Allco Managed Investment Funds Limited
ABN 47 117 400 987
AFSL 297 042

Level 24 Gateway
1 Macquarie Place
Sydney NSW 2000

P +61 2 9255 4100
F +61 2 9241 2550

29 February 2008

The Manager
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir

Allco Hybrid Investment Trust – Half Year Report (Appendix 4D) for the half-year ended 31 December 2007

The directors of Allco Managed Investment Funds Limited ('AMIFL'), the responsible entity of Allco Hybrid Investment Trust ('HIT'), announce the financial results of HIT for the half-year ended 31 December 2007. This report covers the reporting period from 1 July 2007 to 31 December 2007. The previous corresponding reporting period was from 1 July 2006 to 31 December 2006.

Results for announcement to the market

Financial Results	**31 Dec 2007 $'000's**	**31 Dec 2006 $'000's**	**% change $'000's**
Revenue from ordinary activities	2,007	34,447	(-94.2%) (32,440)
(Loss)/profit from ordinary activities after tax attributable to unitholders	(10,387)	9,562	(-208.6%) (19,949)
(Loss)/profit for the period attributable to unitholders	(10,387)	9,562	(-208.6%) (19,949)

The significant movement in revenue and loss from ordinary activities is primarily related to the movement in the upside sharing arrangement. The Scheme is entitled to receive at conversion of the Allco Principals Trust ('APT') preference units 25% of any net profit in APT from the date of issue of the preference units to the date of their conversion.

Although the amount can vary between periods the upside sharing arrangement can never result in an overall loss for the Scheme. As at 31 December 2007, the total amount due to the Scheme from the upside sharing arrangement is nil (2006: $38.9m).

The upside sharing arrangement with APT has resulted in a decrease to the Scheme's earnings as the profit of APT is primarily a function of the AFG share price. APT made a loss for the half-year ended 31 December 2007 largely driven by a significant fall in the AFG share price during that period. As a result, the Scheme recognised an unrealised loss of $17.7m from the upside sharing arrangement for the half-year. This loss represents the reversal of all the unrealised profits recognised in prior accounting periods attributable to the upside sharing arrangement.

Distributions for the half year ended 31 December 2007

No distributions have been made by HIT in respect of the half year ended 31 December 2007 (2006: Nil).

Net tangible assets per security

Description	31 Dec 2007 $ per security	31 Dec 2006 $ per security
Net tangible assets per security	0.72	2.51

All other information requiring disclosure to comply with ASX Listing Rule 4.2A is contained in HIT's announcement to the market and in the accompanying financial statements of HIT, which have been released to the ASX today.

HIT is a wholly owned subsidiary of Allco HIT Limited, which is scheduled to release an announcement to the ASX on 29 February 2008 disclosing its financial results for the half year ended 31 December 2007.

Yours faithfully,
Allco Managed Investment Funds Limited
as the responsible entity for Allco Hybrid Investment Trust

T. Lennox

Tom Lennox
Company Secretary

Contact details:
Alexandra Ballard
Investor Relations Manager
Allco Finance Group
Tel: (+61 2) 9255 4100

Allco Hybrid Investment Trust

ARSN: 109 102 070

Half-Year Financial Report
31 December 2007

Contents **Page**

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made in respect of Allco Hybrid Investment Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The responsible entity of Allco Hybrid Investment Trust is Allco Managed Investment Funds Limited (ABN 47 117 400 987). The responsible entity's registered office is Level 24 Gateway, 1 Macquarie Place, Sydney, NSW 2000.

Directors' report

The directors of Allco Managed Investment Funds Limited (ABN 47 117 400 987) ("Responsible Entity"), the responsible entity of Allco Hybrid Investment Trust ("Scheme") present their report together with the financial report of the Scheme, for the half-year ended 31 December 2007.

Scheme information

The Scheme was constituted on 14 May 2004 and was registered with the Australian Securities & Investments Commission ("ASIC") on 28 May 2004. The Responsible Entity is incorporated and domiciled in Australia with its registered office located at Level 24 Gateway, 1 Macquarie Place, Sydney, NSW 2000. The Responsible Entity is a subsidiary of Allco Finance Group Limited ("AFG").

