

16 March 2010

## Results for the Half Year Ended 31 December 2009

The Directors of the Responsible Entity, Austock Property Management Limited ("APML") present a summary of the results of the Austock Childcare Fund ("ACF" or "the Trust") for the half year ended 31 December 2009. ACF is a property trust investing in childcare centres.

### (a) Financial Summary

- Operating revenue of \$1.6m
- Net profit excluding non-cash items of \$0.2m
- Net profit of \$0.6m
- NTA of \$1.09 per unit
- Borrowings reduced from \$11.4m to \$10.6m

The table below provides a summary of ACF's financial position at 31 December 2009 compared to 30 June 2009:

	As at 31 Dec 2009	As at 30 June 2009
Total Assets	\$26m	\$27m
Net Assets Attributable to Unitholders	\$14.8m	\$14.7m
Borrowings	\$10.6m	\$11.4m
NTA Per Unit	\$1.09	\$1.08
Gearing	40.8%	42.1%
Units on Issue	13.6m	13.6m

### (b) Property Summary

ACF's properties are categorised as follows:

	No of Childcare Properties	Carrying Value \$000's	Current Rent (pa) \$000's
<b>Operating Properties</b>			
ABC 1 (under the control of McGrath Nicol)	13	13,731	1,243
Other Properties	11	10,308	1,113
<b>Closed Property</b> (Settled on 8 January 2010)	1	200	-
<b>Total Properties</b>	<b>25</b>	<b>24,239</b>	<b>2,356</b>

**ABC1:** ABC1 properties remain under the control of McGrath Nicol (ABC Receiver). The 13 ABC1 properties (inclusive of the 2 NELC operated properties the leases of which are proposed to be assigned to another party) owned by ACF form part of 704 properties that continue to be operated by the ABC Receiver. On 22 December 2009, McGrath Nicol announced they had signed a conditional Contract of Sale with the GoodStart syndicate as the purchaser of the assets of the ABC1 business. ACF are continuing negotiations with both the ABC Receiver and the GoodStart syndicate with respect to the assignment of 11 of ACF's ABC1 property leases. Should the assignment be approved by Management of ACF, it is expected the assignment will occur over the following two months.



It should be noted that the ABC trade sale is conditional upon a contract of sale unrelated to ACF and which is not in ACF's control. These terms could see the GoodStart transaction terminate independently of its discussions with ACF.

**Other Properties:** These comprise 11 properties, including 5 of which are leased to Leading Child Care Limited, 2 to Early Learning Centre Limited (ELS) and 2 to Worthgold Pty Limited. These include the former ABC2 group of 7 properties which have been assigned to new tenants.

**Closed Properties:** This property was closed as a result of ABC being placed into receivership on 6 November 2008, with settlement occurring on 8 January 2010.

The Fund sold 2 properties during the half year, with the proceeds of \$0.8 million used for debt reduction.

At the date of this report, the fund has no non-income producing properties with all properties being operational and paying rental.

#### **(e) Debt Funding**

As at 31 December 2009 ACF had borrowings of \$10.6 million compared with total assets of \$26.0 million. The Fund has commenced discussions with the Commonwealth Bank of Australia (CBA) regarding extension of the existing debt facility which is due to expire on 27 June 2010, following completion of the ABC 1 process.

The Fund will soon be looking to enter into a new banking facility based on the following:

- Successful assignment of all ABC leases;
- Stabilisation of market conditions and property yields;
- Low gearing levels; and
- All ACF's properties generating revenue.

It is expected that as part of any new banking arrangements, updated valuations will be sought.

#### **(f) Distributions**

Distributions for the half year to 31 December 2009 were suspended for the reasons previously outlined. The suspension of distributions is likely to continue whilst ACF's 13 childcare properties remain under the control of the Receiver of ABC1. ACF's Distribution Policy is continuously monitored and unitholders will be advised if circumstances change.

The lack of a distribution and inconvenience to unitholders is understood. Recommencing distributions is the priority for Management. AMPL has worked extremely hard to defend the interests of unitholders in light of and further potential for damage as a direct result of the insolvency and appointment of a receiver to ABC. APML is working towards stabilising the Fund shortly and post a successful ABC1 outcome and the negotiation of a new banking facility, we expect to be able to recommence distributions.



