

ASX Announcement

31 August 2009

Australian Education Trust Results for the Financial Year 30 June 2009

The Directors of the Responsible Entity, Austock Property Management Limited ("APML") are pleased to provide the results of the Australian Education Trust (AET) (ASX:AEU) for the year ended 30 June 2009.

The annual accounts include extensive detailed notes regarding AET's financial performance and the activities of the Manager. This summary is provided as an adjunct to the financial statements and should be read in conjunction with the Annual Financial Report.

1. Financial Results

Below is a summary of the financial results for the year ended 30 June 2009.

(i) Key Summary

- Distributable income of \$8.4 million in 2009 compared with \$18.7 million in 2008, predominantly as an outcome of the receivership of ABC Learning Centres Limited ("ABC") and increased financing costs;
- Net loss (inclusive of non-cash items) of \$29 million;
- Result impacted by non-cash losses of \$37.4 million (2008 gain of \$35.6 million) relating to the restating of financial derivatives and revaluation of investment properties;
- Net Tangible Assets (NTA) of \$1.33 per unit;
- Cash position of \$28.7 million to be utilised to reduce borrowings;
- Non-cash revaluation decrement of investment properties of \$28.2 million; and
- 21 properties were either sold or contracted as at 30 June 2009 with a further 8 sales contracts being entered into subsequent to 30 June 2009; with total proceeds of \$29.6 million (101% of book value).

(ii) Financial Highlights

The table below provides a comparison of the results to 30 June 2009 and the previous year:

\$'000	Full Year to 30 June 2009	Full Year to 30 June 2008
Revenue	60,716	78,343
Expenses	89,734	24,008
Net Profit/(Loss) Attributable to Unitholders before tax	(29,018)	54,354
Distributable Income	8,385	18,727
Total Distributions	5,399	18,491
Weighted Average Units on Issue	134,974	133,527
Units on Issue as at End of Period	134,974	134,974
Basic EPU on Weighted Units (cents)	(21.50)	40.71
Distributable income per Unit	6.21	14.02
Distribution Per Unit	4.00	13.70
Number of Childcare Properties (end of year)	415	432

2. Current Centre Summary

The childcare centre portfolio as at 30 June 2009 is apportioned as follows:

	No of Properties	Carrying Value \$000's	Current Rent (pa) \$000's
Operating Properties			
ABC 1 (under the control of McGrath Nicol)	202	238,052	21,222
ABC New Zealand (not in Administration)	58	42,294	3,572
Non ABC Properties (not in Administration)	98	105,797	9,624
	358	386,143	34,418
Closed Properties			
- Sold / Contracted (yet to settle)	8	6,358	-
- Available for Sale/Lease	22	19,394	-
Development Sites			
Australia - Sold / Contracted	4	5,357	-
Australia - Available for Sale	13	13,226	-
New Zealand	10	5,445	-
Total Properties (prior to Revaluation Decrement)	415	435,923	34,418
Revaluation decrement		(28,190)	
Total Properties		407,733	

(i) Overview of Activities 2009

AET faced a number of challenges over the year due as a direct result of its largest tenant ABC, falling into Administration and Receivership which has impacted on the Fund's performance in the short term. Management has put in place protective measures to ensure the Fund's assets and unitholders' best interests are upheld. The outcomes to date are summarized as follows:

- A relatively successful assignment program for ABC2 that saw over 78 properties of 89 leased (plus two properties sold) to new tenants on largely existing lease terms;
- New bank guarantees for the ABC2 properties to the value of \$2.09 million;
- A sale and leasing program that has seen 21 properties either sold or leased with sales of \$15.7 million indicating a net gain over carrying value of \$0.5 million or 3.3%. Eight further properties have since been contracted for sale with a total value of \$6.5 million;
- Legal action in the Federal Court against the Receiver and Administrator that has brought forward the sale of the ABC business and imposed conditions on the Receiver with respect to the timing and manner of the sale; and
- Independent valuations for 109 Australian operating properties were undertaken as at 30 June 2009 to more accurately reflect the value of AET's underlying assets. The outcome was a decrease in the carrying value of those properties of 3.8%. This decrement has been utilised to determine a revaluation decrement across the Australian operating portfolio. In addition, revaluation decrements have also been made for closed centres, development sites (both Australia and New Zealand) and New Zealand operating properties. The total revaluation decrement is \$28.2 million.



Management has remained focused on ensuring that the externally controlled process of ABC1, ABC2 and ABC NZ do not further diminish AET's position, although the financial prejudice that the Trust has suffered as a direct result of ABC's failure and the subsequent receivership is significant.

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

ABC1

ABC1 properties have remained under the control of McGrath Nicol (ABC Receiver) since 6 November 2008. McGrath Nicol selected 715 properties (ABC1) that were deemed profitable and continue to be operated by ABC, 202 of that group of properties are owned by the Trust. McGrath Nicol, indicated that they proposed to stabilise the operating performance of the properties with the aim of selling the ABC business to a new operator/s. The Administrators of ABC made a court application requesting an extension to the convening period of the Administration. The ABC Administration period has been extended twice previously and whilst McGrath Nicol continues to pay the rent on a monthly basis, AET has been unfairly prejudiced as a result thereof.

APML challenged the extension of the convening period on the basis that the Trust is suffering continued financial prejudice due to the length of the administration and the Receiver's continued ability to disclaim the Trust's leases as provided under the Corporations Law and other negative factors that have adversely affected the Trust as a direct result from the continued Administration. Orders by the Federal Court on 21 August 2009, provided that the convening period of the Administration is extended to 31 March 2010, however, the Orders include undertakings by the Receiver; which has provided greater short term clarity to the Trust and addresses some of the key issues which were in abeyance.

The Orders by the Federal Court were seen as a positive step forward; after what has been a long and complex process. APML was satisfied the outcome provided some short term clarity and that the Receiver must abide by certain conditions.

ABC 2

The reassignment of the ABC2 portfolio to new childcare operators was a major project, with tight timelines in an externally controlled environment. Management is pleased with the outcome given that the Administrators deemed these properties as unviable under the ABC business model.

There were 89 properties in the ABC2 portfolio, which were under the control of PPB, the Court Appointed Receiver. The receiver had originally set a deadline of 31 March 2009 for the completion of the sale of the business and lease assignments; this was extended to 15 May 2009. The outcome resulted in 78 of the 89 properties assigned to 22 different tenants. PPB has closed all but one of the remaining 9 businesses. AET has placed these 9 properties on the market for sale. Two properties from the ABC2 portfolio were sold for approximately \$1.5 million.

In relation to the 78 properties where leases were assigned, AET has been able to maintain its standard lease structure (triple net with CPI increases); its headline rentals under the leases as well as ensuring a strong security position through rental guarantees that are typically for six months gross rent. The 22 different tenants have also added diversity to AET's tenant base.

ABC New Zealand

ABC New Zealand (ABC NZ) is a wholly owned subsidiary of the ABC Learning Centres (Receivers & Managers Appointed) Ltd. The New Zealand subsidiary is not in receivership or liquidation however, the Receiver, McGrath Nicol is in effective control of the business and has sought to sell the NZ business through an Expression of Interest campaign. The Trust owns 58 properties in New Zealand which represents approximately \$42.3 million in capital value or 10% of the Trust's portfolio.

The Trust is seeking involvement in the sales process being conducted by McGrath Nicol to ensure that the new tenant (or tenants) represents viable long term operators. Rent continues to be paid on a monthly basis.

To date, the ABC NZ business remains unsold although it is understood to be trading profitably and maintaining good occupancy levels.

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Non-ABC Properties

Prior to the ABC2 process, there were 16 properties that had non-ABC tenancies; 7 of these properties leased to one tenant with the remaining properties leased to 5 other tenants. Two of these properties have accrued rental arrears and the Trust has commenced legal procedures in relation to this matter. In addition 4 previously closed properties have been re-leased to new tenants. The Trust now has an additional 78 properties in this group that have been leased to parties other than ABC as part of the ABC2 reassignment, bringing the total non-ABC tenanted properties to 98 properties.

Closed Properties

The sales and leasing campaign for all closed centres and development sites was established in February 2009. The campaign has been successful in what has otherwise been an unpredictable but largely difficult property market. Most of the properties sold to date have realised carrying value with some achieving better than expected results.

As at 30 June 2009, 11 properties have been sold or contracted for sale for approximately \$9.8 million and as at the date of this announcement a further 5 properties have either settled or are contracted to be settled for approximately \$3.1 million. In addition, 4 properties have been re-leased to new tenants.

There are 13 properties remaining on the sales and leasing campaign with an additional 9 properties to be added from the ABC2 process. The proceeds of sale from these properties will be used to pay down debt.

(iii) Development Sites

These sites were purchased under contractual obligations, including a formal Agreement to Lease with ABC to develop new properties in both Australia and New Zealand. A site rent was received for each based on acquisition costs. Currently no site rent is being received on these sites. A program to dispose of the development sites has been run concurrently with that for the existing childcare properties. The development sites program is indicative of the general market place for land where conditions are significantly harder through a lack of development activity and availability of finance for development property.

There were 20 development sites in total in Australia and 10 in New Zealand that the Trust has placed on the market to sell with an overall book value of \$27.3 million. It is expected that the Trust will suffer a loss on these sites, in the vicinity of 25-30% of book value, mostly as a direct result from the previous value assigned relating to lease agreements with ABC, which have now dissipated. This is included in the overall revaluation decrement.

As at 30 June 2009, 4 Australian sites have been sold or contracted for sale for approximately \$4.5 million. As at the date of this announcement, a further 3 properties have been settled or contracted to settle with proceeds of approximately \$3.4 million.

There are 13 Australian properties remaining on the sales and leasing campaign with 10 New Zealand development sites still to be disposed. The proceeds of sale from these properties will be used to pay down debt.

3. Debt Funding

Previous AET announcements noted that due to higher interest costs, lost tenancy income, increased legal costs and property outgoings, AET breached its Financial Charges Ratio ("FCR") for the period to 31 December 2008 and that it was likely to do the same for the period to 30 June 2009. As a result of loss of tenancy income and continued increased costs during the six month period to 30 June 2009 the FCR at 30 June 2009 is 1.33x as opposed to a benchmark of 1.75x.

AET is currently negotiating amended debt funding arrangements with both the NAB and the Senior Secured Noteholders. Negotiations are yet to be completed, however, the following general parameters have now been largely agreed and are appropriate for release:



- It is expected Senior Secured Notes will be brought forward from July 2014 and 2017 and the NAB maturity dates will be extended to a common date of 31 July 2011.
- Bank margins are expected to increase by approximately 250 basis points (2.5%) pa on the amounts currently charged.
- AET is expected to make debt repayments in compliance with the new agreements.

It is expected that following the completion of the ABC1 process, AET will seek to refinance the Senior Notes.

APML is working towards completing the debt funding arrangements as soon as possible.

4. Distributions

A condition of the amended debt funding arrangements with both the NAB and the US Noteholders is that distributions are suspended until the existing capital structure of AET is revised. This is not expected to occur before the completion of the ABC1 sale and successful assignment of the Trust's properties to a new operator.

Based on the above, Management advises there will be an ongoing suspension of distributions until further notice and as such distributions for the September quarter are suspended.

AET's distributions policy is continuously monitored, and should circumstances change, an announcement will be issued.

At this time, Management cannot provide any firm guidance as to future distributions until AET's debt arrangements have been completed.

AET's previous forecast distribution of approximately 6 cents for the year to 30 June 2009 would have been met, had distributions not been suspended. The amount of \$3.0 million that was to be used for distributions will be utilised to repay debt.

