increase (decrease) in borrowing costs	-	-	(641)	-
Net cash inflows / (outflows) from operating activities	33,108	29,141	(641)	(4,120)

41. Non-cash investing and financing activities

	Consolidated		Parent entity	
	2008	2007	2008	2007
	$,000	$,000	$,000	$,000
Conversion of debt to equity	-	28,289	-	28,289
	-	28,289	-	28,289

For further information refer to Note 25.

42. Disposal group

(a) Description

Alleasing Pty Ltd is being offered for sale excluding corporate debt and cash. The sale of Alleasing Pty Ltd is expected to be completed in the first half of the 30 June 2009 financial year.

Financial information relating to the disposal group for the period is set out below.

Notes to the consolidated financial statements

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2008 and the year ended 30 June 2007.

	Consolidated	
	2008	**2007**
	$,000	**$,000**
Interest income	58,792	49,760
Less: interest expense	(37,480)	(27,179)
Less: interest expense (rewrite) ^	(4,612)	(4,859)
Net interest margin on finance leases	16,700	17,722
Other lease income	2,721	2,378
Secondary income	42,761	43,728
Other operating income	359	-
Gross margin #	62,541	63,828
Interest income - other	1,261	-
Total income	63,802	63,828
Employee benefits expense	(24,641)	(27,944)
Occupancy expense	(1,413)	(1,637)
Responsible entity fee		
Other operating expenses	(14,492)	(18,873)
Total expenses before finance costs, goodwill impairment, depreciation and FX movement	(40,546)	(48,454)
Earnings before finance costs, goodwill impairment, taxes, depreciation and FX movement	**23,256**	**15,374**
Goodwill impairment	(120,248)	-
Depreciation expense	(927)	(1,074)
Finance costs	(483)	(2,133)
FX movement	1,220	-
	(120,438)	(3,207)
Loss before income tax	(97,182)	12,167
Income tax benefit/(expense)	(15,461)	537
Loss from discontinued operations	(112,643)	12,704
Net cash inflow from operating activities	29,665	29,042
Net cash inflow (outflow) from investing activities	(2,193)	25
Net cash (outflow) from financing activities		
Net increase in cash generated by the disposal group	27,472	29,067

^ See Note 46 change in accounting policy

Gross margin defined as net interest margin on finance leases plus other lease income, secondary income and other operating income

Notes to the consolidated financial statements

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at the date of sale 30 June 2008 are:

	Consolidated 2008 $,000
Assets	
Current assets	
Cash and cash equivalents	-
Finance lease receivables - Note 9	205,324
Trade and other receivables	47,560
Inventories	20
Other	372
Total current assets	253,276
Non current assets	
Finance lease receivables - Note 13	359,598
Receivables	4,521
Other financial assets	4
Plant and equipment held under operating leases	7,764
Property,plant and equipment - entity owned	1,716
Deferred tax assets	9,534
Intangible assets	-
Total non-current assets	383,137
Total assets	636,413
Liabilities	
Current liabilities	
Trade and other payables	25,022
Lease funding payables	221,520
Interest-bearing loans and borrowings	387
Other borrowings from related parties	-
Derivative financial instruments	-
Current tax liabilities	162
Provisions	4,486
Other	315
Total current liabilities	251,892
Non current liabilities	
Lease funding payables	324,672
Interest-bearing loans and borrowings	-
Deferred tax liabilities	21,951
Provisions	134
Other	-
Total non-current liabilities	346,757
Total liabilities	598,649
Net asset	37,764

	Consolidated 2008 $,000
Current unguaranteed residual value	
Unguaranteed residual value receivable	12,760
Investment in unguaranteed residuals - Trade & other rec.	11,176
Total current unguaranteed residual value	23,936
Non current unguaranteed residual value	
Unguaranteed residual value receivable	51,812
Investment in unguaranteed residuals - Receivables	9,889
Total non current unguaranteed residual value	61,701
Total unguaranteed residual value	**85,637**

43. Events occurring after balance sheet date

Sale of Alleasing Pty Ltd

Alleasing Pty Ltd is being offered for sale excluding corporate debt and cash. The sale of Alleasing Pty Ltd is expected to be completed in the first half of the 30 June 2009 financial year.

