27 February 2009

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

MacarthurCook Limited (ASX Code: MCK)
Results for Half Year to 31 December 2008

The attached documents comprise the following information.

- Summary of results
- Presentation
- Appendix 4D
- Interim Financial Statements

Yours faithfully

Sarah Christensen
Company Secretary

27 February 2009

Exchange Announcement

ASX Code : MCK

MacarthurCook Limited

Results for Half Year ending 31 December 2008

MacarthurCook Limited announces its financial results for the half year to 31 December 2008, which shows an EBITDA loss before impairment expenses and fair value adjustments of $1.2 million. After impairment expenses and fair value adjustments, the net loss after tax was $11.46 million. As a result of the loss during the period, the directors have determined that no interim dividend will be paid.

The total funds under management (FUM) declined 10%, which under current market circumstances is considered a satisfactory outcome.

Results summary for the half year ending 31 December 2008

	Half Year to 31 December 2008 $'000	Half Year to 31 December 2007 $'000	Change %
Financial Results			
Revenue and other income	6,018	14,801	(59%)
EBITDA before impairment expenses and fair value adjustment	(1,182)	6,602	NM*
Net profit/(loss) after tax	(11,460)	4,219	NM*
	As at 31 December 2008 $'000	**As at 30 June 2008 $'000**	**Change %**
Assets			
Total Assets	26,715	33,888	(21%)
Net assets	11,782	21,310	(45%)
Other Key results			
Share price	$0.14	$1.05	(87%)
Market capitalisation	$3.8m	$28.2m	(87%)
Funds under management	$1,302m	$1,449m	(10%)

* Not meaningful

Market Conditions

The credit market crisis has continued to significantly impact all markets over the six months to 31 December 2008. This has been evidenced by further significant volatility in equity markets and heightened concerns regarding slowing global economic growth. As anticipated, in the last six months we have seen a greater impact on the “real economy” with increased pressure on employment, consumer confidence and asset values.

Under such a backdrop, fund managers have been heavily impacted by these extreme market conditions. This has been evidenced in a number of ways, including significant falls in share and unit prices for all ASX listed property related entities. It has also been evidenced by declining FUM and associated declines in revenues.

The impact of these market conditions is clearly unprecedented and has had a significant impact on the scarcity and cost of debt and equity, which has led to most property related securities not trading on fundamentals.

MacarthurCook has not been immune to these market conditions which has been reflected by a declining share price, a loss for the period and the value of a number of its underlying property fund investments decreasing in value, which gave rise to an impairment expense of $8.1 million.

How is MacarthurCook positioned to manage and grow through such market conditions?

MacarthurCook benefits from having a high proportion of its current revenues (76%) from annuity style sources such as base management fees and having a high proportion of its funds (81%) not subject to redemptions, thereby reducing the risk of significant falls in FUM and revenue from current levels.

This has in part been reflected by the companies FUM not falling significantly over the period (down 10% to $1.3 billion) which in the current climate is considered a satisfactory outcome.

During the period, the Company has also been able to restructure and extend its banking facilities to 31 August 2009, providing more flexible facilities at no material additional cost. This initiative has put the Company in a stronger position to withstand current market conditions as well as take advantage of value-added opportunities that may emerge.

Immediate term business strategy

MacarthurCook has a very strong focus on not only managing through these extreme market conditions but also maintaining a focus on growth, by identifying opportunities to grow organically and through acquisitions.

In regard to organic growth, this will primarily be focussed in the short term on two areas. The first is seeking Australian and Asian real estate securities mandates. The Company has a very strong investment track record in this area, having consistently delivered top quartile returns in excess of their respective benchmarks for both sectors.

In addition, a number of funds are being developed which focus on Asian direct property markets, which reflects the continued attractive outlook for Asia, particularly compared to the US and Europe and the significant skill base MacarthurCook has established in this region over recent years. Investment in these funds will be sought from a range of global capital markets.

In addition to organic growth, the Company is also focussed on the acquisition of other property fund managers or being appointed manager of funds with a view to increasing revenue, scale and profitability. Acquisitions would most likely be funded through a capital raising which would also be used to increase working capital.

The focus of acquisitions would be consistent with the core business of MacarthurCook and compliment not only MacarthurCook's business but potentially one or more of the funds it manages for a range of clients.

During such a difficult environment, the Company has also been focussed on reducing operating costs. Operational expenses declined by nearly 12% during the period and further cost reductions will be sought.

Whilst achieving this tight cost control outcome, the Company has also been able to make a number of important senior appointments in Australia and Asia. This was a key part of the Company's strategy to manage through current market conditions whilst ensuring it has the management skills to grow the business once markets stabilise.

In addition, an ongoing review of our product range may see further rationalisation.

Long term positioning of MacarthurCook

The Company has a clearly differentiated strategy from many other Australian property fund managers, which remains unchanged. This involves being a specialist international real estate investment manager offering innovative investment funds investing in direct property, real estate securities and mortgages.

The Company has established a sound base in the Australian market and a significant business platform in Asia through a regional head office in Singapore. This remains a market which is largely untapped by Australian property fund managers.

A key part of the strategy is to provide opportunities for investors around the world to invest in many of the exciting property investment opportunities which continue to emerge out of attractive markets such as Asia, as well as opportunities which are emerging in the Australian market, following the significant impact of the credit market crisis.

MacarthurCook is already well advanced with its progress across Asia and is the manager of several funds which primarily target direct property or real estate securities in the Asian region.

The Company continues to have significant success in managing Asian property funds, with continued outperformance against benchmark of its Asian real estate securities funds for a major US institution, RMR Advisers. This follows the success of the previous year when the Company received the "Lipper Award" as investment manager for the RMR Asia Pacific Real Estate Fund. The Lipper Award was provided to the best performing closed end real estate fund in the United States.

A clear component of achieving both a stronger platform in Australia and offshore has been the decision to build teams and partner with other groups in these regions.

The global platform which has been established includes the following:

Australia	• MacarthurCook Head Office • Alliance with IOOF Holdings Limited • Investment mandates with Advance Asset Management
Singapore	• MacarthurCook Asian regional office • Alliance with United Engineers
Japan	• Alliance with Atlas Partners Japan
United States	• Alliance with RMR Advisors • Investment manager for two RMR funds listed on AMEX • Licensed to manage US funds

These alliances bring skills which complement the core strengths and focus of MacarthurCook, particularly in areas such as raising capital.

We look forward to reporting on the success of these initiatives throughout the year.

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MacarthurCook Limited
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Mr Simon Grant
Chief Executive Officer
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MacarthurCook Limited
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Mr Warren Boothman
Head of Institutional Business
MacarthurCook Limited
Ph: +61 3 9660 4555

About MacarthurCook:

MacarthurCook Limited (MCK) is an Australian Securities Exchange (ASX) listed company with offices in Australia and Singapore, specialising in the investment management of direct property, real estate securities and mortgage assets.

MacarthurCook manages approximately A$1.3 billion on behalf of over 22,000 investors. MacarthurCook is a quality endorsed company (ISO 9001:2000 international standard accreditation), and is the investment manager for MacarthurCook Industrial REIT, MacarthurCook Industrial Property Fund, MacarthurCook Office Property Trust, MacarthurCook Mortgage Fund, Advance Mortgage Fund, MacarthurCook Property Securities Fund, Advance Property Securities Fund, RMR Asia Pacific Real Estate Fund and the RMR Asia Real Estate Fund

The MacarthurCook Property Securities Fund is listed on the ASX and the Singapore Securities Exchange. The MacarthurCook Industrial Property Fund is listed on the ASX. The MacarthurCook Industrial REIT is listed on the Singapore Exchange. The RMR Asia Pacific Real Estate Fund and RMR Asia Real Estate Fund are listed on the American Stock Exchange.

In 2005, 2006, 2007 and 2008 BRW magazine named MacarthurCook as one of Australia's fastest-growing companies in its Fast 100 list.