### (g) Financial Summary

The result for the half year to 31 December 2009 was a net profit of \$0.6 million (2008: net loss of \$3.5m). ACF produced a net profit excluding non-cash items of \$0.2 million or earnings per unit of 1.9 cents, compared to the corresponding period in 2008 of \$0.5 million or earnings per unit of 3.5 cents.

Half year ending 31 December (\$m's)	2009	2008
<b>Revenue</b>		
Property Income	1.2	1.4
	1.2	1.4
<b>Expenses</b>		
Finance Costs	0.4	0.5
Other Expenses	0.6	0.3
Impairment of Receivables	-	0.1
	1.0	0.9
<b>Net operating profit excluding non-cash items</b>	<b>0.2</b>	<b>0.5</b>
Change in fair value of derivative financial instruments	0.2	(1.1)
Revaluation increment / (decrement) of investment properties	0.2	(2.9)
<b>Net profit/(loss)</b>	<b>0.6</b>	<b>(3.5)</b>

### (h) Outlook

Management continues to take a proactive position and is focusing on the assessment of its ABC1 portfolio to proposed new operator, GoodStart. The assignment process remains incomplete with final terms yet to be agreed. Discussions with the ABC Receiver, GoodStart's advisors, its banker and the Federal Government continue and are well progressed, however agreement has not been reached. Should the assignment of ACF's leases proceed, it is expected that the assignment process will be completed over the next six weeks. Management will keep unitholders updated with respect to the assignment process.

Management is focussing on the successful assignment of its ABC1 portfolio and the negotiations of the extension/renewal of its debt facility. On completion of these two immediate priorities, Management will review ACF's distribution policy with a view to returning to a sustainable distribution model in the second half of 2010.

*(The information contained in this release should be read in conjunction with ACF's Half Year Financial Report as at 31 December 2009.)*

Nick Anagnostou  
Executive Director/Fund Manager  
Austock Childcare Fund

For further information contact:  
Lula Lioffi  
Investor Relations Manager  
61 3 8601 2668



## **AUSTOCK CHILDCARE FUND**

ARSN: 104 229 861  
ABN: 46 186 578 434

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**Half Year Financial Report  
31 December 2009**

**AUSTOCK CHILDCARE FUND**

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The Directors of Austock Property Management Limited, the Responsible Entity of the Austock Childcare Fund ("ACF"), present their report together with the financial report of ACF for the half year ended 31 December 2009.

### **Directors of the Responsible Entity**

The Directors of the Responsible Entity during the period or since the end of the half year:

Victor David Cottren (Chairman)  
Michael Francis Johnstone  
Nicholas James Anagnostou

### **Principal Activities**

ACF is a specialist childcare property owner which owns a total of 25 childcare properties as at 31 December 2009 (27 properties as at 30 June 2009) in Queensland and South Australia. ACF's properties are categorised as follows:

	<b>No of Childcare Properties</b>	<b>Carrying Value \$000's</b>	<b>Current Rent (pa) \$000's</b>
<b>Operating Properties</b>			
ABC 1 (under the control of McGrath Nicol)	13	13,731	1,243
Other Properties	11	10,308	1,113
<b>Closed Property</b> (Settled on 8 January 2010)	1	200	-
<b>Total Properties</b>	<b>25</b>	<b>24,239</b>	<b>2,356</b>

**ABC1:** ABC1 properties remain under the control of McGrath Nicol (ABC Receiver). The 13 ABC1 properties (which includes 2 NELC properties) owned by ACF form part of 704 properties that continue to be operated by the ABC Receiver. On 22 December 2009, McGrath Nicol announced they had signed a conditional Contract of Sale with the GoodStart syndicate as the purchaser of the assets of the ABC1 business. ACF are continuing negotiations with both the ABC Receiver and the GoodStart syndicate with respect to the assignment of 11 of ACF's ABC1 property leases. Should the assignment be approved by Management of ACF, it is expected the assignment will occur over the following two months. It should be noted that the ABC trade sale is conditional upon a contract of sale unrelated to ACF and which is not in ACF's control. These terms could see the GoodStart transaction terminate independently of its discussions with ACF.

