Australian Education Trust ARSN 102 955 939

ASX Announcement

27 February 2009

Results for the Half Year Ended 31 December 2008

The Directors of the Responsible Entity, Austock Property Management Limited ("APML") are pleased to provide the results of the Australian Education Trust ("AET" or "the Trust") for the half year ended 31 December 2008. AET is a pure property trust investing in childcare centres.

(i) Key Financial Summary

- Distributable Income for the period of $5.2m
- Non-Cash reduction in Fair Value of Financial Instruments of $21.3m
- Non-Cash Impairment of Investment Properties of $25.1m
- Net Loss (inclusive of non-cash items) of $41.3m
- Strong Cash Position of $15.3m

(ii) Financial Highlights

The table below provides a comparison of the results for the half year ended 31 December 2008 and the previous corresponding half year:

$'000	Note	Half Year to 31 Dec 2008	Half Year to 31 Dec 2007
Revenue			
Lease Income	1	19,193	18,806
Interest Income		384	488
Realised Foreign Exchange Gains		124	1,002
Gain on Sale of Investment Properties	2	1,172	85
Changes in the Fair Value of Foreign Exchange Contracts	3	34,188	-
Unrealised Foreign Exchange Gains	3	-	1,784
Change in Fair Value of Interest Rate Swaps	4	-	4,572
		55,061	26,737
Expenses			
Finance Costs	5	11,123	8,611
Responsible Entity Remuneration		1,253	1,100
Rent on Leasehold Properties		491	467
Impairment of Receivables	6	1,658	-
Impairment of Investment Properties	7	25,137	-
Change in Fair Value of Interest Rate Swaps	4	21,266	-
Unrealised Foreign Exchange Losses	3	34,188	-
Change in Fair Value of Foreign Exchange Contracts	3	-	1,784
Other Expenses	8	1,226	225
		96,342	12,187
Net Profit/(Loss) Attributable to Unitholders before tax		(41,281)	14,550
Distributable Income	9	5,216	9,997
Total Distributions		**5,399**	**9,988**
Weighted Average Units on Issue		134,974	132,096
Units on Issue as at End of Period		134,974	134,974

Responsible Entity: Austock Property Management Limited
ABN: 46 111 338 937 AFSL: 281544
Level 1, 350 Collins Street Melbourne VIC 3000
Phone: 61 3 8601 2000 Fax: 61 3 9670 3174
Email: property@austock.com **www.austock.com**

Austock Property

$'000	Note	Half Year to 31 Dec 2008	Half Year to 31 Dec 2007
Basic EPU on Weighted Units (cents)		(30.58)	11.03
Distributable income per Unit		3.86	7.57
Distribution Per Unit		4.00	7.40
Number of Childcare Properties (end of period)		439	421

Notes:

1. Lease income has increased to $19.2 million for the half year ending 31 December 2008 from $18.8 million in the comparative period in 2007. However, after removing the $1.6 million received in rental subsidies from ABC Learning Centres Limited ("ABC") in 2007 (nil in 2008), lease income increased by $2.0 million due to new centre openings to 30 June 2008 and annual CPI lease increases ranging between 4.2% pa and 5% pa.

2. Four properties were sold during the period. The net proceeds were $7.3 million compared with an aggregate book value of $6.1 million, representing a realised gain of 19.7%.

3. These relate to non-cash movements in the value of hedges relevant to the Senior Secured Notes; some of which are in US$ and CA$ currencies. The repayment of the foreign currency principal and interest were hedged at the time of issue. At each balance date, the Trust is required to recognise movements in the AU$ to the US$ and CA$ by adjusting the balance of the liability in the balance sheet. At 30 June 2008, the balance was $135.4 million based on an exchange rate of 0.96 for both the US$ and CA$. At 31 December 2008 the balance was $169.6 million based on exchange rates of 0.69 for the US$ and 0.84 for the CA$. As a result, there is an unrealised foreign exchange loss of $34.2 million for the half year. Offsetting this loss is a gain of $34.2 million relating to the change in the fair value of the foreign exchange contracts.

4. AET has interest rate swap arrangements in respect of $140 million of between 6.48% and 6.88% which expire between 29 July 2011 and 31 July 2017. Accounting standards require the swaps to be recognised at fair value, as if they were terminated at balance date. At 31 December 2008, the cost of terminating the swaps would have been $15.7 million. At 30 June 2008 the swaps were $5.6 million 'in the money', indicating a resultant non-cash movement of $21.3 million for the six months to 31 December 2008.

5. Finance costs increased to $11.1 million for the half year ending 31 December 2008, up from $8.6 million in the comparative period in 2007. The increase is a combination of i) an additional $1.3m in interest due to higher levels of financial liabilities in the current half (weighted average of $259.8 million compared with $224.9 million in the previous half) and ii) an additional $1.2m due to higher facility margins and NAIC penalty interest of 1.0% on the Senior Secured Notes. The resultant weighted average interest margin during the half year ending 31 December 2008, taking into account these factors was 8.3% pa (2007: 7.3% pa). Management advises that the weighted average interest rate as at 26 February 2009 has reduced to 6.8% pa.

6. The impairment of receivables of $1.7 million recorded in the half year is primarily due to the receivership of ABC and other related parties. Amounts outstanding at the time of receivership included development site rental owing of $1.1 million from ABC Acquisitions Pty Ltd (now under external administration). Unrecovered rates and taxes from ABC totalled $0.2 million and other provisions of $0.3 million were made for outstanding rentals from non-ABC tenants and other unrecoverable amounts.

7. Investment Properties are measured at fair value and revalued on a regular basis to ensure the carrying amount of each property does not differ materially from its fair value at the balance date. Consistent with the requirement to independently value each property on a rolling basis every three years (the Trust typically revalues its properties every two years), a valuation program is conducted in the second half of the year. During the period April to June 2008, 176 properties were valued and the resultant valuations were reflected in the balance sheet at 30 June 2008.

   Given the current economic circumstances, the Directors have given considerable attention to the fair value of investment properties at 31 December 2008. The Directors have considered:

(a) The Trust's current weighted average property yield is 8.78% in Australia and 8.96% in New Zealand, which are typically much higher than for more traditional commercial property.
(b) Independent expert guidance on current property yields and market rental rates per licensed place. This guidance has indicated that there is an expectation that yields would have softened in regional areas over the last 6 months. Generally, the Trust's rents were in line, or marginally below market indicative ranges. Note: Independent valuations have not been performed since June 2008.
(c) That the Trust's major tenant is in receivership.
(d) Independent advice regarding rent per licensed place and overall rental value of the portfolio indicates that the Trust's rental levels may be under current market rates.
(e) Recent sales and offers for properties owned by the Trust indicate existing carrying values are being realised, even on a vacant possession basis.
(f) That since the last valuation dates in June 2006, 2007 and April/June 2008, passing rentals have increased in accordance with the leases by approximately 4% pa, assisting to offset any upward movement in capitalisation rates.
(g) Improvement in rents and lease security for the assignment of leases for closed centres is providing further evidence of carrying values being supported.
(h) Significant interest being expressed in the leaseholds being offered in the ABC 2/PPB EOI process for 241 ABC centres.
(i) The leases are long term and not subject to any substantial market fluctuations in rent as found in more traditional commercial markets where rents maybe subject to drastic movements.
(j) The average carrying value per property is around $1.1 million and the Trust operates within a market place that remains relatively liquid with continued purchase activity and a return of the property yield/interest rate arbitrage.
(k) The "property risk premium" above the 10 year Treasury Bond Rate has increased significantly since June 2008.