5. Outlook

Management is entirely focused on dealing with the issues arising from the failure of ABC and the subsequent receivership process. Although there has been some success and positive signs in dealing with the ABC2 portfolio and closed properties, a level of risk remains until the successful completion of the ABC1 business sale, now not expected to conclude until March 2010. It is difficult to provide any greater clarity on the ABC1 portfolio at this time. Management will play an active role in the ABC1 and ABC NZ sales process.

The outlook for the future is for AET to negotiate the assignment of all of its ABC1 and ABC NZ leases, to complete new funding arrangements in the immediate term and return to a more stable income stream with greater diversification in its tenant base by the second half of 2010. This should allow regular distributions to unitholders to recommence.

(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

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Appendix 4E

Preliminary Final Report For the Year Ending 30 June 2009

Results for announcement to the market

Name of entity

Australian Education Trust

ABN

58 102 955 939

1. Details of the reporting period

This report details the consolidated results of Australian Education Trust (the "Trust") for the year ended 30 June 2009.

2. Results for announcement to the market

					\$A'000
2.1	Revenue from ordinary activities	Down	22%	to	60,716
2.2	Profit (loss) from ordinary activities after tax attributable to members	Down	153%	to	(29,018)
2.3	Net profit (loss) for the year attributable to members	Down	153%	to	(29,018)
2.4	Interim Distribution (paid 31 October 2008) – 2.25 cents per unit (franking not applicable) Interim Distribution (paid 27 February 2009) – 1.75 cents per unit (franking not applicable)				
2.5	Record date for distributions – 30 September 2008 and 31 December 2008.				
2.6	Brief explanation of the figures reported above: Refer to Directors Report in Annual Financial Report				

3. Income statement and notes

Refer to Annual Financial Report

4. Balance sheet and notes

Refer to Annual Financial Report

5. Cash flow statement and notes

Refer to Annual Financial Report

6. Details of distributions

Two quarterly distributions were payable during the financial year as follows:

	\$'000
2.25 cents per unit for the quarter ended 30 September 2008, paid on 31 October 2008	3,037
1.75 cents per unit for the quarter ended 31 December 2008, paid on 27 February 2009	2,362
Total distributions provided for or paid in respect of the year ended 30 June 2009	5,399

7. Distribution Reinvestment Plan

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

8. Statement of retained earnings

Refer to Annual Financial Report

9. Net tangible assets per unit

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
Net tangible asset backing per ordinary unit	\$1.331	\$1.586	\$1.354	\$1.581

10. Details of entities over which control has been gained or lost during the year

Nil to report.

11. Details of associates and joint venture entities

Not applicable.

12. Other significant information

Nil to report.

13. Foreign entities

Not applicable.

14. Commentary on the results for the year

14.1 Earnings per security

Refer to Annual Financial Report

14.2 Returns to unitholders including distributions and buybacks

There were no buybacks during the financial year (2008: nil).

14.3 Significant features of operating performance

Refer to Directors Report in Annual Financial Report

14.4 Results of segments

Refer to Annual Financial Report

14.5 Discussion of trends in performance

Refer to Directors Report in Annual Financial Report

14.6 Factors which have affected the results in the year or which are likely to affect results in the future, including those where the effect could not be quantified

Refer to Directors Report in Annual Financial Report

15. Audit of financial statements

The report is based on audited financial statements.

16. Disputes with auditors or qualifications

Nil



Signed:

Victor David Cottren
Chairman

Dated: 31 August 2009



Annual Financial Report

**Australian Education Trust
and
Controlled Entity**

30 June 2009

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**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

The Australian Education Trust ("Trust") is a managed investment scheme that is registered under the Corporations Act 2001. Austock Property Management Limited ("Responsible Entity") was appointed the Responsible Entity of the Trust on 17 December 2004. The Responsible Entity is a wholly-owned subsidiary of Austock Group Limited.

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principles of good corporate governance and the extent to which the Trust has sought to comply with the best practice recommendations for each.

Principle 1: Lay solid foundations for management and oversight

The Principle requires the Trust to establish and disclose the respective roles and responsibilities of both the Board and Management.

ASX best practice recommendation / disclosure obligation	Trust's response
1.1 Establish functions reserved to Board and those delegated to senior executives	<p>The business of the Trust is managed under the direction of the Board of Directors of the Responsible Entity ("Board") with management of day to day operations delegated to the Chief Operating Officer and Fund Manager.</p> <p>The conduct of the Board is governed by the Constitution of the Trust and Responsible Entity and the Corporations Act 2001. The Board meets on a regular basis and is required to discuss pertinent business developments and issues and review the operations and performance of the Trust.</p>
1.2 Process for evaluating performance of senior executives	<p>There are 4 components to evaluating the performance of senior executives. Prior to the commencement of the financial year, a Budget/strategy session is held involving the Chief Operating Officer, Chief Financial Officer and Fund Manager and a business plan is agreed for the forthcoming year. An annual performance appraisal of the Fund Manager is conducted by the Chief Operating Officer in August and KPIs that have been agreed between them are filtered down to individual team members. Biannual reviews are conducted to provide formal feedback to the Fund Manager regarding their individual and team's performance and to plan for the next 6 months. Performance is regularly reviewed at fortnightly meetings between the Fund Manager and Chief Operating Officer.</p> <p>Adopting this process, the performance of senior executives was evaluated during the financial year.</p>
1.3 Availability of information	<p>A copy of the Constitution of the Responsible Entity and Trust is available on the Trust's website.</p>

Principle 2: Structure the Board to add value

The Principle requires the Trust to have a Board of effective composition, size and commitment to adequately disclose its responsibilities and duties.

It is the objective that the Board comprises directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Board collectively to supervise the operations of the Trust with excellence.

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**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

ASX best practice recommendation / disclosure obligation	Trust's response
2.1 Majority of Board should be independent directors	<p>Throughout the financial year the majority of the Board comprised independent directors.</p> <p>The current Board comprises three directors, of whom two – Mr Vic Cottren and Mr Michael Johnstone - are independent. The other member of the Board is Mr Nicholas Anagnostou who holds an executive role and is not considered independent.</p>
2.2 Chair should be an independent director	<p>Mr Cottren has been Chairman of the Board since 4 August 2008 and is regarded as independent. The former independent Chairman Mr Michael McFarlane was granted leave of absence on 4 August 2008 and resigned as a director on 17 September 2008.</p>
2.3 Roles of Chair and Chief Executive Officer should not be exercised by same individual	<p>The roles of Chairman and Chief Executive Officer are not held by the same individual. Since the resignation of Mr Vin Harink on 28 July 2008, the role of Chief Executive Officer has been vacant, however the most senior executive roles are held by Mr Craig Thompson, Chief Operating Officer and Mr Nicholas Anagnostou, Fund Manager.</p>
2.4 Establish a Nomination Committee	<p>Due to the small size of the Board it is not intended that a Nomination Committee be established. Responsibility for selecting, appointing, evaluating and removing directors is a matter for the full Board and Austock Group Limited.</p>
2.5 Process for performance evaluation of Board, its committees and individual directors	<p>The Trust does not have in place formal evaluation measures and processes for the Board, its committees and individual directors as the nature and size of the business to date has justified an informal process.</p> <p>The Board has directed the Company Secretary to produce a policy which outlines the process for performance evaluation of the Board, its committees and individual directors. That policy has yet to be adopted by the Board and implemented. A performance evaluation will be undertaken at the earliest opportunity following implementation of the policy.</p>
2.6 Information on Directors	<p>Details of each Director's relevant skills, experience and expertise, as well as their independence status and period in office are set out in the Directors' Report. The number of meetings held and attended during the year are also set out in the Directors' Report.</p> <p>In determining the independence of directors, the Board has adopted the criteria set out in section 601JA(2) of the Corporations Act 2001.</p>
2.6 Independent professional advice	<p>Under the terms of the Trust's Constitution, the directors and non-executive committee members of the Responsible Entity have the right to seek independent professional advice at the Trust's expense.</p>
2.6 Procedure for selection and appointment of new directors and re-election of incumbent directors / Board policy for nomination and appointment of directors	<p>The Board does not have in place a formal policy for the nomination and appointment of directors as responsibility for selecting and appointing directors is maintained by Austock Group Limited.</p> <p>Nevertheless, the Board regularly reviews the composition of the Board in view of the business and strategic needs of the business and provides feedback in relation thereto to Austock Group. If it is deemed necessary to recruit additional directors the Board will assist Austock Group in determining the skills and experience required by the additional directors. A search process is undertaken following which the Chairman and directors will interview the selected candidate(s). If a suitable candidate is found an appointment</p>

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will be made.

Neither the Responsible Entity's Constitution nor the ASX Listing Rules require newly appointed directors to seek election or incumbent directors to seek re-election.

2.6 Availability of information

A copy of the policy on Board performance evaluation will be made available on the Trust's website once adopted by the Board. A description of the procedure for the selection and appointment of new directors will also be made available on the Trust's website at this time.

Principle 3: Promote ethical and responsible decision making

The Principle requires that the Board should actively promote ethical and responsible decision-making.

ASX best practice recommendation / disclosure obligation	Trust's response
3.1 Establish a Code of Conduct	Directors and employees of the Responsible Entity are subject to a Code of Conduct which has been adopted by Austock Group Limited. The Board is committed to ensuring that all directors and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their working life.
3.2 Establish a Share Trading Policy	The Board has adopted a Share Trading policy which governs dealing in units of the Trust by directors, responsible officers and persons who, because of their office or employment with the Responsible Entity or a related body corporate, are likely to be in possession of unpublished price sensitive information in relation to the Trust. This includes restricting dealings in the Trust's units without prior approval and then not in the period of 1 month immediately preceding the announcement of the Trust's annual or half year results (as applicable).
3.3 Availability of information	A copy of the Austock Group Code of Conduct and Share Trading Policy are available on the Trust's website.

Principle 4: Safeguard integrity in financial reporting

This Principle requires that the Trust have a structure in place to independently verify and safeguard the integrity of its financial reporting.

ASX best practice recommendation / disclosure obligation	Trust's response
4.1 Establish an Audit Committee	<p>The Board has established an Audit and Compliance Committee whose responsibilities include monitoring the Responsibility Entity and the Trust's compliance with the Corporations Act 2001, the Trust's Constitution and Compliance Plan. This is notwithstanding that a separate compliance committee is not required under s.601JA of the Corporations Act.</p> <p>The current members of the Committee are Mr Warner Bastian (Chairman), Mr Michael Johnstone and Mr David Penman, all of whom are considered independent. Mr Bastian and Mr Penman are not members of the Board but possess a level of technical expertise</p>

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	appropriate for audit committee membership.
4.2 Structure of Audit Committee	<p>The Board notes that as the Trust was not included in the top 300 of the S&P All Ordinaries Index at the beginning of the financial year it is not required to follow the best practice recommendations on the composition, operation and responsibilities of an audit committee.</p> <p>The Trust is not presently complying with the recommendation that all members of the committee be non-executive directors. Mr Bastian and Mr Penman are members of the committee but are not directors of the Responsible Entity. The Board is of the view that it is preferable to have a non-compliant committee that is fully independent than to appoint non-independent directors to the committee.</p>
4.3 Formal Charter	The Audit and Compliance Committee has a formal charter which sets out its responsibilities.
4.4 Information on Audit Committee members	The names and qualifications of the Audit and Compliance Committee members and details of meetings held and attended during the year are set out in the Directors' Report.
4.5 Selection and appointment of external auditor and for rotation of external audit engagement partner	<p>The Board is responsible for appointing the external auditor, subject to confirmation by unitholders at a general meeting.</p> <p>The Audit and Compliance Committee is directly responsible for making recommendations to the Board on the appointment, termination and oversight of the external auditor. In selecting an auditor, the Committee implements a selection process and makes a recommendation to the Board based on their assessment of the potential external auditor. The assessment takes into account a number of key criteria, including audit approach and methodology, internal quality control procedures, resources, key personnel and cost.</p> <p>The Audit and Compliance Committee is required to annually review the external auditor's performance and independence.</p> <p>In line with current professional standards, the external auditor is required to rotate Trust audit and review partners at least once every 5 years.</p>
4.6 Availability of information	A copy of the Audit and Compliance Committee Charter is available on the Trust's website. Information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners will be posted to the website shortly.