**Other Properties:** These comprise 11 properties, including 5 of which are leased to Leading Child Care Limited, 2 to Early Learning Centre Limited (ELS) and 2 to Worthgold Pty Limited. These include the former ABC2 group of 7 properties which have been assigned to new tenants.

**Closed Properties:** This property was closed as a result of ABC being placed into receivership on 6 November 2008, with settlement occurring on 8 January 2010.

The Fund sold 2 properties during the half year, with the proceeds of \$0.8 million used for debt reduction.

At the date of this report, all properties owned by ACF have operating childcare businesses.



## Review and Results of Operations

The result for the half year to 31 December 2009 was a net profit of \$0.6 million (2008: net loss of \$3.5m). ACF produced a net profit excluding non-cash items of \$0.2 million or earnings per unit of 1.9 cents, compared to the corresponding period in 2008 of \$0.5 million or earnings per unit of 3.5 cents.

Half year ending 31 December (\$m's)	2009	2008
<b>Revenue</b>		
Property Income	1.2	1.4
	1.2	1.4
<b>Expenses</b>		
Finance Costs	0.4	0.5
Other Expenses	0.6	0.3
Impairment of Receivables	-	0.1
	1.0	0.9
<b>Net operating profit excluding non-cash items</b>	<b>0.2</b>	<b>0.5</b>
Change in fair value of derivative financial instruments	0.2	(1.1)
Revaluation increment / (decrement) of investment properties	0.2	(2.9)
<b>Net profit/(loss)</b>	<b>0.6</b>	<b>(3.5)</b>

## Distribution

Distributions for the half year to 31 December 2009 were suspended. The suspension of distributions is likely to continue whilst ACF's 13 childcare properties remain under the control of the Receiver of ABC1. ACF's Distribution Policy is continuously monitored and unitholders will be advised if circumstances change.

The fund made a distribution in October 2009 for the period ending 30 June 2009 of \$0.5 million or 3.7 cents per unit.

## Funding

As at 31 December 2009 the total assets of ACF were \$26.0 million, borrowings were \$10.6 million, net assets were \$14.8 million and NTA for the fund was \$1.09 (June 2009: NTA for the fund was \$1.08).

The Fund has commenced discussions with the Commonwealth Bank of Australia (CBA) regarding extension of its existing debt facility which is due to expire on 27 June 2010, following completion of the ABC 1 process. Based on the following, the Fund is well placed to extend the facility with CBA:

- successful assignment of all ABC leases;
- stabilisation of market conditions and property yields;
- low gearing levels; and
- all properties generating revenue.

ACF has 13,600,000 units on issue as at 31 December 2009.

## Rounding of Amounts

ACF is an entity of a kind referred to in the Class Order 98/0100 (as amended) issued by ASIC relating to the rounding off of amounts in the directors report and financial report. Such amounts have been rounded to the nearest thousand dollars unless otherwise indicated.



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### Auditor's Independence Declaration

The Auditor's Independence Declaration under section 370C of the Corporations Act 2001 is set out on page 4 for the half year ended 31 December 2009.

This report is signed in accordance with a resolution of the Board of Directors of the Responsibility Entity.

A handwritten signature in black ink, appearing to read 'V. Cottren', written over a horizontal line.

Victor David Cottren  
Chairman  
Austock Property Management Limited  
Melbourne, 16 March 2010

A handwritten signature in black ink, appearing to read 'N. A. L.', written over a horizontal line.

Nicolas James Anagnostou  
Executive Director / Fund Manager  
Austock Property Management Limited  
Melbourne, 16 March 2010

PricewaterhouseCoopers  
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### Auditor's Independence Declaration

As lead auditor for the review of the Austock Childcare Fund for the half year ended 31 December 2009, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of the Austock Childcare Fund during the period.