Directors

The following persons were directors of the Responsible Entity during the whole of the half-year and up to the date of this report:

R J Alcock (Chairman, Non-executive)
M P C Brogan (Non-executive)
M J Stefanovski

Principal activities

The Scheme is a registered managed investment scheme domiciled in Australia.

The Scheme is an investor in unlisted trusts domiciled in Australia. There has been no change in the nature of the Scheme's activities during the half-year.

The Scheme did not have any employees during the half-year.

Review of operations

Overview

The underlying fundamentals of the Scheme are consistent with those set out in the prospectus dated 5 July 2004.

Results

The net loss of the Scheme as presented in the income statement for the half-year ended 31 December 2007 was $10.4m (31 December 2006: $9.6m profit). The primary reason for the decrease is as a result of an unrealised loss (representing a reversal of unrealised profits) on the upside sharing arrangement outlined below.

The Scheme is entitled to receive at conversion of the Allco Principals Trust ('APT') preference units 25% of any net profit in APT from the date of issue of the preference units to the date of their conversion. Although the amount can vary between periods, the upside sharing arrangement can never result in an overall loss for the Scheme. As at 31 December 2007, the total amount due to the Scheme from the upside sharing arrangement is nil (31 December 2006: $38.9m).

The upside sharing arrangement with APT has resulted in a decrease to the Scheme's earnings as the profit of APT is primarily a function of the AFG share price. APT made a loss for the half-year ended 31 December 2007 largely driven by a significant fall in the AFG share price during that period. As a result, the Scheme recognised an unrealised loss of $17.7m from the upside sharing arrangement for the half-year. This loss represents the reversal of all the unrealised profits recognised in prior accounting periods attributable to the upside sharing arrangement.

The result for the period also includes the effect of an impairment of the APT preference units and a write down of the liability for the PoD Hybrids. Further details are included below.

Distributions
No distributions have been declared for the half-year ended 31 December 2007 (31 December 2006: nil).

Events occurring after the balance sheet date

Impairment of APT Preference units and de-recognition of the PoD Hybrids
The Scheme owns 256,250,000 preference units in APT.

The PoD Hybrids comprise a note issued by the Scheme (which matures in June 2008) and an undertaking by the Scheme to deliver certain conversion securities to the investors. On maturity or earlier conversion, the PoD Hybrids must be repaid and conversion securities must be delivered to the investors under the undertaking.

Allco Principals Investments ("API"), a subsidiary of APT, has a significant shareholding in AFG over which lenders of API have security. The AFG share price has fallen significantly from $10.64 at 30 June 2007 to $6.20 at 31 December 2007. Subsequent to 31 December 2007 the AFG share price has fallen further closing at $0.98 at 28 February 2007.

The fall in the share price of AFG has had a significant impact on the financial position of APT and its ability to redeem the APT preference units. The directors of the Responsible Entity have considered the recoverability of the APT preference units and are of the opinion that they have now become significantly impaired.

The directors consider there are continuing uncertainties in assessing the future value and accessibility with respect to AFG shares and other assets held by APT. Given these uncertainties, the directors consider that the APT preference units should be fully written down to nil in the half year report to 31 December 2007. The directors consider this to be the most prudent and appropriate value given the inherent uncertainty regarding the likelihood and timing of any payments from APT.

The Scheme's contractual liabilities under the PoD Hybrids are limited recourse in nature to the Scheme. This means that in the event payments or any losses in respect of breaches of obligations in respect of the PoD Hybrids cannot be satisfied from the Approved Investments and the APT preference units, holders have no recourse to the other assets of the Scheme. However, holders have the benefit of a first ranking charge over the Approved Investments and the APT preference units.

The proceeds realised from the APT preference units were to be utilised directly by the Scheme to meet it's obligations under the PoD Hybrids. The Scheme's liability for the PoD Hybrids is therefore directly affected by the amount recoverable by the Scheme from its investment in the APT preference units and APT's ability to settle all its liabilities in respect of the PoD Hybrids in full. As a result the directors have also fully written down the liability for the PoD Hybrids at 31 December 2007.