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Principle 5: Make timely and balanced disclosure

The Principle requires the Trust to promote timely and balanced disclosure of all material aspects concerning the Trust.

ASX best practice recommendation / disclosure obligation	Trust's response
5.1 Continuous Disclosure Policy	A Continuous Disclosure Policy has been adopted by the Board. This policy reflects the Board's commitment to ensuring that information that is expected to have a material effect on the price or value of the Trust's securities is immediately notified to the ASX for dissemination to the market in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.
5.2 Availability of information	A copy of the Continuous Disclosure Policy is available on the Trust's website.

Principle 6: Respect the rights of shareholders

The Principle requires the Trust to respect the rights of shareholders and facilitate the exercise of those rights.

ASX best practice recommendation / disclosure obligation	Trust's response
6.1 Communications Policy	<p>A Communications Policy has been adopted by the Board, reflecting its policy that unitholders be informed of all significant developments affecting the Trust's affairs.</p> <p>Information is communicated by:</p> <ul style="list-style-type: none"> • dispatching annual reports to unitholders who request to receive it; • dispatching Distribution Statements to all unitholders which include details of distributions paid and the components of the distribution; • maintaining a dedicated investor relations section on the Trust's website to which it posts copies of all ASX announcements, Annual Reports, Half Yearly Reports, details of corporate governance practices, presentations to unitholders and other information of interest to investors; and <p>As a managed investment scheme, the Trust is not required to hold an annual general meeting. In previous financial years, however, the Trust has held unitholders' meetings at which the auditor (at the request of the Responsible Entity) has been in attendance. In the interests of containing costs, a unitholders' meeting was not held during the financial year. In deciding not to hold a unitholders' meeting at which the auditor was present and available to answer questions, the Trust has not met the aims of section 250RA of the Corporations Act (which requires an auditor of a listed entity to attend the annual general meeting and answer questions on the audit).</p>
6.2 Availability of information	A copy of the Communications Policy is available on the Trust's website.

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Principle 7: Recognise and manage risk

This Principle requires the Trust to establish a sound system of risk oversight and management and internal control.

ASX best practice recommendation / disclosure obligation	Trust's response
7.1 Establish policies for the oversight and management of material business risks	The Board has adopted a Risk Management Plan, developed in accordance with the Australian Standard on Risk Management (AS/NZS 4360:2004). The policy reflects the Board's commitment to identifying, monitoring and mitigating risks as well as capturing opportunities.
7.2 Design and implement a risk management and internal control system to manage material business risks and report thereon to Board	Day to day responsibility for risk management has been delegated to Management, with review occurring at both Responsible Entity Board level and Austock Group Board level. In accordance with the Risk Management Plan, Management undertakes an exercise of identifying and prioritising its material business risks. These risks are documented in a Risk Register and, where the level of risk is considered to be above the desired level, an action plan is developed to address and mitigate the risk. Management's risk management process is reviewed by an external consultant every two years and the next review is due to be undertaken in late 2009/early 2010. Risks, the effectiveness of mitigation strategies and the overall management system are regularly reviewed by Management to ensure changing circumstances do not alter the risk priorities. Management reports to the Board on the effectiveness of the Trust's management of its material business risks.
7.3 Assurance from Chief Executive Officer and Chief Financial Officer	The Fund Manager (the position of Chief Executive Officer being presently vacant) and Chief Financial Officer have certified in writing to the Board that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
7.4 Availability of information	A copy of the Risk Management Plan is available on the Trust's website.

Principle 8: Remunerate fairly and responsibly

This Principle requires that the Trust ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

ASX best practice recommendation / disclosure obligation	Trust's response
8.1 Establish a Remuneration Committee	Remuneration of the Responsible Entity is dealt with comprehensively in the Trust's Constitution. Accordingly, it is considered unnecessary to maintain a Remuneration Committee. All fees and expenses of the Responsible Entity are approved by the Board.
8.2 Distinction between structure of non-executive directors'	Remuneration of Directors and senior executives is a matter for the Board and Austock Group Limited. Directors and senior executives are paid either directly by the Responsible Entity or by entities associated with the Responsible Entity or Austock

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CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

remuneration and remuneration of directors and senior executives	Group. Directors and employees are not provided with any remuneration by the Trust itself.
	A distinction is made between the structure of non-executive directors' remuneration from that of executive directors and senior executives. Non-executive directors are remunerated by way of fees in the form of cash, non-cash benefits and superannuation contributions. Executive directors and senior executives' packages generally comprise fixed, performance-based and equity-based remuneration components (the equity component being equity in Austock Group, not the Trust itself). Neither directors nor senior executives are entitled to equity interests in the Trust or any rights to or options for equity interests in the Trust as a result of remuneration provided by the Responsible Entity.
	A Remuneration Report, which sets out information about the remuneration of the Responsible Entity for the financial year is included in the Directors' Report. The Responsible Entity is entitled to claim asset management fees, reimbursement for all expenses reasonably and properly incurred in relation to the Trust or in performing its obligations under the Constitution, debt arrangement fees and property acquisition due diligence fees.
8.3 Information on Remuneration Committee members	N/a
8.3 Schemes for retirement benefits	The Responsible Entity does not pay retirement benefits, other than superannuation, for its non-executive directors.
8.3 Policy on prohibiting transactions in associated products which limit the economic risk of participating in unvested entitlements under equity based remuneration schemes	Directors and employees are not remunerated by the Trust and do not receive equity in the Trust as a form of remuneration. Accordingly, it is considered unnecessary to have a policy which prohibits transactions in associated products which limit the economic risk of participating in unvested entitlements under equity based remuneration schemes.
8.3 Availability of information	A copy of the Constitution and Share Trading Policy is available on the Trust's website.

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**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

The Directors of Austock Property Management Limited ("the Responsible Entity"), the Responsible Entity of Australian Education Trust ("the Trust"), present their report together with the financial report of the Trust and its controlled entities for the year ended 30 June 2009 and the auditor's report thereon.

THE RESPONSIBLE ENTITY

The registered office and principal place of business of the Responsible Entity and the Trust is Level 1, 350 Collins Street, Melbourne Vic 3000.

Structure of Trust/Responsible Entity

Directors of the Responsible Entity

The Directors of the Responsible Entity during the financial year and to the date of this report comprise:

Name	Period of directorship
Mr Victor David Cottren	Appointed 22 December 2004
Mr Michael Francis Johnstone	Appointed 22 December 2004
Mr Nicholas James Anagnostou	Appointed 4 August 2008
Mr Michael Edward McFarlane	Appointed 14 August 2006, resigned 17 September 2008
Mr Vincent Gerard Harink	Appointed 4 August 2005, resigned 28 July 2008

Company Secretary's Qualifications and Experience

The Company Secretary is Amanda Gawne, BCom, LLB (Melbourne University), Grad Dip CSP, ACIS who was appointed 22 December 2004. Amanda has over 11 year's company secretarial experience in large, private and publicly listed organisations.

Remuneration of the Responsible Entity

During the financial year the Responsible Entity received fees totalling \$2,442,000 (2008: \$2,683,000) from the Trust.

PRINCIPAL ACTIVITIES

The Trust is a specialist education property owner which currently owns a total of 415 properties as at 30 June 2009 (432 properties as at 30 June 2008) in locations around Australia and New Zealand.

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**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
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The Trust's properties as at 30 June 2009 have been categorised as follows:

	No of Properties	Carrying Value \$000's	Current Rent (pa) \$000's
Operating Properties			
ABC 1 (under the control of McGrath Nicol)	202	238,052	21,222
ABC New Zealand (not in Administration)	58	42,294	3,572
Non ABC Centres	98	105,797	9,624
	358	386,143	34,418
Closed Centres			
- Sold / Contracted	8	6,358	-
- Available for Sale/Lease	22	19,394	-
Development Sites			
Australia - Sold / Contracted	4	5,357	-
Australia - Available for Sale	13	13,226	-
New Zealand	10	5,445	-
Total Properties (prior to Revaluation Decrement)	415	435,923	34,418
Revaluation decrement		(28,190)	
Total Properties		407,733	

ABC1

ABC1 properties have remained under the control of McGrath Nicol (ABC Receiver) since 6 November 2008. McGrath Nicol selected 720 properties (ABC1) that were deemed profitable and continue to be operated by ABC, 202 of that group of properties are owned by the Trust. McGrath Nicol, indicated that they proposed to stabilise the operating performance of the centres with the aim of selling the ABC business to a new operator/s. The Administrators of ABC made a court application requesting an extension to the convening period of the Administration. The ABC Administration period has been extended twice previously and whilst McGrath Nicol continues to pay the rent on a monthly basis, the Trust has been unfairly prejudiced as a result thereof.

Austock Property Management Limited (APML) as the Responsible Entity of the Trust challenged the extension of the convening period on the basis that the Trust is suffering continued financial prejudice due to the length of the administration and the Receiver's continued ability to disclaim the Trust's leases as provided under the Corporations Law and other negative factors that have adversely affected the Trust as a direct result from the continued Administration. Orders by the Federal Court on 21 August 2009, provided that the convening period of the Administration is extended to 31 March 2010, including undertakings by the Receiver; which has provided greater short term clarity to the Trust and addresses some of the key issues which were in abeyance.

The Orders by the Federal Court were seen as a positive step forward; after what has been a long, complex process. Undertakings by the Receiver to the Court were:

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1. The Receivers will commence the sale process for ABC's properties immediately.
2. The Receivers to use their best endeavours to follow a sale timetable for ABC's properties which includes completion in the first two months of 2010.

Undertakings by the Receivers to the Trust:

3. The Receivers undertake to use their best endeavours to procure a sale for all of the childcare properties operated by them from premises leased from the Trust.
4. The Receivers undertake not to disclaim leases and to continue to trade the childcare businesses at each of the Trust's premises until the earlier of the sale of that centre or 28 February 2010. If the childcare business has not been sold, the Receiver may cease to use or occupy that centre after 28 February 2010 provided eight weeks notice has been given. Until that time the Receiver undertakes to pay rent and other amounts due under the lease for the premises.
5. The Receivers undertake if notice to vacate a Trust centre is provided in accordance with the paragraph above, they will agree, if requested by APML to transfer the business operated from the centre to a new operator nominated by APML subject to certain conditions.
6. The sale by the Receivers of any childcare centre operated from a premises leased to ABC by the Trust will be advertised and sold on the basis of the assignment of the lease without variation, unless APML agrees with a purchaser to vary the terms of a lease.
7. The Receiver provided undertakings regarding repair and maintenance to the properties on the premises leased by the Trust.

APML was satisfied the outcome provided some short term clarity and that the Receiver must abide by the above conditions. APML will continue to ensure the best interest of unitholders is protected in the long term.

