



Annual Financial Report

Austock Childcare Fund
(formerly Mirvac Childcare Fund)

30 June 2008

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
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AUSTOCK CHILDCARE FUND ABN 46 186 578 434
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008

The directors of Austock Property Management Limited (the Responsible Entity of the Fund) present their report on Austock Childcare Fund (formerly Mirvac Childcare Fund) ("the Fund") for the year ended 30 June 2008.

THE RESPONSIBLE ENTITY

The registered office and principal place of business of the Responsible Entity and the Fund is Level 1, 350 Collins Street, Melbourne Vic 3000.

On the 23 July 2007, Mirvac Funds Management Limited retired as Responsible Entity of the Fund and Austock Property Management Limited was appointed the new Responsible Entity.

Directors of the Responsible Entity

The Directors of the Responsible Entity from 23 July 2007 and to the date of this report comprise:

Name	Period of directorship
Mr Michael Edward McFarlane	Appointed 14 August 2006
Mr Michael Francis Johnstone	Appointed 22 December 2004
Mr Victor David Cottren	Appointed 22 December 2004
Mr Vincent Gerard Harink	Appointed 4 August 2005, resigned 28 July 2008
Mr Nicholas James Anagnostou	Appointed 4 August 2008

The following persons were directors of Mirvac Funds Management Limited during the period up to 23 July 2007:

Name
Mr Paul Barker
Mr Nicholas R Collishaw
Mr Ross Strang
Mr Robert T Summerton
Mr Grant B Hodgetts
Mr Richard W Turner

Company Secretary's Qualifications and Experience

The Company Secretary is Amanda Gawne, BCom, LLB (Melbourne University), Grad Dip CSP, ACIS who was appointed to Austock Property Management Limited 22 December 2004. Amanda has over 11 year's company secretarial experience in large private and publicly listed organisations.

Remuneration of the Responsible Entity

During the financial year the Responsible Entity received fees totalling \$377,000 (2007: \$232,000) from the Fund. Fees paid by the Fund to the Responsible Entity and its associates during the year are set out in Note 14.

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PRINCIPAL ACTIVITIES

The Fund invests in childcare property. The overall strategy of the Fund is to provide unitholders with both capital growth and high income returns. The Fund operates in one geographical area, Australia. There has been no change in the nature of the principal activities of the Fund for the year ended 30 June 2008.

REVIEW AND RESULTS OF OPERATIONS

The key financial results of the Fund for the year ended 30 June 2008 are as follows:

	2008	2007
	\$'000	\$'000
Net operating profit	4,812	1,527
Total assets	34,377	31,173

The results for 2008 included a revaluation of the property portfolio which resulted in a revaluation increment of \$3,435,000.

DISTRIBUTIONS

Four quarterly distributions were paid/payable during the financial year (2007: 10.20 cents per unit) as follows:

	Quarter ending	Paid/ payable	\$'000	Cents per unit
First quarter	30-Sep-07	31-Oct-07	357	2.625
Second quarter	31-Dec-07	28-Feb-08	357	2.625
Third quarter	31-Mar-08	30-Apr-08	357	2.625
Fourth quarter	30-Jun-08	31-Aug-08	357	2.625
Total			1,428	10.500

STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial year under review.

Interest in the Fund	2008	2007
	No. of units	No. of units
	'000	'000
Units on issue	13,600	13,600
Value of assets	\$'000	\$'000
Value of Fund assets at 30 June	34,377	31,173

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The Fund neither acquired nor cancelled any units on issue during the period, including up to the date of this report.

No options have been granted over any unissued units in the Fund.

ENVIRONMENTAL REGULATION

The Fund's properties are not subject to any significant environmental regulations under Commonwealth, State or Territory legislation. However, the directors believe that the Fund has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Fund.

EVENTS SUBSEQUENT TO BALANCE DATE

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, in the opinion of the directors, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

INTERESTS OF THE RESPONSIBLE ENTITY

Interests of both the Responsible Entity and its directors in the Fund are disclosed in Note 14 to the financial statements.

LIKELY DEVELOPMENTS

The Fund will continue to follow its objectives of maximising unitholder value through strong development returns.

Further information as to likely developments in the operations of the Fund and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Fund.

INFORMATION ON DIRECTORS OF THE RESPONSIBLE ENTITY

The directors of the Responsible Entity at the time of this report are:

<i>Name and qualifications</i>	<i>Age</i>	<i>Experience and special responsibilities</i>
Mr Michael Edward McFarlane Independent Director Bachelor of Business Masters of Management Fellow of the Australian Institute of Company Directors	59	Michael was appointed in August 2006. Michael is currently a director of Facilitators Pty Ltd, an independent consultant to the investment banking, funds management and property industries. He was an executive director of Macquarie Bank Limited, from which he resigned in 2002 after nearly 17 years. During that period he held a number of senior management and director roles for the bank's property group with a particular focus on property related investment banking and property Fund management. Michael was the initiator and a founding director of Macquarie Property Fund in 1987 and also a director or alternate director for many of the Macquarie stable of listed property and early infrastructure Funds. He is also a director of Austock Group Ltd and several of its subsidiaries.

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Mr Michael Francis Johnstone

66

Independent Director and Chairman
Bachelor of Town & Regional Planning
Licensed Land Surveyor
Advanced Management Program (Harvard)

Michael was appointed on 22 December 2004. Michael has over 35 year's global experience in real estate finance, investment and development. Michael is currently a non-executive director of the Dennis Family Corporation and DFC China, a non-executive director and Chairman of bWired Pty Ltd, non-executive director and Chairman of State Equity Group and a member of the Investment Committee of APN Development Fund. Michael is also a member of the Audit, Risk Management and Compliance Committee of the Fund.