Charles Christie  
Partner  
PricewaterhouseCoopers

Melbourne  
16 March 2010

AUSTOCK CHILDCARE FUND  
 STATEMENT OF COMPREHENSIVE INCOME  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2009



	Note	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>Revenue</b>			
Lease revenue		1,002	1,364
Property recoveries		212	41
Interest income		11	12
Change in fair value of derivative financial instruments	4	185	-
Revaluation increment of investment properties		193	11
<b>Total revenue</b>		<b>1,603</b>	<b>1,428</b>
<b>Expenses</b>			
Finance costs		393	490
Property outgoings		212	41
Other expenses from ordinary activities		163	118
Responsible entity's fee		170	193
Change in fair value of derivative financial instruments		-	1,125
Net loss on disposal of investment properties		35	-
Provision for impairment of receivables		-	115
Revaluation decrement of investment properties		-	2,880
<b>Total expenses</b>		<b>973</b>	<b>4,962</b>
<b>Net profit/(loss)</b>		<b>630</b>	<b>(3,534)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss)</b>		<b>630</b>	<b>(3,534)</b>
<b>Earnings per unit</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per unit		4.63	(25.99)
Diluted earnings per unit		4.63	(25.99)

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes

AUSTOCK CHILDCARE FUND  
BALANCE SHEET  
AS AT 31 DECEMBER 2009



	Note	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>Current assets</b>			
Cash and cash equivalents		760	940
Trade and other receivables		160	227
Other current assets	2	998	2,710
<b>Total current assets</b>		<b>1,918</b>	<b>3,877</b>
<b>Non-current assets</b>			
Investment properties	3	24,039	23,146
<b>Total non-current assets</b>		<b>24,039</b>	<b>23,146</b>
<b>Total assets</b>		<b>25,957</b>	<b>27,023</b>
<b>Current liabilities</b>			
Trade and other payables		434	673
Derivative financial instruments	4	115	300
Borrowings	5	10,600	11,369
<b>Total current liabilities</b>		<b>11,149</b>	<b>12,342</b>
<b>Total liabilities</b>		<b>11,149</b>	<b>12,342</b>
<b>Net assets</b>		<b>14,808</b>	<b>14,681</b>
<b>Equity</b>			
Contributed equity	6	13,600	13,600
Distribution reserve		1,208	1,081
<b>Total equity</b>		<b>14,808</b>	<b>14,681</b>

The Balance Sheet is to be read in conjunction with the accompanying notes

AUSTOCK CHILDCARE FUND  
 CASH FLOW STATEMENT  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2009



	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>Cash flows from operating activities</b>		
Lease income received	1,637	1,579
Cash payments in the course of operations	(982)	(420)
Interest received	11	12
<b>Net cash provided by operating activities</b>	<b>666</b>	<b>1,171</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment properties	819	-
<b>Net cash provided by in investing activities</b>	<b>819</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Finance costs paid	(393)	(462)
Repayment of borrowings	(769)	-
Distributions paid	(503)	(620)
<b>Net cash used in financing activities</b>	<b>(1,665)</b>	<b>(1,082)</b>
<b>Net (decrease)/increase in cash held</b>	<b>(180)</b>	<b>89</b>
<b>Cash at 1 July</b>	<b>940</b>	<b>132</b>
<b>Cash at 31 December</b>	<b>760</b>	<b>221</b>

*The Cashflow Statement is to be read in conjunction with the accompanying notes*

AUSTOCK CHILDCARE FUND  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2009



	Units on issue	Distribution Reserve	Total
	\$ '000	\$'000	\$'000
<b>Balance at 1 July 2008</b>	12,270	7,934	20,204
Net profit/(loss)	-	(3,534)	(3,534)
Distribution paid or provided for	-	(272)	(272)
<b>Balance at 31 December 2008</b>	<b>12,270</b>	<b>4,128</b>	<b>16,398</b>
<b>Balance at 1 July 2009</b>	12,270	2,411	14,681
Net profit/(loss)	-	630	630
Distribution paid or provided for	-	(503)	(503)
<b>Balance at 31 December 2009</b>	<b>12,270</b>	<b>2,538</b>	<b>14,808</b>

*The Statement of Changes in Equity is to be read in conjunction with the accompanying notes*

## **1. Statement of significant accounting policies**

The half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and with any public announcements issued during the half year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies have been consistently applied by ACF and are consistent with those applied in the 30 June 2009 Annual Report.