The assets and the liabilities of Alleasing Pty Ltd have been disclosed separately on the balance sheet in accordance with AASB5 (see note 42 for further details). The carrying value of the net assets of the disposal group is $37.8 million.

The corporate debt that has been excluded from the sale of Alleasing Pty Ltd is $176.6 million as at 30 June 2008.

A retention agreement for senior management is in place and is payable following completion of the sale.

Borrowings

The Consolidated Entity's banking facilities are disclosed in Note 21 of the financial statements. The Consolidated Entity has a number of borrowings, repayments of which fall due on or before 16 September 2008. In particular the Consolidated Entity's secured working capital facility expires on 15 September 2008 and is secured by a first ranking fixed and floating charge over the "residual" assets.

The Consolidated Entity also has other borrowings with related parties totalling $130.659m as disclosed in note 21 of the financial statements. These amounts are repayable on 16 September 2008. In addition the Scheme has Preference unit liabilities of $142.306m at 30 June 2008 as disclosed in Note 26 of the financial statements.

In the event that if Alleasing Trust is unable to sell Alleasing Pty Ltd or the price achieved from any sale is insufficient to meet the obligations of Alleasing Trust, and these obligations become due and payable, the Directors would call on AFG, under the letter of support provided by AFG on 30 November 2007, to provide financial assistance to enable Alleasing Trust to meet its debts as and when they fall due including in particular the obligations of Alleasing Trust to pay principal amounts in respect of the redemption of the Alleasing preference units.

The directors are of the view, based on legal advice, that AFG is obliged under the Letter of Support to pay any shortfall in the assets of Alleasing Trust and the entities it controls (in the accounting sense of that term) necessary to meet the obligations of Alleasing Trust and the entities it controls, including the obligation to pay the principal amounts and all coupons payable on the preference units issued by Alleasing Trust, and the obligations as guarantors of the Alleasing Hybrids.

However, the directors have been advised that AFG does not agree that it has an obligation under the Letter of Support to meet any shortfall in the payment of principal amounts payable on the redemption of the Alleasing preference units on 17 August 2009.

Although the directors of AMIFL disagree with AFG's position, they recognise that the resolution of the disagreement with AFG on reasonable terms is likely to be in the best interests of holders of the Alleasing Hybrids. A formal dispute resolution process for recovery under the Letter of Support is likely to be costly and time-consuming, and the damages recoverable by the Scheme are likely to be less than the total amount payable on redemption of the preference units. There is also uncertainty about AFG's ability to pay amounts under the Letter of Support, or to pay damages awarded against it. There is therefore significant doubt about the Scheme's ability to recover the full principal amount of the preference units.

Accordingly, the directors have commenced negotiations with AFG for the allocation of an amount from the proceeds of any sale of Alleasing Pty Limited to the partial repayment of principal amounts on the preference units. At the date of this report, there has been no agreement on the sale of Alleasing Pty Limited, and no agreement between AMIFL and AFG on the allocation of any sale proceeds.

Alleasing Relationship to AFG

The Responsible Entity is a wholly owned subsidiary of AFG. The Scheme is managed pursuant to a management agreement between the Responsible Entity and AFML. AFML is also a wholly owned subsidiary of AFG.

On 21 August 2008 AFG signed a new senior debt facility with its syndicate bankers. The new facility will be available for draw down once certain conditions precedent of an administrative nature are satisfied. Under the terms of the revised syndicate facility agreement AFG is required to reduce its corporate debt facility to $400million by 30 June 2009 and is actively disposing of certain assets to meet its obligation. Further AFG must repay or refinance the remaining $400million by 30 September 2009. The directors of AFG acknowledge that some uncertainty remains over the ability of AFG to meet its funding requirements and to refinance or repay the $400million of corporate borrowings at 30 September 2009.