Irrespective, the Directors have made an impairment charge of $25.1 million in recognition of potential softening property yields. During the second half, the ABC2/PPB process will have been completed, the sales/leasing results of the 33 closed centres and the ABC New Zealand sale will be known. The results of these processes combined with the Trusts normal annual valuation process (normally carried out in the second half of a financial year) will provide more precise data in determining any adjustments required to the fair value of investment properties at 30 June 2009.

8. Other non-budgeted expenses have increased substantially to $1.2 million for the half year ending 31 December 2008 from $0.2 million in the comparative period in 2007. This has largely been driven by additional direct property expenses ($0.7 million) and legal expenses ($0.2 million) borne by the Trust resulting from the receivership of ABC.

9. Distributable Income is determined as follows:

Distributable Income	**$'000**
Revenue	
Property Income	20,365
Other Income	508
	20,873
Expenses	
Finance Costs	11,123
Other Expenses	2,876
Impairment of Receivables	1,658
	15,657
Distributable Income	**5,216**

aet

A reconciliation between the distributable income for the half year ended 31 December 2008 and the previous corresponding half year is shown below:

	$'000
Distributable income for half year ending 31 December 2007	**9,997**
Additional Lease Income	387
Realised Foreign Exchange Gains	(878)
Gain on Sale of Investment Properties	1,087
Finance Costs	(2,512)
Impairment of Receivables	(1,658)
Additional Direct Property Expenses	(700)
Additional Legal Expenses	(200)
Other	(307)
Distributable income for half year ending 31 December 2008	**5,216**

Balance Sheet

$'000	Note	As at 31 Dec 2008	As at 30 Jun 2008
Assets			
Cash and cash equivalents		15,270	4,423
Trade and other receivables	1	1,000	7,874
Other current assets	2	37,474	11,502
Derivative financial instruments – Cross Currency Swaps		21,915	-
Derivative financial instruments – Interest Rate Swaps		-	5,569
Investment properties	3	385,219	438,484
Total assets		**460,878**	**467,852**
Liabilities			
Trade and other payables	4	6,839	6,292
Distribution payable		2,362	3,644
Other current liabilities	5	2,732	8
Derivative financial instruments – Interest Rate Swaps		15,697	-
Derivative financial instruments – Cross Currency Swaps		-	12,272
Financial liabilities	6	279,300	245,009
Total liabilities (excluding net assets attributable to unitholders)		**306,930**	**267,225**
Net assets attributable to unitholders		153,948	200,627
Total liabilities		**460,878**	**467,852**
Net tangible asset backing per ordinary unit		**$1.141**	**$1.486**

Notes:

1. Trade and other receivables of $1.0 million at 31 December 2008 primarily relates to a deposit recoverable on a New Zealand property, which has been subsequently received in January 2009. The balance of $7.9 million as at 30 June 2008, were predominantly owed to the Trust by ABC and relate to items other than operating rental. These amounts were all received during the half.

2. Other current assets of $37.5 million comprise $37.0 million of investment properties to be sold within the next twelve months which include the centres currently offered for sale. The significant increase in properties to be sold reflects the sale of the Trust's development site portfolio and includes the sale of identified closed centres as a result of the ABC receivership.

3. The movement in investment properties of $53.3 million is the aggregate of the impairment of investment properties of $25.1 million and a movement of $25.9 million in investment properties to be sold which are classified as current assets, both discussed previously.

4. Trade and other payables of $6.8 million is comprised of accruals of $2.6 million comprising predominantly outstanding construction payments, accrued interest on the Trust's financial liabilities of $2.5 million, creditors of $0.8 million and GST payable of $0.7 million.

5. Other current liabilities of $2.7 million at 31 December 2008 relates to January rent received in advance.

6. The movement in long-term financial liabilities of $34.3 million during the half is due to the revaluing of the foreign currency denominated Senior Secured Notes at the spot rates existing at the respective reporting dates.

   The principal and interest on these Notes are fully hedged through cross currency interest rate swaps and therefore the Trust is not exposed to any movements in foreign currency.

   There has been no movement in the face value of the long-term financial liabilities during the current half.

(iii) Current Centre Summary

The childcare centre portfolio can be categorised as follows:

	No of Centres	Carrying Value $000's	Current Rent (pa) $000's
Operating Properties			
ABC 1 (under the control of McGrath Nicol)	203	228,292	19,317
ABC New Zealand (not in Administration)	60	42,235	3,818
ABC 2 (under the control of PPB)	89	96,262	8,537
Non ABC Centres	16	13,887	1,212
ABC/NELC Centres (under the control of McGrath Nicol)	8	8,815	767
Closed Centres	33	28,505	2,545
Development Sites			
Australia	20	23,923	-
New Zealand	10	5,446	-
Total Properties	**439**	**447,365**	**36,196**

(iv) Matters Relating to ABC Learning Centres (Receivers & Managers Appointed) Ltd

ABC 1

ABC 1 centres remain under the control of McGrath Nicol (ABC Receiver). The 203 ABC1 centres owned by the Trust form part of 720 centres that continue to be operated by ABC. At current time, we understand that McGrath Nicol will embark on a sales process for these centres around mid 2009. The sales process will likely be for the business and require an assignment of existing leases. The Trust has established a commercial business relationship with McGrath Nicol and rent and recoverable expenses continue to be paid on a monthly basis.

ABC 2

ABC 2 centres are under control of PPB (the Court approved receiver). These centres are being funded by the Federal Government until 31 March 2009. PPB is conducting a formal sales process for the business and leasehold interests which is scheduled to be completed by 31 March 2009. On 26 February 2009, PPB announced that 180 binding offers had been received for the 241 centres under their control. We understand that each offer may include more than one centre. We are working closely with PPB to ensure that the new tenant (or tenants) represent viable long term operators. Rent continues to be paid on a monthly basis.

ABC New Zealand

ABC is not in insolvency in New Zealand. The New Zealand ABC business shares are owned by the ABC Learning Centres Limited. Accordingly, even though the ABC NZ business is not in administration, McGrath Nicol is handling the sale as shareholder of the NZ business. A formal sales process for the business and leasehold interests is currently being conducted and is expected to be completed before 30 June 2009. The Trust will become involved in the sales process to ensure that the new tenant (or tenants) represent viable long term operators. In the meantime, rent continues to be paid on a monthly basis.

