



6th July 2010

Pengana Credo European Property Trust – 2008 Financial Statements

Dear Investor

As foreshadowed in our June Investor Update, please find attached a copy of the Special Purpose Financial Report for the period ended 30 June 2008 for the Pengana Credo European Property Trust.

If you have any questions about the accounts, the Trust or your investment, please visit our website at www.pengana.com or call Tom Curtis on +612 8524 9986 or Gavin Rabinowitz on +44 207 291 3200.

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PENGANA CREDO EUROPEAN PROPERTY TRUST

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2008**

**Pengana Capital Limited
Level 29, Bond Street,
Sydney, NSW 2000
ACN 103 800 568**

PENGANA CREDO EUROPEAN PROPERTY TRUST

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PENGANA CREDO EUROPEAN PROPERTY TRUST

INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

	Notes	Consolidated Entity 12 June 2007 to 30 June 2008 \$	Parent Entity 12 June 2007 to 30 June 2008 \$
INCOME			
Interest income		949,940	1,762,478
Rental income		11,214,427	-
Net foreign exchange gain		802,652	802,652
Changes in the fair value of derivative financial instruments		(2,775,313)	(2,775,313)
Changes in the fair value of investment properties	7	<u>(7,299,129)</u>	<u>-</u>
Total net investment gain/(loss)		<u>2,892,577</u>	<u>(210,183)</u>
EXPENSES			
Impairment of controlled entities		-	7,538,505
Interest expense		8,224,642	-
Trustee fees		194,603	194,603
Management fees		664,472	-
Auditor's remuneration	3	193,096	133,750
Custody fees		34,765	34,765
Professional fees		1,298,773	1,298,773
Investment property expenses	7(b)	590,106	-
Administrative expenses		1,579,756	-
Other expenses		<u>315,962</u>	<u>256,616</u>
Total expenses		<u>13,096,175</u>	<u>9,457,012</u>
Taxation	6(a)	<u>180,798</u>	<u>-</u>
OPERATING LOSS AFTER TAXATION		<u>(10,384,396)</u>	<u>(9,667,195)</u>
Finance costs attributable to unitholders			
Distributions to unitholders of the parent entity		5,241,815	5,241,815
Net loss attributable to minority interests		<u>(87,567)</u>	<u>-</u>
NET LOSS ATTRIBUTABLE TO UNITHOLDERS		<u>(15,538,644)</u>	<u>(14,909,010)</u>

The above Income Statements should be read in conjunction with the accompanying notes

PENGANA CREDO EUROPEAN PROPERTY TRUST

BALANCE SHEETS
AS AT 30 JUNE 2008

	Notes	Consolidated Entity 30 June 2008 \$	Parent Entity 30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents	12(a)	4,224,559	866,948
Deposits held with brokers for collateral		1,601,814	1,601,814
Receivables	4	<u>707,373</u>	<u>286,341</u>
TOTAL CURRENT ASSETS		<u>6,533,746</u>	<u>2,755,103</u>
NON-CURRENT ASSETS			
Loan to controlled entities		-	23,120,659
Investments in controlled entities	5	-	13,469,430
Investment properties	7	<u>151,176,593</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS		<u>151,176,593</u>	<u>36,590,089</u>
TOTAL ASSETS		<u>157,710,339</u>	<u>39,345,192</u>
CURRENT LIABILITIES			
Payables	10	3,367,200	712,133
Distribution payable		<u>1,210,926</u>	<u>1,210,926</u>
TOTAL CURRENT LIABILITIES		<u>4,578,126</u>	<u>1,923,059</u>
NON-CURRENT LIABILITIES			
Derivative financial instruments	8	1,511,109	1,511,109
Borrowings	9	112,524,424	-
Deferred tax liabilities	6(b)	<u>3,166,656</u>	<u>-</u>
TOTAL NON-CURRENT LIABILITIES		<u>117,202,189</u>	<u>1,511,109</u>
TOTAL LIABILITIES		<u>121,780,315</u>	<u>3,434,168</u>
NET ASSETS		<u>35,930,024</u>	<u>35,911,024</u>
EQUITY			
Contributed equity	11(b)	50,820,034	50,820,034
Foreign currency translation reserve		676,855	-
Retained losses		(15,538,644)	(14,909,010)
Minority interest		<u>(87,567)</u>	<u>-</u>
TOTAL EQUITY		<u>35,870,678</u>	<u>35,911,024</u>

The above Balance Sheets should be read in conjunction with the accompanying notes