Mr Victor David Cottren

66

Independent Director
Bachelor of Commerce (Melbourne)
Fellow of Australian Insurance Institute
Fellow of the Australian Society of Certified Practising Accountants
Fellow of the Australian Institute of Company Directors

Vic was appointed on 22 December 2004. Vic has an extensive background in financial planning, life insurance & superannuation and investment management gained with such companies as AMP, Williams Tolhurst, Australian Eagle, Norwich Union, Investors Life Group and National Australia Bank. Vic filled various senior management posts, including chief executive and directorship positions within these companies and their subsidiaries prior to commencing his consulting business in 1995. He is a director of Austock Group Ltd and several of its subsidiaries. Vic was also appointed as a Professorial Fellow at RMIT University in 1993 with responsibility for researching and establishing Australia's first undergraduate degree in financial planning.

Mr Nicholas James Anagnostou

39

Bachelor of Business in Property
Associate of the Australian Property Institute
Certified Practising Valuer
Licensed Estate Agent (Vic)

Nick was appointed on 4 August 2008. Nick joined Austock Property Management Ltd in 2005 as the Fund Manager for the Australian Education Trust. He has 20 years experience in the property industry in the areas of property investment, development and acquisitions, with groundings in valuation, transactions and real estate consultancy. Nick was previously a Director of Jones Lang LaSalle and has extensive experience in commercial and investment grade real estate.

The Company's Constitution does not require directors to retire and seek re-election.

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Responsible Entity during the year were:

	Board Meetings		Audit, Compliance and Risk Management Committee Meetings		A - Number of meetings held during the time the director held office during the year. B - Number of meetings attended.
	A	B	A	B	
Mr MF Johnstone	18	18	5	5	
Mr VD Cottren	18	17	-	-	
Mr ME McFarlane	18	17	-	-	
Mr VG Harink	18	15	-	-	

The members of the Compliance, Audit and Risk Management Committee are:

- § Mr WK Bastian (Independent Chairman)
- § Mr D Penman (Independent member)
- § Mr MF Johnstone (Member)

Mr Bastian and Mr Penman are not directors of the Responsible Entity.

REMUNERATION REPORT

This report details the nature and amount for each director of the Responsible Entity and for the executives receiving the highest remuneration.

Remuneration of Directors of the Responsible Entity

The Responsible Entity does not have a Remuneration Committee as the Fund's Constitution prescribes the Fund's remuneration arrangement with the Responsible Entity. In relation to remuneration of the directors of the Responsible Entity this is a matter for the Board and the ultimate parent entity of the Responsibility Entity.

It is the objective that the Board comprises directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Board collectively to supervise the operations of the Fund with excellence. All fees and expenses of the Responsible Entity are approved by the Board and remuneration of the Responsible Entity is dealt with comprehensively in the Fund's Constitution.

Remuneration of the directors is paid either directly by the Responsible Entity or by entities associated with the shareholders of the Responsible Entity. The directors are not provided with any remuneration by the Fund itself. Directors are not entitled to any equity interests in the Fund, or any rights to or options for equity interests in the Fund, as a result of the remuneration provided by the Responsible Entity.

The Responsible Entity determines remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors and senior executives.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008

Loans to directors of the Responsible Entity

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the directors of their personally-related entities at any time during the reporting period.

Details of unitholdings in the Fund

No directors of the Responsible Entity held any interests in units of the Fund during the year.

INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS AND AUDITORS

Indemnification

Under the Fund Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund'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 the Fund.

The Fund has not indemnified any auditor of the Fund.

Insurance Premiums

During the financial year the Responsible Entity has paid premiums totalling \$3,525 in respect of its officers for liability and legal expenses insurance contracts for the year ended 30 June 2008. The Responsible Entity has paid or agreed to pay in respect of the Fund, premiums in respect of such insurance contracts for the year ending 30 June 2008.

Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

PROCEEDINGS ON BEHALF OF RESPONSIBLE ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

The Responsible Entity was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were no non-audit services provided to the Fund by the independent auditor during the year ended 30 June 2008.

ROUNDING

The Fund is of a kind referred to in ASIC Class order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**AUSTOCK CHILDCARE FUND ABN 46 186 578 434
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the year ended 30 June 2008.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity:



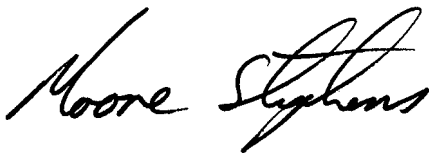
Victor David Cottren
Acting Chairman
Austock Property Management Limited

Melbourne, 11 August 2008

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Austock Property Management Limited as the Responsible Entity for Austock Childcare Fund

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



MOORE STEPHENS
Chartered Accountants



Kevin W Neville
Partner
Melbourne, 11 August 2008

PARTNERS:
Stephen L. Adrian
Steven A. Allan
Marco S. Carlei
Jean-Claude Cesario
Ian K. Kearney
Daren I. J. McDonald
Daniel J. Minihan
Kevin W. Neville

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An independent member of Moore Stephens International Limited - members in principal cities throughout the world.

A separate partnership in Victoria.

Liability limited by a scheme approved under Professional Standards Legislation.

Stephen J. O'Flynn
Tim R. Olynyk
S. David Pitt
Ivan Shapiro
Grant M. Sincock
Tim J. Stillwell
Jonathan C. Thomas
Daren Yeoh

PS 001

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$'000	2007 \$'000
Revenue			
Lease income		2,811	2,608
Interest income		29	22
Changes in fair value of investment properties		3,435	7
Changes in fair value of derivative financial instruments		90	157
Total revenue		6,365	2,794
Expenses			
RE management fees		377	232
Direct property expenses		138	85
Other expenses	2(a)	177	89
Total expenses		692	406
Net operating income		5,673	2,388
Finance costs	2(b)	861	861
Profit before distribution to unitholders		4,812	1,527
Financing costs attributable to unitholders			
Distributions to unit holders	3	1,428	1,387
Total changes in net assets attributable to unitholders		3,384	140
Earnings per unit			
Basic earnings per unit	4	35.38	11.23
Diluted earnings per unit	4	35.38	11.23
Distributable earnings per unit	4	10.20	10.02

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

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
BALANCE SHEET
AS AT 30 JUNE 2008