ABC / Neighbourhood Early Learning Centres Pty Ltd ("NELC")

ABC/NELC centres are leased to ABC and managed by NELC. On 19 February 2009, McGrath Nicol requested an assignment of these leases to Bright Horizons Australia Childcare Pty Ltd ("BHAC"), a related entity of NELC. We are currently liaising with BHAC to ensure they represent a viable long term operator. In the meantime, rent continues to be paid on a monthly basis. Eight of these ABC/NELC centres formed part of the original 'unaccounted for' component and were for unknown reasons, not recognised by McGrath Nicol as part of the original list of ABC1 centres.

Non-ABC Centres

These comprise 16 centres of which 8 are leased to Ramsay Bourne Pty Ltd. There are two centres with significant rental arrears which we have fully provided for at 31 December 2008. The Trust is considering all of its alternatives with respect of these centres.

(v) Closed Centres

These centres have been closed as a result of ABC being placed into receivership on 6 November 2008. At that point in time, 22 centres remained unaccounted for. After many enquiries, Management has been able to confirm that all but 6 properties have been accounted for as being within either the ABC1 or ABC2 groupings. The remaining six centres have been closed by ABC.

On 19 February 2009, the Trust appointed Jones Lang LaSalle ("JLL") to manage an Expressions of Interest ("EOI") process to invite interest from prospective buyers or tenants. EOIs close on 25 March 2009. The book value of these properties is approximately $28.5 million. Based on unsolicited interest received prior to the appointment of JLL from both prospective purchasers and tenants, the Trust is hopeful of realising book values or maintaining existing rents. No rent is being received on these centres. The annual rent on these centres was approximately $2.5 million per annum. The proceeds from sales of these properties will be used to pay down debt.

(vi) Development Sites

These sites were purchased under contractual obligations, including a formal Agreement to Lease with ABC to develop new centres in both Australia and New Zealand. A site rent was received for each based on acquisition costs. No site rent is being received on these sites. This represents a loss of rent of approximately $2.4 million per annum. These sites will be sold by the Trust during 2009 and the proceeds used to repay debt. The book value is $29.4 million.

(vii) Debt Funding

Due to the deteriorating ABC situation since mid 2008 which resulted in receivership on 6 November 2008, the Trust has been in active discussions with its debt providers. Due to the higher interest costs, lost tenancy income, increased legal costs and incurred property costs as a result of the receivership of ABC, the Trust has breached its Financial Charges Ratio (FCR) of 1.75 for the six month period to 31 December 2008. The FCR at 31 December 2008 was 1.48. Given the disruption caused by ABC's receivership, the loss of tenancy income on closed centres and development sites and significant non-recurring finance, legal, agency and bank fees, it is unlikely that the Trust will meet its FCR of 1.75 at 30 June 2009.

On this basis, the Trust has reached a standstill/waiver agreement with its debt providers through to 31 March 2009. All debt providers continue to be supportive of the Trust's strategy in dealing with ABC's failure. The expectation is of a period of stability around mid 2009 when the sales program, ABC 2/PPB process and the ABC NZ sale are all expected to be completed. The Trust's debt facility agreements are currently ABC specific and will all need to be restructured to reflect the changing nature of the Trust's tenancy profile.

(viii) Distribution

On 18 December 2008, the Trust provided guidance of a full year distribution of approximately 8.0 cents per unit, taking into account costs and expenses directly related to the ABC Receivership that could reasonably have been estimated at that point in time. Since that time several other one-off cost items have become apparent that are also directly related to the ABC Receivership. These include:

Additional Forecast & Actual Expenses post 18 December 2008	$'000
Additional property rates and taxes - non payment by ABC	450
Additional legal expenses in protecting the Trust's position	100
Additional Accounting Fees	250
Debt Waiver / standstill costs	730
Loss of rental income from additional centre closures	300
Austock Corporate Finance representation fees in relation to ABC2/PPB	550
Marketing costs associated with JLL sales and leasing campaign	300
Total	2,680
Per Unit Impact	**-2 cents**

Current forecasts indicate a full year distributable income of approximately 6 cents per unit (of which 4.0 cents has been paid to date). As a result, the Trust will defer the next distribution announcement due on 20 March 2009 and distribution payment due on 30 April 2009. An announcement regarding the June quarter distribution will be made in June 2009 when the outcome of the sale program and the ABC2 position can be better understood.

It is Management's position that a more conservative and precautionary approach is required during the second half of the year to recognise the current challenging economic times which we believe is in the best interests of AET and its unitholders.

The purpose of the suspension is to retain and build where possible cash reserves to provide against further potential negative events should they occur whilst ABC remains in Receivership. You may be aware that as a result of ABC's problems, other childcare groups have also fallen into financial difficulties, many of whom are now in liquidation. These external events and any impact on AET cannot be predicted however, prudent policy dictates that a defensive stance should be adopted.

(ix) Outlook

The Trust is in a restructuring period to reflect the changes incurred as a direct result of the ABC's failure and subsequent receivership. The Trust expects to recover its book values in realising the closed centres and development sites. The proceeds will be used to repay debt.

The Trust expects to have new multiple tenants who represent viable long term childcare operators as a result of the ABC 2/PPB and ABC New Zealand sales process. As a result the outlook post 30 June 2009 would see a financially stronger Trust with a diversified tenant base, a reduced debt position, a strengthened balance sheet and stablised arrangements with its debt providers, and a focus on improving distributions to unitholders.

The Directors are focused on ensuring the best possible long term result can be achieved out of the externally managed ABC1, ABC2 and New Zealand sale processes. These circumstances provide less certainty than is otherwise desirable, however Management has ensured that it has played as active a role as possible in protecting the interests of the Unitholders.

The outlook for the future is for further challenging market conditions given the general economic climate, but with a view to a return to a sustainable distribution model that the trust enjoyed prior to ABC's demise, but now potentially with a diversified tenant base and income stream. The long term leasing model adopted by the Trust remains relevant.

Management continues to take a proactive position in relation to all matters surrounding ABC. Assuming a static portfolio with no forecast acquisition activity and barring further unforeseen circumstances, management envisages a return to a more stable environment for the Trust during the mid 2009.

(The documents attached to this release comprise the information required by ASX Listing Rule 4.2A and should be read in conjunction with the most recent annual financial report)

Nick Anagnostou
Director/Fund Manager
Australian Education Trust

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

Appendix 4D

Half Year Report
For the Period Ended 31 December 2008

Name of entity:

Australian Education Trust

ABN:

58 102 955 939

1. Details of the reporting period

This report details the results of Australian Education Trust (the "Trust") for the half year ended 31 December 2008 (previous corresponding period: half year ended 31 December 2007).

