Allco Finance Group Limited
ABN 53 077 721 129

Level 24 Gateway
1 Macquarie Place
Sydney NSW 2000

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

29 August 2008

The Manager
ASX Limited
20 Bridge St
Sydney NSW 2000

Allco Finance Group: 2008 Annual Result Announcement and Business Update presentation

Attached for release to the market is the 2008 Annual Result Announcement and Business Update presentation slides.

Yours sincerely

T. Lennox

Tom Lennox
Company Secretary

For further information:

Ms Christine Bowen
Head of External Relations
Allco Finance Group
Tel: +61 2 8916 7739

Mr Tim Allerton
City Public Relations
Tel: +61 2 9267 4511

2008 ANNUAL RESULT ANNOUNCEMENT AND BUSINESS UPDATE

YEAR ENDED 30 JUNE 2008

PARTNERSHIP • DETERMINATION • INGENUITY

29 AUGUST 2008

DAVID CLARKE | CHIEF EXECUTIVE OFFICER
RAY FLEMING | CHIEF FINANCIAL OFFICER

ALLCO™ FINANCE GROUP

Agenda

- Current Situation
- Financial Performance
- Balance Sheet, Funding and Liquidity
- Business Model and Strategy
- Going Forward

2008 in Review

- Until mid January 2008, Allco was focused on its stated growth strategy.
- Dislocation in global credit markets, associated volatility in equity markets and a downturn in asset markets significantly impacted Allco's operations, financial position and outlook.
- Loss of confidence in Allco resulted in dramatic fall in share price.
- Vulnerability of Allco shares because of margin loans against them and continued short selling by hedge funds.
- Market capitalisation clause triggered, which enabled banks to review all senior facilities.
- Business model was vulnerable and unable to withstand closure of debt markets.

Our Response

- Significant change to the business model.
  - Focus in our core competencies of Aviation, Shipping and Private Equity.
  - Exiting all other businesses and non-core assets.
  - No longer using the balance sheet as principal investor.
  - Transitioning to fiduciary fund manager.
  - Reducing business complexity.
- Changed Board composition to majority non executive directors.
- Negotiated new senior debt facility with maturity to September 2009.
- Selling predominantly non-core assets to reduce debt; net proceeds in excess of $550m to date.
- Reduced senior debt from $1,041m at 31 December 2007 to $704m on 25 August 2008 and removed $54m in contingent liabilities.
- Shrinking our global footprint.
  - Since January, there have been office closures and 22% reduction in headcount to 484 at Jun-08.
  - Ensuring retention of key individuals.
- Reduction in cost base.

Our Focus

- Leadership group is committed to realise the potential within the business model and build shareholder value from core operations.
- Ensuring continued long-term retention of asset and finance specialists in Aviation, Shipping and Private Equity, and other business critical employees.
- Completion of the restructure of the Group, which will continue well into next year.
- Continued orderly sale or wind-down of our non-core assets and businesses.
- Reduce senior debt by further $304m between now and June 2009.
- Raising investor capital into Allco-managed funds.
- Cashflow management.
  - Continue to meet bank and other obligations as they fall due.
- Continued tight expense management, matching the cost base to the revised revenue model.

2009 Outlook

- 2009 will be a year of continued restructuring.
  - Business remains in a fragile position and the continued market weakness making the task difficult.
- Performance of the business is dependent on the delivery of the new business plan.
- Moving away from being balance sheet investor to fiduciary fund manager.
- Further sales of our non-core assets and businesses proposed. In excess of $300m planned to June 2009.
- Proceeds of asset sales will reduce debt and continue to fund business operations.
- Senior debt target $400m by June 2009.
- Significant cost reductions targeted.
  - Operating expenses to halve from $330m in 2008 to less than $165m in 2009.
  - There will be accelerated headcount reduction with up to a further 50% reduction to June 2009.
  - There will be further global office closures.
- Retention of business critical employees remains key.
  - Succession planning and development; competitive remuneration.
  - Shareholder approval sought for issue of 69m options for select executives critical to the future sustainability of the business.
- There will be no dividends for the 2008 or 2009 financial years.

Business Change

	Old	New
Breadth of Activity	Aviation, Shipping, Rail, Infrastructure, Real Estate, Financial Assets and Private Equity	Aviation, Shipping and Private Equity
Headcount	600+	~ 150 by 2010
Measures of Investment Success	Origination Volume	Investment Performance
Compensation of Investment Teams	"Investment Banking" framework; greater % short term incentives	Funds Management / Private Equity framework; greater % long term incentives
Source of Equity	Allco Balance Sheet and Listed Funds	Institutional Investors into Allco Funds
Use of Debt	Highly leveraged; multiple layers	Industry standard
Complexity	High	Low

Result Overview

- Reported Net Loss after Tax of $1,731.6m. Result includes:
  - Non-cash impairment charges of $1,425.2m (including $885.1m goodwill write-down);
  - Other non-cash items of $293.3m;
  - Contractual break costs of $50.6m;
  - Restructuring costs $50.0m; and
  - Gain on asset sales to reduce debt $58.3m.
- Normalised Net Profit after Tax (i.e. adjusted for above items) of $29.2m.
  - Normalised Net Profit after Tax for first half was $92.1m.
- Net Revenue ($1,352.2m).
  - Normalised Net Revenue (i.e. adjusted for above-listed items) $358.7m.
  - Normalised Net Revenue for first half was $266.5m.
- Net Assets $545.3m.
  - Net Tangible Assets $147.1m.
  - Net Tangible Assets adjusted for minority interests and deferred tax assets $21.0m.
- As previously foreshadowed, there will be no final dividend for the 2008 financial year.

Financial Performance

ALLCO FINANCE GROUP

Full year ended 30 June 2008 $m	Material Items in P&L: Impairments	Material Items in P&L: Asset Sales to Reduce Debt	Material Items in P&L: Restructuring Costs	Material Items in P&L: Other Key Items (1)	Normalised P&L	TOTAL
Origination					26.9	26.9
Asset Sales		(84.5)			101.9	17.5
Development Income		179.3			15.0	194.2
Fund & Asset Management	(8.9)			(4.5)	64.9	51.5
Asset Ownership	(1,614.9)			(80.4)	142.2	(1,553.1)
Equity Accounted Income / Dividends				(97.0)	7.9	(89.1)
Net Revenue	**(1,623.8)**	**94.8**	**0.0**	**(181.8)**	**358.7**	**(1,352.2)**
Remuneration			(50.1)		(184.6)	(234.7)
Other Operating Costs	(1.9)		(21.4)		(72.4)	(95.7)
Earnings Before Recourse Interest and Tax	**(1,625.7)**	**94.8**	**(71.5)**	**(181.8)**	**101.7**	**(1,682.6)**
Recourse Interest Expense					(83.2)	(83.2)
Net Profit / (Loss) Before Tax	**(1,625.7)**	**94.8**	**(71.5)**	**(181.8)**	**18.5**	**(1,765.7)**
Tax Expense	197.1	(34.3)	21.4	(162.0)	3.2	25.4
Net Profit / (Loss) After Tax	**(1,428.6)**	**60.4**	**(50.0)**	**(343.9)**	**21.7**	**(1,740.3)**
Minority Interest	3.4	(2.1)			7.5	8.8
Net Profit / (Loss) Attributable to Members	**(1,425.2)**	**58.3**	**(50.0)**	**(343.9)**	**29.2**	**(1,731.6)**

Note 1: Other Key Items include various contractual break costs ($50.6m loss post tax) as well as the following non-cash items (totalling $293.3m loss post tax): equity accounted losses in Allco HIT and Record Realty and unrecognised tax losses, slightly offset by profit recognised on application of equity accounting on acquisition of AEP shares.

Refer to slide 21 for more detailed information of the above.