PENGANA CREDO EUROPEAN PROPERTY TRUST

STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2008

	Consolidated Entity 12 June 2007 to 30 June 2008 \$	Parent Entity 12 June 2007 to 30 June 2008 \$
Net expense recognised directly in equity	(1,544,316)	(1,544,316)
Exchange difference on translation of foreign operations	676,855	-
Operating loss for the period	<u>(10,384,396)</u>	<u>(9,667,195)</u>
Total recognised income and expense for the period	(11,251,857)	(11,211,511)
Contributions of equity, net of transaction costs	52,364,350	52,364,350
Distributions to equity holders	<u>(5,241,815)</u>	<u>(5,241,815)</u>
Total equity at the end of the financial period	<u>35,870,678</u>	<u>35,911,024</u>
Total recognised income and expense for the period attributable to:		
Parent entity	35,911,024	35,911,024
Minority interest	<u>(40,346)</u>	<u>-</u>
	<u>35,870,678</u>	<u>35,911,024</u>

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes

PENGANA CREDO EUROPEAN PROPERTY TRUST

CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

		Consolidated Entity 12 June 2007 to 30 June 2008 \$	Parent Entity 12 June 2007 to 30 June 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from sales of derivative financial instruments		802,652	802,652
Payments for purchases of derivative financial instruments		(1,264,204)	(1,264,204)
Amount paid to brokers for collateral		(1,601,814)	(1,601,814)
Rental income received		11,501,438	-
Interest received		902,748	1,511,761
Interest expense paid		(7,018,372)	-
Auditor's remuneration paid		(59,346)	-
Income tax paid		(247,090)	-
Payments to suppliers		(9,565,547)	-
Payment of other expenses		<u>(1,206,373)</u>	<u>(1,206,374)</u>
Net cash outflow from operating activities	12(b)	(7,755,908)	(1,757,979)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments in controlled entities		282,256	(21,007,934)
Loans to subsidiaries		-	(24,560,928)
Repayments of loans by subsidiaries		<u>-</u>	<u>1,404,644</u>
Net cash inflow from investing activities		282,256	(44,164,218)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from applications by unitholders		52,364,350	52,364,350
Distributions paid		(4,030,889)	(4,030,889)
Proceeds of borrowings		17,093,637	-
Repayments of borrowings		(52,833,293)	-
Debt arrangement and acquisition costs		<u>(1,544,316)</u>	<u>(1,544,316)</u>
Net cash inflow from financing activities		11,049,489	46,789,145
Net increase in cash and cash equivalents held		3,575,837	866,948
Effect of foreign currency exchange rate changes on cash and cash equivalents		<u>589,376</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12(a)	<u><u>4,165,213</u></u>	<u><u>866,948</u></u>

The above Cash Flow Statements should be read in conjunction with the accompanying notes

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Trust Information

The Pengana Credo European Property Trust (the "Trust") is an unregistered unit trust. Pengana Capital Limited, the Trustee of the Trust, is incorporated and domiciled in Australia. The registered office of the Trustee is located at Level 29, Bond Street, Sydney, NSW 2000.

The principal activity for the Trust during the period was the investment of unitholders' funds in accordance with the Trust Deed. There has been no significant change in the nature of this activity during the period.

(b) Basis of Preparation

This special purpose financial report has been prepared for distribution to the unitholders to fulfil the directors' financial reporting requirements under the Trust Deed. The accounting policies used in the preparation of this financial report, as described below, are consistent with the financial reporting requirements of the Trust Deed and are, in the opinion of the directors', appropriate to meet the needs of unitholders.

Compliance with International Financial Reporting Standards (IFRS)

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report complies with IFRS. The requirements of Accounting Standards and other financial reporting requirements in Australia do not have mandatory applicability to the Scheme because it is not a "reporting entity". The directors' have, however, prepared the financial report in accordance with all Accounting Standards and other mandatory financial reporting requirements in Australia with the following exceptions:

AASB 7 "Financial Instruments: Disclosure"

AASB 124 "Related Party Disclosures"

AASB 3 "Business Combinations"

AASB 112 "Income Taxes"

The financial report has been prepared on a going concern basis as the directors of the Trustee, after reviewing the Group's going concern status, have concluded that the Group has reasonable grounds to expect to be able to pay its debts as and when they become due and payable.

On 10 November 2009, Pengana Credo Property (Luxembourg) S.a.r.l. (the Trust's principal subsidiary) breached the loan to value ratio condition of the loan from Barclays Bank PLC and was unable to rectify the breach. On 18 December 2009 Barclays Bank PLC effectively agreed to waive this breach until May 2011 subject to various conditions, including that the margin on the loan is increased to 4% p.a. In order to effect this waiver, the National Australia Bank also agreed to a standstill in respect of the repayment of the amount owed to the National Australia Bank Limited until May 2011.