2. Results for announcement to the market

			$A'000			$A'000
2.1	Revenue from ordinary activities	Up	28,324	105.9 %	to	55,061
2.2	Profit (loss) from ordinary activities after tax attributable to members	Down	55,850	383.3%	to	(41,281)
2.3	Net profit (loss) for the period attributable to members	Down	55,850	383.3%	to	(41,281)
2.4	Interim Distributions – 1.75 cents per unit. Franking – Not Applicable					
2.5	Record date – 31 December 2008					
2.6	Brief explanation of the figures reported above: The result for the half year to 31 December 2008 was net loss of $41.3 million. Excluding the impact of the change in fair value of interest rate swaps of $21.3 million and impairment charge in relation to investment properties of $25.1 million, the Trust produced distributable profit of $5.2 million or earnings per unit of 3.86 cents. For the corresponding period in 2007 the Trust produced a net profit after tax of $14.6 million (earnings per unit of 11.0 cents). Excluding changes in fair value of interest rate swaps of $4.6 million, distributable profit was $10.0 million (earnings per unit of 7.57 cents). The reduction in profit was due mainly to: 1. higher finance costs $2.5 million due to higher interest expense and a higher level of financial liabilities in this half year; 2. provision for impairment of receivables relating to the receivership of ABC and related companies of $1.7 million; and 3. additional direct property and legal expenses borne by the Trust relating to the ABC receivership of approximately $0.9 million.					

2.7	**Earnings Per Unit (EPU)**	**Dec 2008**	**Dec 2007**
	Basic earnings per unit	(30.58)	11.03
	Diluted earnings per unit	(30.58)	11.03
	Distributable earnings per unit	3.86	7.57

3. Net tangible assets per unit

	Dec 2008	Jun 2008
Net tangible asset backing per ordinary unit	$1.141	$1.486

4. Details of entities over which control has been gained or lost during the period

None.

5. Details of distributions

Date paid/payable	Amount per unit
31 October 2008	2.25 cents
27 February 2009	1.75 cents

6. Distribution Reinvestment Plan

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

None.

9. Disputes with auditors or qualifications

Nil

Victor David Cottren
Chairman
Austock Property Management Limited
Melbourne, 27 February 2009

AUSTRALIAN EDUCATION TRUST AND CONTROLLED ENTITY

ARSN: 102 955 939
ASX Code: AEU
ABN: 58 102 955 939

Half-Year Financial Report 31 December 2008

AUSTRALIAN EDUCATION TRUST

CONTENTS

The Directors of Austock Property Management Limited, the Responsible Entity of the Australian Education Trust (the "Trust"), present their report together with the financial report of the Trust for the half-year ended 31 December 2008.

Directors of the Responsibility Entity

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

Michael Edward McFarlane (resigned 17 September 2008)

Michael Francis Johnstone

Victor David Cottren (Chairman)

Nick Anagnostou (appointed 4 August 2008)

Vincent Harink (resigned 28 July 2008)

Principal Activities

The Trust is a specialist education property owner which currently owns a total of 439 child care centres as at 31 December 2008 (437 centres as at 30 June 2008) in locations around Australia and New Zealand. Of these centres, 391 were leased to ABC Learning Centres Limited ("ABC") and 30 were under other contractual arrangements regarding future development. On 6 November 2008, ABC was placed into receivership. Since that time, the centres have been split into various categories as follows:

	No of Centres	Carrying Value $000's	Current Rent (pa) $000's
Operating Properties			
ABC 1 (under the control of McGrath Nicol)	203	228,292	19,317
ABC New Zealand (not in administration)	60	42,235	3,818
ABC 2 (under the control of PPB)	89	96,262	8,537
Non ABC Centres	16	13,887	1,212
ABC/NELC Centres (under the control of McGrath Nicol)	8	8,815	767
Closed Centres	33	28,505	2,545
Development Sites			
Australia	20	23,923	-
New Zealand	10	5,446	-
Total Properties	**439**	**447,365**	**36,196**

ABC 1: ABC 1 centres remain under the control of McGrath Nicol (ABC Receiver). The 203 ABC 1 centres owned by the Trust form part of 720 centres that continue to be operated by ABC. At current time, we understand that McGrath Nicol will embark on a sales process for these centres around mid – 2009. The sales process will likely be for the business and require an assignment of existing leases. The Trust has established a commercial business relationship with McGrath Nicol and rent and recoverable expenses continue to be paid on a monthly basis.

New Zealand: ABC is not in insolvency in New Zealand. The New Zealand ABC business shares are owned by the ABC Learning Centres Limited. Accordingly, even though the ABC NZ business is not in administration, McGrath Nicol is handling the sale as shareholder of the NZ business. A formal sales process for the business and leasehold interests is currently being conducted and is expected to be completed before 30 June 2009. The Trust will become involved in the sales process to ensure that the new tenant (or tenants) represent viable long term operators. In the meantime, rent continues to be paid on a monthly basis.

ABC 2: ABC 2 centres are under control of PPB (the Court approved receiver). These centres are being funded by the Federal Government until 31 March 2009. PPB are conducting a formal sales process for the business and leasehold interests which is scheduled to be completed by 31 March 2009. On 26 February 2009, PPB announced that 180 binding offers had been received for the 241 centres under their control. We understand that each offer may include more than one centre. We are working closely with PPB to ensure that the new tenant (or tenants) represent viable long term operators. Rent continues to be paid on a monthly basis.

ABC / Neighbourhood Early Learning Centres Pty Ltd ("NELC"): ABC/NELC centres are leased to ABC and managed by NELC. On 19 February 2009, McGrath Nicol requested an assignment of these leases to Bright Horizons Australia Childcare Pty Ltd ("BHAC"), a related entity of NELC. We are currently liaising with BHAC to ensure they represent a viable long term operator. In the meantime, rent continues to be paid on a monthly basis. Eight of these ABC/NELC centres formed part of the original 'unaccounted for' component and for unknown reasons were not recognised by McGrath Nicol as part of the original list of ABC1 centres.

Non-ABC Centres: These comprise 16 centres of which 8 are leased to Ramsay Bourne Pty Ltd. There are two centres with significant rental arrears which we have fully provided for at 31 December 2008. The Trust is considering all of its alternatives with respect of these centres.

Closed Centres: These centres have been closed as a result of ABC being placed into receivership on 6 November 2008. At that point in time, 22 centres remained unaccounted for. After many enquiries, Management has been able to confirm that all but 6 properties have been accounted for as being within either the ABC1 or ABC2 groupings. The remaining six centres have been closed by ABC.

On 19 February 2009, the Trust appointed Jones Lang LaSalle ("JLL") to manage an Expressions of Interest ("EOI") process to invite interest from prospective buyers or tenants. EOIs close on 25 March 2009. The book value of these properties is approximately $28.5 million. Based on unsolicited interest received prior to the appointment of JLL from both prospective purchasers and tenants, the Trust is hopeful of realising book values or maintaining existing rents. No rent is being received on these centres. The annual rent on these centres was approximately $2.5 million per annum. The proceeds from sales of these properties will be used to pay down debt.