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INTERNATIONAL REAL ESTATE INVESTMENT MANAGERS

MacarthurCook Half Year Results Presentation

(ASX Code: MCK)

February 2009

Presentation Outline

- Business Overview & Structure
- Current market conditions
- How MacarthurCook is positioned
- What MacarthurCook is doing short and long term
- Key Financial Results for the Half Year to December 2008

- Appendices
    - Key performance measures
    - Investment funds
    - Fee analysis

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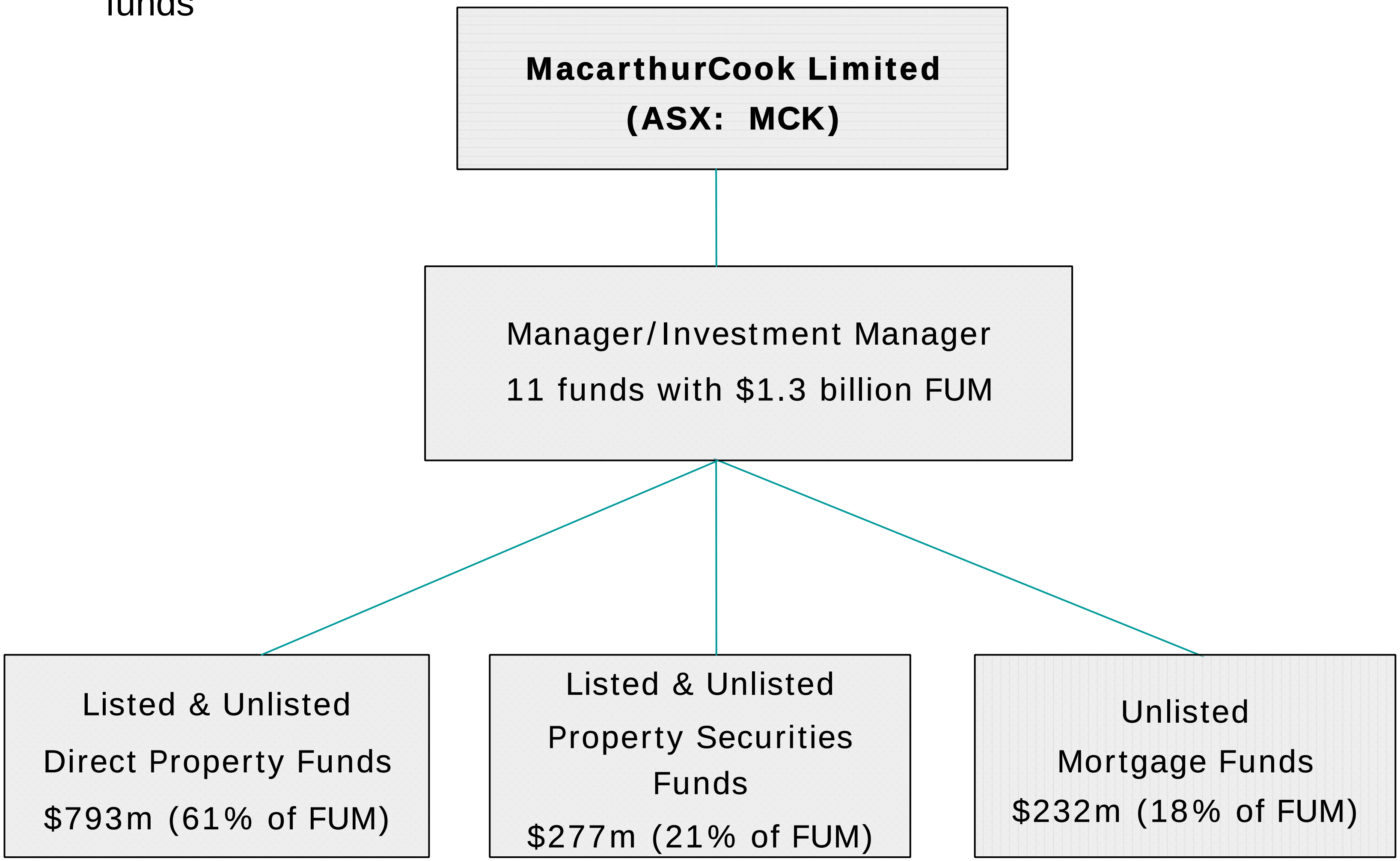
Business Overview and Structure

Overview & Corporate Structure

- Listed international real estate investment management company
- Managing 11 funds across Australia, Asia and the United States
- Generating revenue primarily through fees for management of real estate related funds



Figures as at 31 December 2008

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Current market conditions

Credit market crisis has significantly impacted property fund managers

Market dynamics

- Impact unprecedented
- Dramatic impact on the scarcity and cost of debt and equity
- Investor returns and investor confidence severely impacted
- Significant volatility in equity and securitized property markets

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Credit market crisis has significantly impacted property fund managers (cont'd)

<u>Industry specific impacts</u>

- Declining FUM through redemptions and falling asset values
- Declining income streams due to the above and minimal transaction fees
- Greater reliance on funds with no redemptions and annuity style revenues from base fees
- Funds with relatively high gearing and debt refinancing, have been particularly impacted

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How MacarthurCook is positioned

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Business Segments & Sources of Revenue

- A diversified source of potential revenue streams underpinned by:
  - a significant component of annuity style earnings from base fees (currently 76%);
  - a low proportion of transaction fees (currently 7%); and
  - a high proportion of funds (81%) not subject to redemptions.

Business Segments	Listed & Unlisted Direct Property Funds	Listed & Unlisted Real Estate Securities Funds	Unlisted Mortgage Funds
Revenue Sources	•Base Management Fees •Performance Fees •Acquisition/Transaction Fees •Property Management •Return on Strategic Investments	•Base Management Fees •Performance Fees •Return on strategic investments	•Base Management Fees

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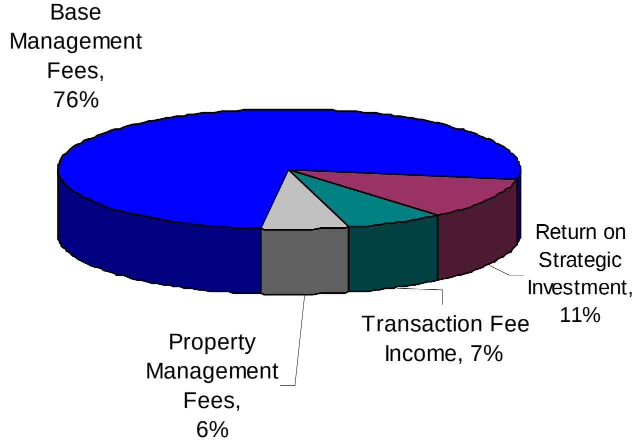
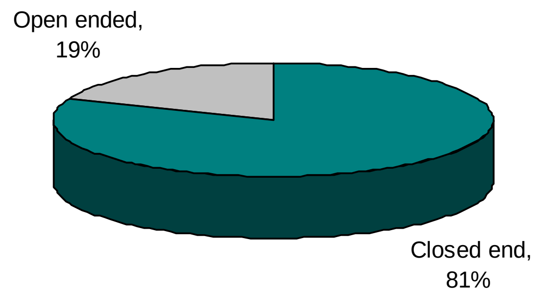
Revenue by Segments



- Majority of revenue is annuity style, generated from base management fees



- Majority of revenue is from closed end funds with notionally fixed capital base, not subject to redemptions

Figures as at 31 December 2008

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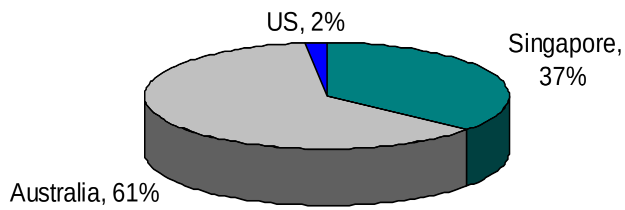
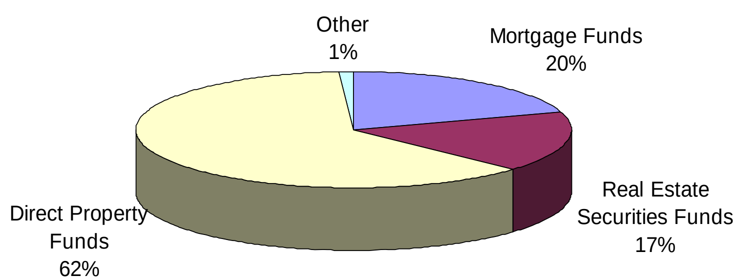
Revenue by Segments