The directors of the Trustee believe that there are reasonable grounds to expect that the Group will be able to pay its debts as and when they become due and payable because the Group continues to generate cash to continue to meet its obligations to creditors and under the loan agreement. The Trustee has taken additional steps to improve cashflow, including the suspension of distributions on 1 July 2008 and the termination of the Group's FX hedge contract on 21 November 2008.

No adjustments have been made to the financial report relating to the recoverability and classification of the assets carrying amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Although the lender has agreed to waive the breach of the loan to value ratio condition until May 2011, there is no agreement for an extension of the waiver beyond that date. Accordingly, there is a risk that the lender may elect to enforce its rights at that time.

In the medium term, the Trust Manager will continue to maintain a close relationship with the lender, and in the event that the Loan to value ratio breach is not rectified by May 2011, the Group will look to extend the current LTV waiver.

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Trust ("parent entity") as at reporting date and the results of all subsidiaries for the period. The Trust and its subsidiaries are referred to in the Financial Report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Trust has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the parent entity. Subsidiaries are fully consolidated from the date on which control is transferred. Where companies acquired by the Group are considered by the Trustee to be asset deals, the acquirer allocates the purchase cost to the individual identifiable assets and liabilities acquired, and no goodwill is recognised regarding the acquisition.

All transactions (including gains and losses) and balances between the parent entity and subsidiaries are eliminated on consolidation. Accounting policies of subsidiaries are consistent with the policies adopted by the consolidated entity.

Minority interest in the net profit and net assets attributable to unitholders of the subsidiaries are shown separately in the consolidated Income Statement and Balance Sheet respectively.

Investments in controlled entities are initially accounted for at cost in the parent financial statements of the Trust.

(d) Investment Properties

Investment properties are measured at fair value. Changes in fair value are recognised in the Income Statement. It is the directors' policy to value direct property investments with such frequency as is appropriate under prevailing market conditions. The current policy of the directors is to revalue direct property investments at least every twelve months based upon the reports of an independent qualified valuer.

Independent valuations will be conducted on a rolling basis over three year periods or other such time as determined by the Trustee. The directors assess the carrying value at each reporting period end to ensure carrying values do not materially differ from fair values. When carrying values differ from the fair value, those assets are adjusted to fair value.

The valuation methodologies adopted by the independent valuers' include the discounting of expected net cash flows using a market based risk adjusted discounted rate, the capitalisation of current market rents and an analysis of recent comparable sales.

Investment properties are not depreciated. Expenditure capitalised to properties includes the cost of acquisition, refurbishment costs and capital additions.

Uncertainty Around Property Valuations

During the year, the global market for many types of real estate has been severely affected by volatility in global financial markets. The lower levels of liquidity and volatility in the banking sector have translated into a general weakening of market sentiment towards real estate and the number of real estate transactions has significantly reduced.

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.

At 30 June 2008, the lack of comparable market evidence relating to pricing assumptions and market drivers means that there is less certainty in regard to valuations and the assumptions applied to valuation inputs. The period of time needed to negotiate a sale in this environment may also be significantly prolonged.

The fair value of investment property represents the best estimates of fair value as at the balance sheet date. Market uncertainty means that if investment property is sold in future the price achieved may be higher or lower than the most recent valuation, or higher or lower than the fair value recorded in the financial statements.

(e) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives held do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement. The fair value balance of forward exchange contracts is determined using forward exchange rates at the Balance Sheet date.

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Use of Estimates

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. 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.

Over-the-counter derivatives are fair valued using valuation techniques. For certain other financial instruments, including accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(g) Revenue Recognition

Interest Income

Interest income earned on cash and cash equivalents is recognised on an effective interest rate basis.

Rental Income

Rental income is recognised on an accruals basis and on a straight line basis over the period of the lease.

Changes in the fair value of derivative financial instruments

Changes in the fair value of derivative financial instruments are recognised as income and are determined as the difference between the fair value at period end or consideration received (if sold during the period) and the fair value as at the prior period end or initial fair value (if the investment was acquired during the period).

(h) Expenses

All expenses are recognised in the Income Statement on an accruals basis.

(i) Deposits held with Brokers for Collateral

Deposits held with brokers for collateral comprises cash held as collateral for derivative transactions.

(j) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include deposits held at call with a bank or financial institution with an original maturity date of three months or less. Cash and cash equivalents also include highly liquid investments which are readily convertible to cash on hand at the Manager's option and which the Manager uses in its day to day management of the Trust's cash requirements.

(k) Receivables

Receivables include amounts where settlement has not yet occurred. Receivables are recognised and carried at their original amounts. Amounts are generally received within 30 days of being recorded as receivables.

Amounts receivable that are outstanding at the balance date that are denominated in foreign currencies have been converted to local currency using the rates of exchange ruling at the end of the period.

(l) Payables

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Trust. Amounts are generally paid within 30 days of being recorded as payables.