The resultant impact on the Scheme has been a credit to the income statement of $2,770,000. This consists of:

	$'000
Impairment of the APT Preference units	(241,666)
Write down of the liability for the PoD Hybrids	244,436
	2,770

The impairment of the APT preference units and the write down of the liability for the PoD Hybrids has no cash impact on the Scheme.

The write down of the liability for the PoD Hybrids relates to the amount due on redemption of the preference units. The amount due as a distribution in June 2008 of $4.50 per PoD Hybrid is not impacted since the Scheme has maintained sufficient funds held in Approved Investments to pay this distribution.

The Scheme's Relationship to AFG
The Scheme is managed pursuant to a Management Agreement. The Manager of the Scheme is Allco Funds Management Limited ("AFML") which is a wholly owned subsidiary of AFG. Under the Management Agreement, the Scheme receives the benefit of, and is reliant upon, a number of management, administration and other services from AFML.

On 25 February 2008, AFG released its financial report for the half year ended 31 December 2007. The financial report discloses that there have been a number of significant changes to AFG's circumstances since 31 December 2007. In particular, the financial report notes that AFG is dependant on the ongoing debt facilities provided by its financiers to continue to operate as a going concern and as a result of events arising after the balance sheet date, AFG is in the process of renegotiating the terms, conditions and maturity of its corporate financing facilities. The financial report notes that the outcome of these negotiations cannot presently be determined with certainty, however the directors of AFG anticipate a successful outcome to these negotiations and accordingly the financial report of AFG has been prepared on a going concern basis.

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

Rounding
The Scheme is a registered scheme of a kind referred to in Class Order 98/100 (as amended) issued by ASIC relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditors' independence declaration
The Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2007.

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

RJ Alcock

RJ Alcock
Chairman

Sydney
29 February 2008

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditors' independence declaration

As lead auditor for the review of the Allco Hybrid Investment Trust for the half-year ended 31 December 2007, 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 Allco Hybrid Investment Trust during the half-year.

E A Barron
Partner
PricewaterhouseCoopers

Sydney
29 February 2008

	Notes	31 December 2007 $'000	31 December 2006 $'000
Investment income			
Interest income	4	2,007	34,447
Total investment income		2,007	34,447
Expenses			
Responsible entity's fees		193	3,086
Auditor's remuneration		90	30
Financing costs	5	14,738	21,481
Other operating expenses		143	288
Total expenses		15,164	24,885
Operating (loss) / profit		(13,157)	9,562
Impairment of APT preference units	6	(241,666)	-
Write down of PoD Hybrids	6	244,436	-
Net (loss) / profit for the half-year attributable to unitholders of the Scheme		(10,387)	9,562
		Cents	Cents
Basic and diluted earnings per unit	10	(91.8)	84.5

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

	Notes	31 December 2007 $'000	30 June 2007 $'000
Assets			
Cash and cash equivalents		18,060	14,160
Receivables		58	308
Loans assets held at amortised cost	7	153,702	414,489
Derivative financial instruments		-	1
Total assets		171,820	428,958
Liabilities			
Trade and other payables		22,325	11,461
Interest bearing loans and borrowings	8	141,361	398,976
Total liabilities		163,686	410,437
Net assets		8,134	18,521
Equity			
Issued capital	9	602	602
Undistributed income		7,532	17,919
Equity		8,134	18,521

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

	Notes	31 December 2007 $'000	31 December 2006 $'000
Total equity at the beginning of the half-year		18,521	18,836
(Loss) / profit for the half-year		(10,387)	9,562
Total recognised income and expense for the half-year		(10,387)	9,562
Total equity at the end of the half-year		8,134	28,398

Total recognised income and expense for the half-year is attributable to:		
Members of Allco Hybrid Investment Trust	(10,387)	9,562
	(10,387)	9,562