	Note	2008 \$'000	2007 \$'000
Current assets			
Cash and cash equivalents	5	132	609
Trade and other receivables	6	166	61
Total current assets		298	670
Non-current assets			
Derivative financial instruments	7	829	738
Investment properties	8	33,250	29,765
Total non-current assets		34,079	30,503
Total assets		34,377	31,173
Current liabilities			
Trade and other payables	9	190	386
Distribution payable	10	352	347
Total current liabilities		542	733
Non-current liabilities			
Interest bearing liabilities	11	13,631	13,620
Total non-current liabilities		13,631	13,620
Total liabilities (excluding net assets attributable to unitholders)		14,173	14,353
Net assets attributable to unitholders	12	20,204	16,820
Total liabilities		34,377	31,173

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

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 30 JUNE 2008

	Unit Capital	Retained	Total
	\$'000	Earnings	\$'000
		\$'000	\$'000
Consolidated Entity			
Balance at 1 July 2005	-	-	-
Balance at 30 June 2006	-	-	-
Balance at 30 June 2007	-	-	-
Balance at 30 June 2008	-	-	-

Under AIFRS net assets attributable to unitholders are classified as a liability rather than equity. Therefore the Fund has no equity. Please refer to Note 12 for movements in net assets attributable to unitholders.

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

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		2,721	3,090
Cash payments in the course of operations		(906)	(672)
Interest received		29	22
Net cash provided by operating activities	5(b)	1,844	2,440
Cash flows from investing activities			
Payments for investment properties		-	-
Net cash used in investing activities		-	-
Cash flows from financing activities			
Finance costs paid to financial institutions		(898)	(853)
Distributions paid to unitholders		(1,423)	(1,380)
Net cash provided by (used in) financing activities		(2,321)	(2,233)
Net increase in cash held		(477)	207
Cash at the beginning of the financial year		609	402
Cash at the end of the financial year	5(a)	132	609

The above cash flow statement should be read in conjunction with the accompanying notes

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. Statement of significant accounting policies

a. Basis of preparation

This general purpose financial report for the year ended 30 June 2008 has been prepared in accordance with the Fund's Constitution, Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Fund comply with International Financial Reporting Standards (IFRS).

b. Revenue recognition

(i) Rental revenue

Rental revenue from operating leases is recognised on a straight line basis over the term of the lease.

(ii) Interest

Interest income on deposits, performing loans and discounted securities is recognised on an effective interest rate basis.

c. Expenses

(i) Property outgoings

Term and conditions of leases of the Fund's childcare centres provide that the lessee pay for general and day to day property outgoings. The Fund therefore, has minimal property outgoings. Property outgoings include rates, taxes and other property outgoings are brought to account on an accruals basis.

(ii) Responsible entity fees

Fees payable to the responsible entity are recognised in the income statement on an accruals basis. Fees relating to specific events or transactions are charged upon completion or occurrence of the relevant service or event.

(iii) Other expenses

All other expenses are recognised in the income statement on an accruals basis.

d. Taxation

Under current legislation, the Fund is not liable for income tax, provided that the taxable income and taxable realised gains are fully distributed to unitholders each year. Tax allowances for building and plant and equipment depreciation are distributed to unitholders in the form of a tax deferred component of the distribution.

e. Leases

Under AASB 117: Leases, rental income on operating leases is to be brought to account on a straight line basis over the lease term. Where there are fixed rental reviews, future rental income is to be brought to account as a receivable and amortised over the lease term. These assets are recognised as a component of investment properties.

Incentives may be provided to lessees to enter into an operating lease. These incentives may be in the form of cash, rent free periods, lessee or lessor owned fitouts. They are amortised over the term of the lease. The carrying amount of the lease incentives is reflected in the fair value of the investment properties.

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

f. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value.

g. Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are due for settlement no more than 30 days from the date of recognition.

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 Fund will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

h. Investment properties

Investment properties are held for long term rental yields and for capital appreciation and are not occupied by the Fund.

Valuations

Investment properties are measured at fair value and revalued with sufficient regularity to ensure the carrying amount of each property does not differ materially from its fair value at the reporting date.

The Fund's Constitution requires the responsible entity to have the Fund's property investments independently valued at intervals of not more than three years. These valuations are considered by the directors of responsible entity when determining fair value. When assessing fair value, the directors will also consider the discounted cash flow of the property, the highest and best use of the property and sales of similar properties. Changes in fair values are recorded in the Income Statement.

Fair value is based on the price, at which a property might reasonably be expected to be sold at the date of valuation, assuming:

- (i) a willing, but not anxious, buyer and seller on an arm's length basis;
- (ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation;
- (iii) that the property will be reasonably exposed to that market;
- (iv) that no account is taken of the value or other advantage or benefit, additional to the market value, to the buyer incidental to ownership of the property being valued.

All investment properties are considered one class of asset. Accounting standards do not require investment properties to be depreciated.

i. Payables

These amounts represent liabilities for goods and services provided to the fund prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

j. Interest bearing liabilities

Interest bearing liabilities are initially measured at cost, being the fair value of the consideration received net of issue and other transaction costs associated with the borrowings. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

k. Financial Instruments

Recognition:

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

Derecognition:

Financial instruments are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial instruments are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement:

Trade and other receivables

Receivables are usually settled within 30 days and are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts when there is objective evidence that the debt will not be recoverable according to the original terms of the receivable.

Trade and other payables

Payables are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Trust. Trade accounts payable are normally settled within 30 days. A provision for distribution is recognised in the balance sheet if the distribution has been declared or publicly recommended on or before balance date.

Bank loans

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing debt is stated at amortised cost with any difference between proceeds and redemption value being recognised in the income statement over the period of the debt on an effective interest basis.

Derivatives

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Impairment

At each reporting date, the Fund assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement

l. Finance costs to financial institutions

Financing costs include:

- interest on short term and long term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- interest receipts and payments under interest rate swap agreements.

Finance costs are capitalised and written off over the term of the respective borrowing agreement. Where interest rates are swapped or hedged, the borrowing costs are recognised net of any effect of the hedge or swap.