Amounts payable that are outstanding at the balance date that are denominated in foreign currencies have been converted to local currency using the rates of exchange ruling at the end of the period.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest rate.

(n) Contributed Equity

Units in the Trust are classified as equity. Incremental costs directly attributable to the issue of new units is shown in equity as a deduction from the proceeds.

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Taxation

Under current legislation, the Trust is not liable to pay tax as its taxable income (including assessable realised capital gains) is distributed in full to the unitholders.

Taxation on the profit or loss for the period for controlled entities comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in Net Assets.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date in the applicable jurisdiction, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for :

- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Leases

Under AASB 117 Leases, rental income on operating leases is brought to account on a straight line basis over the lease term.

(q) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issues or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(r) Distributable Income

The Trust fully distributes its taxable income, calculated in accordance with the Trust Constitution and applicable taxation legislation, to the unitholders who are presently entitled to the income under the Constitution.

Assets held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains will be distributed so that the Trust is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Trust to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

(s) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for capital. The Australian dollar is also the Trust's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies on the Balance Sheet are recognised in the Income Statement.

(t) Unit Exit Prices

Unit exit prices are determined in accordance with the Trust Deed and are calculated on a forward pricing basis as the net assets attributable to unitholders of the Trust less estimated transaction costs divided by the number of units on issue.

(u) Goods and Services Tax

Management fees and other expenses are recognised net of the amount of goods and services tax (GST) recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit. Payables and receivables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is included as a receivable or payable in the Balance Sheet. Cash flows are included in the Cash Flow Statement on a gross basis.

(v) Accounting Period

The Trust commenced operations on 12 June 2007. The information provided relates to the period 12 June 2007 to 30 June 2008.

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations

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

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8*

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments, segment results and different types of information being reported in the segment note of the financial report. AASB 8 will not apply to the parent or Group.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable to annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a Statement of Comprehensive Income and makes changes to the Statement of Changes in Equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment, or has reclassified items in the financial statements, it will need to disclose a third Balance Sheet, this one being at the beginning of the comparative period.

(iv) AASB 132 *Financial Instruments: Presentation* and AASB 2008-2 *Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations Arising on Liquidation (Revised AASB 132)* (effective from 1 January 2009)

The revised AASB 132 is effective from 1 January 2009, however may be adopted early. The revised standard includes an exception to the definition of a financial liability which enables entities to classify instruments on issue as equity instruments if specific criteria are met. The units in the Trust are classified as equity instruments. Accordingly, there will be no change to classification of unitholders' funds recognised in the financial statements.

(v) AASB 2009-2 *Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments* (effective for annual periods beginning on or after 1 January 2009)

In April 2009, the AASB published amendments to AASB 7 *Financial Instruments: Disclosure* to improve the information that entities report about their liquidity risk and the fair value of their financial instruments. The amendments require fair value measurement disclosures to be classified into a new three-level hierarchy and additional disclosures for items whose fair value is determined by valuation techniques rather than observable market values. The AASB also clarified and enhanced the existing requirements for the disclosure of liquidity risk of derivatives. The amendments will not affect any of the amounts recognised in the financial statements.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Property Valuations

Estimates are made by the directors in respect of the fair value of investment properties. These investments are reviewed regularly for impairment by reference to external independent property valuations, recent similar sales and market conditions, using generally accepted market practices. Further information is set out in Note 7.

(b) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

In addition, the Group recognises deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which unused tax losses can be utilised. However, utilisation of tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

(e) Impairment of investment in controlled entities

In the financial statements, the Directors made a significant judgement about the impairment of the investment in controlled entities.

The Directors follow the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an asset is impaired. This determination requires significant judgement. In making this judgement, the Directors evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial performance of the investment, including factors such as operational and financing cash flows.

Consolidated Entity	Parent Entity
30 June 2008	30 June 2008
\$	\$

NOTE 3: AUDITOR'S REMUNERATION

Amounts paid or payable to PricewaterhouseCoopers, the auditor of the Trust, for:

Audit of the Financial Statements of the Trust	133,750	133,750
Non-PricewaterhouseCoopers audit firms for the audit of the financial report of the Group	59,346	-
	<u>193,096</u>	<u>133,750</u>

Consolidated Entity	Parent Entity
30 June 2008	30 June 2008
\$	\$

NOTE 4: RECEIVABLES

Interest receivable	250,717	250,717
GST receivable	35,624	35,624
Service charges	161,873	-
Income tax refund receivable	99,733	-
Insurance prepayment	111,793	-
Other receivables	47,633	-
	<u>707,373</u>	<u>286,341</u>

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

Consolidated Entity 30 June 2008 \$	Parent Entity 30 June 2008 \$
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NOTE 5: INVESTMENTS IN CONTROLLED ENTITIES

Investments in controlled entities at cost	-	21,007,934
Impairment	-	(7,538,504)
	<u>-</u>	<u>13,469,430</u>

Impairment tests are carried out annually, or when indicators show that assets may be impaired. The Directors have assessed the carrying value of investments in controlled entities and have impaired them based on the Directors best estimate of future net cash flows.