Net Balance Sheet

ALLCO FINANCE GROUP

Substantial change of the balance sheet in the last six months

$m	30-Jun-08	31-Dec-07	% chg
Aviation	86	149	(42%)
Shipping	235	270	(13%)
Rail	61	111	(45%)
Infrastructure	49	149	(67%)
Funds Management	244	368	(34%)
Real Estate	287	550	(48%)
Financial Assets	142	300	(53%)
Group	38	204	(81%)
Segment Net Assets	**1,142**	**2,102**	**(46%)**
Working Capital	150	245	(39%)
Other Assets	95	119	(20%)
Tangible Assets	**1,387**	**2,466**	**(44%)**
Allco Notes (1)	(342)	(341)	0%
Other Corporate Borrowings (1)	(898)	(1,195)	(25%)
Goodwill	369	1,301	(72%)
Intangible Assets - Management Rights	29	176	(83%)
Net Assets	**545**	**2,408**	**(77%)**
Contributed equity	2,211	2,260	(2%)
Reserves	(14)	(48)	(71%)
Retained earnings	(1,684)	147	(1249%)
Total Equity Attributable to Equity Holders of the Parent	**513**	**2,359**	**(78%)**
Minority interest	32	49	(35%)
Total Equity	**545**	**2,408**	**(77%)**
Less: Goodwill	(369)	(1,301)	(72%)
Less: Intangibles Assets - Management Rights	(29)	(176)	(83%)
Net Tangible Assets	**147**	**930**	**(84%)**
Less: Deferred Tax Assets	(94)	(52)	82%
Less: Minority Interests	(32)	(50)	(35%)
Adjusted Net Tangible Assets	**21**	**829**	**(97%)**

Note 1: Allco Notes and Other Corporate Borrowings shown net of establishment fees.

Embedded Value

ALLCO FINANCE GROUP

Market value not currently reflected in the balance sheet $89m

Value of Assets As at 30 June 2008			Market Value $m	Book Value $m (3)	Difference $m
Aviation (1)			221	86	135
Shipping (2)			302	205	97
TOTAL			**523**	**291**	**232**
MTM for listed investments As at 30 June 2008	**Share Price $ (4)**	**Allco units or shares #m**	**Market Value $m**	**Book Value $m**	**Difference $m**
Allco HIT	$0.09	37.6	3	11	(8)
Allco Equity Partners	$1.70	33.9	58	189	(131)
Record Realty	$0.07	48.9	3	15	(11)
TOTAL			**61**	**204**	**(143)**
NET IMPACT			**584**	**495**	**89**

Note 1: The Aviation market value is based on the sum of Deposits in pipeline aircraft, Equity in Pre Delivery Financing and Equity and Upside in aircraft owned and managed by Allco. Upside is calculated as the expected future value at lease termination (based on independent valuation dated 30 June 2008) less total debt and equity outstanding at lease termination, discounted to 30 June 2008 at 17% p.a.

Note 2: The Shipping market value is based on either external valuations or where these are not current management's estimates. These valuations are on a charter–free, willing buyer/willing seller, basis assuming the vessel is in good condition. Where a vessel is on charter the charter free value has been adjusted based on management's assessment of the impact of the charter.

Note 3: Book value of aviation and shipping assets include both asset values and deposits (on forward orders), and is netted down to reflect Allco's share only:
- Aviation book value is $86m per segment net assets (slide 10).
- Shipping book value is $235m per segment net assets (slide 10) less minority interests of $30m.

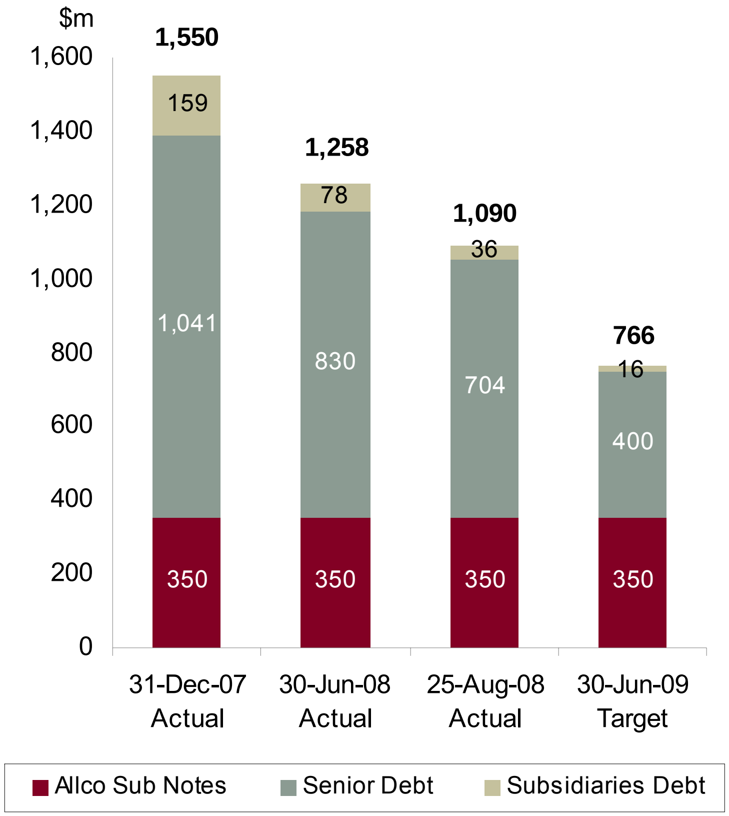
Note 4: Share price for listed investments is as at close on 30 June 2008.

Senior Debt Secured to September 2009

- Successfully negotiated new senior debt facility.
  - Maturity date 30 September 2009.
  - No market capitalisation review clause.
- Undertaking sale of non-core assets to reduce senior debt.
  - Senior debt currently $704m at 25 August 2008.
- Senior debt target $400m by June 2009.
  - Continued sale of assets.
  - Tightening cost control and headcount reductions.
- High costs associated with refinancing.
  - Total costs incurred to date $28.1m.
  - $10.3m expensed at June 2008.
- Margins on the debt:

Principal Outstanding plus any Undrawn Facility Limit	Margin %p.a. above relevant borrowing reference rate
≥ $600m	3.50%
$400 - $600m	3.00%
< $400m	2.75%

Note: The above applies provided that Allco's gearing levels (based on the value of its assets) is not greater than certain target amounts.



Future Business Model

- Focus on asset classes of Aviation, Shipping and Private Equity where Allco has deep expertise and proven track record.
- Resulting business model is less capital and resource intensive and less complex.
- Previous model of being a principal balance sheet investor and manager of funds is not Allco's future.
  - We will manage our existing balance sheet to extract value over time.
- The new model will have at its core Allco acting as fiduciary fund manager of wholesale funds.
  - Remuneration of investment professionals tied to long-term fund performance.
  - Continuing drive towards simpler and more transparent terms for these funds.
  - Focus on investor requirements rather than on product design.
- Exiting all other businesses and non-core assets through sales or wind-down.
- In the future, revenue will come mainly from asset and funds management and performance fees; intention to reduce volatility of group earnings.
- Reduction of corporate debt to a more sustainable level.