The directors continue to monitor this situation and will consider the potential impact of any further announcement made by AFG.

The directors have considered the impact of these matters and concluded that the financial report should be prepared on a going concern basis.

44. Prior period adjustments

(a) Correction of error relating to incorrect liability recognition

An error was discovered in the recognition of a liability in the 2006 accounts. This led to the consolidated liabilities being overstated by $2,021,789 and the consolidated retained losses being overstated by the same amount in the year ended 30 June 2006.

The error has been corrected during the year ended 30 June 2008 by restating each of the affected financial statement line items for the prior year, as described above.

(b) Correction of error in reporting interest income in the previous financial year

Interest had not been charged on a loan between the parent entity and one of its controlled subsidiaries in accordance with the agreement governing the loan in the previous financial year. This has had the impact of understating interest income in the parent entity in the previous financial year by $19,527,093.

This error had the effect of understating parent entity assets by $19,527,093 as at 30 June 2007. This error also had the effect of overstating parent loss after tax by $19,527,093 and overstating opening retained losses by $19,527,093 for the year ended 30 June 2007.

The error has been corrected during the year ended 30 June 2008 by restating each of the affected financial statement line items for the prior year, as described above.

There is no impact on the Consolidated Entity.

45. Contingent Liabilities

In August 2004, the Hybrid Investment Trust issued 1.3 million Alleasing Hybrids. Proceeds from this capital raising were invested in $90.8m of Preference Units in the Scheme. At maturity (August 2009) the Alleasing Hybrids will either be redeemed for cash, or converted into Alleasing equity units (if listed) to the value of $105 for each $100 Alleasing Hybrid.

The Alleasing Hybrids were issued to note holders under a Note Trust Deed. The Note Trustee is BNY Trust Company Limited. The Scheme has a contingent liability to the Note Trustee and in support of this contingent liability has granted a subordinated charge over its assets.

Refer to Note 43 for matters affecting the consolidated entity's ability to discharge its liabilities.

46. Change of accounting policy

The accounting policy on the recognition of rewrite income was revised on 1 July 2007 which has an impact on how NIM and secondary income are reported.

Between 1 July 2005 and 30 June 2007, any surplus revenue generated upon the rewrite of a transaction was recognised as NIM over the life of the rewrite transaction. On 1 July 2007, the accounting policy was changed to recognise this surplus revenue at the time of rewrite as secondary income rather than as NIM.

Whilst the total revenue over the life of the contracts are the same under both policies, the surplus revenue when recognised as secondary income, has increased the secondary income in 2008 relative to prior years.

The Consolidated Entity's prior years results were restated to reflect this change in accounting policy – an increase in revenues in 2007 of $2.3m and an increase in the opening retained earnings for 2006 of $5.1m (after tax). In addition, there was an increase to the Finance Lease Receivables of $8.6m.

Alleasing Trust
Directors' declaration

Subject to matters noted in Note 43, in the opinion of the directors of the responsible entity of the Scheme:

(a) the financial statements and notes, set out on pages 9 to 58, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Scheme and the Consolidated Entity as at 30 June 2008 and of their performance, as represented by the results of their operations, changes in equity and cash flows, for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 29 day of August 2008.

Signed in accordance with a resolution of the directors:

Ian Tsicalas
Chairman

PRICEWATERHOUSECOOPERS

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Independent auditor's report to the unitholders of Alleasing Trust

Report on the financial report

We have audited the accompanying financial report of Alleasing Trust (the registered scheme), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Alleasing Trust (the registered scheme) and the Alleasing Trust Group (the consolidated entity). The consolidated entity comprises the registered scheme and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Allco Managed Investment Funds Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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Independent auditor's report to the members of Alleasing Trust (continued)

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit

Our audit did not involve an analysis of the prudence of the business decisions made by the directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion on the financial report

In our opinion:

a) the financial report of Alleasing Trust is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the registered scheme's and the consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
- complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

b) The consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1

Without qualification to the opinion expressed above, we draw attention to the following matters which are outlined in Note 1 and Note 43 in the financial report:

Significant uncertainty regarding continuation as a going concern

Borrowings

Alleasing Trust and its controlled entities have a number of borrowings which fall due on or before 16 September 2008. This includes a working capital facility provided by the Commonwealth Bank of Australia Limited and secured borrowings from related parties. Management continue to renegotiate the terms, conditions and maturities of these borrowings however a successful outcome is not assured. In addition, the registered scheme has a liability to Allco Hybrid Investment Trust in relation to the Alleasing preference units which are repayable on 17 August 2009.