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

Name of entity	Country of incorporation	Equity holding at 30 June 2008 %
Pengana Credo Property Limited	Gibraltar	100
Pengana Credo Property (Luxembourg) S.a.r.l.	Luxembourg	100
Pengana Credo Property (Luxembourg) Secs	Luxembourg	94
River Properties S.a.r.l.	Luxembourg	100
Martyn Properties S.a.r.l.	Luxembourg	100
Coriolus Properties S.a.r.l.	Luxembourg	100
Crystal Car Properties S.a.r.l.	Luxembourg	100
Rossini Properties S.a.r.l.	Luxembourg	100
Rossini Real Estate S.a.r.l.	Luxembourg	95
Rossini Properties Partnership Secs	Luxembourg	100
Perlita Car S.a.r.l.	Luxembourg	100
Barflor Investments S.a.r.l.	Luxembourg	100
Lambres Investments S.a.r.l.	Luxembourg	100

Consolidated Entity 30 June 2008 \$	Parent Entity 30 June 2008 \$
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NOTE 6: TAXATION

(a) Income tax expense

Income tax expense is attributable to:

Increase in deferred tax liabilities	<u>180,798</u>	<u>-</u>
	<u>180,798</u>	<u>-</u>

(b) Deferred tax liabilities

The balance comprises temporary differences attributable to investment properties:

Inherent liability in acquired property owning companies	2,985,858	-
Increase in deferred tax liabilities charged to Income Statement	<u>180,798</u>	<u>-</u>
	<u>3,166,656</u>	<u>-</u>

Tax can be deferred where the gain is not distributed and the proceeds from the sale are reinvested in a qualifying asset. This gain is then reflected in the tax cost base of the qualifying asset. Movements in deferred tax are recorded in the consolidated Income Statement. A deferred tax asset on the downwards revaluation of the properties has not been recognised as its realisation is not certain at the time of preparation of this financial report

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 7: INVESTMENT PROPERTY

Investment Properties

All of the properties are fully constructed and operational and are located in Germany.

	Date Acquired	Independent Valuation Amount \$	Independent Valuation Date
Rennweg 5, Regensburg	19 June 2007	5,582,107	22 February 2008
Geraer Landstrasse 15, Weida	19 June 2007	2,873,143	22 February 2008
Melanchthonstrasse 15, Coswig	19 June 2007	2,823,889	22 February 2008
Ostlandstrasse 1, Bruchhausen	19 June 2007	2,873,143	22 February 2008
Ruhlaer Strasse 42, Wutha-Farnroda	19 June 2007	2,832,098	22 February 2008
Ruhlanderstrasse, Schwarzeide	19 June 2007	2,577,620	22 February 2008
Madgeburger Strasse 5D, Konnern	19 June 2007	2,503,739	22 February 2008
Karl-Marx-Strasse 73, Spremberg	19 June 2007	2,495,530	22 February 2008
Starsiedler Strasse 19, Lutzen	19 June 2007	2,380,605	22 February 2008
Aubstadter Strasse/Hoher Markstein, Bad Konigshofen	19 June 2007	4,514,940	22 February 2008
Weimarische Strasse 20, Bad Berka	19 June 2007	3,037,323	22 February 2008
In Den Lindeschen, Langenau	19 June 2007	1,559,706	22 February 2008
Am Rauner Graben 1, Nidda	19 June 2007	2,856,725	22 February 2008
Alte Ziegelei 5, Ebern	19 June 2007	3,776,131	22 February 2008
Muhlstrasse 41-43, Stein	19 June 2007	6,772,409	22 February 2008
Pretzfelder Strasse 1, Kirchehrenbach	19 June 2007	4,104,490	22 February 2008
Albertsdorfer Strasse 9, Langenbernsdorf	19 June 2007	2,216,425	22 February 2008
Selbitzplatz, Blankenstein	19 June 2007	2,947,024	22 February 2008
Stollberger Strasse 174, Chemnitz/Markersdorf	19 June 2007	5,130,613	22 February 2008
An der Berggrumbacher Strasse, Rimpar	19 June 2007	4,391,805	22 February 2008
Staudhamer Feld 2 & 2A, Wasserburg	19 June 2007	4,432,850	22 February 2008
Vacherstrasse 188, Furth	19 June 2007	11,886,604	22 February 2008
Hauptstrasse 59-65 / Wolkenburger Strasse, Limbach	19 June 2007	4,022,401	22 February 2008
In der Au 33, Burgkunstadt	19 June 2007	4,465,686	22 February 2008
Schleussnerstrasse 96-98, 63263 Neulsenburg	19 June 2007	11,738,843	22 February 2008
Am Roten Kreuz 40, 40880 Ratingen	19 June 2007	7,601,516	22 February 2008
Flughafendamm 9, 28199 Bremen- Neustadt	19 June 2007	6,173,155	22 February 2008
Botzinger Strasse 37, 79111 Freiburg	19 June 2007	8,471,668	22 February 2008
Berliner Strasse 13-15, Hagen Haspa	19 June 2007	<u>24,134,405</u>	22 February 2008
Total		<u>151,176,593</u>	