ABC New Zealand

ABC New Zealand (ABC NZ) is a wholly owned subsidiary of the ABC Learning Centres (Receivers & Managers Appointed) Ltd. The New Zealand subsidiary is not in receivership or liquidation however, the Receiver, McGrath Nicol is in effective control of the business and has sought to sell the NZ business through an Expression of Interest campaign. The Trust owns 58 properties in New Zealand which represents approximately \$42.3 million in capital value or 10% of the Trust's portfolio.

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 in process. The Trust is seeking involvement in the sales process to ensure that the new tenant (or tenants) represent viable long term operators. Rent continues to be paid on a monthly basis.

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ABC 2

The reassignment of the ABC2 portfolio was a major project, with tight timelines in a very controlled environment. Management is pleased with the better than expected outcome of this phase of the ABC Administration given that the Administrators deemed these centres unviable.

There were 89 Trust properties in the ABC2 portfolio, which were under the control of PPB, the court appointed receiver. The receiver had originally set a deadline of 31 March 2009 for the completion of the sale of the business and lease assignments; this was extended to 15 May 2009. The outcome resulted in 78 of the 89 properties assigned to 22 different tenants. PPB has closed all but one of the remaining 9 businesses. The Trust has placed these 9 properties in the sales/leasing campaign. There were 2 properties sold from this ABC2 group for approximately \$1.5 million. In relation to the 78 properties where leases were assigned, the Trust has been able to maintain its standard lease structure (triple net with CPI increases), maintain its headline rentals under the leases as well as significantly increasing its security position through rental guarantees. The 22 different tenants have also added diversity to the Trust's tenant base.

Non-ABC Properties

Prior to the ABC2 process, there were 16 properties that had non-ABC tenancies; 7 of these properties leased to one tenant with the remaining properties leased to 5 other tenants. Two of these properties have accrued rental arrears and the Trust has commenced legal procedures in relation to this matter. In addition 4 previously closed properties have been re-leased to new tenants. The Trust now has an additional 78 properties in this group that have been leased to parties other than ABC as part of the ABC2 reassignment, bringing the total non-ABC tenanted properties to 98 properties.

Closed Properties

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. The EOI process closed on 25 March 2009, and 33 properties which were still available were placed on a sales and leasing campaign. The sales/leasing campaign initiated by the Trust has been extremely successful in what has otherwise been an unpredictable and declining property market. Most of the properties sold to date have realised carrying value with some achieving better than expected results.

As at 30 June 2009, 8 properties have been sold for approximately \$7.2 million and as at the date of this Report a further 8 properties have either settled or are contracted to be settled for approximately \$5.7 million. In addition, 4 properties have been re-leased to new tenants.

There are 13 properties remaining on the sales and leasing campaign with an additional 9 properties to be added from the ABC2 process. The proceeds of sale from 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 properties in both Australia and New Zealand. A site rent was received for each based on acquisition costs. Currently no site rent is being received on these sites. A program to dispose of the development sites has been run concurrently with that for the existing childcare properties. The development sites program is indicative of the general market place for land where conditions are significantly harder through a lack of development activity and availability of finance for development property.

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There were 20 development sites in total in Australia and 10 in New Zealand that the Trust has placed on the market to sell with an overall book value of \$27.3 million. It is expected that the Trust will suffer a loss on these sites, in the vicinity of 25-30% of book value, mostly as a direct result from the previous value assigned relating to lease agreements with ABC, which have now dissipated.

As at 30 June 2009, 3 Australian sites have been sold for approximately \$3.8 million. As at the date of this Report, a further 4 properties have been settled or contracted to settle for proceeds of approximately \$4.1 million.

There are 13 Australian properties remaining on the sales and leasing campaign with 10 New Zealand development sites still to be disposed. The proceeds of sale from these properties will be used to pay down debt.

REVIEW AND RESULTS OF OPERATIONS

The result for the year ending 30 June 2009 was a net loss after income tax of \$29.0 million (2008: net profit of \$54.3 million).

Full year ending 30 June (\$m's)	2009	2008
Revenue		
Property Income	37.1	40.2
Other Income	2.2	2.1
	39.3	42.3
Expenses		
Finance Costs	21.3	18.9
Responsible Entity's Remuneration	2.4	2.3
Rates and Taxes	1.6	0.5
Legal Fees	1.4	0.2
Other Expenses	2.4	1.7
Impairment of Receivables	1.8	-
	30.9	23.6
Distributable Income	8.4	18.7
Change in fair value of cross currency interest rate swaps	21.4	1.2
Unrealised foreign exchange (losses)/gain	(16.3)	12.5
Change in fair value of interest rate swaps	(14.0)	5.6
Net property revaluation (decrement) / increment	(28.2)	16.7
Other	(0.3)	(0.4)
Net (loss) / profit attributable to unitholders	(29.0)	54.3

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
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The significant decrease in profits from the previous year was due mainly to:

- Net property revaluation decrement of \$28.2 million in 2009 compared with a net revaluation increment of \$16.7 million in 2008;
- Unfavourable non-cash movements in interest rate swaps of \$14.0 million in 2009 compared with a gain of \$5.6 million in 2008;
- Non-cash movements in foreign currency denominated loans of \$16.3 million loss and the related cross currency interest rate swaps of \$21.4 million gain in 2009 compared with gains of \$12.5 million and \$1.2 million respectively in 2008.;
- Decrease in operating profit (excluding non-cash items) of \$10.3 million from \$18.7 million in 2008 to \$8.4 million in 2009. This was due to a combination of reduced revenue due to centre closures and the cessation of the ABC rental subsidy of \$3.2 million and significant increase in legal, property outgoing, borrowing costs and impairment of receivables as a result of the ABC receivership.

The table below provides a comparison of the results to 30 June 2009 and the previous year:

\$'000	Note	Full Year to 30 June 2009	Full Year to 30 June 2008
Revenue			
Lease Income	1	37,101	40,198
Interest Income		625	1,158
Gain on Sale of Investment Properties	2	1,480	295
Net property revaluation increment	3	-	16,734
Changes in Fair Value of cross currency interest rate swaps	4	21,402	1,225
Change in Fair Value of Interest Rate Swaps	5	-	5,569
Realised Foreign Exchange Gains		108	637
Unrealised Foreign Exchange Gains	6	-	12,527
		60,716	78,343
Expenses			
Finance Costs	7	21,304	18,891
Other Expenses	8	4,795	2,032
Responsible Entity Remuneration		2,382	2,271
Rent on Leasehold Properties		1,015	814
Impairment of Receivables	9	1,774	-
Net property revaluation decrement	3	28,190	-
Change in Fair Value of Interest Rate Swaps	5	13,987	-
Realised Foreign Exchange Losses		12	-
Unrealised Foreign Exchange Losses	6	16,275	-
		89,734	24,008
Net Profit/(Loss) Attributable to Unitholders before tax		(29,018)	54,335
Distributable Income	10	8,385	18,727
Total Distributions		5,399	18,491

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DIRECTORS' REPORT
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Notes:

1. Lease income has decreased to \$37.1 million for the full year ending 30 June 2009 from \$40.2 million in the comparative period ending 30 June 2008. No rental subsidies from ABC Learning Centres Limited ("ABC") were received in 2009 (\$3.2 million in 2008). Reduced expense recoveries (\$1.0 million) and loss of revenue from closed properties (\$1.3 million) have been offset by increased lease income due to CPI lease increases and the Trust having a full year of income for properties which opened prior to 30 June 2008 (\$2.4 million).
2. Seventeen properties were sold during the year ending 30 June 2009. The net proceeds were \$20.0 million compared with an aggregate book value plus costs of disposal of \$18.5 million, representing a realised gain of \$1.5 million or 8%.
3. As at 30 June 2009, 109 properties were valued, resulting in a \$4.7 million revaluation decrement or 3.8% to the value of the investment property portfolio, which reflects softening in property yields.

In addition, the Directors have made a further revaluation decrement of \$23.5 million against the value of the investment property portfolio, increasing the total revaluation decrement to \$28.2 million. This has been derived by applying the results of the independent valuations across the whole Australian investment property portfolio and secondly by making adjustments with respect of the closed properties, development sites with the adjustments calculated as the difference between the property's carrying value and the likely proceeds on disposal, based on appropriate market testing and an orderly sale. In addition, the New Zealand operating property portfolio has been revalued downwards by \$2.8 million based on indicative valuations of the portfolio from parties as part of the ABC New Zealand sales process.

4. The Trust entered into cross-currency interest rate swaps at the time of issue in 2007 with respect of its Senior Secured Notes, some of which denominated are in USD and CAD. All interest payments and the repayment of the foreign currency principal were hedged using the cross-currency interest rate swaps. Accounting standards require these instruments to be recognised at fair value, as if they were terminated at balance date. At 30 June 2009, the benefit of terminating the swaps would have been \$22.6 million. At 30 June 2008, the benefit of the instruments was \$1.2 million, resulting in a non-cash movement (revenue) of \$21.4m for the year ending 30 June 2009.
5. The Trust 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 30 June 2009, the cost of terminating the swaps would have been \$8.4 million. At 30 June 2008, the swaps were \$5.6 million 'in the money', resulting in a non-cash movement of \$14.0m (expense) for the year ending 30 June 2009.
6. As a result of the Trust holding foreign currency denominated Senior Secured Notes, it is required to recognise movements in the AUD to the USD and CAD by adjusting the balance of the borrowings liability in the balance sheet. At 30 June 2008, the balance was \$135.4 million based on an exchange rate of 0.96 for USD and 0.97 for CAD. At 30 June 2009, the balance was \$151.7 million based on exchange rates of 0.80 for USD and 0.93 for CAD. The movement in the balance of foreign currency borrowings, there is an unrealised foreign exchange loss of \$16.3 million (2008: 12.5 million gain). Partially offsetting these gains or losses is the non-cash movement in the value of the cross-currency interest rate swaps.
7. Finance costs increased to \$21.3 million for the year ending 30 June 2009, up from \$18.9 million in the comparative period in 2008. This was due to interest expense increasing by \$1.7 million primarily due to higher levels of borrowings in the current year (weighted average of \$259.8 million compared with \$240.0 million). The weighted average interest rate at 30 June 2009 was 6.8% pa. In addition, borrowing costs

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increased by \$0.6 million due to waiver fees payable to the Trust's lenders as a result of the 31 December 2008 breach of the Financial Charges Ratio ("FCR") and subsequent waiver fees paid by the Trust as compensation for the lenders entering into standstill arrangements until 30 June 2009.