Overview of Allco Divisions

Aviation

- Active since early 1980s
- 23 professionals
- Leasing and Non-Leasing Investments in Aviation Assets
  - New and used assets
  - Core, distressed and value-added strategies
- Attractive long term growth characteristics and ability to earn attractive risk-adjusted returns
- Portfolio of 66 aircraft (US$3.5 billion) with 21 in the pipeline
- To date, equity invested in the 66 aircraft in Allco's fleet have achieved an equity IRR in excess of 50% p.a. (from Dec-02 to Jun-08) based on current market value[1]
- Clients include Qantas, Ryan Air, British Airways, Emirates, Singapore Cargo and many others

Shipping

- Active since 1987
- 25 professionals
- Diversified across all major shipping sectors (tankers, bulk carriers and containers)
  - Focus on LPG and offshore supply vessels
  - Spot and long term charters
- Attractive long term growth characteristics and ability to earn attractive risk-adjusted returns
- Portfolio of 36 vessels (US$930m) with 20 on order (US$670m)
- To date, portfolio achieved an equity IRR in excess of 40% p.a. (from Sep-03 to Jun-08) based on current market value[2]
- Close relationship with industry leaders within specialised segments e.g. Lauritzen Kosan (LPG) and RK Offshore (offshore supply)

Private Equity

- Active since 2004
- 7 professionals
- Manages A$500 million under a long term management agreement with Allco Equity Partners Limited ("AEP"), an ASX listed principal investment fund
- Focused on Australian middle market private equity given the potential to earn attractive returns in an inefficient market
- Currently ~$430m of the investible capital is committed to investments
- In under 4 years, AEP has invested more than $600m in operating businesses and returned or reinvested $240m through the divestment of two investments

Note 1: Refer notes on slide 30.
Note 2: Refer notes on slide 36.

Risks

ALLCO FINANCE GROUP

Key risks that Allco faces include:

- Restructure of the business may not achieve the necessary reductions in expense base or achieve them within the required timeframe. In this regard, legacy issues remain a major cost and business distraction.
- Asset sales may not achieve the projected values or occur in the necessary timeframe to meet bank pay down targets by June 2009.
- Allco will need to refinance or restructure its debt before September 2009, and beyond 2009 has other significant commitments falling due.
- Ability to raise equity capital and debt into Allco-managed funds is fundamental to the continued operation of the Allco business.
- A downturn in Aviation or Shipping would adversely affect Allco's financial and operational performance.
- Global slowdown is affecting lessee clients and investors.
- Allco may not be able to retain business-critical employees.
- Allco will need to restore its reputation to successfully implement its business plan.

Summary

- The company is in a fragile position.
- Continuing commitment of the leadership group to build shareholder value.
- Business will focus on Aviation, Shipping and Private Equity.
- Core operations led by highly experienced teams with proven track records.
- We will continue to focus on the retention of business critical employees.
- Non-core assets and businesses still need to be disposed of or sold in a timely manner at assumed prices.
- Viability of Allco’s future depends on three key outcomes:
  - Ability to reduce debt via asset sales and to refinance debt in 2009;
  - Restructure of the expense base of the business to match the revised revenue model; and
  - Regaining investor confidence to raise capital in Allco-managed funds.

THANK YOU

ALLCO™
FINANCE GROUP

Appendix

- Financial Performance
- Balance Sheet Funding and Liquidity
- Additional Business Information

Statutory Profit and Loss

Full year ended 30 June $m	2008	2007	% chg
Interest income	452.4	326.1	
Rental & charter income	359.7	542.4	
Origination fees	41.9	66.8	
Asset management fees	74.7	63.1	
Net gain on disposal of controlled entities	190.4	7.1	
Net gain on sale of assets	107.3	164.0	
Dividends and distributions	0.7	0.8	
Insurance premiums	9.5	4.0	
Net gain on available-for-sale financial assets	-	0.7	
Revenue	**1,236.7**	**1,175.2**	**5%**
Other Income	**33.9**	**57.2**	**(41%)**
Equity Accounted Investments	**(89.8)**	**69.8**	**(229%)**
Impairment of goodwill	(885.1)	-	
Other impairments	(740.6)	(26.4)	
Employee termination benefits	(37.8)	(2.4)	
Other employment expenses	(204.0)	(146.1)	
Contractual break cost	(84.8)	-	
Net loss on disposal of investments in associates	(72.1)	-	
Shipping charter expenses	(92.6)	(79.8)	
Depreciation and amortisation	(113.0)	(180.6)	
Professional fees	(71.3)	(45.8)	
Other expenses	(133.7)	(95.9)	
Expenses (excluding financing costs)	**(2,435.1)**	**(577.2)**	**322%**
Recourse financing costs (corporate debt)	(52.6)	(53.2)	
Allco notes	(29.3)	(0.8)	
Limited recourse financing costs	(429.4)	(363.5)	
Financing Costs	**(511.3)**	**(417.5)**	**22%**
Net Profit / (Loss) before Tax	**(1,765.7)**	**307.6**	**(674%)**
Income tax benefit / (expense)	25.4	(88.4)	(129%)
Net Profit / (Loss) after Tax	**(1,740.3)**	**219.2**	**(894%)**
Minority interests	8.8	(7.5)	(218%)
Net Profit / (Loss) Attributable to Members	**(1,731.6)**	**211.7**	**(918%)**

Impairments by Division

Full year ended 30 June 2008 Impairments (pre-tax) $m	Goodwill	Other Impairments				TOTAL
		Management Rights	Equity Accounted Investments	Loans Held at Amortised Cost	Other	
Aviation	(126.6)					(126.6)
Shipping	(173.4)				(21.7)	(195.1)
Private Equity	(50.2)	(3.5)				(53.7)
CORE	**(350.2)**	**(3.5)**	**0.0**	**0.0**	**(21.7)**	**(375.4)**
Real Estate	(235.1)	(85.5)	(45.9)	(9.9)	(11.8)	(388.1)
Rail			(6.6)	(14.6)	(2.6)	(23.8)
Infrastructure	(145.0)		(6.1)	(3.0)	(1.2)	(155.3)
UK Structured Finance				(6.8)		(6.8)
Legacy Funds	(149.0)	(35.8)	(6.8)		(16.8)	(208.5)
Financial Assets	(5.8)		(0.7)	(213.9)	(36.2)	(256.7)
NON-CORE	**(534.9)**	**(121.3)**	**(66.2)**	**(248.2)**	**(68.6)**	**(1,039.2)**
Group			(47.3)	(103.9)	(59.9)	(211.1)
TOTAL	**(885.1)**	**(124.8)**	**(113.5)**	**(352.1)**	**(150.2)**	**(1,625.7)**

Material Items in P&L Detail

Material Items included in Full year ended 30 June 2008	Net Profit / (Loss) After Tax $m	
Non-Cash Items: Goodwill Write-Down		**(885.1)**
Write-down of goodwill in respect of various acquisitions made post 1 July 2006	(885.1)	
Non-Cash Items: Other Impairments		**(543.4)**
Write-down of fund management rights in respect of various listed and unlisted Allco managed funds	(102.2)	
Write-down of the carrying value of equity accounted investments	(80.6)	
Write-down of loans held at amortised cost	(247.3)	
Other impairments (1)	(113.4)	
Net Gain from Asset Sales		**60.4**
Gain relating to the Tehachapi US-based wind development project	110.7	
Loss relating to the disposal of equity interests in the Rubicon America, Rubicon Europe and Rubicon Japan listed real estate funds	(50.5)	
Net gain from other disposals	0.2	
Restructuring Costs		**(50.0)**
Redundancy payments and share based payments expense on redundancies	(35.1)	
Lease provisioning	(7.7)	
External advisors fees	(7.2)	
Contractual Break Costs		**(50.6)**
Disposal of Group's interest in the Consolidated Edison portfolio of power stations	(38.7)	
Abandonment of plans to launch a European real estate fund	(8.7)	
Other	(3.1)	
Non-Cash Items: Net Losses from Equity Accounted Investments		**(67.9)**
Profit recognised on application of equity accounting on acquisition of AEP shares	34.4	
Losses incurred in equity accounted entities Allco HIT and Record Realty	(102.3)	
Non-Cash Items: Unrecognised Tax Losses		**(225.4)**
Write-down of deferred tax	(225.4)	
Total Material Items in Net Loss after Tax		**(1,762.0)**

Note 1: Refer to Note 7(b) of the 2008 Financial Report for breakdown.