These properties were valued by the independent valuer, Colliers CRE, Chartered Surveyors & International Property Consultants on 22 February 2008.

Barclays Capital have registered fixed charges over the above named properties with respect to the borrowings referred to in Note 9.

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 7: INVESTMENT PROPERTY (Continued)

The directors consider it appropriate to use the 22 February 2008 external valuations as at 30 June 2008 as a result of the following:

- The German economy continued to slow in the second quarter of 2008, although this slowdown accelerated and deteriorated in the third quarter of 2008. This suggests that the valuation dated 22 February 2008, and reconfirmed by Colliers CRE in March 2008, is still relevant at the end of the second quarter in 2008.
- Post 30 June 2008 rent increases were obtained, resulting in the annual rent roll to increase by EUR 103,935 since the valuation in February 2008.
- There were no changes to the leases, no significant bad debts or no amounts required for capital expenditure since the valuation date in February 2008 to 30 June 2008.

(a) Reconciliation of carrying amount of investment property

Reconciliation of the carrying amount of investment property at the end of the financial period is set out below:

	Consolidated Entity 30 June 2008 \$	Parent Entity 30 June 2008 \$
Carrying amount at start of financial period	-	-
Acquisitions	158,475,722	-
Valuation decrement	<u>(7,299,129)</u>	<u>-</u>
Carrying amount at end of financial period	<u>151,176,593</u>	<u>-</u>

(b) Property Outgoings

The amounts disclosed as investment property expenses in the Income Statement comprise the following amounts:

Rates, taxes and other property outgoings	<u>590,106</u>	<u>-</u>
	<u>590,106</u>	<u>-</u>

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

	Consolidated Entity 30 June 2008 \$	Parent Entity 30 June 2008 \$
NOTE 8: FINANCIAL LIABILITIES		
Derivative financial instruments		
Over the counter currency swaps	<u>1,511,109</u>	<u>1,511,109</u>
Total Financial Liabilities	<u>1,511,109</u>	<u>1,511,109</u>

The fair value of derivative financial instruments shown represents the amount of unrealised gains and losses, whereas the notional amount is an aggregate exposure value of all contracts.

Notional value:	<u>35,451,243</u>	<u>35,451,243</u>
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On 14 June 2007, the Trust entered in to a currency swap with Pengana Credo Property (Luxembourg) Sarl with a termination date of 26 May 2014. Under the terms of the swap, Pengana Credo Property (Luxembourg) Sarl swaps a notional amount of AUD \$35,451,243 with the Trust for a notional amount of Eur 22,350,276. Quarterly payment dates under the contact commenced on 25 August 2007 and expire on the termination date of 26 May 2014.

On 14 June 2007, National Australia Bank Limited entered in to a currency swap with Pengana Credo Property (Luxembourg) Sarl with a termination date of 26 May 2014. Under the terms of the swap, Pengana Credo Property (Luxembourg) Sarl swaps a notional amount of EUR 22,350,276 with National Australia Bank Limited for a notional amount of AUD \$35,451,243. Quarterly payment dates under the contract commenced on 25 August 2007 and expire on the termination date of 26 May 2014.

The Group entered in to the currency swaps to protect unitholders from the impact of exchange rate differences between the Australian Dollar and the Euro. Exchange rate risk arise as material income generated by the Group is denominated in Euros and the material assets of the Group are denominated in Euros, whereas the Trust pays unitholders distributions in Australian dollars.

The currency swaps are not deemed to be effective hedges under AIFRS. As a result, they are recognised at fair value with changes in fair value during the year recognised immediately in the Income Statement.