### **Going Concern**

As at 31 December 2009, current liabilities of \$11.1 million exceed current assets of \$1.9 million by \$9.2 million. Current liabilities include \$10.6 million owed to Commonwealth Bank of Australia (CBA), under a Term Debt Facility which expires on 27 June 2010. As at 31 December 2009, the Fund had cash of \$0.8 million and net assets of \$14.8 million.

The preparation of the financial statements on a going concern basis is appropriate for ACF based upon the following factors:

- a) advanced negotiations between ACF and GoodStart;
- b) preliminary discussions with CBA regarding the extension of ACF's debt facility beyond 27 June 2010. ACF believes it is well placed to negotiate an extension of its debt facility with CBA;
- c) recent sales and valuations which have confirmed the underlying value of ACF's assets and the stabilisation of market conditions;
- d) CBA has waived non-compliance of some of its financial undertakings under its current debt facility; and
- e) low gearing levels.

### **Debt/Equity**

ACF has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2009:

AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation.

This standard is applicable for reporting periods beginning on or after 1 January 2009. ACF has adopted the amendments on 1 July 2009. Previously, ACF classified unitholders' funds, being their initial contribution plus accumulated reserves, as a financial liability called "net assets attributable to unitholders" Following the changes, all unitholders' funds will be shown in equity and any trust distributions to unitholders will be reflected as distributions from equity rather than as a finance cost. All unitholders' funds have been classified as equity as the responsible entity is of the view that all the criteria under the new accounting standard have been met. The amendment has been applied retrospectively. As a result of the early adoption of the amendment, ACF's equity as at 30 June 2009 increased by \$14.8 million and financial liabilities have decreased by \$14.8 million.

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
<b>2. Other current assets</b>		
Investment properties to be sold within 12 months	200	1,719
Straight line rental account	798	991
	<b>998</b>	<b>2,710</b>
<b>3. Investment Properties</b>		
Movement in investment properties:		
Opening balance	23,146	32,237
Net revaluation increment /(decrement)	193	(4,102)
Disposal of investment properties	(819)	(3,270)
Movement in investment properties to be sold in 12 months	1,519	(1,719)
Carrying amount at the end of the period	<b>24,039</b>	<b>23,146</b>

Investment properties are measured at fair value and revalued on a regular basis to ensure the carrying amount of each property does not differ materially from its fair value at balance date. Fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition. Consistent with the requirement to independently value each property on a rolling basis every three years, a valuation program is conducted in the second half of the financial year.

The fair value of investment property has been updated to reflect market conditions at the end of the reporting period. While this represents best estimates as at balance sheet date, if the investment property is sold in future, the price achieved may be higher or lower than the most recent valuation.

The Directors have given considerable attention to the fair value of investment properties at 31 December 2009. The Directors have considered:

- (a) The Receivers of ABC have announced that they have signed a sales contract with the GoodStart syndicate to purchase the ABC business completing no later than 31 March 2010.
- (b) Recent market sales evidence for operating properties in another fund managed by the Responsible Entity.
- (c) Stabilisation of market conditions and property yields.
- (d) The leases are long term and not subject to any substantial market fluctuations in rent as found in more traditional commercial markets where rents may be subject to drastic movements.
- (e) The average carrying value per property is around \$1 million and ACF operates within a market place that remains relatively liquid with continued purchase activity.

The Directors have made the decision to keep the value of the operating investment property portfolio consistent with the value as at 30 June 2009

Following the ABC1 assignment process which we anticipate to be completed in March 2010, independent valuations will be conducted on these properties which will result in the fair value of investment properties as at 30 June 2010 to be based on independent valuations performed within 12 months based on the new tenant and lease arrangements.



#### 4. Derivative financial instruments

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Interest rate swap (Current Liability)	115	300

ACF uses interest rate swaps to hedge its risks associated with interest rate fluctuations. The interest rate swaps are initially recognised at fair value on the date on which a contract is entered into and are subsequently remeasured to fair value.

During the half year ended 31 December 2009, the fair value adjustment on the interest rate swap with the face value of \$14.2 million at 5.08% for the period ending 1 July 2010 resulted in a profit of \$0.2 million which is recorded in the Income Statement.