As disclosed in Note 43, Alleasing Trust is in the process of selling Alleasing Pty Ltd (the operating business) excluding cash and corporate debt. The directors of the Responsible Entity anticipate that if a sale occurs, and those liabilities noted above become due and payable, the sales proceeds will be insufficient to repay all liabilities in full.

In the event that these liabilities become due and payable the Directors of the Responsible Entity would be required to call on the letter of support provided by Allco Finance Group Limited (AFGL) to enable the consolidated entity to meet its debts as and when they fall due.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of Alleasing Trust (continued)

Note 43 states that AFGL and the Directors of the Responsible Entity have different views around whether the letter of support provides that AFGL is obliged to meet any shortfall on principal repayment of liabilities. The Directors of the Responsible Entity have stated that they have commenced negotiations with AFGL.

Alleasing's relationship with Allco Finance Group Limited
Allco Finance Group Limited (AFGL), the ultimate parent entity of the responsible entity, released its financial results for the year ended 30 June 2008 on 29 August 2008 The Directors of AFGL note in their financial report that some uncertainty remains over the ability of AFGL to meet its ongoing funding requirements.

These conditions, along with other matters set out in Note 1 and 43 indicate the existence of significant uncertainties, the resolution of which will be determined by future events and which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

PricewaterhouseCoopers

PricewaterhouseCoopers

EA Barron
Partner

Sydney
29 August 2008

Alleasing Trust
Corporate Governance Statement
30 June 2008

AMIFL Corporate Governance Statement

Allco Managed Investment Funds Ltd ("AMIFL") was the responsible entity of Alleasing Trust ("Scheme") for the financial year to 30 June 2008 and to the date of this Annual Report. This statement outlines AMIFL's main corporate governance practices as at 30 June 2008, and, unless stated otherwise, they reflect the practices in place during the reporting period.

About AMIFL

AMIFL is a wholly owned subsidiary of Allco Finance Group Limited ("AFG"). AMIFL has engaged Allco Funds Management Limited ("Manager"), also a wholly owned subsidiary of AFG, to provide management services to the Scheme under a management agreement between AMIFL, as the responsible entity of the Scheme, and the Manager ("Management Agreement"). All senior executives and staff who work on the Scheme under the Management Agreement are employees of AFG.

AFG is committed to good corporate governance for entities within the Allco Finance Group ("Allco"). As at 30 June 2008, AMIFL has adopted governance practices and processes to meet the Australian Stock Exchange ("ASX") Listing Rules ("Listing Rules") disclosure requirements, as they apply to managed investment schemes, such as those for which AMIFL acts as responsible entity.

ASX Corporate Governance Principles and Recommendations

The ASX Corporate Governance Council has published a second edition of the Corporate Governance Principles and Recommendations ("Recommendations") as a best practice guide to good corporate governance for listed entities. In accordance with the Listing Rules, AMIFL provides this statement disclosing the extent to which it has followed the Recommendations in the reporting period. The Recommendations are not prescriptions, but guidelines, and provide a reference point for AMIFL in describing its corporate governance practices and structures.

Principle 1
Lay solid foundations for management and oversight.

Recommendation 1.1
Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board operates in accordance with the AMIFL Board Charter which sets out the functions reserved to the Board and those delegated to the Manager. A copy of the Board Charter is available upon request to the company secretary.

Each non-executive director is appointed to that position under a formal letter of engagement which sets out the key terms and conditions of their appointment as a director.