Development Sites: These sites were purchased under contractual obligations, including a formal Agreement to Lease with ABC, to develop new centres in both Australia and New Zealand. A site rent was received for each based on acquisition costs. No site rent is being received on these sites. This represents a loss of rent of approximately $2.4 million per annum. These sites will be sold by the Trust during 2009 and the proceeds used to repay debt. The book value is approximately $29.4 million.

In all sales processes, the Trust's consent is required for assignment of leases.

Review and Results of Operations

The result for the half year to 31 December 2008 was a net loss of $41.3 million, equivalent to (30.58) cents per unit ("cpu"). Excluding the impact of the change in fair value of interest rate swaps of $21.3 million and impairment charge in relation to investment properties of $25.1 million, the Trust produced distributable profit of $5.2 million or earnings per unit of 3.86 cents. For the corresponding period in 2007 the Trust produced a net profit of $14.6 million, equivalent to 11.03 cpu.

Half year ending 31 December ($m's)	2008	2007
Revenue		
Property Income	20.4	18.9
Other Income	0.5	1.5
	20.9	20.4
Expenses		
Finance Costs	11.1	8.6
Other Expenses	2.9	1.8
Impairment of Receivables	1.7	-
	15.7	10.4
Distributable Income	5.2	10.0
Change in fair value of foreign exchange contracts	34.2	(1.8)
Unrealised foreign exchange gain / (losses)	(34.2)	1.8
Change in fair value of interest rate swaps	(21.3)	4.6
Impairment of investment properties	(25.1)	-
Other	(0.1)	-
Net (loss) / profit attributable to unitholders	**(41.3)**	**14.6**

Distribution

The distribution for the half year ended 31 December 2008 is 4.0 cpu (2007: 7.4 cpu). Of the 4.0 cpu, 2.25 cpu was distributed on 31 October 2008 for the September 2008 quarter and a further 1.75 cpu will be paid on 27 February 2009 for the December 2008 quarter.

Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") was temporarily suspended on 17 December 2004. The Responsible Entity intends to re-introduce the DRP as and when it is considered appropriate.

Funding

As at 31 December 2008 the total assets of the Trust were $460.9 million, borrowings (face value) at $259.8 million and net assets attributable to unitholders were $153.9 million.

The Trust has 134,973,383 units on issue as at 31 December 2008.

Due to the deteriorating ABC situation since mid 2008 which resulted in receivership on 6 November 2008, the Trust has been in active discussions with its debt providers. Due to the higher interest costs, lost tenancy income, increased legal costs and incurred property costs as a result of the receivership of ABC, the Trust has breached its Financial Charges Ratio (FCR) of 1.75 for the six month period to 31 December 2008. The FCR at 31 December 2008 was 1.48. Given the disruption caused by ABC's receivership, the loss of tenancy income on closed centres and development sites and significant non-recurring finance, legal, agency and bank fees, it is unlikely that the Trust will meet its FCR of 1.75 at 30 June 2009.

On this basis, the Trust has reached standstill/waiver agreements with its debt providers through to 31 March 2009. All debt providers continue to be supportive of the Trust's strategy in dealing with ABC's failure. The expectation is of a period of stability around mid 2009 when the sales program, ABC 2/PPB process and the ABC NZ sale are all expected to be completed. The Trust's debt facility agreements are currently ABC specific and will all need to be restructured to reflect the changing nature of the Trust's tenancy profile.

Rounding of Amounts

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest $1,000.

Auditor's Declaration

The lead auditor's independence declaration under section 370C of the Corporations Act 2001 is set out on page 5 for the half year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors of the responsibility entity.

Victor David Cottren
Chairman
Austock Property Management Limited
Melbourne, 27 February 2009

N.A.L.

Nick Anagnostou
Executive Director / Fund Manager
Austock Property Management Limited
Melbourne, 27 February 2009

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Austock Property Management Limited as Responsible Entity for the Australian Education Trust

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2008 there has been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and

(ii) No contraventions of any applicable code of professional conduct in relation to the review.

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Kevin W Neville
Partner

Melbourne, 27 February 2009

AUSTRALIAN EDUCATION TRUST
CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group 31 Dec 2008 $'000	31 Dec 2007 $'000
Revenue			
Lease income		19,139	18,806
Cost recoveries		54	-
Interest income		384	488
Realised foreign exchange gains		124	1,002
Gain on sale of investment properties		1,172	85
Change in the fair value of foreign exchange contracts	5	34,188	-
Unrealised foreign exchange gains		-	1,784
Change in fair value of interest rate swaps		-	4,572
Total revenue		**55,061**	**26,737**
Expenses			
Finance costs		11,123	8,611
Responsible entity's remuneration		1,253	1,100
Rent on leasehold properties		491	467
Impairment of receivables		1,658	-
Impairment of investment properties		25,137	-
Other expenses		1,226	225
Change in fair value of interest rate swaps	5	21,266	-
Unrealised foreign exchange losses	6	34,188	-
Change in fair value of foreign exchange contracts		-	1,784
Total expenses		**96,342**	**12,187**
Net profit before related income tax expense and financing costs to unitholders		**(41,281)**	**14,550**
Income tax benefit		-	19
Net profit attributable to unitholders		**(41,281)**	**14,569**
Financing costs			
Distributions to unitholders	2	(5,399)	(9,988)
Total changes in net assets attributable to unitholders		**(46,680)**	**4,581**

Earnings per unit		**cents**	**cents**
Basic earnings per unit		(30.58)	11.03
Diluted earnings per unit		(30.58)	11.03
Distributable earnings per unit		3.86	7.57

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

AUSTRALIAN EDUCATION TRUST
CONSOLIDATED BALANCE SHEET
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group 31 Dec 2008 $'000	30 Jun 2008 $'000
Current assets			
Cash and cash equivalents		15,270	4,423
Trade and other receivables		1,000	7,874
Derivative financial instruments	5(a)	-	329
Other current assets	3	37,474	11,502
Total current assets		**53,744**	**24,128**
Non-current assets			
Derivative financial instruments	5(b)	21,915	5,240
Investment properties	4	385,219	438,484
Total non-current assets		**407,134**	**443,724**
Total assets		**460,878**	**467,852**
Current liabilities			
Trade and other payables		6,839	6,292
Distribution payable		2,362	3,644
Financial liabilities	6(a)	279,300	-
Other current liabilities		2,732	8
Total current liabilities		**291,233**	**9,944**
Non-current liabilities			
Derivative financial instruments	5(c)	15,697	12,272
Long-term financial liabilities	6(b)	-	245,009
Total non-current liabilities		**15,697**	**257,281**
Total liabilities (excluding net assets attributable to unitholders)		**306,930**	**267,225**
Net assets attributable to unitholders	7	153,948	200,627
Total liabilities		**460,878**	**467,852**

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated Group	
	31 Dec 2008 $'000	31 Dec 2007 $'000
Cash flows from operating activities		
Lease income received	27,237	21,140
Cash payments in the course of operations	(4,564)	(3,325)
Interest received	384	488
Refund of income tax	-	19
Net cash provided by operating activities	**23,057**	**18,322**
Cash flows from investing activities		
Proceeds from sale of investment properties	7,366	2,609
Repayment of deposits on properties not proceeding	5,125	-
Payments for construction costs of investment properties	(6,187)	(31,557)
Net cash (used in) provided by investing activities	**6,304**	**(28,948)**
Cash flows from financing activities		
Borrowing costs paid	(11,833)	(5,938)
Proceeds from borrowings	-	221,832
Repayment of borrowings	-	(212,015)
Distributions paid	(6,681)	(9,418)
Proceeds from issue of units	-	20,000
Issue costs paid	-	(685)
Net cash (used in) provided by financing activities	**(18,514)**	**13,776**
Net increase in cash held	10,847	3,150
Cash at 1 July	4,423	415
Cash at 31 December	**15,270**	**3,565**

The Consolidated Cash Flow Sheet is to be read in conjunction with the accompanying notes

1. Statement of significant accounting policies

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and with any public announcements issued during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Australian Stock Exchange.