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

	Notes	31 December 2007 $'000	31 December 2006 $'000
Cash flows from operating activities			
Interest received		3,852	2,247
Other income received		93	233
Responsible entity's fees paid		(102)	(3,308)
Payment of other expenses		(226)	(415)
Net cash inflow/(outflow) from operating activities		3,617	(1,243)
Cash flows from investing activities			
Payments for loan assets held at amortised cost		(10,823)	(100)
Proceeds from repayment of loan assets held at amortised cost		28,290	18,786
Net cash inflow from investing activities		17,467	18,686
Cash flows from financing activities			
Repayment of borrowings		(17,184)	(17,100)
Net cash outflow from financing activities		(17,184)	(17,100)
Net increase in cash and cash equivalents		3,900	343
Cash and cash equivalents at the beginning of the half-year		14,160	1,205
Cash and cash equivalents at the end of the half-year		18,060	1,548

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

1. Significant accounting policies

This general purpose financial report for the half-year ended 31 December 2007 comprises Allco Hybrid Investment Trust ("Scheme"). The half-year financial report was authorised for issue by the directors of the Responsible Entity on 29 February 2008.

(a) Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with *AASB 134: Interim Financial Reporting, and the Corporations Act 2001*.

This half-year report does not include all of the information required for a full annual financial report. Accordingly, this report is to be read in conjunction with the most recent annual financial report and any public announcements made by the Scheme during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Scheme is a registered scheme of a kind referred to in Class Order 98/100 (as amended) issued by ASIC relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

(b) Significant accounting policies

The accounting policies applied by the Scheme in this half-year financial report are the same as those applied by the Scheme in its financial report as at and for the year ended 30 June 2007.

(c) Addition of new and revised accounting standards

The Scheme has adopted the following Standards and Interpretations, mandatory for half-year reporting periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Scheme.

- AASB 2005-10 *Amendments to Australian Accounting Standards*;
- AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments*;
- AASB 2007-7 *Amendments to Australian Accounting Standards*; and
- Interpretation 10 *Interim Financial Reporting and Impairment.*

(d) Estimates

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ to these estimates.

In preparing this half-year financial report the significant judgements made by management in applying the accounting policies of the Scheme were the same as those applied to the 30 June 2007 financial report.

2. Critical accounting estimates and judgements

The Scheme makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results.

Impairment Testing of Alleasing Preference Units

The Scheme owns 130 million preference units in Alleasing Trust with a redemption amount of $136.5m at 31 December 2007. The directors have reviewed the recoverability of the Alleasing preference units at 31 December 2007.

In carrying out this review the directors have considered:
(i) A management valuation of Alleasing at 31 December 2007. The management valuation was based on an updated external valuation completed in relation to the 30 June 2007 accounts. The valuation is highly dependant upon assumptions and future growth forecasts for the Alleasing business being achieved. Due to the inherent uncertainties in forecasting future events there could be a material adverse impact on the valuation of the Alleasing business, should the future growth forecasts and continuation of funding of the operations of the business not be achieved.

(ii) The undertaking by Allco Finance Group Limited ("AFG") to the directors of the Responsible Entity and directors of Alleasing Pty Ltd to provide sufficient financial assistance to Alleasing Trust and its controlled entities to enable them to continue their operations and fulfil all their financial obligations until at least 30 September 2009.

(iii) A potential restructure by AFG of the Alleasing Trust capital structure. This restructure may result in a conversion of a portion of AFG's mezzanine loans into equity in Alleasing Trust.

On the basis of all information currently available including in particular the undertaking provided in paragraph (ii) above, the directors have concluded that there are reasonable grounds to believe that the Alleasing preference units are not impaired at 31 December 2007.

Impairment testing of the APT preference units

The directors have reviewed the recoverability of the APT preference units and also the redemption amount of the PoD Hybrids and have determined that both the APT preference units and the PoD Hybrids should be written down and recognised at $nil. Further details are disclosed in Note 6.

3. Segment reporting

The Scheme operates in a single business segment investing predominantly in unlisted trusts domiciled in Australia. Consequently, no segment reporting is provided in the Scheme's financial statements.