The Board has formally delegated specific functions to the management of the Scheme. These delegations primarily relate to the day-to-day operations of the Scheme, its investments and working capital management. The Board is advised of significant investment decisions taken by management at each subsequent meeting of the Board.

All transactions involving related parties are considered by the AFG Related Party Committee which is comprised entirely of independent directors and also require approval by the independent directors of AMIFL.

Recommendation 1.2
Companies should disclose the process for evaluating the performance of senior executives.

AMIFL does not have any executives. All management functions of the Scheme are performed by executives of AFG on behalf of the Manager under the Management Agreement. Performance evaluation of these executives is subject to AFG's own policies and procedures.

Principle 2
Structure the board to add value.

Recommendation 2.1
A majority of the board should be independent directors.

AMIFL currently has 3 directors, Ian Tsicalas (Chairman), Michael Brogan and Neil Brown. Mr Tsicalas and Mr Brogan are independent directors. Mr Tsicalas replaced Richard Alcock as Chairman on 30 April 2008. Mr Alcock was also an independent director. Therefore, the Board has had a majority of independent directors throughout the reporting period.

The Board reviews the independence of each non-executive director. For this purpose an independent director is independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement as a director of AMIFL.

The Board has assessed each of the non-executive directors on the Board during the reporting period to be independent using the criteria in Recommendation 2.1 because they:

- Have never held an executive role within AFG or any other Allco business;
- Are not substantial shareholders of AFG or any other Allco business and are not officers of, or otherwise associated directly with, a substantial shareholder of AMIFL or AFG;
- Are remunerated by a fixed fee (without adjustment relating to the financial results of any Allco business) which is based on specialist third-party remuneration advice;
- Other than as a director of AMIFL, have no material contractual relationship with AFG or any other Allco business, subject to the disclosure made by each of Mr Brogan and Mr Tsicalas that they are a director of Allco Equity Partners Limited and the disclosure made by Mr Alcock that he was a director of two other entities managed by Allco, being Allco HIT Limited until 24 April 2008 and Allco SIF Limited until 11 March 2008. Where a decision concerned a transaction between Allco managed entities, none of Mr Tsicalas, Mr Brogan or Mr Alcock participated in the decision where they were a director of more than one of those entities;
- Are not a principal or a material professional adviser or other material consultant to AFG or any other Allco business, subject to the disclosure made by Mr Alcock that he was, until 31 December 2006, a partner of the law firm Allens Arthur Robinson, which provides legal services to AFG. Mr Alcock did not provide services for Allens Arthur Robinson in respect of the firm's engagement by AFG;
- Have no interest in any business or other relationship which could materially interfere with their ability to act in the best interests of investors in funds for which AMIFL is responsible entity;
- Served on the Board for relatively short periods (which are specified below); and

- Agreed to act in accordance with AMIFL policies, including the Related Party and Conflicts of Interest Policy, by which they have a primary duty to act as fiduciary in the best interest of members of entities for which AMIFL is responsible entity.

The directors are required to disclose any material contract or relationship and adhere to the constraints on their participation and voting in relation to matters in which they have an interest in accordance with the Corporations Act, Listing Rules and AMIFL's policies.

Each director has access to the company secretary when required and each independent director has an agreed procedure by which independent advice may be obtained at AMIFL's expense.

The term in office of each director on the Board as at the date of this Annual Report is:
- Michael Brogan – since 23 May 2006;
- Ian Tsicalas – since 30 April 2008; and
- Neil Brown – since 6 August 2008.

Richard Alcock and Michael Stefanovski were directors from the start of the reporting period until their resignation on 30 April 2008 and 6 August 2008 respectively.

The skills, experience and expertise of each director in office at the date of this report is disclosed at the end of this Corporate Governance Statement.

Recommendation 2.2
The chair should be an independent director.

AMIFL's Chairman is an independent director.

Recommendation 2.3
The roles of chair and chief executive officer should not be exercised by the same individual.

AMIFL's Chairman is not the chief executive officer of AMIFL or the Scheme.

Recommendation 2.4
The board should establish a nomination committee.