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

m. Finance costs to unitholders

In accordance with the Fund Constitution, the Fund fully distributes its distributable income to unitholders. Distributable income is determined by reference to the taxable income of the Fund. The distributions are payable quarterly.

A provision is made for the amount of any distribution declared, determined or publicly recommended by the directors on or before the end of the reporting period but not distributed at balance date.

n. Unitholders' funds

During the year the Fund applied AIFRS for financial reporting purposes, which requires net assets attributable to unitholders to be classified and disclosed as a liability in the balance sheet.

o. Distributions

In accordance with the Fund's Constitution, the Fund may declare distribution of income. Distributions are recognised in the income statement as financing costs attributable to unitholders.

p. Goods and services tax

Revenues, 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 Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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.

q. Rounding of amounts

The Fund is a registered scheme of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

r. Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances are discussed below.

(i) Estimated value of investment properties and financial derivatives

Actual estimates are made by the Fund in respect of the investment properties and financial derivatives. Investment properties are reviewed regularly for impairment by reference to external independent property valuations and market conditions, using generally accepted market practices.

(ii) Critical judgements in applying the Fund's accounting policies

There have been no critical judgements made during the year.

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

s. Change in accounting policy

The following Australian Accounting Standards issued or amended but not yet effective, are applicable to the Fund, but have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of Amendment	Application date of standard	Application date for Fund
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5 AASB 6 AASB 102 AASB 107 AASB 119 AASB 127 AASB 134 AASB 136 AASB 1023 AASB 1038	Non-current Assets Held for Sale and Discontinued Operations Exploration for and Evaluation of Mineral Inventories Cash Flow Statements Employee Benefits Consolidated and Separate Financial Statements Interim Financial Reporting Impairment of Assets General Insurance Contracts Life Insurance Contracts	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report.	1 Jan 2009 1 Jul 2009
AASB 8 Operating Segments	AASB 114	Segment Reporting	As above.	1 Jan 2009 1 Jul 2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1 AASB 101 AASB 107 AASB 111 AASB 116 AASB 138	First time adoption of AIFRS Presentation of Financial Statements Cash Flow Statements Construction Contracts Property, Plant and Equipment Intangible Assets	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the Fund as they already capitalise borrowing costs related to qualifying assets.	1 Jan 2009 1 Jul 2009
AASB 123 Borrowing Costs	AASB123	Borrowing Costs	As above.	1 Jan 2009 1 Jul 2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101	Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity.	1 Jan 2009 1 Jul 2009
AASB 101	AASB 101	Presentation of Financial Statements	As above.	1 Jan 2009 1 Jul 2009
AASB3 AASB127	AASB3 AASB127	Business Combinations Consolidated and Separate Financial Statements	These standards amend the accounting for certain aspects of business combinations and changes in ownership interests in subsidiaries	1 Jan 2009 1 Jul 2009

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	2008 \$'000	2007 \$'000
2. Income statement items		
(a) Other expenses		
Custodian fees	13	13
Auditors remuneration	20	19
Valuation fees	100	-
Other expenses	44	57
	177	89

(b) Finance costs		
External	861	861

3. Distribution

Net profit attributable to unitholders	4,812	1,527
Adjusted for:		
Straight lining of rental income	59	(5)
Reduction on carrying value of properties	(59)	5
Change in fair value of derivative financial instruments	(90)	(157)
Net property revaluation increment	(3,435)	(7)
Property revaluation costs	100	-
Net profit distributable to unitholders	1,387	1,363
Distribution paid or payable	1,428	1,387
Distribution per unit interim and final (cents)	10.50	10.20

4. Earnings per unit ("EPU")

	cents	cents
Basic EPU	35.38	11.23
Diluted EPU	35.38	11.23
Distributable EPU	10.20	10.02
Distributable diluted EPU	10.20	10.02

The following information reflects the income and security numbers used in the calculations of basic, diluted and distributable EPU:

	Number of Units '000	Number of Units '000
Weighted average number of ordinary units used in	13,600	13,600
Bonus element of unit options which are dilutive	-	-
Adjusted weighted average number of ordinary units	13,600	13,600

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4. Earnings per unit ("EPU") (continued)

	\$'000	\$'000
Earnings used in calculating basic EPU	4,812	1,527
Adjustment to earnings on options which are considered	-	-
Earnings used in calculating diluted EPU	4,812	1,527
Earnings used in calculating basic EPU	4,812	1,527
Change in fair value of derivative financial instruments	(90)	(157)
Unrealised net property revaluation increment	(3,435)	(7)
Property revaluation costs	100	-
Earnings used in calculating distributable EPU	1,387	1,363

There have been no conversions to, calls of, or subscriptions for ordinary units or issues of potential ordinary units since the reporting date and before the completion of this report.

5. Cash and cash equivalents

	2008 \$'000	2007 \$'000
(a) Components of cash and cash equivalents		
Cash	132	609
Total cash and cash equivalents	132	609
(b) Reconciliation of profit after tax expense to net cash flows provided by operating activities.		
Net profit	4,812	1,527
Finance costs	861	853
Changes in fair value of investment properties	(3,435)	(7)
Changes in fair value of derivative financial instruments	(90)	(157)
Amortisation of tenant incentives and straight lining	(59)	47
Increase in receivables	-	(31)
Increase/(decrease) in payables and accruals	(245)	208
Net cash flows provided operating activities	1,844	2,440
(c) Financing facilities		
Committed financing facilities available to the entity:		
Commercial bill facility	14,200	14,200
Amounts utilised	13,659	13,659
Available financing facilities	541	541
Cash	132	609
Financing resources available at the end of the year	673	1,150
Maturity profile of financing facilities:		
Due within one year	-	-
Due between one year and five years	14,200	14,200
Due after five years	-	-

Refer to Note 11 for details on the conditions of the financing facility.

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6. Trade and other receivables

	2008 \$'000	2007 \$'000
GST receivable	-	12
Rent receivable	62	-
Other receivables	104	49
	166	61

Trade receivables are recognised at fair value less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of any impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Trade receivables that are past due but not impaired:

As at 30 June 2008, there were no trade receivables that were past due but not impaired.