8. Other expenses have increased substantially to \$4.8 million for the year ending 30 June 2009 from \$2.0 million in the comparative period in 2008. The Trust has incurred significant non-recurring expenses due to the Receivership of ABC. These include an additional \$1.2 million in legal expenses, additional \$1.1 million in rates and taxes which include a significant amount of arrears amounts prior to the Receivership of ABC and additional consultant fees of \$0.8 million primarily due to the engagement of Austock Corporate Finance who advised the Trust during the complex ABC2 process which involved 89 properties and over \$90 million in property value.
9. The impairment of receivables of \$1.8 million recorded in the 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 (under external administration). Unrecovered rates and taxes from ABC totaled \$0.2 million and other provisions for \$0.5 million were made for outstanding rentals from non-ABC tenants and other unrecoverable amounts.
10. Distributable Income is determined as follows:

Distributable Income	\$'000
Revenue	
Property Income	36,927
Other Income	2,213
	39,140
Expenses	
Finance Costs	21,304
Other Expenses	7,677
Impairment of Receivables	1,774
	30,755
Distributable Income	8,385

Balance Sheet

\$'000	Note	As at 30 June 2009	As at 30 Jun 2008
Assets			
Cash and cash equivalents	1	28,731	4,423
Trade and other receivables	2	1,982	7,874
Other current assets	3	32,707	11,502
Derivative financial instruments – Cross Currency Swaps	4	22,626	1,225
Derivative financial instruments – Interest Rate Swaps	4	-	5,569
Investment properties	5	375,482	438,484
Total assets		461,528	469,077
Liabilities			
Trade and other payables	6	9,377	6,292
Distribution payable		18	3,644
Other current liabilities	7	2,119	8
Derivative financial instruments – Interest Rate Swaps	4	8,418	-
Borrowings	8	261,889	245,009
Total liabilities (excluding net assets attributable to unitholders)		281,821	254,953
Net assets attributable to unitholders		179,707	214,124
Total liabilities		461,528	469,077
Net tangible asset backing per ordinary unit		\$1.331	\$1.586

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

Notes:

1. Cash balances have significantly increased to \$28.7 million at 30 June 2009. The cash build-up is attributed to property sales during the second half of the year. Surplus cash will be used to reduce borrowings as part of the new financing arrangements.
2. Trade and other receivables of \$2.0 million at 30 June 2009 comprises \$0.8 million in relation to outstanding lease income and settlement of property sales (all received subsequent to 30 June 2009) and \$1.2 million of lease incentive assets. The Trust is required by Accounting Standards to recognise the value of any lease incentives as an asset and subsequently amortise these over the period of the lease. As part of the ABC2 process, the Trust provided \$1.3 million in rent-free periods to new tenants which will be amortised over the remaining 12 year term of these leases.
3. Other current assets of \$32.7 million comprise \$32.3 million of investment properties to be sold within the next twelve months which include the operating properties closed and the sale of development sites.
4. Refer to Note 4 and 5 of the Income Statement Notes.
5. The movement in investment properties of \$63.0 million is the aggregate of the movement in investment properties to be sold within 12 months (transferred to current assets) of \$21.1 million, sale of properties of \$20.9 million, property revaluation decrement of \$28.2 million partially offset by construction payments on completed properties of \$7.2 million.
6. Trade and other payables of \$9.4 million is comprised of accruals of \$2.9 million relating to outstanding construction payments, valuation fees and responsible entity's remuneration, accrued interest of \$2.4 million, GST payables of \$1.6 million representing GST on property sales, trade creditors of \$1.5 million and lease incentive liability of \$1.0 million.
7. Other current liabilities of \$2.1 million at 30 June 2009 relates to July rent received in advance.
8. The movement in borrowings of \$16.8 million during the year is primarily due to the revaluing of the foreign currency denominated Senior Secured Notes at the spot rates existing at the respective reporting dates of \$16.3 million. 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 borrowings during the year.

DISTRIBUTIONS

The distribution for the year to 30 June 2009 is 4.00 cents per unit (2008: 13.70 cents per unit).

The Trust had followed a policy of paying distributions equivalent to its distributable income which reflects its net cash earnings. As a result of the receivership of ABC and subsequent uncertainty around the ABC1, ABC2, ABC New Zealand and the sale /leasing campaign, distributions were suspended for the second half of 2009. All taxable income of the Trust has been distributed to unitholders.

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Distributions paid or declared by the Trust since the end of the previous financial year were:

In respect of the current financial year	\$'000
- 2.25 cents per unit for the quarter ended 30 Sep 2008, paid on 31 Oct 2008	3,037
- 1.75 cents per unit for the quarter ended 31 Dec 2008, paid on 27 Feb 2009	2,362
Total distributions provided for or paid in respect of the year ended 30 June 2009	5,399

A condition of the amended debt funding arrangements with both the NAB and the Noteholders is that distributions are suspended until the existing capital structure of the Trust is restructured. Refer to the Funding Section of this Report.

Based on the above, Management advises there will be an ongoing suspension of distributions until further notice and as such distributions for the September 2009 quarter are suspended.

STATE OF AFFAIRS

Funding

Due to higher interest costs, lost tenancy income, increased legal costs and property outgoings, the Trust breached its Financial Charges Ratio ("FCR") of 1.75x for the six month period to 31 December 2008. The FCR at 31 December 2008 was 1.48x. The Trust entered into standstill arrangements with its debt providers through until 30 June 2009.

As a result of loss of tenancy income and continued increased costs during the six month period to 30 June 2009 the FCR at 30 June 2009 is 1.33x.

The Trust is currently negotiating amended debt funding arrangements with both the NAB and the Senior Secured Noteholders.

Subject to final agreement with NAB, it is intended that the NAB cash advance facility and standby facility which had maturity dates of 30 July 2010 and 30 July 2009 is expected to be combined into one facility with an extended maturity date of 31 July 2011. The total margin charged on this facility is, subject to final agreement with NAB, expected to be approximately 4% pa compared to 1.5% under the current facilities.

It is expected that the Senior Secured Notes ("Notes") maturity dates will be shortened to 31 July 2011, consistent with the NAB maturity date. This brings the maturity date of three series of Notes forward three years with the other series being brought forward six years. The interest rates are expected to increase on the Notes by 2.5% pa on the amounts currently charged.

The interest rates are expected to be as follows:

Series A:	USD 9.84%
Series B	USD 9.84%
Series C	CAD 9.40%
Series D	USD 9.99%

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It is expected that the Trust must also make the following debt repayments to ensure compliance with the new agreements. These are cumulative targets and are as follows:

31 December 2009	\$35 million
30 June 2010	\$80 million
31 December 2010	\$89 million

The target at 31 December 2009 will be met through a combination of cash balances of \$28.7 million and contracted asset sales. Future targets will be funded through continuation of asset sales of the closed centres and development sites, surplus operating cash flows and cash flows generated from breaking in-the-money cross currency interest rate swaps. The Trust plans to negotiate new hedging arrangements to fully hedge the new arrangements and to ensure that the Trust is not exposed to any risks in relation to foreign currency fluctuations.

It is also expected that following the completion of the ABC1 process, that the Trust will seek to refinance the expensive Notes. The Trust will be seeking to reduce its gearing ratio below 50% and will endeavour to resume regular income distributions to unit holders as soon as its lenders are satisfied with ongoing financial arrangements.

As part of the new financing agreements, new covenants will be set and all ABC specific terms will be amended.

Distribution Reinvestment Plan

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

Centre acquisitions & disposals

During the year, there were no new properties acquired and the total number of properties owned as at 30 June 2009 was 415. Also, due to a combination of both active management of the property portfolio and the sales process of closed centres, 17 properties were disposed of during the year, realising net gains of \$1,480,000.

ENVIRONMENTAL REGULATION

The Trust's properties are not subject to any significant environmental regulations under Commonwealth, State or Territory legislation. However, the directors believe that the Trust has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Trust.

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to year end, the following events have occurred which the Directors believe significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years:

The Trust agreeing on most major terms with its debt providers in relation to amended funding agreements as detailed in the State of Affairs section of this report

Orders by the Federal Court on 21 August 2009 in relation to the ABC1 process as detailed in the Principal Activities section of this report.

INTERESTS OF THE RESPONSIBLE ENTITY

Interests of both the Responsible Entity and its directors in the Trust are disclosed in Note 20 to the financial statements.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

UNITS ON ISSUE

The number of interests in the Trust as at the end of the financial year consists of 134,973,383 fully paid ordinary units (2008: 134,973,383 units).

The Trust had total assets valued at \$461.5 million as at 30 June 2009 (2008: \$469.1 million). The basis for valuation of the Trust's assets is disclosed in Note 1 to the financial statements.

The Trust neither acquired nor cancelled any units on issue during the period, including up to the date of this report.

No options have been granted over any unissued units in the Trust.

LIKELY DEVELOPMENTS

The Trust has faced many challenges in the last nine months with its largest tenant, ABC remaining in Receivership, and whilst it has affected the Fund's performance in the short term, management have measures in place to ensure diversified, viable, long term tenants are secured to rebuild the Trust in the long term. Management has worked tirelessly to ensure the Fund's assets and unitholders' best interests are protected and we are pleased that we have had some positive outcomes in an otherwise, very difficult situation.

Management has been primarily focused on dealing with the many issues arising from the failure of ABC to minimise any long term effects to its unitholders. Although there have been some success and positive signs in dealing with the ABC2 portfolio and closed properties, a level of risk remains until the successful completion of the ABC1 business, potentially not concluding until March 2010. As such, we are unable to provide any greater clarity on the Trust's ABC1 portfolio at this time. Management will continue to liaise with the Receivers, play an active role in the ABC1 sales process and have input into the selection of viable tenant/s for its properties.

The outlook for the future is for the Trust to complete new funding arrangements in the immediate term and return to a more stable income stream with greater diversification in its tenant base by the second half of 2010 that will allow regular distributions to unitholders.

INFORMATION ON DIRECTORS OF THE RESPONSIBLE ENTITY

The directors of the Responsible Entity at the time of this report are:

<i>Name and qualifications</i>	<i>Age</i>	<i>Experience and special responsibilities</i>
Mr Victor David Cottren Independent Director and Chairman Bachelor of Commerce (Melbourne) Fellow of Australian Insurance Institute Fellow of the Australian Society of Certified Practising Accountants Fellow of the Australian Institute of Company Directors	67	Vic was appointed on 22 December 2004. Vic has an extensive background in financial planning, life insurance & superannuation and investment management gained with such companies as AMP, Williams Tolhurst, Australian Eagle, Norwich Union, Investors Life Group and National Australia Bank. Vic filled various senior management posts, including chief executive and directorship positions within these companies and their subsidiaries prior to commencing his consulting business in 1995. He is a director of Austock Group Ltd and several of its subsidiaries. Vic was also appointed as a Professorial Fellow at RMIT University in 1993 with responsibility for researching and establishing Australia's first undergraduate degree in financial planning.

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Mr Michael Francis Johnstone

67

Independent Director
Bachelor of Town & Regional Planning
Licensed Land Surveyor
Advanced Management Program (Harvard)

Michael was appointed on 22 December 2004. Michael has over 35 year's global experience in real estate finance, investment and development. Michael is currently a non-executive director of the Dennis Family Corporation and DFC China, a non-executive director and Chairman of bWired Pty Ltd, non-executive director and Chairman of State Equity Group and a member of the Investment Committee of APN Development Fund. Michael is also a member of the Audit and Compliance Committee of the Trust.

Mr Nicholas James Anagnostou

40

Executive Director
Bachelor of Business in Property
Associate of the Australian Property Institute
Certified Practising Valuer
Licensed Estate Agent (Vic)

Nick was appointed on 4 August 2008. Nick joined Austock Property Management Ltd in 2005 as the Fund Manager for the Australian Education Trust. He has 20 years experience in the property industry in the areas of property investment, development and acquisitions, with groundings in valuation, transactions and real estate consultancy. Nick was previously a Director of Jones Lang LaSalle and has extensive experience in commercial and investment grade real estate.

The Company's Constitution does not require directors to retire and seek re-election.

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Responsible Entity during the year were:

	Board Meetings		A - Number of meetings held during the time the director held office during the year. B - Number of meetings attended.
	A	B	
Mr MF Johnstone	18	17	
Mr VD Cottren	18	18	
Mr ME McFarlane	3	1	
Mr NJ Anagnostou	17	15	

Mr ME McFarlane was granted leave of absence in respect of the two meetings he did not attend.

AUDIT AND COMPLIANCE COMMITTEE MEETINGS

The members of the Audit and Compliance Committee are:

- Mr WK Bastian (Independent Chairman)
- Mr D Penman (Independent member)
- Mr MF Johnstone (Member)

Mr Bastian and Mr Penman are not directors of the Responsible Entity.