	Consolidated Entity 30 June 2008 \$	Parent Entity 30 June 2008 \$
NOTE 9: BORROWINGS		
Borrowings	<u>112,524,424</u>	<u>-</u>
	<u>112,524,424</u>	<u>-</u>

The facility limit for borrowings is EUR 70,680,360 (AUD 116,042,746) and the financier is Barclays Capital. The maturity date is 10 February 2017 and the fixed interest rate is 5.17%. The borrowings are secured against the consolidated Trust's property assets by way of first mortgages (together with ancillary security). The borrowing policy is to gear the consolidated Trust's properties to a Loan to Value ratio (LTV) of 75%. At 85% LTV, the loan facility would be in default and at 80%, Barclays Capital would be able to restrict cash released from the rent account. The LTV at 30 June 2008 was 76.76%. Further information on the loan is set out in Note 15.

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

	Consolidated Entity 30 June 2008	Parent Entity 30 June 2008
	\$	\$
NOTE 10: PAYABLES		
Trustee fees payable	102,872	102,872
Interest payable	1,154,122	-
Audit fees payable	35,700	35,700
Custody fees payable	19,098	19,098
Trade creditors	330,003	-
Professional fees payable	297,847	297,847
Other expenses payable	1,427,558	256,616
	<u>3,367,200</u>	<u>712,133</u>
		12 June 2007 to 30 June 2008 Units

NOTE 11: CONTRIBUTED EQUITY

The movement in number of units on issue and equity during the period was as follows:

(a) Units on Issue

Opening Balance	-
Applications	<u>52,364,350</u>
Closing Balance	<u>52,364,350</u>

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 11: CONTRIBUTED EQUITY (Continued)

	Consolidated Entity 12 June 2007 to 30 June 2008 \$	Parent Entity 12 June 2007 to 30 June 2008 \$
(b) Contributed Equity		
Opening Balance	-	-
Applications	52,364,350	52,364,350
Net expense recognised directly in equity	<u>(1,544,316)</u>	<u>(1,544,316)</u>
Closing Balance	<u>50,820,034</u>	<u>50,820,034</u>

(c) Capital Risk Management

The Trust seeks to maximise value to unit holders while ensuring that the Trust:

- complies with capital and distribution requirements of its constituent documents and/or trust deeds; and
- continues to operate as a going concern.

The capital structure of the Trust comprises the proceeds from the issue of units to unit holders, undistributed changes in net assets attributable to unit holders and interest bearing liabilities. The Trust assesses the adequacy of its capital requirements and cost of capital as part of its broader strategic plan, with the objective of reducing the cost of capital and maintaining the stability of the Trust.

The Trust is able to alter its capital structure by issuing new units, adjusting the amount of distributions paid to unit holders, selling assets to reduce debt and seeking additional financing facilities.

The Trust has no externally imposed regulatory capital requirements.

Consolidated Entity 30 June 2008 \$	Parent Entity 30 June 2008 \$
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NOTE 12: CASH AND CASH EQUIVALENTS

(a) Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents at the end of the period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash on deposit	<u>4,224,559</u>	<u>866,948</u>
	<u>4,224,559</u>	<u>866,948</u>

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008

	Consolidated Entity 30 June 2008 \$	Parent Entity 30 June 2008 \$
NOTE 12: CASH AND CASH EQUIVALENTS (Continued)		
(b) Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities		
Operating loss attributable to unitholders	(10,384,396)	(9,667,195)
Proceeds from sales of derivative financial instruments	802,652	802,652
Payments for purchases of derivative financial instruments	(1,264,204)	(1,264,204)
Acquisition of investments in controlled entities	(282,255)	-
Changes in the fair value of derivative financial instruments	2,775,313	2,775,313
Impairment of controlled entities	-	7,538,505
Net foreign exchange gain	(802,652)	(802,652)
Net change in deposits held with brokers	(1,601,814)	(1,601,814)
Changes in assets and liabilities:		
Increase in receivables	(707,373)	(286,341)
Increase in provision for deferred tax	3,166,656	-
Increase in payables	542,165	747,757
Net cash and cash equivalents outflow from operating activities	<u>(7,755,908)</u>	<u>(1,757,979)</u>

NOTE 13: COMMITMENTS AND CONTINGENCIES

The Trust had no commitments or contingencies at 30 June 2008 other than those specified elsewhere in the Financial Report.

NOTE 14: AUTHORISATION OF FINANCIAL REPORT

The financial report of the Pengana Credo European Property Trust for the period ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors of Pengana Capital Limited on the 25th day of June 2010.

PENGANA CREDO EUROPEAN PROPERTY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

NOTE 15: EVENTS SUBSEQUENT TO BALANCE DATE

As a result of the significant and rapid deterioration in the value of the Australian dollar against the Euro in 2008, the value of the foreign exchange hedge contract that was entered into by the Trust to protect the investors' income and capital against fluctuations in the EUR/AUD exchange rate fell substantially, which exposed the Trust to collateral demands by the foreign exchange hedge provider, that the Trust would be unable to meet at short notice given the illiquid nature of the Trust's real estate assets.