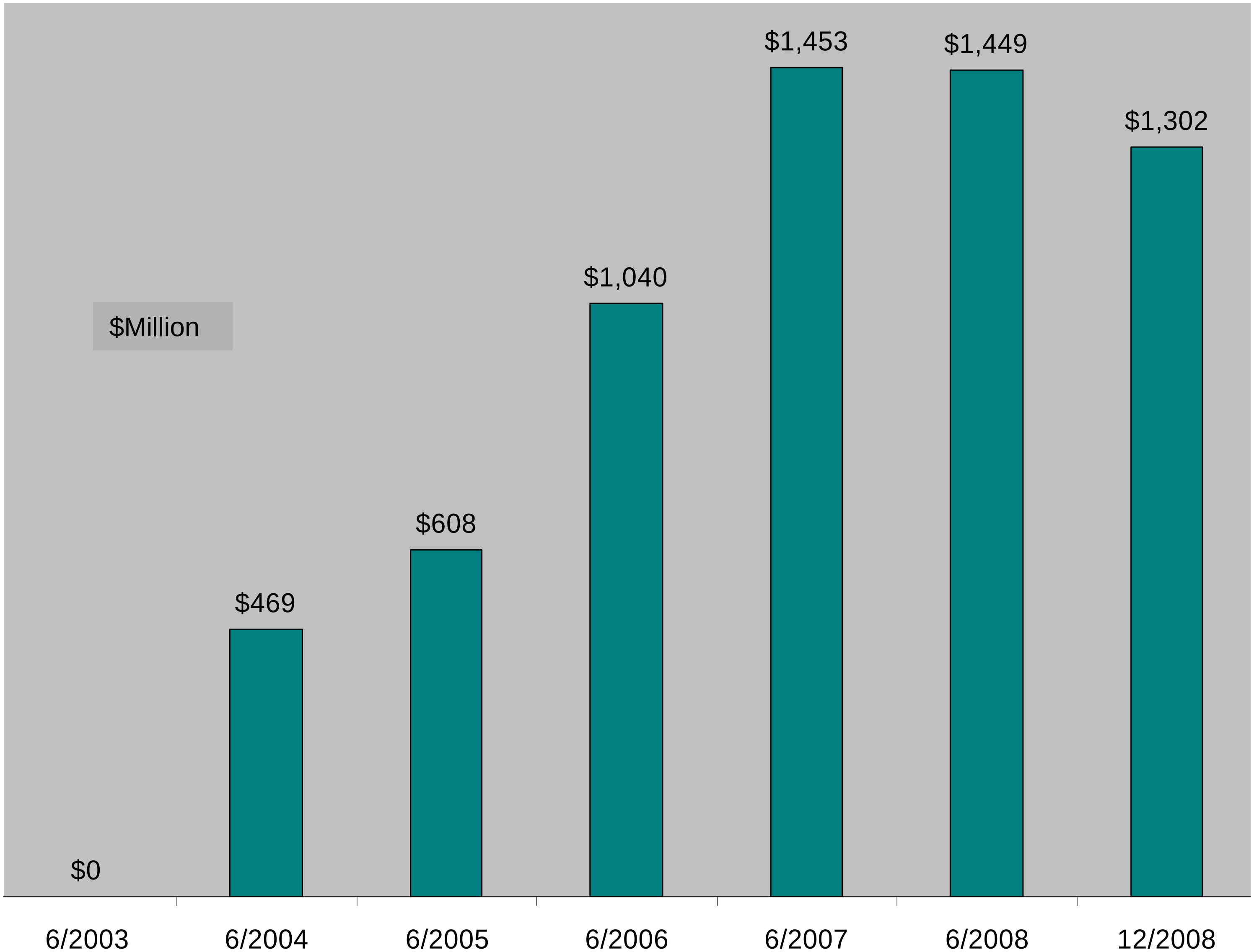
- Asia is becoming more important for our gross revenue
- International sources of capital increasing in importance



- Direct property funds are the major source of profitability
- Real estate securities and mortgage funds provide important diversification to the income stream

Figures as at 31 December 2008

MacarthurCook has a history of growing and maintaining FUM



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What is MacarthurCook doing short term to manage extreme market conditions and long term once market conditions stabilize?

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Immediate Term Business Strategy

- Manage through extreme market conditions and provide a stronger platform for growth, once markets conditions stabilize
- Management of existing funds and repositioning/rationalisation of funds which require structural change
- Tight management of cost base
- Appointment of additional highly capable senior executives in Australia and Asia capable of managing major short term challenges but who can significantly expand the business once markets conditions stabilize
- Seek to grow revenue and FUM from existing platforms

  Internationally
  - launching new Asian real estate securities and real estate related funds
  - raising equity from international capital markets

  Australia
  - seeking mandates for Australian and Asian real estate securities
  - raising equity from international capital markets
  - managing IOOF mortgage and property portfolios
- Maintaining a focus on growth and identifying opportunities to grow revenue and FUM through acquisitions of other property fund managers

Differentiated Business Model and Strategy

- Long term business strategy and focus on differentiation remains a sound strategy
- Differentiated business model from Australian fund managers
- Particular areas of differentiation include:
  - Sound platform in Australia significantly enhanced by position in Asia
  - Focus on Asia ensures targeting of most attractive and untapped region globally
  - Sourcing investment from international capital markets
  - Role of Investment Manager as well as Fund Manager
  - Focus on wholesale clients/mandates
  - Forming strategic alliances which compliment expansion/core strengths/focus of MacarthurCook

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New appointments have strengthened the team

- Appointments since the start of the 2009 financial year

Australia

Warren Boothman
Head of Institutional Business

Sarah Christensen
Head of Legal & Company Secretary

Ross Tzolakis
Corporate Treasurer

Grant Earney
Chief Financial Officer

Singapore

Larry Mendelowitz
CEO-Asia

Nicholas McGrath
Head of Real Estate Asia

Lester Leow
Fund Manager-MI-REIT

Wee Lih Koh
Senior Investment Manager

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Expanded Australian & International Platform

- MacarthurCook is continuing to seek to expand its distribution capacity and developing an international platform to facilitate growth and broaden its investment capabilities.
- The focus is on establishing JVs with established local players thereby reducing costs and risks and increasing speed to market.

<u>Australia</u>

IOOF

- Strategic alliance finalised with IOOF
- Capital injection and reduction of gearing
- New like minded institutional investor (13% of MacarthurCook)
- MacarthurCook seeking to finalise management of IOOF mortgage and property portfolios

Advance

- Mortgage and real estate securities mandates with Advance- consistently top quartile for real estate securities

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International Platform

Singapore

- Established office of 9 staff with a range of recent senior appointments including CEO- Asia (Larry Mendelowitz)
- MacarthurCook Industrial-REIT and MacarthurCook Property Securities Fund listed on SGX (& ASX)
- Manage 21 properties in Singapore
- JV with United Engineers Limited
- New fund opportunities being developed

United States

- JV with RMR Advisors Inc. who manage U.S. circa $14b in FUM
- MacarthurCook investment manager for two Asian focused real estate securities funds (RAP & RAF listed on AMEX)
- Both Funds have consistently outperformed their respective benchmarks
- RAP awarded “Lipper' Award” - Top U.S. closed end property fund
- Exploring opportunities to launch new funds in conjunction with RMR

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Key Financials Results for Half Year to 31 December 2008

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Key Financial Results & Highlights for half year to 31/12/2008

Financial Results

- Income down 59% to $6m
- Total funds under management remained relatively stable (down 10%) considering extreme market conditions
- EBITDA before impairment and fair value adjustments down from $6.6m to a loss of $1.2 million
- Impairment and fair value adjustments totaling $10.4 million, following a further deterioration in market conditions

Restructured and extended Debt Facility

- Debt increased from $6.3m as at 30 June 2008 to $7.1m
- Facility extended to 31/8/2009
- Comprises amortising cash advance of $7.5 million and an overdraft facility of $0.5 million

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Financial Results

	Half year ending 31/12/2008 $'000	Half year ending 31/12/2007 $'000	% Change
Revenue and other income	6,018	14,801	(59%)
Share of losses from associates	(36)	-	NM*
Commissions	(588)	(612)	4%
Employment	(3,792)	(3,759)	(1%)
Marketing	(150)	(145)	(3%)
Product & Market Development	(91)	(619)	85%
Occupancy	(276)	(248)	(11%)
Administration & Fund Expenses	(2,267)	(2,816)	(19%)
EBITDA before impairment	**(1,182)**	**6,602**	(118%)
Amortisation & Depreciation	(131)	(120)	(9%)
Finance Costs	(431)	(430)	-
Impairment Expenses	(8,098)	(619)	1,208%
Change in FV of liability	(2,329)	391	(696%)
Net Profit Before Tax	**(12,171)**	**5,824**	(309%)
Tax benefit/(expense)	711	(1,605)	144%
Net Profit After Tax	**(11,460)**	**4,219**	372%

*** NM- not meaningful**

MACARTHURCOOK
INTERNATIONAL REAL ESTATE INVESTMENT MANAGERS

Contacts

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Warren Boothman, Head of Institutional Business

Grant Earney, Chief Financial Officer

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Disclaimer

This information may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

Any discrepancies in the tables included in this information between the listed amounts and total therefore are due to rounding.