Allowance for impairment loss:

No receivables are considered to be impaired because the debtors have confirmed the obligation to these debts, there is no reason to suspect they do not have the ability to pay and they have no history of default to the Fund.

Fair value and credit risk:

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Fund's policy to transfer (on-sell) receivables to special purpose entities.

Foreign exchange and interest rate risk:

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 16.

7. Derivative financial instruments

Derivative financial instruments - interest rate swap	829	738
	829	738

The Fund uses derivative financial instruments (comprising cross currency interest rate swaps and interest rate swaps) to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Refer to Note 16 for further information on interest rate swaps held.

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8. Investment properties

(a) Investment properties:

Property	Date acquired	Cost including additions	Independent valuation date	Independent valuation amount	Book value 30 Jun 08	Book value 30 Jun 07
		\$'000		\$'000	\$'000	\$'000
Bundaberg East Early Learning Centre	Jun-03	939	Apr-08	1,190	1,190	1,070
Bundaberg North Early Learning Centre	Jun-03	788	Apr-08	1,050	1,050	880
Bundaberg South Early Learning Centre	Jun-03	745	Apr-08	980	980	895
Bundaberg West Early Learning Centre	Sep-03	853	Apr-08	1,210	1,210	1,060
Caloundra Park Early Learning Centre	Jun-03	680	Apr-08	890	890	820
Childers Early Learning Centre	Jun-03	847	Apr-08	1,180	1,180	960
Forest Lake Early Learning Centre	Jun-03	945	Apr-08	1,160	1,160	1,140
Granville Early Learning Centre	Jun-03	847	Apr-08	1,220	1,220	990
Hatton Vale Early Learning Centre	Jun-03	891	Apr-08	1,180	1,180	975
Hervey Bay Childcare Centre	Jun-03	891	Apr-08	1,090	1,090	1,010
Highfields Early Learning Centre	Jun-03	961	Apr-08	1,200	1,200	1,045
Kelso Kindy & Childcare Centre	Jun-03	702	Apr-08	1,020	1,020	870
Kruger Park Childcare Centre	Jun-03	901	Apr-08	1,040	1,040	1,000
Laidley Early Learning Centre	Oct-03	896	Apr-08	1,200	1,200	955
North Ward	Jun-03	345	Apr-08	510	510	540
Park Ridge Early Learning Centre (1)	Jun-03	918	Apr-08	1,060	1,060	970
Park Ridge Early Learning Centre (2)	Jun-03	934	Apr-08	1,220	1,220	980
Pialba Early Learning Centre	Jun-03	939	Apr-08	1,190	1,190	995
Point Vernon Early Learning Centre	Jun-03	847	Apr-08	1,130	1,130	985
Riverview Early Learning Centre	Jun-03	918	Apr-08	1,040	1,040	1,030
Slacks Creek Early Learning Centre	Jun-03	874	Apr-08	1,090	1,090	1,060
Springfield Childcare Centre	Jun-03	648	Apr-08	1,070	1,070	805
Springfield Early Learning Centre	Jun-03	810	Apr-08	900	900	965
Toowoomba West Early Learning	Jun-03	934	Apr-08	1,140	1,140	1,145
Toowoomba West Childcare Centre -2	Jun-03	961	Apr-08	1,040	1,040	1,030
Toowoomba West (3)	Jun-03	825	Apr-08	1,000	1,000	975
Torquay Early Learning Centre	Jun-03	891	Apr-08	1,080	1,080	1,050
Urangan Childcare Centre	Jun-03	847	Apr-08	1,090	1,090	1,000
Ingle Farm, SA	Nov-03	1,306	Apr-08	1,600	1,600	1,380
St Agnes Early Learning Centre, SA	Jul-03	486	Apr-08	630	630	535
Salisbury North, SA	Sep-03	588	Apr-08	800	800	650
TOTAL INVESTMENTS		25,957		33,200	33,200	29,765

(b) Movement in investment properties:

	2008 \$'000	2007 \$'000
Balance at the beginning of the year - at valuation or cost	29,765	29,765
Changes in fair value of investment properties	3,435	7
Amortisation of deferred leasing costs	(9)	(2)
Reduction in carrying value per AIFRS straight line	59	(5)
Carrying amount at the end of the year	33,250	29,765

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8. Investment properties (continued)

(c) Investment properties are carried at fair value. The determination of fair value is based on independent valuations where appropriate. This includes the original acquisition costs together with capital expenditure since acquisition and either the latest full independent valuation or latest independent update. Total acquisition costs include incidental costs of acquisition such as stamp duty and legal fees. Refer to Note 1(h) for further detail on valuations.

(d) A full independent valuation of a property is carried out at least once every three years. Independent valuations are prepared using both the capitalisation of net income method and the discounting of future net cash flows to their present value. Capital expenditure since valuation includes purchases of sundry properties (and associated expenses such as stamp duty, legal fees etc) and capital expenditure in respect of completed projects which has taken place since or was not included in the latest valuation of the properties.

(e) Independent valuations as at 30 April 2008 for the 31 properties owned by the Fund were conducted by Knight Frank, Queensland. The valuation methodologies used were capitalisation and direct comparison approaches and were consistent with the requirements of the Corporations Law and relevant Accounting Standards. The net result of those valuations was an increase of \$3,453,000 in the carrying cost of the properties valued, based on yields of between 7.78% and 8.82%. This amount was recognised in the Income Statement for the year ending 30 June 2008 as a net property revaluation increment and as an increase in the carrying cost of the Investment Properties in the Balance Sheet as at 30 June 2008.

Detail regarding interest rate, foreign exchange and liquidity risk exposure is disclosed in Note 16.

9. Trade and other payables

	2008 \$'000	2007 \$'000
Trade creditors	15	105
Accrued expenses	129	-
Rent received in advance	-	216
GST payable	46	65
	190	386

Fair value and credit risk:

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Financial guarantees:

There are no financial guarantees in place.

Interest rate, foreign exchange and liquidity risk:

Detail regarding interest rate, foreign exchange and liquidity risk exposure is disclosed in Note 16.