4. Interest income

	31 December 2007 $'000	31 December 2006 $'000
Fixed interest securities		
Related party		
Notes issued by Alleasing Finance Limited	**558**	559
Other		
Notes issued by Colonial First State	**23**	-
Bank interest	**145**	36
Loans and receivables		
Related party		
Alleasing Finance Limited	**351**	718
Allco Principals Trust	**-**	1,198
International Mezzanine Fund Management Pty Ltd	**13**	2
Unlisted unit trusts		
Related party		
Alleasing Trust preference units	**8,656**	8,445
Allco Principals Trust preference units	**14,387**	12,604
Upside sharing arrangement (expense)/income	**(22,126)**	10,885
	2,007	34,447

5. Financing costs

	31 December 2007 $'000	31 December 2006 $'000
Alleasing Hybrids	**6,832**	7,061
PoD Hybrids		
- financing costs	**12,331**	12,243
- upside sharing arrangement (income)/expense	**(4,425)**	2,177
	14,738	21,481

Refer to Note 8 for the terms of the Alleasing Hybrids and PoD Hybrids.

6. Impairment of APT preference units and write down of PoD Hybrids

	31 December 2007 $'000	31 December 2006 $'000
Impairment of the APT Preference units	(241,666)	-
Write down of the liability for the PoD Hybrids	244,436	-
	2,770	-

The Scheme owns 256,250,000 preference units in APT which were acquired for $169,868,125 in December 2004.

The PoD Hybrids comprise a note issued by the Scheme (which matures in June 2008) and an undertaking by the Scheme to deliver certain conversion securities to the investors. On maturity or earlier conversion, the PoD Hybrids must be repaid and conversion securities must be delivered to the investors under the undertaking.

Allco Principals Investments ("API"), a subsidiary of APT, has a significant shareholding in AFG over which lenders of API have security. The AFG share price has fallen significantly from $10.64 at 30 June 2007 to $6.20 at 31 December 2007. Subsequent to 31 December 2007 the AFG share price has fallen further closing at $0.98 at 28 February 2007.

The fall in the share price of AFG has had a significant impact on the financial position of APT and its ability to redeem the APT preference units. The directors of the Responsible Entity have considered the recoverability of the APT preference units and are of the opinion that they have now become significantly impaired.

The directors consider there are continuing uncertainties in assessing the future value and accessibility with respect to AFG shares and other assets held by APT. Given these uncertainties, the directors consider that the APT preference units should be fully written down to nil in the half year report to 31 December 2007. The directors consider this to be the most prudent and appropriate value given the inherent uncertainty regarding the likelihood and timing of any payments from APT.

The Scheme's contractual liabilities under the PoD Hybrids are limited recourse in nature to the Scheme. This means that in the event payments or any losses in respect of breaches of obligations in respect of the PoD Hybrids cannot be satisfied from the Approved Investments and the APT preference units, holders have no recourse to the other assets of the Scheme. However, holders have the benefit of a first ranking charge over the Approved Investments and the APT preference units.

The proceeds realised from the APT preference units were to be utilised directly by the Scheme to meet it's obligations under the PoD Hybrids. The Scheme's liability for the PoD Hybrids is therefore directly affected by the amount recoverable by the Scheme from its investment in the APT preference units and APT's ability to settle all its liabilities in respect of the PoD Hybrids in full. As a result the directors have also fully written down the liability for the PoD Hybrids at 31 December 2007.

The impairment of the APT preference units and the write down of the liability for the PoD Hybrids has no cash impact on the Scheme.

The write down of the liability for the PoD Hybrids relates to the amount due on redemption of the preference units. The amount due as a distribution in June 2008 of $4.50 per PoD Hybrid is not impacted since the Scheme has maintained sufficient funds held in Approved Investments to pay this distribution.

7. Loan assets held at amortised cost

	31 December 2007 $'000	30 June 2007 $'000
Fixed interest securities		
Related party		
Notes issued by Alleasing Finance Limited	**-**	16,445
Other		
Notes issued by Colonial First State Limited[1]	**10,846**	
Loans and receivables		
Related party		
Alleasing Finance Limited	**-**	14,452
International Mezzanine Fund Management (Australia) Pty Ltd	**257**	244
Unlisted unit trusts		
Related party		
Alleasing Trust preference units [2]		
Alleasing Trust preference units	**142,599**	133,982
less: deferred finance costs	**-**	(39)
	142,599	133,943
Allco Principals Trust preference units [3]		
Allco Principals Trust preference units	**-**	227,766
less: deferred finance costs	**-**	(487)
plus: upside sharing arrangement [4]	**-**	22,126
	-	249,405
	153,702	414,489

[1] The Scheme has acquired a note of $10,823,039 from Colonial First State Limited. The tenure of this note is 6 months, with a corresponding interest rate of 7.70% per annum, payable at maturity. The accrued interest on this note is $22,832.