The accounting policies have been consistently applied by the Trust and are consistent with those applied in the 30 June 2008 Annual Report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting basis and conventions

The half-year report has been prepared on an accrual basis and is based on historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

2. Distributions to unitholders

	Consolidated Group 31 Dec 2008 $'000	Consolidated Group 31 Dec 2007 $'000
Net profit attributable to unitholders	(41,281)	14,569
Adjusted for:		
Property valuation costs	94	-
Impairment of investment properties	25,137	-
Unrealised foreign exchange gains	-	(1,784)
Unrealised foreign exchange losses	34,188	-
Change in fair value of foreign exchange contracts	(34,188)	1,784
Change in fair value of interest rate swaps	21,266	(4,572)
Net profit distributable to unitholders	5,216	9,997
Distribution paid or payable	**5,399**	**9,988**
Distribution per unit interim (cents)	4.00	7.40

Two quarterly distributions were declared during the half year. The first distribution was paid for the 3 months to 30 September 2008 on 31 October 2008 at 2.25 cents per unit. The second distribution is payable for the 3 months to 31 December 2008 and is due to be paid on 27 February 2009 at 1.75 cents per unit.

3. Other current assets

	Consolidated Group 31 Dec 2008 $'000	Consolidated Group 30 Jun 2008 $'000
Deposits	52	-
Prepayments	413	345
Investment properties to be sold within 12 months	37,009	11,157
	37,474	**11,502**

4. Investment properties

	31 Dec 2008	30 Jun 2008
Movement in investment properties:		
Balance at the beginning of the year - at valuation or cost	438,484	364,250
Acquisition of properties	-	69,109
Disposal of properties	(9,307)	(4,334)
Construction costs of development properties	7,031	-
Movement in investment properties to be sold in 12 months	(25,852)	(7,275)
Net revaluation increment	-	16,734
Impairment of investment properties	(25,137)	-
Carrying amount at the end of the year	**385,219**	**438,484**

4. Investment properties (continued)

Investment properties are measured at fair value and revalued on a regular basis to ensure the carrying amount of each property does not differ materially from its fair value at the balance date. Consistent with the requirement to independently value each property on a rolling basis every three years (the Trust typically revalues its properties every two years), a valuation program is conducted in the second half of the year. During the period April to June 2008, 176 properties were valued and the resultant valuations were reflected in the balance sheet at 30 June 2008.

Given the current economic circumstances, the Directors have given considerable attention to the fair value of investment properties at 31 December 2008. The Directors have considered:

(a) The Trust's current weighted average property yield is 8.78% in Australia and 8.96% in New Zealand, which are typically much higher than for more traditional commercial property.

(b) Independent expert guidance on current property yields and market rental rates per licensed place. This guidance has indicated that there is an expectation that yields would have softened in regional areas over the last 6 months. Generally, the Trusts' rents were in line, or marginally below market indicative ranges. Note: Independent valuations have not been performed since June 2008.

(c) That the Trust's major tenant is in receivership.

(d) Independent advice regarding rent per licensed place and overall rental value of the portfolio indicates that the Trust's rental levels may be under current market rates.

(e) Recent sales and offers for properties owned by the Trust indicate existing carrying values are being realised, even on a vacant possession basis.

(f) That since the last valuation dates in June 2006, 2007 and April/June 2008, passing rentals have increased in accordance with the leases by approximately 4% pa, assisting to offset any upward movement in capitalisation rates.

(g) Improvement in rents and lease security for the assignment of leases for closed centres is providing further evidence of carrying values being supported.

(h) Significant interest being expressed in the leaseholds being offered in the ABC 2/PPB EOI process for 241 ABC centres.

(i) The leases are long term and not subject to any substantial market fluctuations in rent as found in more traditional commercial markets where rents maybe subject to drastic movements.

(j) The average carrying value per property is around $1.1 million and the Trust operates within a market place that remains relatively liquid with continued purchase activity and a return of the property yield/interest rate arbitrage.

(k) The "property risk premium" above the 10 year Treasury Bond Rate has increased significantly since June 2008.

Irrespective, the Directors have made an impairment charge of $25.1 million in recognition of potential softening in property yields. During the second half, the ABC2/PPB process will have been completed, the sales/leasing results of the 33 closed centres and the ABC New Zealand sale will be known. The results of these processes combined with the Trusts normal annual valuation process (normally carried out in the second half of a financial year) will provide more precise data in determining any adjustments required to the fair value of investment properties at 30 June 2009. For further information refer to Note 11 on subsequent events regarding the receivership of ABC.

4. Investment properties (continued)

An analysis of the investment properties split into the various categories is shown below

	No of Centres	Carrying Value $000's	Current Rent (pa) $000's
Operating Properties			
ABC 1 (under the control of McGrath Nicol)	203	228,292	19,317
ABC NZ	60	42,235	3,818
ABC 2 (under the control of PPB)	89	96,262	8,537
Non ABC Centres	16	13,887	1,212
ABC/NELC Centres (under the control of McGrath Nicol)	8	8,815	767
Closed Centres	33	28,505	2,545
Development Sites			
Australia	20	23,923	-
New Zealand	10	5,446	-
Total	**439**	**447,365**	**36,196**
Less: Impairment of Investment Properties		(25,137)	
Total		**422,228**	
Comprising:	**Note**		
Investment Properties	4	385,219	
Investment Properties to be sold within 12 months	3	37,009	
		422,228	

	Consolidated Group	
	31 Dec 2008 $'000	30 Jun 2008 $'000

5 (a). Derivative financial instruments - Current

Derivative financial instruments – Interest rate swap	-	329

5 (b). Derivative financial instruments - Non - Current

Derivative financial instruments – interest rate swap	-	5,240
Derivative financial instruments – cross currency swap	21,915	-
	21,915	**5,240**

5 (c). Derivative financial instruments - Liabilities

Derivative financial instruments – interest rate swap	15,697	-
Derivative financial instruments – cross currency swap	-	12,272
	15,697	**12,272**

The trust uses derivative financial instruments (comprising cross currency interest rate swaps and interest rate swaps) to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

During the half-year ended 31 December 2008, the fair value adjustment on the cross currency swaps resulted in a gain of $34.2 million to be recorded in the Income Statement.