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**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

Details of meetings held during the year and member's attendance are as follows:

	Audit and Compliance Committee Meetings		A - Number of meetings held during the year the member was eligible to attend B - Number of meetings attended.
	A	B	
Mr WK Bastian	8	8	
Mr MF Johnstone	8	8	
Mr D Penman	8	8	

The experience of the Audit and Compliance Committee is set out below

Mr Warner Kenneth Bastian FAICD

Mr Bastian is the former Managing Director of The Pharmacy Guild of Australia's insurance and financial services subsidiaries with over 50 years experience in insurance and financial services.

Mr Michael Francis Johnstone

See Information on Directors.

Mr David Penman

Mr Penman is a Chartered Accountant, of D Penman and Co, advising on taxation and superannuation matters with over 30 years experience in chartered accounting.

REMUNERATION REPORT

This report details the nature and amount for each director of the Responsible Entity and for the executives receiving the highest remuneration.

Remuneration of Directors of the Responsible Entity

The Responsible Entity does not have a Remuneration Committee as the Trust's Constitution prescribes the Trust's remuneration arrangement with the Responsible Entity. In relation to remuneration of the directors of the Responsible Entity this is a matter for the Board and the ultimate parent entity of the Responsibility Entity.

It is the objective that the Board comprises directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually and the Board collectively to supervise the operations of the Trust with excellence. All fees and expenses of the Responsible Entity are approved by the Board and remuneration of the Responsible Entity is dealt with comprehensively in the Trust's Constitution.

Remuneration of the directors is paid either directly by the Responsible Entity or by entities associated with the shareholders of the Responsible Entity. The directors are not provided with any remuneration by the Trust itself. Directors are not entitled to any equity interests in the Trust, or any rights to or options for equity interests in the Trust, as a result of the remuneration provided by the Responsible Entity.

The Responsible Entity determines remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced directors and senior executives.

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**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

Loans to directors of the Responsible Entity

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the directors of their personally-related entities at any time during the reporting period.

DETAILS OF UNITHOLDINGS IN THE TRUST

The interests of the directors of the RE in units of the Trust during the year are set out below:

Name	MF Johnstone	VD Cottren	NJ Anagnostou
Opening balance of units held	50,000	200,000	-
Acquisitions of units	-	200,000	-
Disposals of units	-	-	-
Closing balance of units held	50,000	400,000	-

INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS AND AUDITORS

Indemnification

Under the Trust Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Trust's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation the Trust.

The Trust has not indemnified any auditor of the Trust.

Insurance Premiums

During the financial year the Responsible Entity has paid premiums totalling \$9,679 in respect of its officers for liability and legal expenses insurance contracts for the year ended 30 June 2009. The Responsible Entity has paid or agreed to pay in respect of the Trust, premiums in respect of such insurance contracts for the year ending 30 June 2009.

Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

PROCEEDINGS ON BEHALF OF RESPONSIBLE ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

The Responsible Entity was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were no non-audit services provided to the Trust by the independent auditor during the year ended 30 June 2009.

ROUNDING

The Trust is of a kind referred to in ASIC Class order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2009**

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

The lead auditor's independence declaration is set out on page 24 and forms part of the Directors' Report for the year ended 30 June 2009.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity:



Victor David Cottren
Chairman
Austock Property Management Limited
Melbourne, 31 August 2009

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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 year ended 30 June 2009 there has been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.



MOORE STEPHENS
Chartered Accountants



Kevin W Neville
Partner

Melbourne, 31 August 2009

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**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated Group		Parent Entity	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Revenue					
Lease income		36,663	38,818	33,050	35,646
Cost recoveries		438	1,380	438	1,290
Distribution income		-	-	-	280
Interest income		625	1,158	3,841	3,303
Gain on sale of investment properties	2(a)	1,480	295	1,486	295
Net property revaluation increment	9	-	16,734	-	16,599
Change in the fair value of cross currency interest rate swaps		21,402	1,225	21,402	1,225
Change in the fair value of interest rate swaps		-	5,569	-	5,569
Realised foreign exchange gains		108	637	-	6
Unrealised foreign exchange gains		-	12,527	-	12,273
Total revenue		60,716	78,343	60,217	76,486
Expenses					
Finance costs	2(c)	21,304	18,891	21,289	18,465
Other expenses	2(b)	4,795	2,032	4,634	1,841
Responsible entity's remuneration		2,382	2,271	2,140	2,020
Rent on leasehold properties		1,015	814	1,015	814
Impairment of receivables		1,774	-	1,420	-
Net property revaluation decrement	9	28,190	-	24,766	-
Change in the fair value of interest rate swaps		13,987	-	13,987	-
Realised foreign exchange losses		12	-	12	-
Unrealised foreign exchange losses		16,275	-	16,275	-
Total expenses		89,734	24,008	85,538	23,140
Net (loss)/profit before related income tax expense and financing costs to unitholders		(29,018)	54,335	(25,321)	53,346
Income tax benefit	14	-	19	-	19
Net (loss)/profit attributable to unitholders		(29,018)	54,354	(25,321)	53,365
Financing costs					
Distributions to unit holders	3	(5,399)	(18,491)	(5,399)	(18,491)
Total changes in net assets attributable to unitholders		(34,417)	35,863	(30,720)	34,874
Earnings per unit					
		Cents	cents		
Basic earnings per unit	4	(21.50)	40.71		
Diluted earnings per unit	4	(21.50)	40.71		

The above income statement should be read in conjunction with the accompanying notes

AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets					
Cash and cash equivalents	18(a)	28,731	4,423	28,123	3,488
Trade and other receivables	5	1,982	7,874	2,720	5,248
Other current assets	6	32,707	11,502	27,895	10,706
Derivative financial instruments – interest rate swap	7(a)	-	329	-	329
Due from related parties	8	-	-	32,052	36,497
Total current assets		63,420	24,128	90,790	56,268
Non-current assets					
Investment properties	9	375,482	438,484	335,966	390,701
Financial assets	10	-	-	14,700	14,700
Derivative financial instruments – interest rate swap	7(b)	-	5,240	-	5,240
Derivative financial instruments – cross currency swap	7(b)	22,626	1,225	22,626	1,225
Total non-current assets		398,108	444,949	373,292	411,866
Total assets		461,528	469,077	464,082	468,134
Current liabilities					
Trade and other payables	11	9,377	6,292	8,890	6,001
Distribution payable	12	18	3,644	18	3,644
Borrowings	15	261,889	-	261,935	-
Other current liabilities	13	2,119	8	2,119	-
Total current liabilities		273,403	9,944	272,962	9,645
Non-current liabilities					
Borrowings	15	-	245,009	-	245,067
Derivative financial instruments – interest rate swap	16	8,418	-	8,418	-
Total non-current liabilities		8,418	245,009	8,418	245,067
Total liabilities (excluding net assets attributable to unitholders)		281,821	254,953	281,380	254,712
Net assets attributable to unitholders	17	179,707	214,124	182,702	213,422
Total liabilities		461,528	469,077	464,082	468,134

The above balance sheet should be read in conjunction with the accompanying notes

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 30 JUNE 2009**

	Unit Capital \$'000	Retained Earnings \$'000	Total \$'000
Consolidated Group			
Balance at 30 June 2007	-	-	-
Balance at 30 June 2008	-	-	-
Balance at 30 June 2009	-	-	-
Parent Entity			
Balance at 30 June 2007	-	-	-
Balance at 30 June 2008	-	-	-
Balance at 30 June 2009	-	-	-

Under IFRS net assets attributable to unitholders are classified as a liability rather than equity. Therefore the trust has no equity. Please refer to Note 17 for movements in net assets attributable to unitholders

The above statement of changes in equity should be read in conjunction with the accompanying notes

AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated Group		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Lease income received		43,951	44,254	39,994	44,695
Cash payments in the course of operations		(8,810)	(10,260)	(8,997)	(9,208)
Interest received		625	1,158	3,726	2,680
Income tax refund received		-	19	-	19
Net cash provided by operating activities	18(b)	35,766	35,171	34,723	38,186
Cash flows from investing activities					
Proceeds from sale of investment properties		26,357	4,629	20,277	4,629
Payments for/on investment properties		(7,107)	(59,976)	(4,386)	(43,912)
Loan to subsidiary trust		-	-	4,445	(22,262)
Purchase of investment		-	-	-	(11,200)
Net cash used in investing activities		19,250	(55,347)	20,336	(72,745)
Cash flows from financing activities					
Finance costs paid		(21,683)	(15,676)	(21,679)	(15,220)
Proceeds from borrowings		-	39,952	-	54,106
Distributions paid		(9,025)	(19,406)	(9,025)	(19,406)
Distributions received		-	-	280	-
Proceeds from issue of units		-	20,000	-	20,000
Issue costs paid		-	(686)	-	(686)
Net cash provided by financing activities		(30,708)	24,184	(30,424)	38,794
Net increase in cash held		24,308	4,008	24,635	4,235
Cash at the beginning of the financial year		4,423	415	3,488	(747)
Cash at the end of the financial year	18(a)	28,731	4,423	28,123	3,488

The above cash flow statement should be read in conjunction with the accompanying notes

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**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

1. Statement of significant accounting policies

The significant accounting policies which have been adopted by the Trust in the preparation of this financial report are set out below. The financial report includes separate financial statements for Australian Education Trust and the Consolidated Group consisting of Australian Education Trust and its controlled entity.

(a) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and the requirements of the Trust Constitution dated 8 July 2002.

The financial report covers the consolidated group of Australian Education Trust as an individual parent entity and Australian Education Trust and controlled entity as a consolidated group.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by, where applicable, the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Principles of consolidation

A controlled entity is any entity Australian Education Trust has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 10 to the financial statements. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-entity balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(d) Investments in controlled entities

The Trust's direct investment in its subsidiary is carried at cost. Balances and transactions between the trust and the subsidiary have been eliminated in preparing the consolidated financial statements.

(e) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(f) Revenue and expenditure recognition

Revenue is recognised at the fair value of consideration received and to the extent that it is probable that the economic benefits will flow to the entity and can be reliably measured. Expenses including rates, taxes and other outgoings are brought to account on an accruals basis and any related payables are carried at cost.

Lease income:

Rent income due but not received at balance date is reflected in the Balance Sheet as a receivable.

Lease incentives:

Lease incentives such as rent-free periods are capitalised in the Balance Sheet and amortised over the term of the lease.

Interest income:

Interest is brought to account on a time proportion basis using the effective interest when earned and if not received at balance date, is reflected in the Consolidated Balance Sheet as a receivable.

Responsible Entity's remuneration:

Under the Trust Constitution, the Responsible Entity is entitled to a management fee amounting to 0.5% p.a. of the Total Tangible Assets of the Trust.

(g) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income and which are not occupied by the consolidated group. Property interests held under operating lease are deemed investment property.

Land and buildings comprising the investment properties are considered composite assets and are disclosed as such in the accompanying notes to the financial statements.

Investment properties acquired are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The costs of assets constructed/redeveloped internally include the costs of materials and direct labour. Directly attributable overheads and other incidental costs including interest costs incurred during construction are also capitalised to the asset.

Valuations:

After initial recognition, investment properties are measured at fair value and revalued with sufficient regularity to ensure the carrying amount of each property does not differ materially from its fair value at the reporting date. The Trust's Constitution requires the Responsible Entity to have the Trust's property investments independently valued at intervals of not more than three years. These valuations are considered by the directors of the Responsible Entity when determining fair value. When assessing fair value, the directors will also consider the discounted cash flow of the property, the highest and best use of the property and sales of similar properties.