[2] The Scheme acquired 130,000,000 preference units from Alleasing Trust for $90,800,000 in August 2004. The redemption amount of each preference unit grew at 13.59% per annum compounding monthly from the issue price to $1.05 per preference unit by the reset date on 17 August 2007. After the reset date the interest is calculated at 5.50% above BBSW and paid semi-annually until maturity date in August 2009.

[3] The Scheme acquired 256,250,000 preference units from Allco Principals Trust for $169,868,125 in December 2004. The redemption amount of each preference unit increases at 11.75% pa compounding monthly to reach $1.00 per preference unit by the reset date in June 2008. The balance of the funds raised is held in Approved Investments and Cash (refer to Note 6 for full explanation).

[4] The Scheme has measured its estimate of the contractual cashflows under the upside sharing arrangement based on its actual share of the profits of Allco Principals Trust at the end of the year. This is discounted from the reset date using the original effective interest rate on the preference units. At 31 December 2007 the amount due under the upside sharing arrangement was nil.

8. Interest bearing loans and borrowings

Interest bearing liabilities consist of Alleasing Hybrid interest bearing liabilities. The interest bearing liabilities pay interest of 9.00% on the initial recorded cost, semi-annually, until reset date.

Alleasing Hybrids also accrued a 5.00% uplift, i.e. the redemption amount increased from $130m to $136.5m at the reset date of 17th August 2007. At the reset date, the Scheme exercised its right to reset the distribution rate for a further period of two years to the maturity date, which is five years from date of initial issue, i.e. 17 August 2009.

From the reset date, the Alleasing Hybrids pay 3.50% per annum above the then prevailing 2-year bank bill swap rate, until maturity on 17 August 2009.

At maturity, the Alleasing Hybrids must be redeemed by the Scheme or converted into Alleasing Equity Units. Conversion into Alleasing Equity Units can only occur if Alleasing Equity Units are listed.

Under the current terms, the PoD Hybrids will also accrue a 2.50% uplift, i.e. the redemption amount per unit will increase from $100.00 to $102.50, to conversion at reset date, which is three and a half years after date of issue, i.e. 30 June 2008. At reset date PoD Hybrids may be converted into conversion securities, or the distribution rate may be reset for a further period of 2.5 years until maturity, which is six years from date of initial issue, i.e. 31 December 2010.

If reset of the distribution rate occurs, the PoD Hybrids will pay 5.00% pa above the then prevailing 2.5-year bank bill swap rate, until maturity on 31 December 2010.

At maturity the Scheme must convert the PoD Hybrids.

However as disclosed in Note 6, the directors have formed a view that there will be no reset.

	31 December 2007 $'000	30 June 2007 $'000
Alleasing Hybrids	**141,361**	140,379
PoD Hybrids	**-**	254,172
Upside sharing arrangement	**-**	4,425
Closing Balance	**141,361**	398,976

The Scheme has measured its estimate of the contractual cashflows under the upside sharing arrangement based on its actual share of the profits of Allco Principals Trust at the end of the year. This has been discounted from the reset date using the original effective interest rate on the preference units.

9. Issued capital

(a)	**31 December 2007 Units '000**	30 June 2007 Units '000	**31 December 2007 $'000**	30 June 2007 $'000
Issued units	**11,321**	11,321	**602**	602

As stipulated within the Scheme's Constitution, each unit represents a right to an individual share in the Scheme and does not extend to a right to the underlying assets of the Scheme. There are no separate classes of units and each unit has the same rights attached to it as all other units of the Scheme.