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Appendix 1: Key Performance Measures

Key Performance Measures	31 Dec 2008	31 Dec 2007
Earnings per share (cents)	(42.5)	18.4
EBIT & non operating margin (%)	(21.8)	43.8
Interest cover before non operating expenses (times)	(2.7)	15.4
Return on shareholders' funds (%)	(246.0)	19.6
Net asset backing per share (cents)	43.8	79.3
Total debt ($M)	7.1	10.2
Total debt to equity (%)	60.3	47.9
Share price – end of period ($)	0.14	3.20
Stockmarket capitalisation ($m)	3.8	86.0
Number of investment funds	11	13
Funds under management (FUM $m)	1,302	1,571
Number of investors	22,793	26,670
Average investment amount ($)	57,105	58,898
No of staff at end of period	41	45
FUM per employee ($m)	31.7	34.9

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Appendix 2: Investment Funds

Name	Fund type	Fund features	Funds under management
			31 Dec 2008 $M
MacarthurCook Mortgage Fund	Unlisted mortgage fund	• Monthly income • Conservative investment policy • Quarterly withdrawals	170.2
MacarthurCook Industrial REIT	SGX-listed property fund	• Quarterly income • Broadly diversified property fund • Relatively high income • Listed on SGX	568.0
MacarthurCook Industrial Property Fund	ASX-listed sector specific property trust	• Quarterly income • Sector specific direct property fund	149.7
MacarthurCook Office Property Trust	Unlisted sector specific property trust	• Sector specific direct property fund	38.7
MacarthurCook Retail Property Trust	Unlisted sector specific property trust	• Sector specific direct property fund	36.1
MacarthurCook Property Securities Fund	ASX-listed and SGX-listed real estate securities fund	• Quarterly income • Broadly diversified property fund • Relatively high income • Listed on ASX and SGX	152.0
MacarthurCook Asian Real Estate Securities Fund		• Fund being wound up	12.5
MacarthurCook Diversified Property Income Fund	Unlisted diversified property fund	• Monthly income • Diversified property securities portfolio	2.0
Investment mandates	Appointed investment manager of:		
	• Advance Mortgage Fund • Advance Property Securities Fund • RMR Asia Pacific Real Estate Fund • RMR Asia Real Estate Fund	• Investment funds of which Advance Asset Management is the responsible entity • Asia real estate securities funds, listed on the American Stock Exchange and operated by RMR Advisors, Inc.	61.7 22.1 24.0 65.0
Total			1,302

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INTERNATIONAL REAL ESTATE INVESTMENT MANAGERS

Appendix 3: Ongoing management fee analysis

	Management Fees Half year to 31 Dec 2008 $000	Management Fees Half year to 31 Dec 2007 $000
Mortgages		
MacarthurCook Mortgage Fund	899	989
Advance Mortgage Fund	96	95
Ave fee rate charged for year	0.89%	0.82%
Direct Property		
MacarthurCook Industrial REIT	1,819	1,014
MacarthurCook Industrial Property Fund	564	699
MacarthurCook Office Property Trust	254	293
MacarthurCook Retail Property Trust	(193)	366
Avg fee rate charged for year	0.60%	0.78%
Real Estate Securities		
MacarthurCook Property Securities Fund	394	539
MacarthurCook Asian Real Estate Securities Fund	68	162
Advance Property Securities Fund	100	100
MacarthurCook Diversified Property Income Fund	8	23
RMR Asia Pacific Real Estate Fund	33	64
RMR Asia Real Estate Fund	88	125
Ave fee rate charged for year	0.42%	0.40%
Total Management Fees	**4,130**	**4,469**

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INTERNATIONAL REAL ESTATE INVESTMENT MANAGERS

APPENDIX 4D – HALF YEAR REPORT
PERIOD ENDING 31 DECEMBER 2008

MACARTHURCOOK LIMITED

AND ITS CONTROLLED ENTITIES
A.B.N 64 009 110 463

1. **Reporting Period**

Half-year report for the period ended 31 December 2008. Previous corresponding half-year period ended 31 December 2007.

2. **Results for announcement to the market**

The following results for the six months to 31 December 2008, during which the Company has been operating as a real estate investment manager, are compared with the previous corresponding period to 31 December 2007.

				$000
2.1 Income from ordinary activities	down	59.3%	to	6,018
2.2 Loss from ordinary activities after tax (see 2.5 below)	down to			(11,460)
2.3 Net loss for the period attributable to members	down to			(11,440)

2.4 There was no dividend payable for the year to 30 June 2008 (2007: 3.0 cents per share, fully franked). No interim dividend has been declared.

2.5 Loss from ordinary activities after tax of $11,460,000 includes an impairment charge of $8,006,000 which relates to the Group's investment holdings. The impairment expense on investments has been recognised as prescribed by Accounting Standard 139 "Financial Instruments: Recognition and Measurement". The Directors do not consider this to be an ordinary expense of the business and believe the decrease in value of investments is more due to the credit crisis than a deterioration in underlying property values. A loss will only be realised in cash terms if the investments are sold while their price is below the initial purchase price. A further impairment charge of $92,000 was recognised upon fair valuing the assets of Kinloch Funds Management Limited when control of that entity was acquired (See Note 12 of the attached accounts)

The result also includes significant non-cash revaluations of financial liabilities due to changes in the underlying drivers of the calculation of their fair value such as market valuation of the MacarthurCook Office Property Trust and the movement in the Singapore dollar / Australian dollar exchange rate (See Note 9 of the attached accounts). These revaluations have a total non-cash expense of $2,329,000.

The result before tax, impairment and non-cash revaluation is a loss of $1,744,000 (half year ended 31 December 2007 profit of $6,052,000). The previous period's result includes a once only fee of $4,500,000 received as compensation for a reduced fee structure for MacarthurCook Industrial Property Fund.

For further details of these results, refer to the accompanying interim financial report.

MACARTHURCOOK LIMITED

AND ITS CONTROLLED ENTITIES
A.B.N 64 009 110 463

3. Net tangible assets per security

	31 December 2008	30 June 2008
Net tangible asset per security	($0.099)	$0.255

Goodwill of $10.218 million ($0.380 per security) associated with the acquisition of the Responsible Entity, MacarthurCook Fund Management Limited and $4.229 million ($0.157 per security) of management rights have been excluded from the net tangible assets in accordance with accepted accounting practice.

4. Entities over which control has been gained or lost during the period

On 2 October 2008, the Company increased its shareholding in Kinloch Funds Management Limited from 33.33% to 80%.

5. Dividends

There was no dividend payable for the year to 30 June 2008 and no interim dividend has been declared. A final dividend of 3.0 cents per share relating to the year to 30 June 2007 was paid on 2 November 2007.

6. Dividend reinvestment plan

Not applicable

7. Associates & joint venture entities

The Company accounted for Kinloch Funds Management Limited as an associate until 2 October 2008 when it acquired control of that entity (see 4. above).

8. Accounting standards applied to foreign entities

Foreign entities have been accounted for using International Financial Reporting Standards.

9. Audit dispute or qualification

Not applicable

MACARTHURCOOK LIMITED

ABN 64 009 110 463

HALF-YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2008

Directors' Report

The Board of Directors of MacarthurCook Limited present their financial report on the Company and its controlled entities (MacarthurCook) for the half-year ended 31 December 2008.

The names of the Directors of the Company during or since the end of the half-year are:

Mr Richard Haddock, Independent Chairman and Non-Executive Director
Mr Craig Dunstan, Managing Director
Mr Nick Basile, Non-Executive Director (resigned effective 19 December 2008)
Mr Geoff Coffey, Non-Executive Director
Mr Hugh Gurner, Non-Executive Director
Ms Jane Tongs, Non-Executive Director

All Directors except for Mr Basile have been in office since the start of the financial year to the date of this report.

Review of Operations

The global collapse of credit markets, substantial reduction in share market prices and decline in property market values over the past twelve months have provided MacarthurCook with significant challenges. This deterioration in the external market environment has adversely impacted both the demand for and valuation of property related funds. MacarthurCook has therefore focused on cost management and streamlining its business activities whilst positioning to capitalise on opportunities when financial markets recover.

The condensed consolidated Income Statement shows a consolidated loss of $11.46 million (half-year to December 2007: profit of $4.219 million).

The result before impairment, change in fair value of liabilities and income tax expense shows a consolidated loss of $1.744 million (half-year to December 2007: profit of $6.052 million).