Given the gravity of potential consequences of any breach of the foreign exchange hedge terms for the ongoing stability of the Trust, and the continued negative and volatile outlook for the Australian dollar, the Trustee determined that it was in the best interests of investors to terminate the foreign exchange hedging contract on 21 November 2008.

On 21 November 2008, the Trustee terminated 100% of the income hedge and 95% of the equity hedge with National Australia Bank Limited (Note 8) in order to protect the Trust from further collateral calls by National Australia Bank Limited. The total cost of such termination was EUR 5.5m. Part of this cost has been funded by the Trust from existing cash reserves, and a further EUR 3.7m is owed to the National Australia Bank as of the date of termination.

On 10 November 2009, Pengana Credo Property (Luxembourg) S.a.r.l. (the Trust's principal subsidiary) breached the loan to value ratio condition of the loan from Barclays Bank PLC and was unable to rectify the breach. On 18 December 2009 Barclays Bank PLC effectively agreed to waive this breach until May 2011 subject to various conditions, including that the margin on the loan is increased to 4% p.a. In order to effect this waiver, the National Australia Bank also agreed to a standstill in respect of the repayment of the amount owed to the National Australia Bank Limited until May 2011.

Distributions from the Trust have been suspended effective from 1 July 2008, with free cashflow being applied towards reducing the Trust's debt.

The portfolio was revalued in February 2009 by Colliers CRE at a total value of EUR 92.08 million.

Since 30 June 2008 there are no other matters or circumstances not otherwise dealt with in the Financial Report that have significantly affected or may significantly affect the Trust.

PENGANA CREDO EUROPEAN PROPERTY TRUST

STATEMENT BY THE TRUSTEE

As detailed in Note 1 to the financial statements, this is a special purpose financial report that has been prepared in accordance with the Trust Constitution. There is no statutory requirement to prepare a financial report. In addition, the Trustee has determined that the Trust is not a reporting entity. The financial report has, however, been prepared in accordance with accounting standards and other professional reporting requirements in Australia, with the exception identified in Note 1.

In the opinion of the Directors of the Trustee, at the date of this Statement:

- (a) The financial statements and notes of the Trust are in accordance with the requirements of the Trust Deed, including:
 - (i) complying with Australian accounting standards; and
 - (ii) giving a true and fair view of the Trust's financial position as at 30 June 2008 and of its performance, for the financial period ended on that date; and
- (b) there are reasonable grounds to believe the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Pengana Capital Limited:



Director

Dated this 25th day of June 2010 , Sydney

Independent auditor's report to the unitholders of Pengana Credo European Property Trust

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Pengana Credo European Property Trust, (the trust) 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 period then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Pengana Credo European Property Trust and Pengana Credo European Property Trust Group (the consolidated entity). The consolidated entity comprises the trust and the entities it controlled at the period end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the Trustee are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Trust Deed dated 12 July 2007 and are appropriate to meet the needs of the unitholders. The directors' responsibility also 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the unitholders. 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 reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to unitholders for the purpose of fulfilling the directors' financial reporting obligations under the trust deed. We disclaim any assumption of

**Independent auditor's report to the unitholders of
Pengana Credo European Property Trust (continued)**

responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the unitholders, or for any purpose other than that for which it was prepared.

Our procedures include reading the other information attached to the financial report to determine whether it contains any material inconsistencies with the financial report.

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

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

Basis for Qualified Auditor's opinion

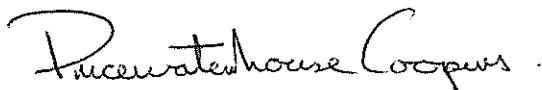
As disclosed in Note 7 to the financial report, investment property is carried at \$151,176,593, which represents an independent external property valuation performed as at 22 February 2008. As at the date of this report, the directors have been unable to provide us with sufficient appropriate audit evidence to support the fair value of investment property as at 30 June 2008 and the associated deferred tax balances, which we require in order to form an opinion on the financial report.

Qualified Auditor's opinion


In our opinion, except for the effects on the financial report of the matter referred to in the preceding paragraph, the financial statements present fairly, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and the provisions of the Trust Deed dated 12 July 2007, the financial position of Pengana Credo European Property Trust and its consolidated entities as at 30 June 2008 and the results of its operations, changes in equity and cash flows the period on that date.

Significant Uncertainty Regarding Continuation as a Going Concern

Without further qualification to our opinion, we draw attention to Note 1 in the financial report which states that the trust is dependent upon an extension of the waiver of its breach of debt covenants and an extension of the corresponding repayment standstill. These conditions, along with other matters as set forth in Note 1, indicate the existence of a significant uncertainty as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



PricewaterhouseCoopers



Andrew Wilson
Partner

Sydney
28 June 2010