Fair value is based on the price at which a property might reasonably be expected to be sold at the date of valuation, assuming:

- (i) a willing, but not anxious, buyer and seller on an arm's length basis;
- (ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(g) Investment properties (continued)

- (iii) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and
- (iv) it only takes into account instructions given by the Responsible Entity and is based on all the information that the valuer needs for the purposes of the valuation being made available by or on behalf of the Responsible Entity.

All investment properties are considered one class of asset. Under AASB 140: Investment Property, adjustments to fair value are to be recognised directly against profit.

(h) Income tax

Under current income tax legislation, the Australian Education Trust is not liable for Australian income tax, provided unit-holders are presently entitled to all of the Trust's taxable income at 30 June each year and any capital gain derived from the sale of assets is fully distributed to unit-holders. Tax allowances for building, plant and equipment depreciation are distributed to unit-holders in the form of tax deferred components of distributions. The trust is taxed on a flow through basis from 1 July 2005 and accordingly all deferred tax balances have been written off to the income statement. This adjustment does not have a cash flow impact and it does not affect the ability to make cash distributions to unitholders.

AET New Zealand Education Trust is subject to New Zealand tax on its earnings. Distributions paid by the entity are subject to New Zealand dividend withholding tax.

(i) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than twelve months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(j) Provisions

Provisions are recognised when the Trust has a legal or constructive obligation, as a result of past events, for which is probable that an outflow of economic benefits will result and that outflow can be reliably measured. If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, most closely matching the expected future payments. The unwinding of the discount is treated as part of the expense related to the particular provision.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(l) Financial Instruments

Recognition:

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(l) Financial Instruments (continued)

Derecognition:

Financial instruments are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent measurement:

Loans & receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Trade and other receivables

Receivables are usually settled within 30 days and are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts when there is objective evidence that the debt will not be recoverable according to the original terms of the receivable.

Trade and other payables

Payables are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Trust. Trade accounts payable are normally settled within 30 days. A provision for distribution is recognised in the balance sheet if the distribution has been declared or publicly recommended on or before balance date.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Bank loans

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing debt is stated at amortised cost with any difference between proceeds and redemption value being recognised in the income statement over the period of the debt on an effective interest basis.

Derivatives

Derivative instruments are measured at fair value. The Trust's derivatives do not qualify for hedge accounting and therefore changes in the fair value of any derivative instrument are recognised immediately in the income statement.

(m) Distribution payable

Distribution payable is recognised as a liability when it has been declared and is due and payable at reporting date.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

n) Impairment of assets

At each reporting date, the Trust reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets' fair value less costs to sell and value in use, is compared to the assets' carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(o) Contributed equity and financing costs

Due to the Trust having a finite life, under AASB132 Presentation of financial instruments, contributed equity is classified as a debt instrument rather than an equity instrument and in addition distributions paid to unitholders are classified as finance costs in the income statement.

(p) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) Earnings per unit

Basic earnings per unit (EPU) is calculated by dividing the net profit attributable to the unitholders for the reporting period, by the weighted average number of ordinary units of the Trust.

Diluted EPU is calculated by dividing the basic EPU earnings, adjusted by the effect of financing costs associated with the dilutive potential ordinary units and the effect on revenues and expenses of conversion to ordinary units associated with dilutive potential ordinary units, by the weighted average number of ordinary units and dilutive potential ordinary units adjusted for any bonus issue

(r) Foreign currency transactions and balances

Functional and presentation currency:

The functional currency of each of the Trust's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

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(r) Foreign currency transactions and balances (continued)

Exchange differences arising on the translation of monetary items are recognised in the income statement. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

(s) Rounding of amounts

The Trust is of a kind referred to in ASIC Class order 98/100 dated 10 July 1998 and in accordance with that class order, amounts in the financial report and the directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(t) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based upon historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based upon current trends and economic data, obtained both externally and within the Group.

Key estimates — Valuation of Investment Properties

The valuation methodologies used were capitalisation and direct comparison approaches were consistent with the requirements of relevant Accounting Standards. The net result of those valuations was a decrease of \$4,692,000 in the carrying value of the properties valued, based on yields of between 5.19% and 10.50%. This amount was recognised in the Income Statement for the year ending 30 June 2009 as a net property revaluation decrement and as a decrease in the carrying value of the Investment Properties in the Balance Sheet as at 30 June 2009.

In addition the Directors have made a further revaluation decrement of \$23,498,000 in recognition of the softening in property yields. The results of the independent valuations have been applied across the whole Australian investment property portfolio, resulting in a revaluation decrement of \$10,550,000. The revaluation decrement also includes adjustments with respect of the closed centres and development sites of \$10,170,000 with the adjustments calculated as the difference between the property's carrying value and the likely proceeds on disposal, based on appropriate market testing and an orderly sale. In addition, the New Zealand operating property portfolio has been revalued downwards by \$2,778,000 based on indicative valuations of the portfolio from parties as part of the ABC New Zealand sales process.

(u) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments.

(v) Correction of error in measurement of cross currency interest rate swap in the previous financial year

For the year ended 30 June 2008, the fair value measurement of the cross currency interest rate swap was incorrectly calculated. The change in fair value of foreign exchange contracts expense has been reduced from \$12,272,000 to nil and the change in fair value of cross currency interest rate swaps has been increased from nil to \$1,225,000. Net profit attributable to unitholders increased from \$40,857,000 to \$54,354,000.

This error had the effect of increasing derivative financial assets in the balance sheet from nil to \$1,225,000 and decreasing derivative financial liabilities from \$12,272,000 to nil.

The error has been corrected by restating each of the affected financial statement line items for the prior year, as described above.

Basic and diluted earnings per unit for the prior year have also been restated. Both basic and diluted earnings per unit have increased from 30.60 cents per unit to 40.71 cents per unit. There is no change to distributable earnings per unit.

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(w) Going concern

The financial statements have been prepared on a going concern basis. The Trust has incurred a net loss of \$29.0 million for the financial year ended 30 June 2009 and, as of that date the Trust's current liabilities exceeded its current assets by \$210.0 million. The directors of the Responsible Entity believe that the Trust will be able to continue as a going concern on the basis that the Trust is expected to complete new funding arrangements with its lenders with new maturity dates of 31 July 2011, resulting in Borrowings no longer being classified as current liabilities.

(x) New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:
 - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
 - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
 - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
 - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
 - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
 - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
 - where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

Management has determined that there will be no effect on the Group.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all

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applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.
- AASB 2008-2: Amendments to Australian Accounting Standards — Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008-8: Amendments to Australian Accounting Standards — Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

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	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
2. Income statement items				
(a) Gain on sale of investment properties				
Proceeds from sale of properties	20,032	4,629	20,032	4,629
Less: Carrying value of properties sold plus costs of disposal	(18,552)	(4,334)	(18,546)	(4,334)
Net gain on sale of investment properties	1,480	295	1,486	295
(b) Other expenses				
ASX fees	32	39	32	39
Auditor's remuneration				
- Auditing and reviewing the financial report	64	58	58	52
Consultant fees	809	29	787	23
Custodian and compliance costs	110	102	98	90
Insurance	60	19	58	17
Property valuation costs	527	428	514	412
Rates and taxes	1,641	471	1,611	438
Legal fees	1,379	156	1,331	146
Property evaluation costs	1	580	1	483
Sundry expenses	83	49	55	40
Unit registry fees	89	101	89	101
	4,795	2,032	4,634	1,841
(c) Finance costs				
External	21,304	18,891	21,289	18,465
Related entities	-	-	-	-
	21,304	18,891	21,289	18,465
3. Distribution				
Net profit attributable to unitholders	(29,018)	54,354	(25,321)	53,365
Adjusted for:				
Change in the fair value of cross currency interest rate	(21,402)	(1,225)	(21,402)	(1,225)
Change in fair value of interest rate swaps	13,987	(5,569)	13,987	(5,569)
Unrealised foreign exchange losses / (gains)	16,275	(12,527)	16,275	(12,273)
Net property revaluation decrement/(increment)	28,190	(16,734)	24,766	(16,599)
Lease incentive income	(174)	-	(174)	-
Property revaluation costs	527	428	514	412
Net profit distributable to unitholders	8,385	18,727	8,645	18,111
Distribution paid or payable	(5,399)	(18,491)	(5,399)	(18,491)
Distribution per unit interim and final (cents)	4.00	13.70	4.00	13.70

Due to the uncertainty with respect of ABC situation, distributions were suspended in the second half of 2009. The net profit distributable to unitholders shown above is to show the amount of distributions that would have been paid in the event that there was not a suspension of distributions. All taxable income of the Trust was distributed to unitholders.

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4. Earnings per unit ("EPU")

	Consolidated Group	
	2009	2008
	cents	cents
Basic EPU	(21.50)	40.71
Diluted EPU	(21.50)	40.71
Distributable EPU	6.21	14.02
Distributable diluted EPU	6.21	14.02

The following information reflects the income and security numbers used in the calculations of basic, diluted and distributable EPU:

	Number of Units '000	Number of Units '000
Weighted average number of ordinary units used in Bonus element of unit options which are dilutive	134,974 -	133,527 -
Adjusted weighted average number of ordinary units	134,974	133,527
	\$'000	\$'000
Earnings used in calculating basic EPU	(29,018)	54,354
Earnings used in calculating diluted EPU	(29,018)	54,354
Earnings used in calculating basic EPU	(29,018)	54,354
Change in fair value of cross currency interest rate swaps	(21,402)	(1,225)
Change in fair value of interest rate swaps	13,987	(5,569)
Unrealised foreign exchange losses / (gains)	16,275	(12,527)
Net property revaluation decrement / (increment)	28,190	(16,734)
Lease incentive income	(174)	-
Property revaluation costs	527	428
Earnings used in calculating distributable EPU	8,385	18,727

There have been no conversions to, calls of, or subscriptions for ordinary units or issues of potential ordinary units since the reporting date and before the completion of this report.

5. Trade and other receivables

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Lease debtors	808	2,510	808	2,201
Sundry debtors	-	5,046	-	2,381
Lease incentive asset	1,174	-	1,174	-
Interest receivable from subsidiary trust	-	-	738	623
GST receivable	-	318	-	43
	1,982	7,874	2,720	5,248

Trade receivables are recognised at fair value less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

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5. Trade and other receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. Provision for impairment of trade receivables is used when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted of the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of any impairment loss is recognised in the income statement. When a trade receivable for which a provision has been recognised becomes uncollectable in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Trade receivables that are past due but not impaired:

As at 30 June 2009, trade receivables of \$17,781 (2008: \$1,387,000) were past due but not impaired. The ageing of these receivables is as follows:

	31-60 days	61-90 days	90+ days
2009			
Consolidated Group	-	-	17
Parent Entity	-	-	17
2008			
Consolidated Group	760	418	209
Parent Entity	695	357	154

Impairment of receivables:

An impairment of receivables has been made as at 30 June 2009 of \$1,774,000 due to both the receivership of ABC Learning Ltd and ABC Acquisitions Pty Ltd and also rental arrears relating to other non-ABC tenants.

Related party receivables:

For terms and conditions of related party receivables, refer to Note 20 below.

Fair value and credit risk:

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Trust's policy to transfer (on-sell) receivables to special purpose entities.

Foreign exchange and interest rate risk:

Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 22.