AFG has established a Nomination Committee which consists of all of AFG's directors. Acting in accordance with its Charter, this Committee assists with the nomination of directors to the AMIFL Board following consultation with the AMIFL directors to ensure a consensus of views in terms of a candidate's suitability. AFG's Nominations Committee Charter is available upon request to the company secretary.

Recommendation 2.5
Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

The Board undertakes an annual review of the Board, its committees and directors in accordance with the AMIFL Board Charter. The process involves an internal self evaluation by the directors which is coordinated by the Manager and includes consideration of feedback provided by the AFG executives who work on the scheme via the company secretary.
New directors undertake an induction on the business of Allco and the Scheme and AMIFL Board.

Principle 3
Promote ethical and responsible decision-making.

Recommendation 3.1
Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- ***the practices necessary to maintain confidence in the company's integrity;***
- ***The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and***
- ***the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.***

The AFG code of conduct applies to the AMIFL directors and all senior executives and staff who are employed by AFG and work on the Scheme. The code sets out the principles that regulate Allco's activities as well as providing Allco with a guide to complying with legal and other obligations to its stakeholders. A copy of the code is available on Allco's website at www.allco.com.au.

The conduct of AMIFL and related parties in the management of the Scheme is governed by the Management Agreement and other documented agreements. These agreements have been drafted to ensure compliance by AMIFL and related parties with their obligations to external stakeholders, as disclosed in the relevant prospectus and/or product disclosure document.

AMIFL has also adopted the AFG Whistleblower Policy, which encourages the reporting of unethical practices, has established protocols for dealing with any such reports and provides for the protection of whistleblowers against reprisal. A copy of the Whistleblower Policy is available upon request to the company secretary.

Recommendation 3.2
Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

AMIFL has adopted the AFG Staff Financial Products Dealing Policy which provides protection to AFG, its related parties (including AMIFL and the Scheme) and its employees by restricting dealings by employees in financial products during certain times, or when employees are in possession of certain types of information. It is also designed to preserve the reputation of Allco, its related parties and its employees in public markets, and is designed to be consistent with best practice in this area.

This Staff Financial Products Dealing Policy applies to all employees, officers and directors including non-executive directors and external committee members and to all financial products traded in any financial market, both in Australia and overseas. The purchase and sale of securities in AFG, the Scheme and other related parties by employees is only permitted during the calendar month following the release of the relevant half year and annual financial results to the market, the AGM and the issue of a disclosure document by the relevant entity. Staff trading is not permitted if employees are in possession of inside information in relation to the relevant security. A summary of the Staff Financial Products Dealing Policy is available on the Allco website at www.allco.com.au.

Principle 4
Safeguard integrity in financial reporting.

Recommendation 4.1
The board should establish an audit committee.

AMIFL has an Audit Committee which comprises the following members:

- Michael Brogan (independent director and committee Chairman);
- Ian Tsicalas (independent director); and
- Neil Brown (executive director).

Mr Tsicalas replaced Mr Alcock as a member of the Audit Committee on 30 April 2008 and Neil Brown replaced Michael Stefanovski as a member of the Audit Committee on 6 August 2008.

All members of the Audit Committee hold qualifications and have experience which enables them to discharge their committee duties, which are set out at the end of this Corporate Governance Statement.

Recommendation 4.2
The audit committee should be structured so that it:

- ***consists of only non-executive directors;***
- ***consists of a majority of independent directors;***
- ***is chaired by an independent chair, who is not chair of the board; and***
- ***has at least three members.***

AMIFL's Audit Committee consists of 3 members, a majority of whom are independent directors, and is chaired by Mr Brogan, who is an independent director and who is not also the chairman of the Board. However, throughout the reporting period and up to the date of this report, AMIFL's Audit Committee included an executive of AFG who had an executive role in respect of the entities for which AMIFL is responsible entity, being Michael Stefanovski up to 6 August 2008 and Neil Brown from 6 August 2008. Each of these executives are considered to be appropriate members of the Audit Committee because, in the case of Mr Stefanovski, he had responsibility for Allco's compliance, governance and finance functions, and in the case of Neil Brown, he is the Head of Funds Management for AFG.