Movement in Earnings

Full year ended 30 June $m	2008	2007	Normalised P&L 2008 (1)	Normalised P&L 2007 (2)	Normalised P&L 1H08 (3)	Normalised P&L 2H08
Origination	26.9	69.6	26.9	69.6	15.0	11.9
Asset Sales	17.5	96.8	101.9	96.8	104.7	(2.8)
Development Income	194.2	56.5	15.0	56.5	15.8	(0.8)
Fund & Asset Management	51.5	51.5	64.9	51.5	31.3	33.5
Asset Ownership	(1,553.1)	215.7	142.2	215.7	64.0	78.2
Equity Accounted Income / Dividends	(89.1)	70.6	7.9	55.9	35.7	(27.7)
Net Revenue	**(1,352.2)**	**560.8**	**358.7**	**546.1**	**266.5**	**92.2**
Remuneration	(234.7)	(141.1)	(184.6)	(141.1)	(90.1)	(94.5)
Other Operating Costs	(95.7)	(61.1)	(72.4)	(61.1)	(35.8)	(36.6)
Earnings Before Recourse Interest and Tax	**(1,682.6)**	**358.6**	**101.7**	**343.9**	**140.5**	**(38.8)**
Recourse Interest Expense	(83.2)	(51.0)	(83.2)	(51.0)	(31.6)	(51.6)
Net Profit / (Loss) Before Tax	**(1,765.7)**	**307.6**	**18.5**	**292.9**	**108.9**	**(90.4)**
Tax Expense	25.4	(88.4)	3.2	(84.0)	(16.0)	19.2
Net Profit / (Loss) After Tax	**(1,740.3)**	**219.2**	**21.7**	**208.8**	**92.9**	**(71.2)**
Minority Interest	8.8	(7.5)	7.5	(7.5)	(0.8)	8.3
Net Profit / (Loss) Attributable to Members	**(1,731.6)**	**211.7**	**29.2**	**201.3**	**92.1**	**(62.9)**

Note 1: 2008 normalised P&L is from slide 9.
Note 2: 2007 normalised P&L is as reported in our 2007 annual result presentation on 21 August 2007.
Note 3: 1H08 normalised P&L is as reported in our 2008 interim result presentation on 25 February 2008.

EBITDA Income Statement

Full year ended 30 June $m	2008	2007	% chg
Net fee income	114.4	129.9	
Rental / charter income	359.7	542.4	
Other income	341.8	233.8	
Total Revenue	**815.9**	**906.1**	**(10%)**
Remuneration	(184.6)	(141.1)	
Facilities	(24.2)	(17.9)	
Administration and Other	(320.2)	(203.7)	
Restructuring costs	(71.5)	0.0	
Contractual break costs	(84.8)	0.0	
Impairments	(1,625.7)	(26.4)	
Total Operating Costs	**(2,311.1)**	**(389.1)**	**494%**
Equity accounted profit / (loss)	(89.8)	69.8	
Earnings before Interest, Tax, Depreciation and Amortisation	**(1,585.0)**	**586.8**	**(370%)**
Interest income	452.4	326.1	
Interest expense	(520.1)	(424.8)	
Net Interest	**(67.7)**	**(98.7)**	**(31%)**
Depreciation and amortisation	(113.0)	(180.6)	
Net Profit / (Loss) before Tax	**(1,765.7)**	**307.6**	**(674%)**
Income tax (expense) / credit	25.4	(88.4)	
Net Profit / (Loss) after Tax	**(1,740.3)**	**219.2**	**(894%)**
Minority interests	8.8	(7.5)	
Net Profit / (Loss) after Tax Attributable to Members	**(1,731.6)**	**211.7**	**(918%)**

Balance Sheet

As at 30 June $m	2008	2007	% chg
Cash and cash equivalents	351	445	(21%)
Trade and other receivables	323	145	123%
Derivative financial instruments	60	50	19%
Assets and disposal groups classified as held for sale	2,413	108	2136%
Available-for-sale financial assets	42	33	28%
Loan assets held at amortised cost	1,732	4,025	(57%)
Equity accounted investments	298	501	(41%)
Transportation equipment	1,724	1,941	(11%)
Infrastructure assets	0	134	(100%)
Deferred tax assets	119	52	127%
Other assets	20	31	(36%)
Intangible assets - management rights	29	49	(41%)
Goodwill	369	1,068	(65%)
Total Assets	**7,479**	**8,584**	**(13%)**
Trade and other payables	218	137	60%
Liabilities of disposal groups classified as held for sale	2,013	0	-
Interest-bearing loans and borrowings	4,480	6,115	(27%)
Employee benefits	51	54	(6%)
Provisions	40	0	-
Deferred tax liabilities	25	20	22%
Other liabilities	106	55	93%
Total Liabilities	**6,933**	**6,381**	**9%**
Net Assets	**545**	**2,202**	**(75%)**
Contributed equity	2,211	2,103	5%
Reserves	(14)	(54)	(75%)
Retained earnings	(1,684)	131	(1387%)
Total Equity Attributable to Equity Holders of the Parent	**513**	**2,179**	**(76%)**
Minority interest	32	23	40%
Total Equity	**545**	**2,202**	**(75%)**

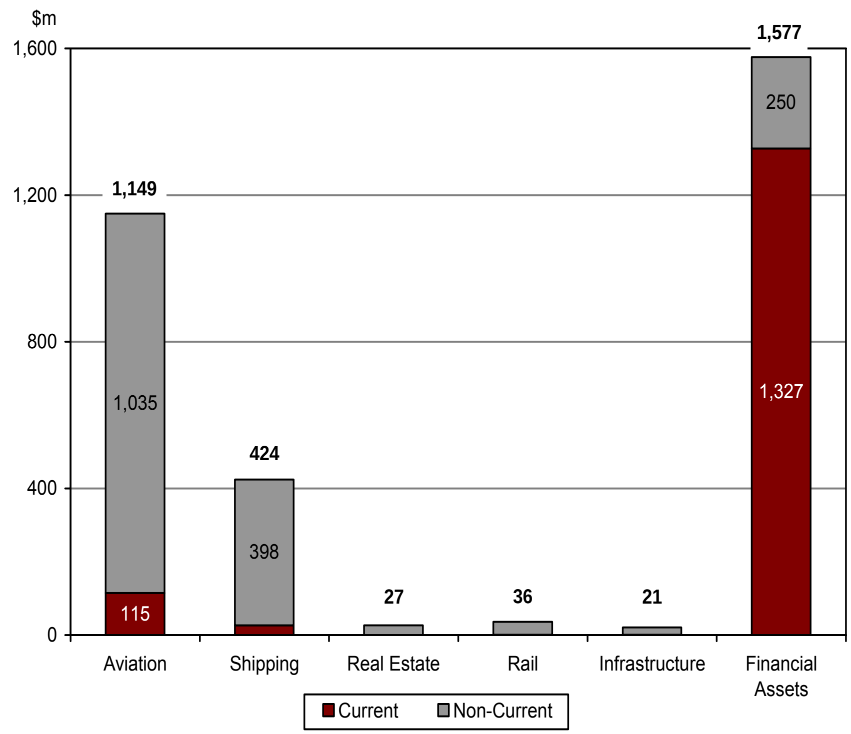
Impact of Limited Recourse Funding

As at 30 June 2008 $m	Statutory Balance Sheet	Limited Recourse Loans	Other	Net Balance Sheet
Cash and cash equivalents	351	(226)		124
Trade and other receivables	323		(5)	318
Derivative financial instruments	60			60
Assets and disposal groups classified as held for sale	2,413	(1,993)	(105)	315
Available-for-sale financial assets	42		19	61
Loan assets held at amortised cost	1,732	(1,474)	36	294
Equity accounted investments	298		(98)	200
Transportation equipment	1,724	(1,533)		190
Infrastructure assets	0			0
Deferred tax assets	119		(25)	94
Other assets	20		(4)	16
Intangible assets - management rights	29			29
Goodwill	369			369
Total Assets	**7,479**	**(5,227)**	**(181)**	**2,071**
Trade and other payables	218		(115)	103
Liabilities of disposal groups classified as held for sale	2,013	(1,993)	(20)	0
Interest-bearing loans and borrowings	4,480	(3,234)		1,247
Employee benefits	51			51
Provisions	40			40
Deferred tax liabilities	25		(25)	0
Other liabilities	106		(22)	84
Total Liabilities	**6,933**	**(5,227)**	**(181)**	**1,525**
Net Assets	**545**	**0**	**0**	**545**
Contributed equity	2,211			2,211
Reserves	(14)			(14)
Retained earnings	(1,684)			(1,684)
Total Equity Attributable to Equity Holders of the Parent	**513**	**0**	**0**	**513**
Minority interest	32			32
Total Equity	**545**	**0**	**0**	**545**