Total income declined by $8.783 million to $6.018 million compared with $14.801 million in the prior corresponding period. This was primarily driven by the significant reduction of transaction and other fee income (reduction of $7.385 million) as financial markets dried up and opportunities for new funds and transactions by existing funds became extremely limited. In addition, there was a 22% ($1.433 million) reduction in management fees as lower market values adversely impacted the level of funds under management.

Total expenses have decreased to $7.762 million from $8.749 million in the prior corresponding period. This reflects rationalization of activities and tight cost control in order to reduce expenses given the reduced revenue base.

The impairment writedown of $8.098 million relates to the portfolio of investments held by MacarthurCook. Of this amount, $3.2 million relates to investments initially impaired at 30 June 2008 where further decline in market prices has been experienced. An amount of $4.806 million relates to listed units in the MacarthurCook Industrial REIT which holds a portfolio of high quality properties mostly in Singapore. The impairment calculation at 31 December 2008 was based on a depressed market price of S$0.25. Directors consider that this market price significantly understates the underlying value of the Trust whose net asset value at that date was reported at S$1.27.

As at 31 December 2008, MacarthurCook entities held units in the listed and unlisted funds for which Group member companies are the Responsible Entity or Manager, with a value of $4.295 million (June 2008: $10.152 million).

Directors' Report (cont'd)

During the past six months, significant achievements have included:

- Development of the strategic investment management and distribution alliance with IOOF Holdings Limited;
- On 9 September 2008 MacarthurCook Limited accepted a restructured and extended banking facility for $8 million, comprising an amortising cash advance of $7.5 million (which amortises in equal quarterly instalments of $0.4 million, beginning October 2008) and an overdraft of $0.5 million. This facility is due for renewal on 31 August 2009;
- Recruitment of highly experienced senior executives to strengthen the MacarthurCook executive management team. This includes Mr. Larry Mendelowitz as Chief Executive Officer Asia, Mr. Nicholas McGrath as Head of Real Estate Asia, Mr. Grant Earney as Group Chief Financial Officer, Mr Warren Boothman as Head of Institutional Business and Ms Sarah Christensen as Head of Legal & Compliance and Company Secretary; and,
- Closure and rationalization of uneconomic funds including Brandsmart Riverbank Property Syndicate, MacarthurCook Asian Real Estate Securities Fund and MacarthurCook Retail Property Trust.

Going Concern

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

In view of the difficult market conditions impacting the property industry, for the reasons described below, there is material uncertainty about the ability of MacarthurCook to continue as a going concern:

- the Group's current liabilities of $14.933 million exceed current assets of $7.903 million as at 31 December 2008;
- the Group has recorded a net loss for the six months ended 31 December 2008 of $11.46 million which includes a pre-tax operating loss of $1.744 million, non-cash impairment expense of $8.098 million, increase in value of put-option liabilities of $2.329 million and income tax benefit of $0.711 million;
- negative cash flows from operating activities of $2.080 million for the six months ended 31 December 2008; and
- the Company's corporate banking facilities are due for renewal on 31 August 2009.

Directors' Report (cont'd)

After considering the inherent material uncertainties, the directors are of the view that the continued application of the going concern basis of accounting is appropriate due to a range of initiatives which are aimed at improving its long and short term financial position and prospects.

These initiatives include:

1. Improvements to operating cash flow
2. The raising of additional equity
3. The deferral or partial or full payment of two put option current liabilities

Improvement to Operating Cash Flow
The Company has implemented a range of initiatives to reduce operating expenses. Chief amongst these initiatives will be a reduction in cash payments for remuneration costs.

In addition, the Company is investigating a range of opportunities to increase management fee revenue through being appointed responsible entity or investment manager of other property, mortgage or real estate securities funds.

On 13 February 2009, the Company entered into a Heads of Agreement to be appointed manager of a $156 million property trust for nominal consideration that would generate a net annual management fee of approximately $0.75 million. This potential acquisition is subject to satisfactory due diligence by both parties and relevant approvals and there is no certainty it will proceed.

The Company is also in discussion with a range of parties about other acquisitions.

Raising of Additional Equity
In order to facilitate the building of the business and improve revenue and profitability, the Company is investigating a range of equity raising alternatives.

Put Option Current Liabilities
The Company has entered into two put option agreements, the first allows a party to sell its 7.5% stakeholding in the manager of MacarthurCook Industrial REIT to the Company ("UE put option") and the second that allows a party to sell approximately 5.9 million units in the MacarthurCook Office Property Trust to the Company ("OPT put option").

On 26 February 2009, the Company reached agreement with the holder of the OPT put option to defer the beginning of the put option exercise period from 1 July 2009 to 1 October 2010 with documentation to be exchanged. The Company is currently in discussions with the holder of the UE put option regarding potential deferral of the beginning of the put option exercise period which is currently March 2009. As at balance date the put options have a value of $5.665 million. On the basis of 31 December 2008 carrying values, the transfer of these to non-current liabilities would decrease the negative net current assets position to $1.365 million.

Prior to the exercise of either of the put options it is currently expected that the MacarthurCook Office Property Trust will make a withdrawal offer to unitholders, thereby reducing that particular liability.

The ability of the Company to continue as a going concern is dependent on its ability to improve operating cash flow, raise additional equity, renegotiate the UE put option liability and renew its banking facility. The Company's financier continues to provide support to the Company. The financier provided a waiver in relation to the breach of the Interest Coverage Ratio covenant on 23 December 2008. In addition, the financier advised on 23 February 2009 that it will not take any action with respect to the breach of the Ratio of Shareholders Funds to Total Assets covenant after this issue became apparent upon finalisation of carrying values.

Directors' Report (cont'd)

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Subsequent events
Other than as noted elsewhere in this report, there has not arisen in the interval between the end of the half year and the date of this Report any item, transaction or event of a material and unusual nature likely in the opinion of the Directors to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Auditor's Independence Declaration
The auditor's independence declaration is included on page 5 of the half year Financial Report.

Rounding of amounts
The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the half year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to s306(3) of the Corporations Act 2001:

On behalf of the Directors

Richard M Haddock
Chairman
Melbourne
27 February 2009

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
MacarthurCook Limited
Level 4, 30 Collins Street
Melbourne VIC 3000

27 February 2009

Dear Board Members

MacarthurCook Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MacarthurCook Limited.

As lead audit partner for the review of the financial statements of MacarthurCook Limited for the half-year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter A Caldwell
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the Members of MacarthurCook Limited

We have reviewed the accompanying half-year financial report of MacarthurCook Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated cash flow statement and consolidated statement of recognised income and expense for the half-year ended on that date, selected explanatory notes and the directors' declaration of the Company and the entities it controlled ("the Group") at the end of the half-year or from time to time during the half-year as set out on pages 8 to 24

Directors' Responsibility for the Half-Year Financial Report

The directors of MacarthurCook Limited 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 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 MacarthurCook Limited, 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. 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.

Deloitte.

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the Group incurred a net loss of $11.460 million during the half-year ended 31 December 2008, (inclusive of impairment charges of $8.098 million and $2.329million relating to the revaluation of financial liabilities) and, as of that date, the Group's current liabilities exceeded its current assets by $7.030 million. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter A. Caldwell
Partner
Chartered Accountants
Melbourne, 27 February 2009

Directors' Declaration

The Directors of MacarthurCook Limited ("the Company") declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001:

On behalf of the Directors

Richard M Haddock
Chairman
Melbourne
27 February 2009

Consolidated Income Statement
for the half-year ended 31 December 2008

	Note	Consolidated Half-year ended 31 Dec 2008 $000	Consolidated Half-year ended 31 Dec 2007 $000
Revenue		5,378	14,196
Other income		640	605
Total Income	3	**6,018**	**14,801**
Share of losses of associates accounted for using the equity method	12	(36)	-
Commission expenses		(588)	(612)
Employee expenses		(3,792)	(3,759)
Fund administration expenses		(811)	(1,668)
Marketing expenses		(150)	(145)
Product & market development expense		(91)	(619)
Occupancy expenses		(276)	(248)
Administration expenses		(1,456)	(1,148)
Amortisation & depreciation expenses		(131)	(120)
Finance costs	4	(431)	(430)
Total Expenses before change in fair value of liabilities and impairment		**(7,762)**	**(8,749)**
Profit/(loss) **before impairment, change in fair value of liabilities and income tax expense**		**(1,744)**	**6,052**
Impairment expenses	5	(8,098)	(619)
Change in fair value of financial liabilities designated as at fair value through profit and loss	9	(2,329)	391
Profit/(loss) before income tax expense		**(12,171)**	**5,824**
Income tax benefit/(expense)		711	(1,605)
Profit/(loss) for the period		**(11,460)**	**4,219**
Attributable to:			
Equity holders of the parent		(11,440)	4,131
Minority interest		(20)	88
		(11,460)	4,219
Earnings per share			
Basic (cents per share)		(42.54)	18.39
Diluted (cents per share)		(42.54)	14.90

Notes to the Financial Statements are included on pages 13 to 24.