Recommendation 4.3
The audit committee should have a formal charter.

AMIFL's Audit Committee has a formal charter which sets out the role, responsibilities, structure and composition of the committee. The committee's responsibilities under the charter include:

- the scope and quality of the external audit;
- the financial reporting process, including accounting policies;
- financial management, including management of the funding, hedging, liquidity and insurance coverage;
- the framework and processes to achieve compliance with applicable laws, regulations, standards, best practice guidelines and the company's policies and procedures;
- systems for internal control;
- reports to regulators requiring board approval;
- processes for the prevention, detection and investigation of financial fraud and irregularities; and
- the framework for management of the transactional risks, including concentration exposures and the manner in which transaction based decisions are made.

A copy of the Audit Committee Charter is available upon request to the company secretary.

The AFG Auditor Independence Policy applies to the Scheme. This policy sets out the procedures for selection of the external auditor. A copy of the policy is available on Allco's website at www.allco.com.au.

The number of Audit Committee meetings held during the year to 30 June 2008 and attendance by the members is contained in the table below.

Name	Meetings during time in office	Meetings attended
Michael Brogan	4	4
Michael Stefanovski	4	3
Ian Tsicalas	1	1
Richard Alcock	3	3

Neil Brown is not included in this table because he was appointed as a member of the Audit Committee after 30 June 2008.

Principle 5
Make timely and balanced disclosures.

Recommendation 5.1
Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The AFG Continuous Disclosure Policy applies to the Scheme. This policy sets out the procedures adopted to ensure compliance with the continuous disclosure obligations under the Listing Rules, Corporations Act and this Recommendation 5.1. AFG provides the resources necessary to comply with these obligations through the management services provided by the Manager. However, AMIFL also retains access to independent advisers and counsel where considered appropriate by the directors. A copy of the policy is available on the Allco website at www.allco.com.au.

Principle 6
Respect the rights of shareholders.

Recommendation 6.1
Companies should design a communications policy for promoting effective communications with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

AMIFL has adopted the AFG External Communications Policy which outlines the policies and procedures for timely and effective communication with all of the Scheme's stakeholders, including unitholders and regulators. A summary of this policy is available on Allco's website at www.allco.com.au.

The Scheme's communications strategy is the responsibility of the Fund Manager with support from Allco's External Relations Department. Investors' informational needs are met through the extensive information provided to relevant parties in the prospectus and public disclosure documents published at inception, annual and, where applicable, semi-annual financial reports and periodic investor reports. Information on the entities for which AMIFL is responsible entity can also be found on Allco's website at www.allco.com.au.

The Scheme is not required to and does not intend to hold an annual general meeting for the current financial year.

Principle 7
Recognise and manage risk.

Recommendation 7.1
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Risk management oversight is undertaken by AMIFL's Audit Committee in accordance with AMIFL's Risk Management Policy. The Board reviews this policy and, where necessary, amends and adapts the policy to the specific requirements of the Scheme. A copy of the Risk Management Policy is available upon request to the company secretary.

The risk management framework under the policy is consistent with the Australian/New Zealand Standard (ie AS/NZS 4360:2004) and clearly defines the responsibilities for managing risk under the risk management process. The Scheme's material business risks, including strategic, reputational, operational, financial, market, legal and compliance risks, are required to be identified, assessed, managed, monitored and reported.

Each entity has defined investment criteria established in the prospectus or public disclosure document under which an offer of securities was made. Risk management policies and practices are established in accordance with those investment criteria and disclosures.

Recommendation 7.2
The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The AMIFL Board's objective is to ensure that accountability is taken for the design and implementation of the risk management and internal control system to manage the Scheme's material business risks. Whilst there is appropriate accountability and process in place for reporting material business risks to the Board, the process for reporting on the *effectiveness* of the management of the Scheme's broader material business risks has not been established and is to be formalised during 2008. As a result, AMIFL is not in full compliance with Recommendation 7.2 for the year ended 30 June 2008. However, it should be noted that the Scheme's management formally reports to the Board on the effectiveness of its financial reporting risks as required by Recommendation 7.3 (refer below).