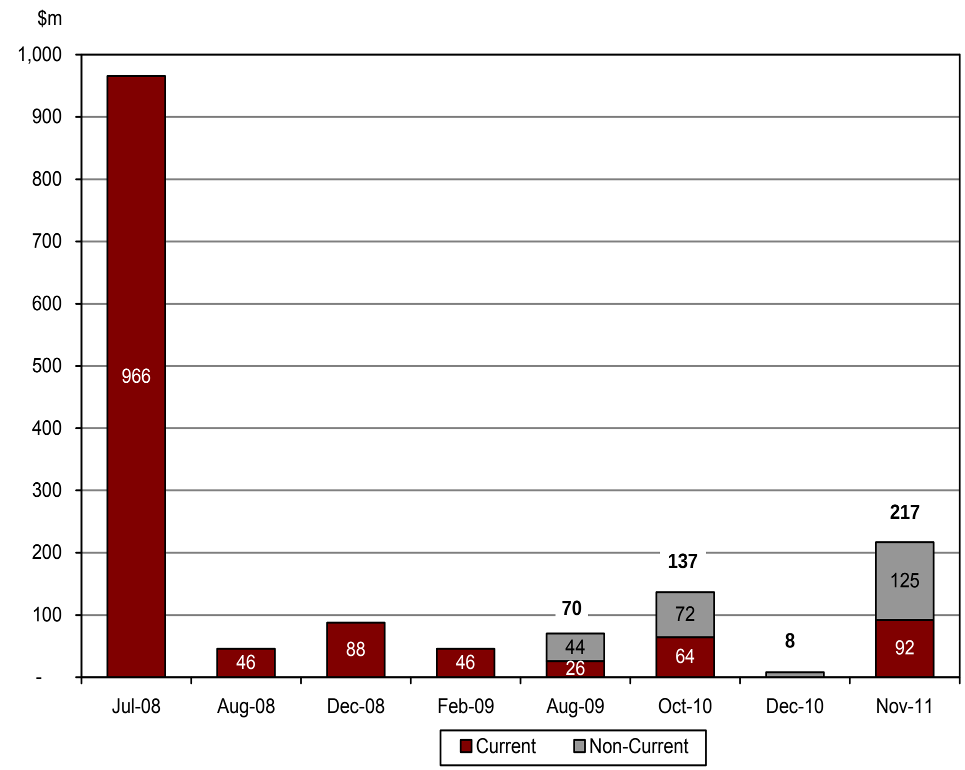
Limited Recourse Debt

ALLCO FINANCE GROUP

Total Limited Recourse Debt



Financial Assets Maturity Profile



Note: Liabilities are considered current if expected to be repaid in the entity's normal operating cycle. Although the Financial Assets business has some liabilities with a legal maturity date beyond Jun-09, as they are expected to be repaid before they have been classified as current.

Benefits of our Investment Products

Optimisation Benefits

- Diversification benefits
  - Uncorrelated to traditional (equity and fixed income) and other alternative investments (hedge funds, real estate and infrastructure)

Adding transportation or private equity assets to a broader portfolio can improve performance

Attractive Growth Drivers

- Macro-economic trends
  - GDP growth
  - Globalisation
  - Growth of emerging economies
- Micro-trends
  - Leasing is growing as a percentage of the world's fleet

Strong long term demand for the assets

Stabilising Characteristics

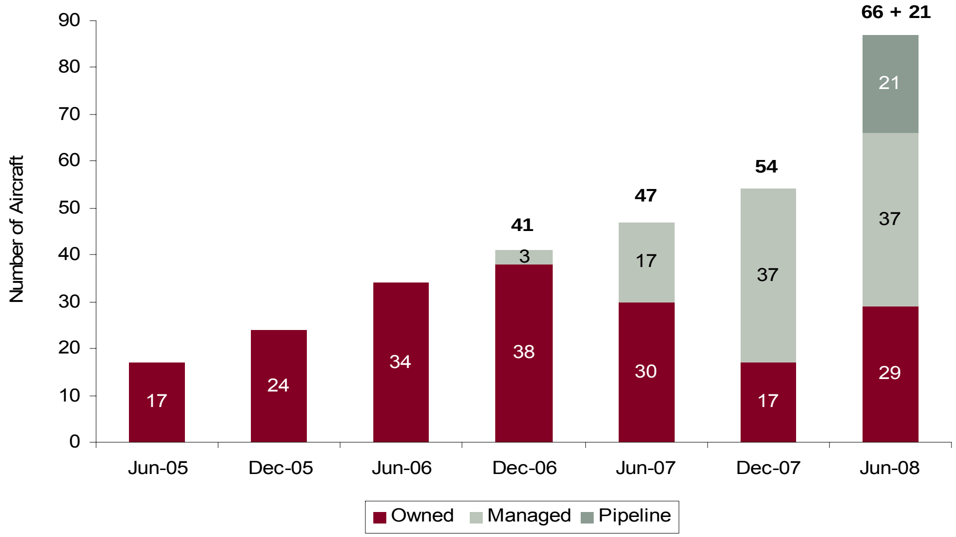
- Essential assets
- Stable long term cash flows
- Relatively active secondary markets
- Lessor protections
- Global, portable and long life assets
- Cyclicality can be reduced by asset class, credit, maturity and geographic portfolio diversification

Attractive risk-adjusted returns

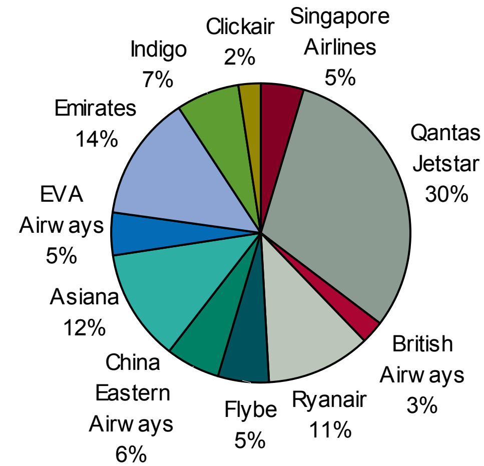
Aviation Snapshot

- 66 aircraft owned and/or managed; 21 in the pipeline.
- Lessee diversification with focus on medium to better credit airlines.
- 100% delivered and ordered aircraft leased, nil arrears.
- Average lease term approx. 7.8 years.

Owned / Managed Aircraft



Lessee Diversification



Note: Lessee diversity is by purchase price.

Aviation Financial Performance

ALLCO FINANCE GROUP

AVIATION Six months ended $m	Jun-08	Dec-07	Jun-07	Dec-06	FY08	FY07	% chg
Origination	3.2	(2.8)	(1.4)	(1.0)	0.4	(2.4)	(115%)
Asset Sales	(9.3)	60.1	54.4	7.9	50.8	62.3	(0.2)
Development Income	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Fund & Asset Management	4.0	2.6	1.7	(0.3)	6.5	1.4	3.7
Asset Ownership	25.4	25.2	43.4	32.8	50.5	76.2	(0.3)
Equity Accounted Income / Dividends	2.2	0.8	(1.2)	1.2	3.0	0.0	n/a
Net Revenue	**25.4**	**85.8**	**96.9**	**40.6**	**111.2**	**137.5**	**(0.2)**

Note: Jun-08 Asset Ownership has $126.6m goodwill impairment added back.