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10. Distribution payable

	2008	2007
	\$'000	\$'000
Distribution payable	352	347
	352	347

Four quarterly distributions were paid/payable during the financial year as follows:

	Quarter	Paid/	Cents
First quarter	30-Sep-07	31-Oct-07	2.625
Second quarter	31-Dec-07	28-Feb-08	2.625
Third quarter	31-Mar-08	30-Apr-08	2.625
Fourth quarter	30-Jun-08	31-Aug-08	2.625
Total			10.500

11. Long-term financial liabilities

	2008	2007
	\$'000	\$'000
Non-current:		
Bank bills at face value - secured	13,659	13,659
Less: unamortised up front transaction costs	(28)	(39)
	13,631	13,620

The effective interest rate on the bill to 27 June 2008 was 5.98% (2007: 5.98%). The bill facility was recently extended by the Commonwealth Bank to June 2010 with an increased usage fee to 1.55%, giving an effective interest rate of 6.63% for the next two years.

Interest rate, foreign exchange and liquidity risk:

Refer to Note 16 for information on interest rate, foreign exchange and liquidity risk.

Fair values:

The carrying amount of the Fund's interest-bearing liabilities approximates their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates.

Assets pledged as security:

Collateral that has been pledged for secured liabilities is as follows:

(i) Financial assets pledged		
Cash and cash equivalents	132	609
Trade and other receivables	166	61
Derivative financial instruments	829	738
(ii) Other assets pledged		
Investment properties	33,250	29,765
Total assets pledged	34,377	31,173

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11. Long-term financial liabilities (continued)

The principal terms and conditions with respect to the assets pledged are:

- not change materially the business of the Fund;
- limits on capital expenditure; and
- not, without lender's consent borrow or raise further money.

Covenants:

The main requirements of both facilities are that the Fund maintains maximum debt to property value ratio of 60% and minimum net earnings before interest and tax to interest ratio of 2.00. The Fund has complied with these and other requirements of the facilities throughout the financial year.

12. Changes in net assets attributable to unitholders

	Units on issue	Units on issue	Undistrib- uted profit	Total
	No '000	\$'000	\$'000	\$'000
Balance at 1 July 2007	13,600	13,600	3,220	16,820
Profit attributable to unitholders	-	-	4,812	4,812
Distributions paid or provided for	-	-	(1,428)	(1,428)
Balance at 30 June 2008	13,600	13,600	6,604	20,204

During the year ending 30 June 2008, there were no further units issued.

During the year ending 30 June 2008, there were four quarterly distributions totalling 10.5 cents per unit (2007: 10.2 cents per unit).

All units on issue rank equally for the purpose of distributions and on termination of the Fund. All units entitle the holders to one vote, either in person or by proxy, at a meeting of the Fund.

Capital management:

The Responsible Entity's ("RE") objective when managing capital objective is to ensure the Fund continues as a going concern as well as to maintain optimal returns to unitholders and benefits for other stakeholders. The RE also aims to maintain a capital structure that ensures the lowest cost of capital available to the Fund.

The Fund is a closed end entity with no provision for the issue of additional capital. A funding mix of 50% equity and 50% debt has been deemed as appropriate to the Fund.

The RE has a policy of paying out as distributions only net income earned by the Fund for the period.

The gearing ratios for the year ending 30 June 2008 and 30 June 2007 are as follows:

	2008	2007
	\$'000	\$'000
Total borrowings	13,659	13,659
Less: cash and cash equivalents	(132)	(609)
Net debt	13,527	13,050
Total equity	20,204	16,820
Total capital	33,731	29,870

Gearing ratio

40.1%

43.7%

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13. Segment Reporting

The fund operates solely within the Australian childcare property investment industry and consequently the financial report reflects the operations of this segment alone.

14. Related party disclosures

Responsible Entity

The Responsible Entity ("RE") of Austock Childcare Fund from the start of the financial year and up to 23 July 2007 was Mirvac Funds Management Limited whose immediate holding company is Mirvac Holdings Limited whose ultimate holding company is Mirvac Limited.

On the 23 July 2007 Mirvac Funds Management Limited retired as RE and Austock Property Management Limited was appointed the new RE. The ultimate holding company of Austock Property Management Limited is Austock Group Limited.

In accordance with the Fund constitution and other agreements the RE is entitled to claim asset management fees, reimbursement for all expenses reasonably and properly incurred in relation with the Fund or in performing its obligations under the constitution.

The following table provides the total amount of transactions that have been entered into with the RE for the relevant financial year:

	2008 \$'000	2007 \$'000
Amounts paid or payable during the year		
RE management fees	377	232
Reimbursement of Fund expenses	-	70
Amounts included in accruals or payables at balance	95	42

The names of each person holding the position of Director of the RE during the financial year were Messrs ME McFarlane, VD Cottren, MF Johnstone, and VG Harink. No Director of the RE received or became entitled to receive any benefit because of a contract made by the Fund with a Director or with a firm of which a Director is a member, or with an entity in which the Director has a substantial interest.

Custodian

The Custodian of the Fund assets is Fund Company Ltd. The Custodian is entitled to fees for its services.

	2008 \$'000	2007 \$'000
Amounts paid or payable during the year		
Custodian fees	13	13
Amounts included in accruals or payables at balance	13	6

Terms and conditions of transactions with related

All transactions between related parties were made on normal commercial terms and conditions.

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

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14. Related party disclosures (continued)

Key management personnel of the Responsible Entity

Names:

The Directors of the RE are considered to be Key Management Personnel (KMP).