Recommendation 7.3
The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting period.

The relevant executives with responsibility for the operational management of the Scheme provide the Board of AMIFL with written confirmation that:

- Their statement to the Board on the integrity of the financial statements in accordance with section 295A of the Corporations Act, is founded on a sound system of risk management and internal control; and
- The risk management and internal control system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8

Remunerate fairly and responsibly.

Recommendation 8.1
The board should establish a remuneration committee.

The directors of AMIFL do not believe that the establishment of a remuneration committee is necessary in AMIFL's current circumstances given that independent directors' remuneration is fixed and that executive remuneration is not a cost directly borne by the Scheme.

As the Scheme is externally managed by the Manager, AFG's remuneration policy applies to the executive director and senior executives who work on the Scheme. AFG has established a Human Resources and Remuneration Committee. A summary of the responsibilities of this committee is available on Allco's website at www.allco.com.au.

Recommendation 8.2
Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The non-executive directors of AMIFL are paid a fixed fee for performing their duties as directors, a fixed fee for participation in committees and a fixed fee for chairing any committees of the Board.

Non-executive director remuneration is not linked to the performance of AMIFL or any entity for which it is responsible entity. The executive director of AMIFL does not receive any remuneration in respect of his role as a director of AMIFL or member of the Audit Committee.

Senior executives (including the executive director of AMIFL) are remunerated by AFG in accordance with AFG's Remuneration Policy. This policy has three components – base or fixed remuneration, short term, annual incentive or performance aligned pay, and long term AFG equity-based incentives. Their performance based remuneration is dependent on the performance of AFG and the division to which they are assigned within Allco. The remuneration earned by some AFG executives may, in certain circumstances, be linked to the performance of the Scheme. This remuneration is not met from the assets of the Scheme and is independent from the fees earned by the Manager.

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Information on directors

Ian Tsicalas, BA, B.Com

Independent non-executive director

Experience and expertise

Ian has significant operational experience having successfully managed both public and private companies.

Ian was Managing director of Australian Discount Retail Pty Limited until May 2007. In 2005, Ian successfully led the merger of the Australian discount variety retail businesses of Millers Retail Limited and The Warehouse Group Limited to form ADR. Ian was chief executive of The Warehouse Group Australia and a director of The Warehouse Group Limited (from December 2003 to November 2005).

Ian was previously Managing Director of Commander Communications Limited and Howard Smith Limited, two leading Australian public companies.

Special Responsibilities

Chairman of the Board
Member Audit Committee

Michael Brogan, Fellow of the Institute of Chartered Accountants

Independent non-executive director

Experience and expertise

Michael is a non-executive director of the FirstRand Banking Group. In that capacity he is Chairman of FirstRand International Limited and the RMB Australia Group.

Michael was a senior executive director with Rand Merchant Bank and the FirstRand Banking Group from 1994 to 2005. Prior to joining the FirstRand Group, Michael had eight years international banking experience with Standard Chartered Bank in Hong Kong, where he held numerous senior international executive director positions with business development and operational responsibilities, ultimately spanning 17 countries. Prior to joining Standard Chartered Bank, Michael spent 14 years as a partner in a firm of chartered accountants in Australia.

Michael has extensive domestic and international business experience in the areas of strategic business development, corporate governance, audit, compliance and risk management.

Special Responsibilities

Chairman Audit Committee

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Neil Brown, BSc (Hons), MBA

Executive director (and AFG Global Head of Funds Management)

Experience and expertise

Neil joined AFG in September 2007. He has significant international experience in the financial services industry, most recently with Citigroup in New York, where he was Global Head of Sales, Product & Client Services and Managing Director at Citigroup Alternative Investments. Prior to joining Citigroup, Neil was a Senior Manager at The Boston Consulting Group where he worked with financial services clients globally.

Special Responsibilities

Member Audit Committee