- Asset Sales loss in six months to Jun-08 from loss on sale of Mezzanine loans. Income in prior periods from sale of aircraft mainly into Allco-managed funds.
- Higher management fee revenue from the increased number of aircraft sold down to funds.
- Asset ownership income declined year on year due to net decrease in number of aircraft remaining on balance sheet (FY08 average 25; FY07 average 38).

Overview of Allco Aviation

The right team and strategy to take advantage of compelling market opportunities

Compelling Market Opportunities	▪ Resilient industry with strong long-term growth drivers ▪ Constrained supply of current technology, fuel efficient aircraft ▪ Ability to take advantage of near-term turbulence
Appropriate Strategies	▪ *Leasing Investments.* Stable foundation that benefits from long-term industry growth while reducing exposure to cyclicality ▪ *Non-Leasing Investments.* Strategies that take advantage of distressed opportunities or valuation arbitrage
Highly Experienced Team	▪ 23 talented professionals ▪ Senior team averages 20+ years of relevant experience ▪ Appropriate market insights, relationships, financial / structuring skills and technical expertise ▪ Global presence with offices in Sydney, London and San Francisco
Strong Investment Track Record	▪ Portfolio continues to perform well ▪ To date, equity invested in the 66 aircraft in Allco's fleet have achieved an equity IRR in excess of 50% p.a. based on current market value

Notes:
- Past performance is not necessarily indicative of future returns. Returns quoted are unaudited.
- The gross equity IRRs are based on average historic leverage at time of acquisition of in excess of 95%. In the future, Allco may adopt different financing structures for investments which may impact the future equity returns there from.
- Gross equity IRR, before fees and expenses, is based on the cashflows associated with the cumulative direct investment portfolio arranged by Allco (and its predecessor Record Investments) over the period from inception in December 2002 to the most recent valuation date at 30 June 2008. Returns are calculated based on equity cashflows invested, distributions and realisations and management's estimate of the unrealized portfolio value as at 30 June 2008, determined in accordance with its valuation policies. The Gross equity IRR does not take into account any establishment, management fees, performance fees or expenses that an investor would otherwise incur.

Aircraft Leasing Industry Overview

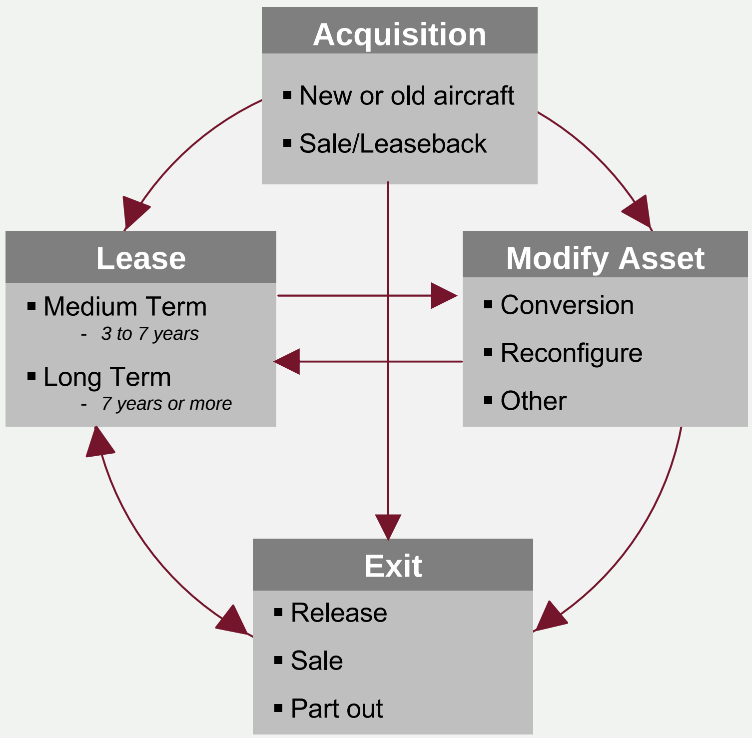
- Demand for current technology, fuel efficient aircraft has remained stable despite airlines stress caused by slowing U.S. economy and high oil prices.
- Lease rates for aircraft targeted by Allco remain stable.
- Banks have continued to lend for high quality aircraft purchases.
- Potential opportunity to acquire assets from distressed sellers for those well placed to take advantage.
- Compelling long-term growth drivers remain intact.

Aviation Investment Strategy

ALLCO FINANCE GROUP

Investment Strategy of an Allco Aviation Fund

Aviation Business Model



Strategies

Leasing
Foundation that benefits from long term industry growth while reducing exposure to cyclicality

Distressed Acquisitions
Take advantage of stress in the market to acquire assets on favorable terms

Value-Added Opportunities
Opportunities for an aircraft to be reconfigured or parted out to unleash value

Aviation Investment Strategy

Investment Strategy of an Allco Aviation Fund

Strategies	
Leasing Strategies	
Long Term Lease *(7-14 years)*	▪ Long term cash flow delivers a high percentage of the assets' total return thereby reducing exposure to residual value as well as changes in the rental market
Medium Term Lease *(3-6 years)*	▪ Generally, higher lease rates can be achieved for shorter lease terms since lessee obtains additional fleet planning flexibility
Distressed Acquisitions	
Distressed Aircraft Acquisitions	▪ Acquire asset to lease or resell when an attractive price can be achieved
Company or Security Purchase	▪ Execute a transaction to buy a company or financial asset to gain exposure to undervalued underlying real asset
Value-Added Opportunities	
Reconfigure	▪ Convert or reconfigure when value can be created by repurposing the asset
Part Out	▪ Acquire older asset at a point when the sum of the parts is worth more than the whole

Capabilities

Market Insights
Judgment to recognise the opportunities that offer the most attractive risk / reward

Broad Sourcing
Relationships with airlines, manufacturers, other investors, advisors and other intermediaries

Technical Insights
Required to make appropriate investment decisions and oversee maintenance of the fleet

Financial Expertise
Appropriate access capital markets to obtain Debt financing

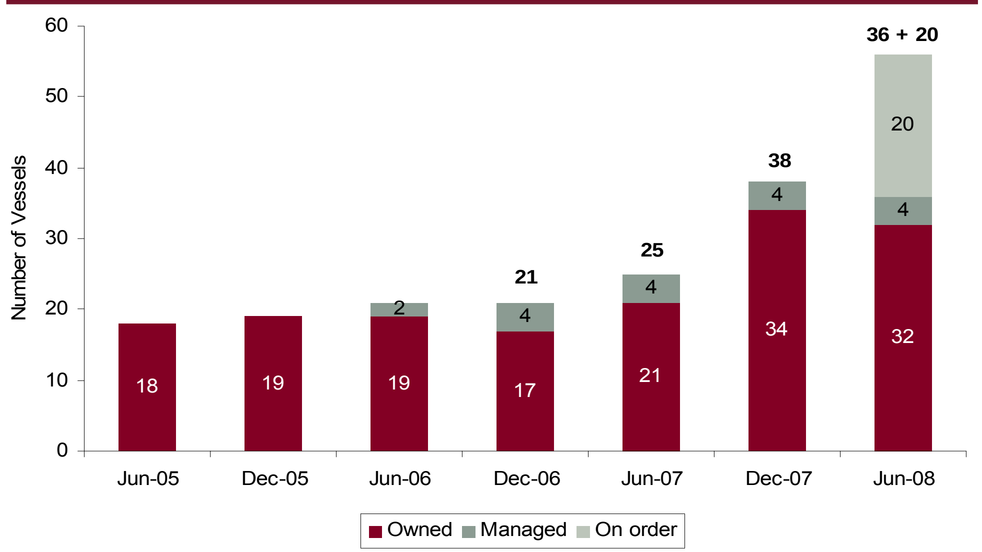
Structuring
Appropriately mitigate risks