Consolidated Balance Sheet
as at 31 December 2008

		Consolidated	
		31 Dec 2008	30 June 2008
	Note	$000	$000
CURRENT ASSETS			
Cash and cash equivalents		528	859
Receivables		3,084	4,306
Other financial assets	7	4,008	9,454
Current tax assets		117	-
Other		166	81
Total current assets		7,903	14,700
NON-CURRENT ASSETS			
Other financial assets	7	287	698
Investments accounted for using the equity method	12	-	129
Plant and equipment		347	372
Deferred tax assets		3,559	3,406
Goodwill		10,218	10,218
Other intangible assets		4,229	4,229
Other		172	136
Total non-current assets		18,812	19,188
Total assets		26,715	33,888
CURRENT LIABILITIES			
Trade and other payables		1,886	2,469
Borrowings	8	7,100	6,263
Other financial liabilities	9	5,665	3,259
Current tax liabilities		-	314
Provisions		282	273
Total current liabilities		14,933	12,578
Total liabilities		14,933	12,578
Net assets		11,782	21,310
EQUITY			
Issued capital		26,544	26,529
Reserves	10	1,773	(146)
Accumulated losses		(16,611)	(5,142)
Equity attributable to equity holders of the parent		11,706	21,241
Minority interest		76	69
Total equity		11,782	21,310

Notes to the Financial Statements are included on pages 13 to 24.

Consolidated Statement of Recognised Income and Expense for the half-year ended 31 December 2008

	Consolidated	
	Half-year ended 31 Dec 2008 $000	Half-year ended 31 Dec 2007 $000
Profit/(loss) for the period	(11,460)	4,219
Gain/(loss) on available-for-sale investments taken to equity	-	(2,199)
Transfer to profit or loss on impairment of available for sale investments	1,214	-
Exchange differences arising on translation of foreign operations	527	28
Total recognised income and expense for the period	**(9,719)**	**2,048**
Attributable to:		
Equity holders of the parent	(9,699)	1,960
Minority interests	(20)	88
	(9,719)	**2,048**
Effects of corrections of errors:		
Attributable to equity holders of the parent		
- increase in retained earnings at the beginning of the period	-	411
	-	411

Notes to the Financial Statements are included on pages 13 to 24.

Consolidated Cash Flow Statement for the half-year ended 31 December 2008

	Consolidated	
	Half-year ended 31 Dec 2008 $000	Half-year ended 31 Dec 2007 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	7,083	9,411
Payments to suppliers and employees	(8,369)	(9,567)
Finance costs	(381)	(266)
Income tax paid	(413)	(2,204)
Net cash provided by / (used in) operating activities	**(2,080)**	**(2,626)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	45	74
Proceeds from sale of investments	-	300
Distributions received	844	163
Payments for plant and equipment	(40)	(293)
Payments for investments	-	(7,647)
Payments as loans to other entities	(60)	(1,549)
Repayment of loans to other entities	132	1,499
Net cash provided by / (used in) investing activities	**921**	**(7,453)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	470
Dividends paid	(2)	(381)
Proceeds from borrowings	7,500	6,366
Repayment of borrowings	(6,670)	(250)
Net cash provided by / (used in) financing activities	**828**	**6,205**
Net increase / (decrease) in cash held	(331)	(3,874)
Cash and cash equivalents at the beginning of the financial period	859	3,027
Cash and cash equivalents at the end of the financial period	**528**	(847)

Notes to the Financial Statements are included on pages 13 to 24.

Notes to the condensed consolidated Financial Statements for the half-year ended 31 December 2008

1. Significant accounting policies

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(b) Basis of preparation

The Financial Statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2008 annual financial report for the financial year ended 30 June 2008.

(c) Going Concern Basis of Accounting

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

In view of the difficult market conditions impacting the property industry, for the reasons described below, there is material uncertainty about the ability of MacarthurCook to continue as a going concern:

- the Group's current liabilities of $14.933 million exceed current assets of $7.903 million as at 31 December 2008;
- the Group has recorded a net loss for the six months ended 31 December 2008 of $11.46 million which includes a pre-tax operating loss of $1.744 million, non-cash impairment expense of $8.098 million, increase in value of put-option liabilities of $2.329 million and income tax benefit of $0.711 million;
- negative cash flows from operating activities of $2.080 million for the six months ended 31 December 2008; and
- the Company's corporate banking facilities are due for renewal on 31 August 2009.

1. Significant accounting policies (cont'd)

After considering the inherent material uncertainties, the directors are of the view that the continued application of the going concern basis of accounting is appropriate due to a range of initiatives which are aimed at improving its long and short term financial position and prospects.

These initiatives include:

- Improvements to operating cash flow
- The raising of additional equity
- The deferral or partial or full payment of two put option current liabilities

Improvement to Operating Cash Flow
The Company has implemented a range of initiatives to reduce operating expenses. Chief amongst these initiatives will be a reduction in cash payments for remuneration costs.

In addition, the Company is investigating a range of opportunities to increase management fee revenue through being appointed responsible entity or investment manager of other property, mortgage or real estate securities funds.

On 13 February 2009, the Company entered into a Heads of Agreement to be appointed manager of a $156 million property trust for nominal consideration that would generate a net annual management fee of approximately $0.75 million. This potential acquisition is subject to satisfactory due diligence by both parties and relevant approvals and there is no certainty it will proceed.

The Company is also in discussion with a range of parties about other acquisitions.

Raising of Additional Equity
In order to facilitate the building of the business and improve revenue and profitability, the Company is investigating a range of equity raising alternatives.

Put Option Current Liabilities
The Company has entered into two put option agreements, the first allows a party to sell its 7.5% stakeholding in the manager of MacarthurCook Industrial REIT to the Company ("UE put option") and the second that allows a party to sell approximately 5.9 million units in the MacarthurCook Office Property Trust to the Company ("OPT put option").

On 26 February 2009, the Company reached agreement with the holder of the OPT put option to defer the beginning of the put option exercise period from 1 July 2009 to 1 October 2010 with documentation to be exchanged. The Company is currently in discussions with the holder of the UE put option regarding potential deferral of the beginning of the put option exercise period which is currently March 2009. As at balance date the put options have a value of $5.665 million. On the basis of 31 December 2008 carrying values, the transfer of these to non-current liabilities would decrease the negative net current assets position to $1.365 million.

Prior to the exercise of either of the put options it is currently expected that the MacarthurCook Office Property Trust will make a withdrawal offer to unitholders, thereby reducing that particular liability.

The ability of the Company to continue as a going concern is dependent on its ability to improve operating cash flow, raise additional equity, renegotiate the UE put option liability and renew its banking facility. The Company's financier continues to provide support to the Company. The financier provided a waiver in relation to the breach of the Interest Coverage Ratio covenant on 23 December 2008. In addition, the financier advised on 23 February 2009 that it will not take any action with respect to the breach of the Ratio of Shareholders Funds to Total Assets covenant after this issue became apparent upon finalisation of carrying values.

1. Significant accounting policies (cont'd)

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

2. Critical accounting estimates

In preparing the interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial report for the year to 30 June 2008 except for those outlined below.

Goodwill and Management Rights

The Group has a Goodwill asset of $10.218 million and Management Rights asset of $3.979 million at 31 December 2008 (the same carrying values as at 30 June 2008).

Goodwill and intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Determination of the recoverable amount is affected in the current market due to the inherent subjectivity in the underlying assumptions.

The carrying amount of the asset is required to be compared to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Method 1 – Value in use –key assumptions

- Definition of cash generating unit.
  Goodwill and Management Rights with indefinite useful lives have been allocated for impairment testing purposes to a single cash generating unit.

- Impact of estimates on the calculation of discounted cash flow projections.
  The recoverable amount is based on a value in use calculation which uses discounted cash flow projections based on financial budgets for the year to 30 June 2009 and for the remaining five years of the six year projection. The Company has reviewed the underlying assumptions in the model. Key inputs into the model have changed, being the adjustment of the discount rate to 13% (30 June 2008: 11%) reflecting a higher cost of capital and the average projected growth rate in Funds Under Management reducing to 15% (30 June 2008: 18%). The table below shows the sensitivity of a 1% move in these assumptions to the goodwill value when calculated under the value in use methodology.