During the half-year ended 31 December 2008, the fair value adjustment on the interest rate swaps resulted in a loss of $21.3 million to be recorded in the Income Statement.

	Consolidated Group 31 Dec 2008 $'000	Consolidated Group 30 Jun 2008 $'000
6 (a). Financial liabilities – Current		
Bank loans at face value – secured	112,110	-
Senior Secured Notes at face value	147,690	-
Add: unrealised foreign exchange losses on Notes (hedged)	21,915	-
Less: up front transaction costs	(3,549)	-
Plus: amortised up front transaction costs	1,134	-
	279,300	-

6 (b). Long-term financial liabilities

	31 Dec 2008 $'000	30 Jun 2008 $'000
Bank loans at face value – secured	-	112,110
Senior Secured Notes at face value	-	147,690
Less: unrealised foreign exchange gains on Notes (hedged)	-	(12,272)
Less: up front transaction costs	-	(3,314)
Plus: amortised up front transaction costs	-	795
	-	**245,009**

The Trust has a cash advance facility of AUD $100 million plus an AUD $15 million standby facility. As at 31 December, the total amount drawn on these facilities was AUD $112.1 million. These facilities have expiry dates of July 2010 and July 2009 respectively.

The Trust has issued Senior Secured Notes, which are denominated in United States Dollars ($77 million), Canadian Dollars ($19.1 million) and Australian dollars ($35.4 million). These Notes are long-term borrowings with maturity dates between 2014 and 2017.

The principal and interest on these Notes are fully hedged through cross currency interest rate swaps and therefore the Trust is not exposed to any movements in foreign currency.

The movement in long-term financial liabilities of $34.3 million comprises $34.2 million relating to the impact of revaluing the Notes based on the spot rates in existence at reporting date. An unrealised foreign exchange loss of $34.2 million was recorded in the Income Statement.

The weighted average cost of all borrowings as at 31 December 2008 was 7.61% p.a. including margins and fees.

At 31 December 2008, the Trust held the following interest rate swap contracts, representing 54% of the total balance of interest-bearing liabilities:

Notional $AUD	Maturity	Fixed rate
70,000,000	2011	6.48%
35,000,000	2014	6.88%
35,000,000	2017	6.82%
140,000,000		**6.67%**

Refer to Note 5 for details on the fair value of these interest rate swaps as at the reporting date.

6. Financial liabilities (continued)

Due to the deteriorating ABC situation since mid 2008 which resulted in receivership on 6 November 2008, the Trust has been in active discussions with its debt providers. Due to the higher interest costs, lost tenancy income, increased legal costs and incurred property costs as a result of the receivership of ABC, the Trust has breached its Financial Charges Ratio (FCR) of 1.75 for the six month period to 31 December 2008. The FCR at 31 December 2008 was 1.48. Given the disruption caused by ABC's receivership, the loss of tenancy income on closed centres and development sites and significant non-recurring finance, legal, agency and bank fees, it is unlikely that the Trust will meet its FCR of 1.75 at 30 June 2009.

On this basis, the Trust has reached standstill/waiver agreements with its debt providers through to 31 March 2009. All debt providers continue to be supportive of the Trust's strategy in dealing with ABC's failure. The expectation is of a period of stability around mid 2009 when the sales program, ABC 2/PPB process and the ABC NZ sale are all expected to be completed. The Trust's debt facility agreements are currently ABC specific and will all need to be restructured to reflect the changing nature of the Trust's tenancy profile. Until this restructuring is completed, all financial liabilities have been classified as current liabilities.

7. Changes in net assets attributable to unitholders

	Consolidated Group			
	Units on issue	Units on issue	Undistributed profit	Total
	No '000	$'000	$'000	$'000
Balance at 1 July 2007	123,209	146,938	11,947	158,885
Units issued during the period	11,765	20,000	-	20,000
Less: unit issue costs	-	(623)	-	(623)
Profit attributable to unitholders	-	-	14,569	14,569
Distribution paid or provided for	-	-	(9,988)	(9,988)
Balance at 31 December 2007	**134,974**	**166,315**	**16,528**	**182,843**
Balance at 1 July 2008	134,974	166,315	34,313	200,628
(Loss) attributable to unitholders	-	-	(41,281)	(41,281)
Distribution paid or provided for	-	-	(5,399)	(5,399)
Balance at 31 December 2008	**134,974**	**166,315**	**(12,367)**	**153,948**

8. Segment information

(a) Primary reporting - geographical segments

	Australia		New Zealand		Eliminations		Consolidated Group	
	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000	31 Dec 2008 $'000	31 Dec 2007 $'000
Revenue								
External sales	18,507	19,161	1,982	2,516	-	-	20,489	21,677
Unallocated revenue							384	488
Change in fair value of interest rate swaps							-	4,572
Change in fair value of foreign exchange contracts							34,188	-
Total revenue							**55,061**	**26,737**
Result								
Segment result	6,420	8,399	(24)	1,091	-	-	6,396	9,490
Unallocated expenses net of unallocated revenue							384	488
Change in fair value of interest rate swaps							(21,266)	4,572
Impairment of receivables							(1,658)	-
Impairment of investment properties							(25,137)	-
Profit before tax							(41,281)	14,550
Income tax							-	19
Profit after tax							**(41,281)**	**14,569**
Assets								
Segment assets	427,045	438,794	49,402	38,995	(15,569)	(9,937)	460,878	467,852
Total assets							**460,878**	**467,852**
Liabilities								
Segment liabilities	306,381	266,988	34,302	28,472	(33,753)	(28,235)	306,930	267,225
Total liabilities							**306,930**	**267,225**
Other								
Acquisitions of non-current segment assets	3,204	33,029	3,827	5,462	-	-	7,031	38,491
Disposals of non-current segment assets	6,134	2,449	3,173	-	-	-	9,307	2,449

(b) Secondary reporting - business segments

The trust operates in one business segment being the ownership of childcare centre properties.

9. Capital and lease commitments

	Consolidated Group	
	31 Dec 2008 $'000	31 Dec 2007 $'000
(a) Capital expenditure commitments - centre acquisitions		
Estimated capital expenditure commitments contracted at balance date but not provided for:		
not later than 1 year	-	**20,669**

(b) Lease revenue commitments

Details of non-cancellable operating leases contracted but not capitalised in the financial statements are shown below:

Lease terms are non-cancellable with a fifteen year term and rent is reviewed annually in accordance with CPI movements. Further, two five year options exist to renew the leases for further terms.

Receivable:		
not later than 1 year	34,632	32,479
later than 1 year but no later than 5 years	147,447	146,999
later than 5 years	299,323	447,059
	481,402	**626,537**

Only leases with operating centres as detailed in Note 4 are shown above. The revenue commitments shown are dependent on existing leases being assigned to new tenants through the ABC receivership process.