Chairman - Non-executive director

Michael McFarlane	Appointed 14 Aug 2006
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Executive directors

Vincent Harink	Appointed 4 Aug 2005	Resigned 28 July 2008
Nick Anagnostou	Appointed 4 Aug 2008	

Non-executive directors

Victor Cottren	Appointed 22 Dec 2004
Michael Johnstone	Appointed 22 Dec 2004

Other KMP

	Role	
Peter Barren	Chief Financial Officer	Appointed 23 Jul 2007

KMP of the previous RE, Mirvac Funds Management Ltd, during the financial year were as follows:

Directors

Paul Barker	to 23 Jul 2007
Nicholas R Collishaw	to 23 Jul 2007
Ross Strang	to 23 Jul 2007
Robert T Summerton	to 23 Jul 2007
Grant B Hodgetts	to 23 Jul 2007
Richard W Turner	to 23 Jul 2007

Other KMP

Chris Packett	to 23 Jul 2007
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Remuneration:

No KMP were remunerated directly by the Fund. The KMP of the RE receive remuneration in their capacity as Directors and senior management of the RE and these amounts are paid from an entity related to the RE.

Units held in the Fund by related parties:

No director of the RE held units in the Fund during the financial

15. Operating lease commitments

	2008 \$'000	2007 \$'000
Investment properties are leased to tenants under long-term operating leases with rentals generally payable monthly. Future minimum lease payments receivable on leases of investment properties are as follows:		
Receivable:		
Not later than 1 year	2,779	2,698
Between 1 years and 5 years	11,974	11,626
Greater than 5 years	17,832	20,960
	32,585	35,284

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16. Financial risk management

(a) Financial risk management policies

The Fund's financial instruments consist of deposits with banks, accounts receivable and payable, derivatives and loans from banks.

The Responsible Entity ("RE") manages the Fund's exposure to key financial risks in accordance with its Risk Management Plan. The objective of the plan is to support the delivery of the Fund's financial targets whilst protecting future financial security.

A Risk Management Plan, developed in accordance with the Australian Standard on Risk Management (AS/NZS 4360:1999) was adopted by the Board on 26 May 2005. The policy reflects the Board's commitment to identifying, monitoring and mitigating risks as well as capturing opportunities. The main risks arising from the Fund's financial instruments are interest rate risk, liquidity risk and credit risk. Day to day responsibility for risk management has been delegated to executive management, with review occurring at both Committee level (by the Audit, Risk Management and Compliance Committee) and at Board level.

The RE reviews and implements policies for managing each risk as summarised below.

(b) Risk exposures and responses

Market risk:

The Fund is exposed to interest rate, liquidity and credit risks. Details are provided in the following paragraphs. There are no known exposures to other risks that are material to the financial statements.

Interest rate risk:

The source of interest rate risk to the Fund is primarily long-term debt obligations.

The Fund has the following classes of financial assets and financial liabilities that are exposed to interest rate risk:

	2008 \$'000	2007 \$'000
Financial assets		
Cash and cash equivalents	132	609
	132	609
Financial liabilities		
Interest-bearing liabilities	13,659	13,659
	13,659	13,659
Net exposure	(13,527)	(13,050)

The weighted average interest rates relating to the above financial assets and financial liabilities were as follows:

	%	%
Financial assets		
Cash and cash equivalents	4.50%	5.72%
Financial liabilities		
Interest-bearing liabilities	5.98%	5.98%

Financial assets are not hedged and are exposed to variable interest rate risk. The RE believes that this exposure is relatively low and does not pose a material risk to the Fund.

It is a policy of the RE to use interest rate swap contracts to manage the Fund's exposure to interest rates on interest bearing liabilities. Interest bearing liabilities relate to the Commonwealth Bank bills which are due to be reviewed in June 2010 (refer to Note 11).

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16. Financial risk management (continued)

At 30 June 2008, the Fund held the following interest rate swap contract, representing 100% of the total balance of interest-bearing liabilities:

Notional	Start date	End date	Fixed rate	Weighted
14,200,000	Jul-03	Jul-10	5.08%	5.08%

As a result of a recent review of the Commonwealth Bank facility, as from June 2008 the usage fees imposed by the bank will be 1.55%, up from the previous charge of 0.90%.

The following sensitivity analysis is based on the interest rate risk exposures on interest-bearing liabilities in existence at the reporting date.

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible		Net profit Increase/(decrease)		Equity Increase/(decrease)	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Increase in variable interest rates of	1.00%	284	426	-	-
Decrease in variable interest rates of	0.50%	(142)	(213)	-	-

The movements in profit are due to the net impact of higher/lower interest costs from variable rate debt and the increase/decrease in the fair value of derivative instruments. Such movements are reflected in the income statement with no impact on equity. Due to a longer term remaining on the derivative in 2007, the impact on net profit is greater in 2007.

Foreign currency risk:

The Fund has no exposure to foreign currency movements as it does not transact or hold assets in foreign currency.

Price risk:

The Fund does not invest in any listed securities and hence is not exposed to any price risk.

Liquidity risk:

Liquidity risk is managed by adhering to restrictions under the Fund's investment strategy from entering into contractual arrangements that produce an exposure not covered by sufficient liquid assets or a total investment exposure in excess of total unitholders' funds. Further, the RE ensures that sufficient cash and cash equivalents are maintained to meet the needs of the Fund through cash flow monitoring and forecasting.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as at 30 June 2008. For derivative financial instruments, the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing as at 30 June 2008.

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16. Financial risk management (continued)

The remaining contractual maturities of the Fund's and parent entity's financial liabilities are:

	2008 \$'000	2007 \$'000
6 months or less	542	733
6 to 12 months	-	-
1 to 5 years	13,659	13,659
Later than 5 years	-	-
	14,201	14,392

The table below reflects a maturity analysis of financial assets and financial liabilities based on management's expectations. Apparent shortfalls in cash are due to the maturity of debt facilities at various points in time. Prior to the maturity of these facilities, the Fund will either negotiate to extend the term of these facilities or arrange new facilities on terms appropriate at that time.