Exit Strategy
Maximise value by exiting at the right time and remarketing effectively

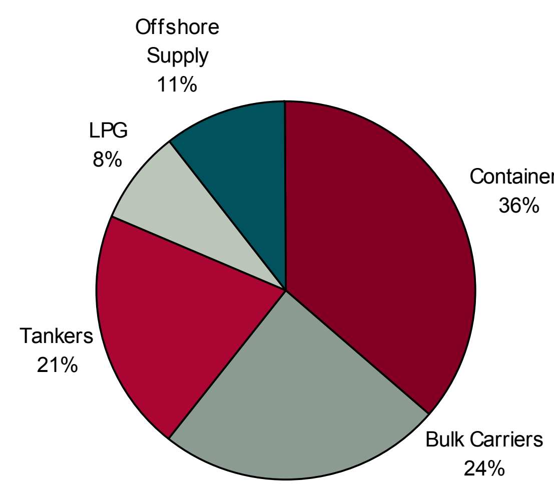
Shipping Snapshot

- 36 vessels owned and/or managed; 20 on order.
- Diversity across a range of vessel types, chartered in established markets and to creditworthy charterers.
- Debt facilities in place for deliveries until June 2009.
- Operations managed out of London and Singapore.
- 100% delivered vessels chartered, nil arrears.
- 75% of future deliveries already chartered.

Owned / Managed Vessels



Fleet Diversification



Note: Fleet diversity is by acquisition cost.

Shipping Financial Performance

SHIPPING Six months ended $m	Jun-08	Dec-07	Jun-07	Dec-06	FY08	FY07	% chg
Origination	2.3	(0.0)	8.5	0.0	2.3	8.5	(0.7)
Asset Sales	(4.6)	34.8	2.8	26.4	30.2	29.2	0.0
Development Income	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Fund & Asset Management	(0.1)	0.1	(0.2)	0.2	0.0	0.1	(0.5)
Asset Ownership	(2.5)	8.0	18.7	21.1	5.5	39.8	(0.9)
Equity Accounted Income / Dividends	(4.7)	(1.8)	(0.5)	0.0	(6.5)	(0.5)	>500%
Net Revenue	**(9.6)**	**41.1**	**29.4**	**47.7**	**31.6**	**77.1**	**(0.6)**

Note: Jun-08 Asset Ownership has $173.4m goodwill impairment and $21.7m other impairments added back.

- Loss on Asset Sales in the six months to Jun-08 relates to gains on the sale of vessels from the UK portfolio offset by the sale of one non-core vessel in Australia.
  - Gain in six months to Dec-07 related to the sale of a 39.9% interest in the AMI UK business.
  - Gain in FY07 included the gain on sale of 4 vessels.
- Asset Ownership loss in six months to Jun-08 due to one-off losses of income and repair costs on vessel breakdowns and higher interest costs.
- Equity Accounted loss relates to a share of losses from the Singapore business.

Overview of Allocean

ALLCO FINANCE GROUP

Compelling Market Opportunities	▪ Underlying trade dynamics continue to support growth ▪ Three main shipping segments (bulkers, containers and tankers) each offer attractive risk / return potential ▪ Certain niche segments (LPG and offshore supply) with particularly compelling market dynamics
Appropriate Strategies	▪ Diversified portfolio weighted towards most attractive segments and ability to move between segments as markets change ▪ Mix of spot exposure (via pools) and long-term charters to pursue attractive returns while targeting significantly less volatility than pure 'spot' plays
Highly Experienced Team	▪ 25 talented professionals ▪ Senior team averages 20+ years relevant experience ▪ Fleet operated and managed by internal commercial and technical teams ▪ Deep market insights, relationships, financial / structuring skills and technical expertise ▪ Partner with specialists to complement Allocean capability: Lauritzen Kosan (LPG); RK Offshore (offshore supply)
Strong Investment Track Record	▪ Significant portfolio activity, having re-chartered 14 vessels and sold 12 vessels ▪ To date, portfolio achieved an equity IRR in excess of 40% p.a. based on current market value

Notes:
•Past performance is not necessarily indicative of future returns. Returns quoted are unaudited.
•Average historic leverage at time of acquisition was in excess of 65-70%. Allco will use appropriate market available leverage on future deals which may impact the future return.
•Gross equity IRR, before fees and expenses, is based on the cashflows associated with the cumulative direct investment portfolio arranged by Allco (and its predecessor Record Investments) over the period from inception in September 2003 to the most recent valuation date at 30 June 2008. Returns are calculated based on equity cashflows invested, distributions and realisations and management's estimate of the unrealised portfolio value as at 30 June 2008, determined in accordance with its valuation policies. The Gross equity IRR does not take into account any establishment, management fees, performance fees or expenses that an investor would otherwise incur.

Shipping Market Overview

- The international shipping industry is responsible for transporting 90% of world trade.
- Only practical and cost effective way to transport large volumes of essential commodities and finished goods over long distances.
- Benefiting from growth in developing markets.
- Complicated and highly fragmented industry requires deep specialist knowledge.
- Traditionally a family business, highly reliant on personal relationships.
- Attractive financial features.
  - Favourable maritime tax legislation.
  - Attractive debt financing available.
  - Liquid secondary markets.
- Typically, a cyclical industry due to supply / demand imbalances.
- Within Shipping, the different segments depend on their own supply / demand parameters, giving rise to good investment opportunities if timed correctly.
- Historically, shipping has not received a lot of attention from private equity investors.

Shipping Investment Strategy

ALLCO FINANCE GROUP

Investment Strategy of an Allco Shipping Fund

Types of Vessels

- Diversify across the major segments with a focus on attractive growth segments
  - Exposure to tankers, bulkers and containers, LPG, offshore
- Focus on niche segments with favourable market dynamics e.g. LPG and offshore supply
- Ability to improve returns by correctly timing investments in different segments
- Preference for generic vessels with standard specifications that retain utility and have a liquid secondary market

Types of Employment

- Mix of spot and long-term charters
  - Utilise longer-term charters:
    i. in more volatile segments;
    ii. on larger sized vessels;
    iii. during cyclical peaks
  - Selectively participate in pools to access the spot market while reducing volatility
- Concentrate on time charters to maintain direct oversight and care of vessels

Acquisition Method

- Acquire with fixed employment
- Opportunistic acquisitions (i.e. no employment)
- Sale / leasebacks

Financing

- Leverage employed at appropriate levels and terms

Exit

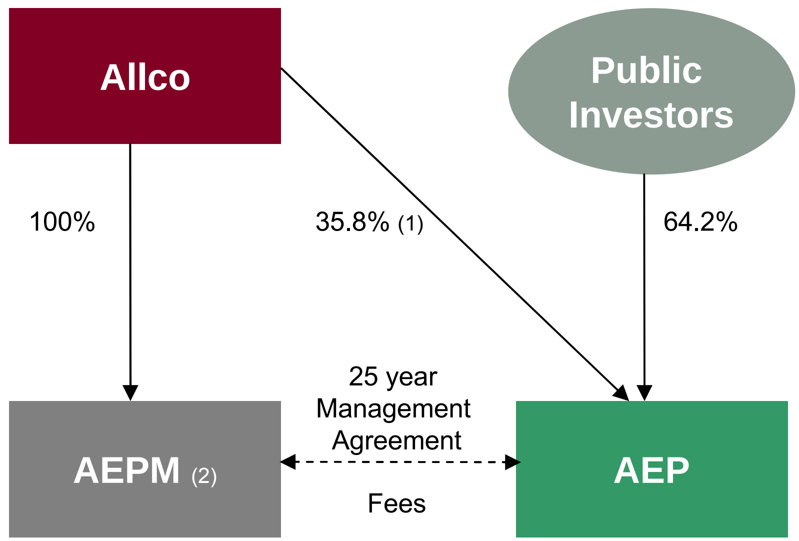
- Assume full-life economics at time of acquisition
- Exit opportunistically to maximise value (dependent on prevailing market conditions)