(c) Leasehold property commitments

Details of non-cancellable property leases contracted for but not capitalised in the financial statements are shown below:

The property leases are a non-cancellable lease with a twenty year term, with rent payable quarterly or monthly in advance. Contingent rental provisions within the lease agreements require the minimum lease payments shall be increased by the minimum of CPI to a maximum of 5% per annum. A right or option exists to renew the leases for a further term. The lease allows for subletting of all lease areas.

Payable:		
not later than 1 year	895	852
later than 1 year but no later than 5 years	3,941	3,786
later than 5 years	18,085	19,135
	22,921	**23,773**

10. Contingent liabilities

No contingent liabilities to the Trust exist of which the Responsible Entity is aware.

11. Subsequent events

Key developments relating to the ABC Receivership are as follows:

ABC 1: ABC 1 centres remain under the control of McGrath Nicol (ABC Receiver). The 203 ABC 1 centres owned by the Trust form part of 720 centres that continue to be operated by ABC. At current time, we understand that McGrath Nicol will embark on a sales process for these centres around mid – 2009.

ABC 2: ABC 2 centres are under control of PPB (the Court approved receiver). These centres are being funded by the Federal Government until 31 March 2009. PPB are conducting a formal sales process for the business and leasehold interests which is scheduled to be completed by 31 March 2009. On 26 February 2009, PPB announced that 180 binding offers had been received for the 241 centres under their control. We understand that each offer may include more than one centre.

ABC New Zealand: A formal sales process for the business and leasehold interests is currently being conducted by McGrath Nicol and is expected to be completed before 30 June 2009. ABC is not in insolvency in New Zealand.

In all sales processes, the Trusts' consent is required for the assignment of the leases.

Closed Centres: These centres have been closed as a result of ABC being placed into receivership on 6 November 2008. On 19 February 2009, the Trust appointed Jones Lang LaSalle ("JLL") to manage an Expressions of Interest ("EOI") process to invite interest from prospective buyers or tenants. EOIs close on 25 March 2009.

Development Sites: These sites were purchased under contractual obligations, including a formal Agreement to Lease with ABC to develop new centres in both Australia and New Zealand. These sites will be sold by the Trust during 2009 and the proceeds used to repay debt.

Debt Facilities

As disclosed in Note 6 of these Financial Statements, the Trust has breached its Financial Charges Ratio (FCR) of 1.75 for the six month period to 31 December 2008. The Trust has reached standstill/waiver agreements with its debt providers through to 31 March 2009 with a restructuring of the debt facilities to be completed during the next six month period.

Property Sales

Subsequent to 31 December 2008, the Trust has sold two properties for $1.9 million, resulting in a small profit above the properties carrying values.

AUSTRALIAN EDUCATION TRUST
DIRECTORS DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

In the opinion of the directors of Austock Property Management Limited, the responsible entity of Australian Education Trust ("the Trust"):

1. the financial statements and notes, set out on pages 6 to 18 are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the financial position of the Trust as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.

2. there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

3. the Trust has operated during the half-year ended 31 December 2008 in accordance with the provisions of the Trust Constitution dated 8 July 2002 (as amended).

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

Dated at Melbourne this 27th day of February 2009

Victor David Cottren
Chairman
Austock Property Management Limited

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE AUSTRALIAN EDUCATION TRUST

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Education Trust and its Controlled Entity (the consolidated entity), which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Austock Property Management Limited ("the Responsible Entity") are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls 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 an opinion 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 Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the 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 The Australian Education Trust and its Controlled Entity, *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.

Independence

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

PARTNERS:
Stephen L. Adrian
Steven A. Allan
Marco S. Carlei
Jean-Claude Cesario
Ian K. Kearney
Daren I. J. McDonald
Daniel J. Minihan
Kevin W. Neville

Moore Stephens ABN 39 533 589 331
Level 14, 607 Bourke Street, Melbourne VIC 3000
Telephone: +61 3 9614 4444 Facsimile: +61 3 9614 6039
Email: melbourne@moorestephens.com.au Web: www.moorestephens.com.au
An independent member of Moore Stephens International Limited - members in principal cities throughout the world.
A separate partnership in Victoria.
Liability limited by a scheme approved under Professional Standards Legislation.

Scott W. Phillips
Stephen J. O'Flynn
Tim R. Olynyk
S. David Pitt
Ivan Shapiro
Grant M. Sincock
Tim J. Stillwell
Jonathan C. Thomas
Daren Yeoh
PS 001

Conclusion

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

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

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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to our opinion expressed above, we draw attention to Note 6 in the Half Year financial report which indicates that The Australian Education Trust has breached its Financial Charges Ratio at 31 December 2008. The trust is also unlikely to meet its Financial Charges Ratio at 30 June 2009 due to the disruption caused by the ABC Learning Centres Limited receivership, loss of tenancy income on closed properties and significant non-recurring finance, legal, agency and bank fees. The trust has reached a waiver agreement with its debt providers through to 31 March 2009. These conditions, along with other matters set forth in Note 6, indicate the existence of a material uncertainty which may cast significant doubt about the trust's ability to continue as a going concern.

Significant Uncertainty Regarding Accounting Estimate

Without qualification to our opinion expressed above, we draw attention to Note 4 in the Half Year financial report. The impairment analysis performed for the investment properties is based on a number of assumptions and accounting estimates whose outcome depends on future events which are significantly uncertain. The ultimate amount of impairment to be recognised on the investment properties cannot be presently determined with reliable accuracy. The directors have recognised an impairment loss of $25.1 million which takes into account circumstances at the date of this report. The effect of the uncertainty regarding ABC learning Centres Limited receivership and the outcome of the sales process for the childcare centres cannot be reliably determined and has not been taken into account in calculating the above impairment loss.

Moore Stephens

MOORE STEPHENS
Chartered Accountants

Kevin W Neville
Partner

Melbourne, 27 February 2009

Responsible Entity and principal place of business of the Trust	Austock Property Management Limited Level 1 350 Collins Street Melbourne VIC 3000
Directors of the Responsible Entity	Michael Francis Johnstone Victor David Cottren (Chairman) Nick Anagnostou
Solicitors	Macrossans Lawyers Level 23 AMP Place 10 Eagle Street Brisbane Qld 4000
Auditor	Moore Stephens Level 14 607 Bourke Street Melbourne Vic 3000
Taxation Advisors	Moore Stephens Level 14 607 Bourke Street Melbourne Vic 3000
Bank	National Australia Bank Level 24, 500 Bourke Street Melbourne VIC 3000
Custodian	Trust Company Limited 213-217 St Pauls Terrace Spring Hill Qld 4006
Secretary of the Responsible Entity	Elizabeth Lee Level 1 350 Collins Street Melbourne VIC 3000
Investor Relations	Lula Liossi Austock Property Management Limited Level 1 350 Collins Street Melbourne VIC 3000 Ph: (03) 8601 2000