(b)	**Number of units '000**	**Issue Price**	**$'000**
Movement in number of units and equity			
Opening balance 1 January 2007	**11,321**	**-**	**602**
Balance at 30 June 2007	**11,321**		**602**
Net movement in units for the half-year ended 30 June 2007			**-**
Movement in number of units and equity			
Opening balance 1 July 2007	**11,321**	**-**	**602**
Balance at 31 December 2007	**11,321**		**602**
Net movement in units for the half-year ended 31 December 2007			**-**

10. Earnings per unit

Basic and diluted earnings per unit are both calculated using net loss of $10,387,000 for the period to 31 December 2007 (2006: net profit $9,562,000) and weighted average number of units totalling 11,320,715 as at 31 December 2007 (2006: 11,320,715). There is no reduction of earnings per share as there are no dilutive potential units.

	31 December 2007 Cents	31 December 2006 Cents
Basic earnings per unit	(91.8)	84.5
Diluted earnings per unit	(91.8)	84.5

11. Events occurring after the balance sheet date

Impairment of APT Preference units and de-recognition of the PoD Hybrids

The Scheme owns 256,250,000 preference units in APT.

The PoD Hybrids comprise a note issued by the Scheme (which matures in June 2008) and an undertaking by the Scheme to deliver certain conversion securities to the investors. On maturity or earlier conversion, the PoD Hybrids must be repaid and conversion securities must be delivered to the investors under the undertaking.

Allco Principals Investments ("API"), a subsidiary of APT, has a significant shareholding in AFG over which lenders of API have security. The AFG share price has fallen significantly from $10.64 at 30 June 2007 to $6.20 at 31 December 2007. Subsequent to 31 December 2007 the AFG share price has fallen further closing at $0.98 at 28 February 2007.

The fall in the share price of AFG has had a significant impact on the financial position of APT and its ability to redeem the APT preference units. The directors of the Responsible Entity have considered the recoverability of the APT preference units and are of the opinion that they have now become significantly impaired.

The directors consider there are continuing uncertainties in assessing the future value and accessibility with respect to AFG shares and other assets held by APT. Given these uncertainties, the directors consider that the APT preference units should be fully written down to nil in the half year report to 31 December 2007. The directors consider this to be the most prudent and appropriate value given the inherent uncertainty regarding the likelihood and timing of any payments from APT.

The Scheme's contractual liabilities under the PoD Hybrids are limited recourse in nature to the Scheme. This means that in the event payments or any losses in respect of breaches of obligations in respect of the PoD Hybrids cannot be satisfied from the Approved Investments and the APT preference units, holders have no recourse to the other assets of the Scheme. However, holders have the benefit of a first ranking charge over the Approved Investments and the APT preference units.

The proceeds realised from the APT preference units were to be utilised directly by the Scheme to meet it's obligations under the PoD Hybrids. The Scheme's liability for the PoD Hybrids is therefore directly affected by the amount recoverable by the Scheme from its investment in the APT preference units and APT's ability to settle all its liabilities in respect of the PoD Hybrids in full. As a result the directors have also fully written down the liability for the PoD Hybrids at 31 December 2007.

The resultant impact on the Scheme has been a credit to the income statement of $2,770,000. This consists of:

	$'000
Impairment of the APT Preference units	(241,666)
Write down of the liability for the PoD Hybrids	244,436
	2,770

The impairment of the APT preference units and the write down of the liability for the PoD Hybrids has no cash impact on the Scheme.

The write down of the liability for the PoD Hybrids relates to the amount due on redemption of the preference units. The amount due as a distribution in June 2008 of $4.50 per PoD Hybrid is not impacted since the Scheme has maintained sufficient funds held in Approved Investments to pay this distribution.

The Scheme's Relationship to AFG
The Scheme is managed pursuant to a Management Agreement. The Manager of the Scheme is Allco Funds Management Limited ("AFML") which is a wholly owned subsidiary of AFG. Under the Management Agreement, the Scheme receives the benefit of, and is reliant upon, a number of management, administration and other services from AFML.