	6 months or less \$'000	6 to 12 months \$'000	1 to 5 years \$'000	Later than 5 years \$'000	Total \$'000
2008					
Financial assets					
Cash and cash equivalents	132	-	-	-	132
Receivables	166	-	-	-	166
Derivative financial instruments	829	-	-	-	829
	1,127	-	-	-	1,127
Financial liabilities					
Payables	542	-	-	-	542
Interest-bearing liabilities	-	-	13,659	-	13,659
	542	-	13,659	-	14,201
Net exposure	585	-	(13,659)	-	(13,074)
2007					
Financial assets					
Cash and cash equivalents	609	-	-	-	609
Receivables	61	-	-	-	61
Derivative financial instruments	738	-	-	-	738
	1,408	-	-	-	1,408
Financial liabilities					
Payables	733	-	-	-	733
Interest-bearing liabilities	-	-	13,659	-	13,659
	733	-	13,659	-	14,392
Net exposure	675	-	(13,659)	-	(12,984)

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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16. Financial risk management (continued)

Credit risk:

Credit risk arises from the financial assets of the Fund, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Fund's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable Note.

Receivables are generally received within 30 days.

The Fund does not hold any credit derivatives to offset its credit exposure.

The Fund trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Fund's policy to securitise its trade and other receivables.

The Fund's credit exposure is concentrated with one debtor, ABC Learning Centres Ltd and its subsidiaries ("ABC"), who contribute approximately 83% of rental income. If ABC did not meet its contractual commitments the financial exposure of the Fund would be \$62,000 (2007: \$nil). The total credit risk for financial instruments contained in the Balance Sheet is limited to the carrying amount disclosed in the Balance Sheet, net of any provisions for doubtful debts. The RE monitors and assesses the creditworthiness of ABC on a regular basis.

In addition, receivable balances are monitored on an ongoing basis with the result that the Fund's exposure to bad debts is not significant.

Net fair value of financial assets and liabilities:

Valuation approach

The net fair value of financial assets and liabilities are determined by the Fund on the following bases:

Recognised financial instruments:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are valued at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank deposits, receivables, other debtors, accounts payable, bank loans, lease liabilities and distributions payable approximate net fair value.

Net fair values

Recognised financial instruments:

The Fund's financial assets and liabilities included in current and non-current assets and liabilities on the Balance Sheet are carried at amounts that approximate net fair value.

Unrecognised financial instruments:

The Fund has no off-balance sheet financial instruments.

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

17. Contingent liabilities

No contingent liabilities to the Fund exist of which the Responsible Entity is aware.

18. Economic dependency

Most all of the investment properties of the Fund are leased to ABC Learning Centres Ltd ("ABC") and as a result the Fund has approximately 83% dependency on the ABC group in respect to its lease income.

19. Subsequent events

This financial report was authorised on 11 August 2008 by the Board of Directors of the Responsible Entity.

Vin Harink resigned as a director on 28 July 2008 and Nicholas Anagnostou was appointed a Director on 4 August 2008 of the Responsible Entity.

There have been no other significant events since 30 June 2008 that have or may significantly affect the results and operations of the Fund.

20. Auditor's Remuneration

	2008 \$'000	2007 \$'000
Audit or review of financial reports:		
Audit - PricewaterhouseCoopers	-	19
Audit - Moore Stephens	20	-
Other services:		
Taxation - PricewaterhouseCoopers	-	7
Taxation - Moore Stephens	6	-
Total audit remuneration	26	26

21. Fund details

The registered office and principal place of business of the Fund is Level 1, 350 Collins Street, Melbourne Victoria 3000 and the principal activity being a specialist childcare centre property owner. The domicile of the Fund is Australia.

AUSTOCK CHILDCARE FUND ABN 46 186 578 434
DIRECTORS' DECLARATION

In the opinion of the directors of Austock Property Management Limited, the Responsible Entity of Austock Childcare Fund ("the Fund"):

1. the financial statements and notes, set out on pages 9 to 31 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Fund as at 30 June 2008 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (i) the financial records of the Fund for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view.

3. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

4. the Fund has operated during the year ended 30 June 2008 in accordance with the provisions of the Fund Constitution dated 25 January 2003 (as amended).

Signed in accordance with a resolution of the directors of Austock Property Management Limited.

Dated at Melbourne this 11th day of August 2008



Victor David Cottren
Acting Chairman
Austock Property Management Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTOCK CHILDCARE FUND**

We have audited the accompanying financial report of Austock Childcare Fund, 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 and other explanatory notes and the directors' declaration of the responsible entity.

Directors' Responsibility for the Financial Report

The directors of Austock Property Management 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.

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*.

PARTNERS:
Stephen L. Adrian
Steven A. Allan
Marco S. Carlei
Jean-Claude Cesario
Ian K. Kearney
Daren I. J. McDonald
Daniel J. Minihan
Kevin W. Neville

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A separate partnership in Victoria.
Liability limited by a scheme approved under Professional Standards Legislation.*

Stephen J. O'Flynn
Tim R. Olynyk
S. David Pitt
Ivan Shapiro
Grant M. Sincock
Tim J. Stillwell
Jonathan C. Thomas
Daren Yeoh
PS 001

Auditor's Opinion

In our opinion:

- (a) the financial report of Austock Childcare Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



MOORE STEPHENS
Chartered Accountants



Kevin W Neville
Partner
Melbourne, 11 August 2008

**AUSTOCK CHILDCARE FUND ABN 46 186 578 434
DIRECTORY**

Responsible Entity and principal place of business of the Fund	Austock Property Management Limited Level 1 350 Collins Street Melbourne VIC 3000
Directors of the Responsible Entity	Michael Edward McFarlane (Chairman) Michael Francis Johnstone Victor David Cottren Nicholas James Anagnostou
Solicitors	Holding Redlich 60 Castlereagh Street Sydney NSW 2000
Auditor	Moore Stephens Level 14 607 Bourke Street Melbourne Vic 3000
Taxation Advisors	Moore Stephens Level 14 607 Bourke Street Melbourne Vic 3000
Bank	Commonwealth Bank of Australia 52 Martin Place Sydney NSW 2000
Custodian	Trust Company Limited 35 Clarence Street Sydney NSW 2000
Secretary of the Responsible Entity	Amanda Jane Gawne Level 1 350 Collins Street Melbourne VIC 3000
Share Registry	Computershare Investor Services Pty Ltd GPO Box 7045 Sydney NSW 2001 Tel: 1300 855 080