2. Critical accounting estimates (cont'd)

- Summary of assumptions and sensitivities is shown in the table below:

Assumption / variable	Key input
FUM starting point	FUM $1.302 billion at 31/12/08 increasing to $1.7 billion by 30/6/09
FUM growth	30/6/09 FUM to increase by 15% per annum over the forecast period.
Inflation	3.5% per annum used for each year over the forecast period.
Management fee on FUM	0.7% used for 2009 and 2010, then 0.65% for 2011 and the remainder of the forecast period.
Weighted Average Cost of Capital	13% WACC
Transaction fees	$0.4 million for 2009, nil in 2010, $2 million in 2011, then rising by $1 million each year for the remainder of the forecast period.
Terminal value	2% growth per annum

Method 2 – Recoverable amount test – key assumptions
The Company has also reviewed the recoverable amount of Goodwill and Management Rights based on the fair value of the funds management business. Recent publicly announced sales of property funds management businesses, that occurred in the latter half of 2008, and published investment bank research indicates that funds under management businesses generally trade at a value of between 2% and 4% of funds under management or multiples of earnings before interest and tax in the range of 3-5x and sometimes in the 10+x range. The Company's funds under management at 31 December 2008 were $1.302 billion. The Company believes that the recoverable amount of the intangible assets exceeds their carrying value, even when the lowest numbers in the ranges are used.

The above valuation multiples are driven by market forces. Any increase to these multiples will increase the value of the funds management business whilst any decrease in these multiples will adversely affect the carrying value. Similarly any loss in funds under management will have an adverse impact on the fair value calculation when the multiple impacts are taken into account.

Having considered the variables and assumptions, the Company believes that the carrying value of Goodwill and Management Rights is not impaired.

Deferred Tax Assets

The two main components of the deferred tax assets are (i) tax effect of operating losses and (ii) impairment expense in relation to investment in MacarthurCook managed investment schemes with the second of these being the largest component. The deferred tax assets in relation to the impairment of investments have been recognised on the basis of an assessment of the probability of realisation in the foreseeable future. The deferred tax assets have been valued by comparing the per unit carrying value of the investment to either per unit tax cost base of the investment or per unit NTA. The Company has formed a view on the realisation based on an expected recovery in market conditions in 2010 and 2011 as market prices of REIT's can be expected to move to NTA consistent with historical trends as per published data.

Deferred tax assets have not been recognised in relation to the investments in MacarthurCook Office Property Trust and MacarthurCook Retail Property Trust.

A summary of the deferred tax position is shown below:

	DTA recognised for investment	Basis of DTA (NTA or cost base)	Carrying value per unit	NTA/ Cost base	Sensitivity +/- 10% in NTA / Cost base (i)
	$000's	$	$	$	$000's
MacarthurCook Property Securities Fund	609	NTA	0.14	0.56	+/- 85
MacarthurCook Industrial Property Fund	861	NTA	0.23	0.62	+/- 144
MacarthurCook Industrial REIT	1,215	Cost base	0.25	0.96	-173
	2,685				

(i) The deferred tax asset in relation to the investment in MI-REIT has been recognised at maximum amount and therefore has no "upside" sensitivity.

The views taken by the Company with respect to the probability of recovery of the deferred tax assets do not constitute "forecasts".

3. Revenue

	Consolidated Half year ended 31 Dec 2008	Consolidated Half year ended 31 Dec 2007
	$000	$000
Revenue		
Management fees	4,950	6,383
Upfront and exit fees	-	16
Property acquisition fees	-	2,376
Property disposal fees	428	221
Compensation for foregone disposal fees in MacarthurCook Industrial Property Fund	-	1,800
Compensation for foregone management fees in MacarthurCook Industrial Property Fund	-	2,700
Issuer fees	-	650
Underwriter fees	-	50
	5,378	14,196
Other Income		
Interest received	46	62
Distributions from unit trusts	594	543
	640	605
Total Income	6,018	14,801

4. Finance costs

	Consolidated Half year ended 31 Dec 2008	Consolidated Half year ended 31 Dec 2007
	$000	$000
Interest on bank overdrafts and loans	354	261
Unwinding of discounts on provisions (see Note 9)	77	169
	431	430

5. Impairment expenses

The current unrealised losses in the portfolio of investments, including MacarthurCook Industrial REIT ("MI-REIT"), have been recognised in the profit and loss as the Directors believe that the assets are impaired as the change in value relative to purchase price is significant. MI-REIT was not judged to be impaired at 30 June 2008. The change in value and the impairment loss recognised for the half year ended 31 December 2008 is presented in the table below:

	MacarthurCook Property Securities Fund	MacarthurCook Industrial Property Fund	MacarthurCook Industrial REIT (i)	MacarthurCook Office Property Trust	MacarthurCook Retail Property Trust	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Fair value at 31 Dec 07	4,744	6,569	5,151	599	1,536	18,599
Purchase/Allotment	-	-	442	10	-	452
Impairment	(3,374)	(4,458)	-	(226)	(1,324)	(9,382)
Investment revaluation reserve	460	1,170	(1,250)	103	-	483
Fair value at 30 June 08	1,830	3,281	4,343	486	212	10,152
Purchase/Allotment	-	-	341	-	-	341
Impairment	(1,131)	(1,658)	(4,806)	(199)	(212)	(8,006)
Investment revaluation reserve	-	-	1,808	-	-	1,808
Fair value at 31 Dec 08	699	1,623	1,686	287	-	4,295

i. During the half year to 31 December 2008, the impairment expense relating to this investment includes movements from the investment revaluation reserve to the profit and loss of previous devaluations.

In addition to the $8,006,000 impairment expense on investments in funds is an impairment charge relating to Kinloch Funds Management Limited of $92,000 (see Note 12) for a total impairment charge of $8,098,000 in the profit and loss account.

6. Segment information

During the financial period, the Group operated as a real estate investment manager in Australia, Singapore and New Zealand and as an investment advisor to funds listed in the United States of America. The Group's revenue from external customers and information about its segment assets by geographical location is detailed below:

	Revenue from external customers		Segment assets		Acquisition of segment assets	
	Half year ended				Half year ended	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	30 June 2008	31 Dec 2008	31 Dec 2007
Country	$000	$000	$000	$000	$000	$000
Australia	3,660	11,331	24,218	31,195	(6,977)	8,691
Singapore	2,237	3,280	2,445	2,564	(119)	2,593
New Zealand	-	-	52	129	(77)	-
USA	121	190	-	-	-	-
	6,018	14,801	26,716	33,888	(7,172)	11,284

7. Other financial assets

	Consolidated 31 Dec 2008 $000	Consolidated 30 June 2008 $000
Current		
Available for sale investments carried at fair value (listed):		
Units in the MacarthurCook Property Securities Fund	699	1,830
Units in the MacarthurCook Industrial Property Fund	1,623	3,281
Units in the MacarthurCook Industrial REIT	1,686	4,343
	4,008	9,454
Non-current		
Available for sale investments carried at fair value (unlisted):		
Units in the MacarthurCook Office Property Trust	287	486
Units in the MacarthurCook Retail Property Trust	-	212
	287	698
Total available for sale assets carried at fair value	4,295	10,152

8. Borrowings

	Consolidated As at 31 Dec 2008 $000	Consolidated As at 30 June 2008 $000
Secured - at amortised cost		
Current		
Cash advance facility (i)	-	2,493
Cash advance facility (i)	-	3,770
Cash advance facility (ii)	7,100	-
	7,100	**6,263**

i. These advances were repaid on 15 September 2008.

ii. This advance was drawn down to $7,500,000 on 15 September 2008. The facility reduced by a payment of $400,000 on 31 October 2008. Since half-year end, the facility has reduced by a payment of $200,000 on 30 January 2009 and will reduce by a payment of $600,000 on 30 April 2009. Thereafter, the loan facility reverts to amortising in quarterly instalments of $400,000. It is due for renewal on 31 August 2009. This cash facility is secured by a first registered mortgage debenture over the assets of the Group. The financier provided a waiver of the breach of the Interest Coverage Ratio covenant on 23 December 2008. In addition, the financier advised on 23 February 2009 that it will not take any action with respect to the breach of the Ratio of Shareholders Funds to Total Assets covenant after this issue became apparent upon finalisation of carrying values. All other covenants have been complied with.