#### 5. Borrowings

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
Term debt facility at face value - secured	10,600	11,369

ACF operates an interest only Term Debt Facility, fully drawn at 31 December 2009, of \$10.6 million which expires on 27 June 2010. This facility is secured by first ranking registered mortgages over the childcare properties held by ACF. At 31 December 2009, the current effective interest rate is 6.63% per annum on the facility including all margins and fees.

ACF has commenced discussions with the CBA regarding the extension of its existing debt facility which is due to expire on 27 June 2010. Having regard to the following factors:

- advanced negotiations between ACF and GoodStart;
- low gearing level of 41%;
- recent sales and valuations confirming the underlying value of ACF's assets;
- stabilisation of market conditions; and
- all properties producing income

ACF believes it is well placed to negotiate an extension of its debt facility post 27 June 2010.

The Fund has received a waiver for non-compliance with some of its financial undertakings under the Facility Agreement.

#### 6. Contributed equity

	Units on issue No '000	Units on issue \$'000
<b>Balance at 1 July 2008</b>	13,600	13,600
Issue of units	-	-
<b>Balance at 31 December 2008</b>	<b>13,600</b>	<b>13,600</b>
<b>Balance at 1 July 2009</b>	13,600	13,600
Issue of units	-	-
<b>Balance at 31 December 2009</b>	<b>13,600</b>	<b>13,600</b>

#### 7. Segment information

ACF operates wholly in Australia and operates in one business segment of being the ownership of childcare properties.

## 8. Capital and lease commitments

### (a) Capital commitments

ACF had no capital commitments at reporting date (Nil at 30 June 2009).

### (b) Lease revenue commitments

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:

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
Receivable:		
not later than 1 year	2,343	2,373
later than 1 year but no later than 5 years	10,260	13,142
later than 5 years	10,265	10,699
	<b>22,868</b>	<b>26,214</b>

Only leases with operating properties are shown above. The revenue commitments shown are dependent on existing leases being assigned to new tenants through the ABC receivership process.

## 9. Contingent liabilities

No contingent liabilities to ACF exist of which the Responsible Entity is aware (Nil at 30 June 2009).

## 10. Subsequent events

No matter or circumstance has arisen since 31 December 2009 that has significantly affected, or may significantly affect:

- (a) ACF's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) ACF's state of affairs in future years.

**AUSTOCK CHILDCARE FUND  
DIRECTORS DECLARATION  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**



In the opinion of the Directors of Austock Property Management Limited, the responsible entity of Austock Childcare Fund ("ACF"):

- (a) the financial statements and notes, set out on pages 5 to 12 are in accordance with the Corporations Act 2001, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half year ended on that date, and
- (b) there are reasonable grounds to believe that ACF will be able to pay its debts as and when they become due and payable.
- (c) ACF has operated during the half year ended 31 December 2009 in accordance with the provisions of ACF's Constitution.

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

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

Dated at Melbourne this 16th day of March 2010.

A handwritten signature in black ink, appearing to read 'V. Cottren', written over a horizontal line.

Victor David Cottren  
Chairman  
Austock Property Management Limited

A handwritten signature in black ink, appearing to read 'N. A. L.', written over a horizontal line.

Nick Anagnostou  
Chief Executive / Fund Manager  
Austock Property Management Limited

**Independent auditor's review report to the unitholders of the  
Austock Childcare Fund**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial statements of the Austock Childcare Fund (the Fund), which comprise the balance sheet as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

*Directors' responsibility for the half-year financial report*

The directors of Austock Property Management Limited (the Responsible Entity of the fund) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Fund is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Charles Christie  
Partner

Melbourne  
16 March 2010

**AUSTOCK CHILDCARE FUND**

**DIRECTORY**



**Responsible Entity and principal place of business of ACF**

Austock Property Management Limited  
Level 1  
350 Collins Street  
Melbourne VIC 3000

**Directors of the Responsible Entity**

Victor David Cottren (Chairman)  
Michael Francis Johnstone  
Nicholas James Anagnostou

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**Auditor**

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**Taxation Advisors**

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**Bank**

Commonwealth Bank of Australia  
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Sydney NSW 2000

**Custodian**

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**Secretary of the Responsible Entity**

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