On 25 February 2008, AFG released its financial report for the half year ended 31 December 2007. The financial report discloses that there have been a number of significant changes to AFG's circumstances since 31 December 2007. In particular, the financial report notes that AFG is dependant on the ongoing debt facilities provided by its financiers to continue to operate as a going concern and as a result of events arising after the balance sheet date, AFG is in the process of renegotiating the terms, conditions and maturity of its corporate financing facilities. The financial report notes that the outcome of these negotiations cannot presently be determined with certainty, however the directors of AFG anticipate a successful outcome to these negotiations and accordingly the financial report of AFG has been prepared on a going concern basis.

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

12. Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2007.

Directors' Declaration

In the opinion of the directors of Allco Managed Investment Funds Limited, the responsible entity of Allco Hybrid Investment Trust ("Scheme"):

(a) the financial statements and notes, set out on pages 7 to 18, are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of the Scheme as at 31 December 2007 and of its performance for the six month period ended on that date; and
- (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

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

Signed in accordance with a resolution of the directors of Allco Managed Investment Funds Limited.

RJ Alcock
Chairman

Sydney
29 February 2008

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

INDEPENDENT AUDITOR'S REVIEW REPORT
to the unitholders of Allco Hybrid Investment Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Allco Hybrid Investment Trust (the registered scheme), which comprises the balance sheet as at 31 December 2007, and the income statement, 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 for Allco Hybrid Investment Trust.

Directors' Responsibility for the Half-Year Financial Report

The directors of the responsible entity 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 registered scheme's financial position as at 31 December 2007 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 Allco Hybrid Investment Trust, 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.

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

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.*

Basis for Disclaimer of Conclusion

The registered scheme has invested in preference units issued by Alleasing Trust and Allco Principals Trust. These investments and the amounts at which they are recorded are included in Note 7 to the financial report. The valuation of these preference units is dependant upon the ability of Alleasing Trust, Allco Principals Trust and their related entities, to continue as a going concern.

We draw attention to Note 2 in the half year financial report which indicates that Alleasing Trust is in the process of renegotiating the terms, conditions and maturity of its secured working capital facility. The outcome of these negotiations cannot presently be determined with certainty although, to the extent that the negotiations are unsuccessful and the secured working capital facility becomes due and payable, Alleasing would seek to call upon Allco Finance Group Limited ("AFGL") to provide financial support to enable it to meet its debts as and when they fall due.

We draw attention to Note 6 in the half year financial report which indicates the existence of considerable doubt as to at what value Allco Principals Trust is able to redeem its preference units. Allco Principals Trust had a substantial shareholding in AFGL at the balance sheet date. As a result of the significant decline in the value of these shares after the balance sheet date, at the request of its financiers, Allco Principals Trust sold some of these shares at values lower than at the balance sheet date. These sales and the fall in the AFGL share price has had a significant impact on the value at which Allco Principals Trust is able to redeem its preference units. Additionally, Allco Principals Trust is seeking opportunities to realise value from its remaining assets. These events and conditions cast significant doubt upon the ability of Allco Principals Trust to 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.

Due to the existence of these material uncertainties, the valuation of the preference units issued by Alleasing Trust and Allco Principals Trust and held by the registered scheme cannot presently be determined with an acceptable degree of reliability.

The registered scheme has issued liabilities in the form of Alleasing Hybrid securities and PoD Hybrid securities. These liabilities and the amounts at which they are recorded are included in Note 8 to the financial statements. They are non-recourse to the registered scheme, and their redemption is dependant upon the performance of the preference units issued by Alleasing Trust and Allco Principals Trust.

Owing to the material uncertainties regarding the valuation of the preference units issued by Alleasing Trust and Allco Principals Trust, we were also unable to satisfy ourselves as to the amount for which these liabilities issued by the registered scheme will be settled.

As a result of the limitations on the scope of our review and the resultant multiple material uncertainties above, we are unable to obtain all the information and explanations we require in order to form a conclusion on the financial report.

Disclaimer of Conclusion

Because of the existence of the matters described in the preceding paragraphs, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to and do not form a conclusion as to whether the half-year financial report of Allco Hybrid Investment Trust is in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the registered scheme's financial position as at 31 December 2007 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

PricewaterhouseCoopers

E A Barron
Partner

Sydney
29 February 2008