9. Other financial liabilities - current

	Consolidated As at 31 Dec 2008 $000	Consolidated As at 30 June 2008 $000
Current		
Financial derivatives held at fair value through profit and loss (i)	3,129	1,409
Compound financial instrument (ii)	2,536	1,850
	5,665	3,259
Movement from 30 June 08 comprises:		
Increase in value of financial derivative	1,720	
Increase in value of compound financial instrument	609	
	2,329	
Increase in value of financial derivative due to unwinding of discount (see Note 4)	77	
	2,406	

i. On 9 November 2007, MacarthurCook granted a put option to a third party over 5,873,759 units in MacarthurCook Office Property Trust ("OPT"). Under the original terms of this option the third party had the ability to sell their units to MacarthurCook between 9 November 2008 and 9 February 2009, at a price that equates to their original purchase price of $5,150,000 plus a yield of 13%, offset by any income or capital growth in the units. On 25 July 2008 the put option was amended to change the beginning of the exercise period to 1 July 2009. On 26 February 2009, the Company reached agreement to defer the beginning of the exercise period to 1 October 2010 with documentation to be exchanged. This liability has been fair valued at 31 December 2008 at $3,129,000 (30 June 2008: $1,409,000). The increase in the liability is primarily due to a fall in the value of OPT units from $0.69 per unit at 30 June 2008 to $0.41 per unit at 31 December 2008.

ii. On 19 April 2007 United Engineers Developments Pte Ltd ("UE") acquired a 7.5% stake in the management company of MacarthurCook Industrial REIT. UE has the ability to sell their shareholding to MacarthurCook Limited between March 2009 and March 2012 at a contracted price determined by reference to the net assets value of the MacarthurCook Industrial REIT. This liability has been fair valued at 31 December 2008 at $2,536,000 (30 June 2008: $1,850,000) and will be remeasured at each subsequent reporting date until the option is exercised or lapses. On the same date as the initial recognition of the liability, a management right asset was acquired. The increase in the liability is due to revaluing the Singapore denominated liability against a devalued Australian Dollar ($609,000) and unwinding the discount on the long term liability ($77,000 – refer Note 4). This option is intrinsically linked to a management rights asset with a carrying value of $3,979,000 at 31 December 2008 within Other Intangible Assets. Accounting Standards do not allow the revaluation of this asset due to exchange rate fluctuations.

   MacarthurCook has undertaken that it will not purchase any part of the interest in the management company of MacarthurCook Industrial REIT held by UE prior to purchasing all the units from the third party referred to in (i) above.

10. Reserves

	Consolidated As at 31 Dec 2008 $000	Consolidated As at 30 June 2008 $000
Investment revaluation	-	(1,214)
Equity-settled employee benefits	1,270	1,092
Foreign currency translation	503	(24)
	1,773	**(146)**

	31 Dec 2008 $000	30 June 2008 $000
Investment revaluation reserve		
Balance at the beginning of the financial period	(1,214)	245
Cumulative gain / (loss) transferred to the income statement on impairment of financial assets	1,808	(345)
Revaluation gain / (loss)	-	(1,708)
Related income tax	(594)	594
Balance at the end of the financial period	-	(1,214)

The investment revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired, that portion of the reserve which relates to that financial asset is recognised in profit or loss.

	31 Dec 2008 $000	30 June 2008 $000
Equity-settled employee benefits reserve		
Balance at the beginning of the financial period	1,092	1,257
Share based payment	178	49
Transfer to share capital	-	(214)
Balance at the end of the financial period	1,270	1,092

The share based payments reserve arises on the grant of options under the executive or employee share option plans or to MacarthurCook Mortgage Fund unit holders. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

10. Reserves (cont'd)

Issuances of securities and granting of options

During the half year reporting period, MacarthurCook Limited made two issues as follows:

i. 28,500 ordinary shares were issued as part of the Exempt Share Plan for nil consideration as part of the bonus payment of employees relating to the year ended 30 June 2008.

ii. The number and fair value at grant date of options over ordinary shares issued by MacarthurCook Limited under its executive and employee share option plans during the half-year reporting period are listed in the table below:

Half year to 31 Dec 2008			Half year 31 Dec 2007		
Option series	**Number of options issued**	**Fair value per option ($)**	**Option series**	**Number of options issued**	**Fair value per option ($)**
(32)	10,000	0.0916	(10)	10,000	0.0450
(32)	100,000	0.0891	(25)	90,000	0.5080
(32)	20,000	0.0813	(26)	30,000	0.5470
(32)	50,000	0.1341	(27)	160,000	0.5890
(33)	20,000	0.0055	(28)	110,000	0.6280
(33)	50,000	0.2092	(29)	500,000	1.1600
(33)	50,000	0.0651			
(33)	40,000	0.0651			
(33)	10,000	0.0087			
(33)	50,000	0.0678			
(33)	10,000	0.0169			
(33)	30,000	0.0231			
(33)	20,000	0.0456			
(33)	50,000	0.0676			
(34)	10,000	1.0172			
	520,000			**900,000**	

	Consolidated As at 31 Dec 2008 $000	Consolidated As at 30 June 2008 $000
Foreign currency translation reserve		
Balance at the beginning of the financial period	(24)	(3)
Translation of foreign operations	527	(21)
Balance at the end of the financial period	503	(24)

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve.

11. Contingent assets and contingent liabilities

Contingent asset
MacarthurCook Fund Management Limited, a controlled entity of the Company, has an entitlement, as responsible entity of MacarthurCook Office Property Trust and the MacarthurCook Retail Property Trust, to a disposal fee of 2% of the sale proceeds of any properties in those funds sold at a profit at a future date, except for the Nunawading property in the MacarthurCook Retail Property Trust. As at 31 December 2008, these funds held total property assets of $46 million (30 June 2008: $80 million). As the timing and consideration of any future sale of property cannot be reliably measured, these contingent assets have not been brought to account.

Contingent Liabilities

Stamp duty liability indemnification
In the 2008 Annual Report, the Company advised of a contingent liability in relation to an indemnification given by a controlled entity to unit holders of the MacarthurCook Industrial Property Fund. The situation remains that the Queensland Office of State Revenue ("QOSR") has not granted the requested "public unit trust" status at this time although the Trust has fulfilled the requirements to be a "public unit trust". The Company has made representations to the QOSR in relation to being granted "public unit trust" status and is awaiting a formal response. The Directors believe, however, that the indemnification will not be called upon. The Directors have calculated that, were such a liability to arise, it would be in the range of $650,000 to $700,000.

12. Acquisition of a business

Names of business acquired	Principal activity	Date of acquisition	Proportion of shares acquired %	Cost of acquisition $
2008				
Kinloch Funds Management Limited	Real Estate Investment Manager	2/10/2008	46.67	1

On 1 February 2008, MacarthurCook Limited acquired a 33.33% stake in Kinloch Funds Management Limited. It accounted for this investment as an investment in associate and the value of the investment at 30 June 2008 was $129,000. On 2 October 2008 MacarthurCook Limited increased its stake to 80% for a cost of $1. The share of losses of the associate to 02 October 2008 was $36,000. The remaining investment in associate was deemed impaired and a charge was taken to the profit and loss account (see Note 5).

12. Acquisition of a business (cont'd)

Kinloch Funds Management Limited

	Book value	Fair value adjustment	Fair value on acquisition
	$	$	$
Net assets acquired			
Current assets			
Cash & cash equivalents	33,522	-	33,522
Trade & other receivables	55,140	(51,643)	3,497
Non-current assets			
Investments	47,619	(47,619)	-
Property Plant & Equipment	10,259	-	10,259
Other intangible assets	7,673	(748)	6,925
Current liabilities			
Trade & other payables	95,649	(47,248)	48,401
Non current liabilities			
Other financial liabilities	5,801	-	5,801
	52,763	(52,762)	1
Goodwill on acquisition	-	-	-
Total consideration	52,763	(52,762)	1

	Half year ended	
	31 Dec 08	31 Dec 07
	$	$
Net cash flow on acquisitions		
Total purchase consideration	(1)	-
Less: non cash consideration	-	-
Consideration paid in cash	(1)	-
Add: cash and cash equivalent balances acquired	33,522	-
Net cash inflow	33,521	-

The fair value of assets acquired in Kinloch Funds Management Limited ("KFML") was determined on acquisition date. No goodwill has arisen on this acquisition as the amount paid equates to the fair value of the assets acquired.

13. Subsequent events

Other than as noted elsewhere in this report, there has not arisen in the interval between the end of the half year and the date of this Report any item, transaction or event of a material and unusual nature likely in the opinion of the Directors to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.