Private Equity Snapshot

In under four years Allco Equity Partners Limited ("AEP") has invested more than $600m and returned or reinvested $240m capital

Date	Event
December 2004	▪ Listed on ASX
August 2005	▪ Takeover offer for Veda Advantage; acquired 17.3% stake
December 2005	▪ Takeover offer for Wattyl; offer unsuccessful
January 2006	▪ Acquired Signature Security Group
June 2006	▪ Acquired Baycorp Collections
September 2006	▪ Acquired stake in Diversified Industrial company
December 2006	▪ Takeover offer for Qantas; AEP to be largest shareholder; offer unsuccessful
May 2007	▪ Diversified Industrial Investment sold ; 73% IRR before management fees[1]
June 2007	▪ Veda Advantage stake sold; 20% ungeared IRR before management fees[1]
October 2007	▪ Supported IBA Health's bid for iSOFT; acquired 30.6% stake[2]

Note 1: IRR: Internal rate of return calculation before Incentive Fees but post upfront Transaction Fees paid to AEPM.
Note 2: Includes ordinary shares and convertible notes.



Notes:
1. Allco's c.35.8% relevant interest in AEP includes Allco's obligation to acquire 23.2% of AEP through a put/call arrangement with LJCB.
2. AEPM – Allco Equity Partners Management.

Private Equity Financial Performance

PRIVATE EQUITY Six months ended $m	Jun-08	Dec-07	FY08
Origination	0.3	4.5	4.8
Asset Sales	0.0	0.0	0.0
Development Income	0.0	0.0	0.0
Fund & Asset Management	0.5	(0.3)	0.3
Asset Ownership	(4.1)	(2.3)	(6.4)
Equity Accounted Income / Dividends	2.5	3.2	5.7
Net Revenue	**(0.8)**	**5.2**	**4.4**

No prior period comparatives. On 25 July 2007, Allco acquired the remaining 60.8% interest that it did not already own in Allco Equity Partners Management ("AEPM"), the management company of Allco Equity Partners Limited ("AEP").

Note: Dec-07 Equity Accounted Income has $52.8m AEP uplift deducted; Jun-08 Asset Ownership has $50.2m goodwill impairment and $3.5m management rights impairment added back and Equity Accounted Income $3.6m added back (for AEP adj to Dec-07 amount).

- Origination revenue in FY08 related to transaction fees earned by AEPM from AEP deals.
- Asset Ownership loss in FY08 is due to financing costs relating to the deferred settlement in respect of the purchase of units in AEP under put and call structures.
- Equity accounted income earned in FY08 relates primarily to Allco's 35.5% interest in AEP.

Overview of Allco Private Equity

Allco's Private Equity Business	▪ Invests in operating businesses, with a focus on Australia and New Zealand ▪ Established in December 2004 an ASX listed principal investment fund ▪ Manages (through Allco Equity Partners Management Limited "AEPM") approximately A$500 million under a long term management agreement with Allco Equity Partners Limited "AEP"
Compelling Market Opportunities	▪ The Australian private equity industry is well developed, but it is likely that there will be further growth ▪ With the Australian market significantly impacted post the global credit crunch, there is an opportunity to take advantage of attractive market conditions: – Attractive sale prices gives rise to strategic stakes and public to private opportunities – IPO markets are ostensibly closed, therefore more vendors will be looking to sell private equity – Focus on identifying 'under-valued' assets which will not rely on high leverage to achieve attractive return
Experienced Team	▪ AEPM has a highly experienced investment management team ▪ Investment team includes senior practitioners – 3 with over 15 years financial industry experience, 3 with 5-10 years experience ▪ The AEPM team and AEP Board has strong networks and valued expertise across a broad range of industries
Delivered on Investment Mandate	▪ In under four years, AEPM has invested over $600m in operating businesses. ▪ Two profitable divestments completed returning or reinvesting over $240m. ▪ Maintained a disciplined and prudent investment approach through a period where equity markets rose strongly.

Australian Private Equity Industry

- The Australian industry is well developed, but is likely that there will be further growth.
- In 2007, funds under management in the Australian industry were A$22.3 billion[1].
- Buyout funds dominate the Australian market with the top 20 funds having approximately A$15 billion under management[1].
- Australian fundraising continues to grow with US$5.8 billion raised in 2007 (up from US$3 billion in 2006), representing 33% of all funds raised in Asia Pacific region[1].
- The Australian market has been significantly impacted post the global credit crunch.
  - Valuations have declined to more attractive levels.
  - Ability for listed companies to raise new equity has been significantly diminished.
  - Banks are capital constrained and are generally only supporting top tier relationships.

Source:
1. The Australian Private Equity and Venture Capital Association.

Private Equity Investment Strategy

ALLCO FINANCE GROUP

Investment Strategy of Allco Equity Partners Limited

- AEP pursues private equity style transactions and public market opportunities using private equity experience and disciplines.

Traditional Private Equity business model	AEP investments
Private equity value creation model: ▪ Invest in operating businesses ▪ Build the business value within a targeted timeframe: – Provide stability in ownership for the investment period – Encourage investment and strengthen the business as a result of a longer term view compared to publicly listed market – Implement more aggressive operating plans – Structure closely aligned management incentives – Close corporate governance (i.e. private equity team works very closely with management) ▪ Sell the business at a profit	AEP applies the private equity investment model in investing in both private and publicly listed operating businesses: ▪ Private investments – traditional private equity model, with businesses remaining unlisted. AEP is typically the majority shareholder (or have majority within syndicate of other investors) ▪ Publicly listed investments – AEP takes influential shareholdings in publicly listed companies and applies private equity investment disciplines – Investments can be structured to protect downside (convertible notes, debt etc.) – Flexible capital that provides alternative to raising capital in the public market

- All transactions are researched and debated in an open manner with final decisions made by experienced independent investment committee.
- Investment management team of 7 deeply involved in setting and execution of strategy.

Executive Options Grant (FY09 and FY10)

- On 20 August 2008, the HRRC approved the grant of up to 69 million options.
  - To retain and incentivise select executives who have direct responsibility for setting and executing the business strategy to stabilise and rebuild the business.
  - For creating greater longer term value for the benefit of shareholders.
- The options are to be granted under the Executive Options and Rights Plan (EORP) over a two year period:
  - 49 million options to be granted in financial year 2009 (currently allocated to ~30 with reserve for retention / new hires);
  - 20 million options in financial year 2010 (unallocated).
- The grant is subject to shareholder approval, which will be sought at the AGM in October.
- The proposed allocation represents 18.5% of shares currently on issue in AFGL and will have a maximum dilutive impact of 18.5% in three years, if vested.
- The Board believe that the strategy of delivering a significant portion of total remuneration in the form of equity subject to medium term performance and tenure hurdles creates:
  - The highest probability of restoring shareholder value; and
  - Is key in retaining those senior executives with a strong influence on long term performance, given the current economics of the business.
- Terms of the grant are in final development and will be presented in full in the Explanatory Memorandum to the Notice of AGM.
  - Intended for terms to include a performance and service condition for vesting to ensure the ongoing alignment of executive interests with the restoration of shareholder value.

Important Notice

The material above is a presentation of general background information about Allco's activities current at the date of the presentation, 29 August 2008. It is information given in summary form and does not purport to be complete.

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities or other instruments in Allco. Actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of Allco. Past performance is not a reliable indication of future performance.

The information in this presentation remains subject to change without notice. Circumstances may change and the contents of this presentation may become outdated as a result.