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	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
6. Other current assets				
Deposits	36	-	36	-
Prepayments	420	345	409	332
Investment properties expected to be sold within 12 months	32,251	11,157	27,450	10,374
	32,707	11,502	27,895	10,706

7. Derivative financial instruments

(a) Current

Derivative financial instruments - interest rate swap	-	329	-	329
	-	329	-	329

(b) Non-current

Derivative financial instruments – interest rate swaps	-	5,240	-	5,240
Derivative financial instruments – cross currency interest rate swaps	22,626	1,225	22,626	1,225
	22,626	6,465	22,626	6,465

The trust uses derivative financial instruments (comprising cross currency interest rate swaps and interest rate swaps) to offset 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.

Refer to Note 22 for further information on interest rate swaps held.

8. Due from related parties

AET New Zealand Education Trust	-	-	32,052	36,497
	-	-	32,052	36,497

The above amount receivable from subsidiary AET New Zealand Education Trust is an unsecured loan. For the year ending 30 June 2009, the loan earned an average interest rate of 10.03% and has no fixed term for repayment.

9. Investment properties

Freehold properties - at valuation or cost	362,027	391,976	323,157	358,383
Leasehold properties - at valuation or cost	22,367	20,731	22,367	20,731
Construction and development sites - at cost	23,339	31,426	17,892	21,780
Costs incurred to date on properties yet to be settled	-	5,508	-	181
Total investment properties	407,733	449,641	363,416	401,075
Less: Investment properties to be sold within 12 months included in Note 6	(32,251)	(11,157)	(27,450)	(10,374)
Carrying amount at the end of the year	375,482	438,484	335,966	390,701

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	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
9. Investment properties (continued)				
Movement in investment properties:				
Balance at the beginning of the year - at valuation or cost	438,484	364,250	390,701	332,201
Acquisition of properties	7,201	69,109	4,848	52,727
Disposal of properties	(20,919)	(4,334)	(17,741)	(4,334)
Investment properties to be sold in 12 months	(21,094)	(7,275)	(17,076)	(6,492)
Net revaluation increment	-	16,734	-	16,599
Net revaluation decrement	(28,190)	-	(24,766)	-
Carrying amount at the end of the year	375,482	438,484	335,966	390,701

(a) Investment properties are carried at fair value. The determination of fair value is based on independent valuations where appropriate. This includes the original acquisition costs together with capital expenditure since acquisition and either the latest full independent valuation or latest independent update. Total acquisition costs include incidental costs of acquisition such as stamp duty and legal fees. Refer to Note 1(g) for further detail on valuations.

(b) A full independent valuation of a property is carried out at least once every three years. Independent valuations are prepared using both the capitalisation of net income method and the discounting of future net cash flows to their present value. Capital expenditure since valuation includes purchases of sundry properties (and associated expenses such as stamp duty, legal fees etc) and capital expenditure in respect of completed projects which has taken place since or was not included in the latest valuation of the properties.

(c) Independent valuations as at 30 June 2009 for 109 properties owned by the Trust were conducted by Nelson Partners, NSW (18 properties), LandMark White, Sydney (16 properties), Knight Frank, Vic (31 properties), Knight Frank, Qld (12 properties), LandMark White, Brisbane (14 properties), Knight Frank, SA (11 properties) Knight Frank, Tas (1 properties), Knight Frank, WA (6 properties). The valuation methodologies used were capitalisation and direct comparison approaches and were consistent with the requirements of relevant Accounting Standards. The net result of those valuations was a decrease of \$4,692,000 in the carrying value of the properties valued, based on yields of between 5.19% and 10.50%. This amount was recognised in the Income Statement for the year ending 30 June 2009 as a net property revaluation decrement and as a decrease in the carrying cost of the Investment Properties in the Balance Sheet as at 30 June 2009.

(d) In addition the Directors have made a further revaluation decrement of \$23,498,000, increasing the total revaluation decrement to \$28,190,000. The results of the independent valuations have been applied across the whole Australian investment property portfolio, resulting in a revaluation decrement of \$10,550,000 in recognition of softening in property yields. The revaluation decrement also includes adjustments with respect of the closed centres and development sites of \$10,170,000 with the adjustments calculated as the difference between the property's carrying value and the likely proceeds on disposal, based on appropriate market testing and an orderly sale. In addition, the New Zealand operating property portfolio has been revalued downwards by \$2,778,000 based on indicative valuations of the portfolio from parties as part of the ABC New Zealand sales process.

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
10. Financial assets				
Available-for-sale financial assets	-	-	14,700	14,700
<i>Available-for-sale financial assets comprise:</i>				
Unlisted investments, at cost				
- shares in controlled entity	-	-	14,700	14,700
Total available-for-sale financial assets	-	-	14,700	14,700

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10. Financial assets (continued)

Units in AET New Zealand Education Trust ("AETNZ") were acquired during the current period by Australian Education Trust ("AET"). AETNZ was established in Queensland, Australia with the issue of 2 units at \$1.00 each to AET on 10 Oct 2005. AET owns 100% of the units on issue in AETNZ. Details of units acquired during the financial year are:

	Units		2009 \$'000	2008 \$'000
	2009 No'000	2008 No'000		
Balance at the beginning of the year	14,700	3,500	14,700	3,500
Units acquired during the year, - (2008: 12 Dec 2007)	-	6,200	-	6,200
Units acquired during the year, - (2008: 18 Mar 2008)	-	5,000	-	5,000
Carrying amount at the end of the year	14,700	14,700	14,700	14,700

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

11. Trade and other payables

Sundry creditors	1,461	440	1,080	370
Accrued interest	2,371	3,353	2,371	3,353
GST Payable	1,687	-	1,653	-
Lease incentive liability	1,000	-	1,000	-
Accruals	2,858	2,499	2,786	2,278
	9,377	6,292	8,890	6,001

Fair value and credit risk:

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Financial guarantees:

There are no financial guarantees in place.

Interest rate, foreign exchange and liquidity risk:

Detail regarding interest rate, foreign exchange and liquidity risk exposure is disclosed in Note 22 below.

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	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
12. Distribution payable				
Distribution payable	18	3,644	18	3,644
	18	3,644	18	3,644

Two quarterly distributions were paid during the financial year as follows:

	Quarter ending	Paid/ payable	Cents per unit
First quarter	30-Sep-08	31-Oct-08	2.25
Second quarter	31-Dec-08	27-Feb-09	1.75
			4.00

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
13. Other current liabilities				
Rental income received in advance	2,119	8	2,119	-
	2,119	8	2,119	-

14. Taxation

Income tax benefit

The components of income tax benefit comprise:

Income tax refund received for 2005 year	-	19	-	19
	-	19	-	19

The Responsible Entity applied for and was granted a private binding ruling from the Australian Taxation Office declaring that the Trust will not be taxed in accordance with Divisions 6B and 6C of the Income Tax Assessment Act 1936 ("ITAA"). As a result of this ruling, as from 1 July 2005 the Trust operates as a "flow through" entity for taxation purposes in accordance with Division 6 of the ITAA.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
15. Borrowings				
Current:				
Bank loans at face value - secured	112,110	-	112,110	-
Senior Secured Notes at face value	147,690	-	147,690	-
Less: unrealised foreign exchange loss on Notes (hedged)	-	-	-	-
Add: unrealised foreign exchange gain on Notes (hedged)	4,003	-	4,003	-
Less: up front transaction costs	(3,403)	-	(3,326)	-
Plus: amortised up front transaction costs	1,489	-	1,458	-
	261,889	-	261,935	-

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	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
15. Borrowings (continued)				
Non-current:				
Bank loans at face value - secured	-	112,110		112,110
Senior Secured Notes at face value	-	147,690		147,690
Less: unrealised foreign exchange loss on Notes (hedged)	-	(12,272)		(12,272)
Add: unrealised foreign exchange gain on Notes (hedged)	-	-		-
Less: up front transaction costs	-	(3,314)		(3,241)
Plus: amortised up front transaction costs	-	-		780
	-	245,009		245,067

Effective 30 July 2007, the Trust allocated Senior Secured Notes ("Notes") to North American investors, comprising USD77.0 million, CAD19.1 million and AUD35.4 million. The allocations are AUD78 million for 7 years and AUD70 million for ten years. The proceeds of the issue were used to repay part of the previous debt facility with the National Australia Bank "NAB". The previous NAB facility then converted to a cash advance facility of AUD100 million plus an AUD15 million standby facility which were reviewed in July 2008 and were extended to July 2010 and July 2009 respectively.

Due to higher interest costs, lost tenancy income, increased legal costs and property outgoings, the Trust breached its Financial Charges Ratio ("FCR") of 1.75x for the six month period to 31 December 2008. The FCR at 31 December 2008 was 1.48x. The Trust entered into standstill arrangements with its debt providers through until 30 June 2009.

As a result of loss of tenancy income and continued increased costs during the six month period to 30 June 2009 the FCR at 30 June 2009 is 1.33x.

The Trust is currently negotiating amended debt funding arrangements with both the NAB and the Senior Secured Noteholders.

Subject to final agreement with NAB, it is intended that the NAB cash advance facility and standby facility which had maturity dates of 30 July 2010 and 30 July 2009 is expected to be combined into one facility with an extended maturity date of 31 July 2011. The total margin charged on this facility is, subject to final agreement with NAB, expected to be approximately 4% pa compared to 1.5% under the current facilities.

It is expected that the Senior Secured Notes ("Notes") maturity dates will be shortened to 31 July 2011, consistent with the NAB maturity date. This brings the maturity date of three series of Notes forward three years with the other series being brought forward six years. The interest rates are expected to increase on the Notes by 2.5% pa on the amounts currently charged.

The interest rates are expected to be as follows:

Series A:	USD 9.84%
Series B	USD 9.84%
Series C	CAD 9.40%
Series D	USD 9.99%

It is expected that the Trust must also make the following debt repayments to ensure compliance with the new agreements. These are cumulative targets and are as follows:

31 December 2009	\$35 million
30 June 2010	\$80 million
31 December 2010	\$89 million

The target at 31 December 2009 will be met through a combination of cash balances of \$28.7 million and contracted asset sales. Future targets will be funded through continuation of asset sales of the closed centres and development sites, surplus operating cash flows and cash flows generated from breaking in-the-money cross currency interest rate swaps. The Trust plans to negotiate new hedging arrangements to fully hedge the new arrangements and to ensure that the Trust is not exposed to any risks in relation to foreign currency fluctuations.

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15. Borrowings (continued)

It is also expected that following the completion of the ABC1 process, that the Trust will seek to refinance the expensive Notes. The Trust will be seeking to reduce its gearing ratio below 50% and will endeavour to resume regular income distributions to unit holders as soon as its lenders are satisfied with ongoing financial arrangements.

As part of the new financing agreements, new covenants will be set and all ABC specific terms will be amended.

Interest rate, foreign exchange and liquidity risk:

Refer to Note 22 for information on interest rate, foreign exchange and liquidity risk.

Fair values:

The carrying amounts of the Trust's Borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates, depending on the loan.

Unused financing facilities:

Refer to Note 18(c) for details of unused financing facilities.

Assets pledged as security:

To accommodate the issue of the Notes, a Security Trustee has been established to administer the security arrangements and to facilitate any future debt issuing on behalf of the Trust. The Noteholders and the NAB share security in the form of real property mortgages. In addition, the NAB retains a fixed and floating charge over the assets of the Trust as further security.

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Collateral that has been pledged for secured liabilities is as follows:				
(i) Financial assets pledged				
Cash and cash equivalents	28,731	4,423	28,123	3,488
Trade and other receivables	1,982	7,874	2,720	5,248
Derivative financial instruments	22,626	6,794	22,626	6,794
Due from related parties	-	-	32,052	36,497
Shares in controlled entity	-	-	14,700	14,700
(ii) Other assets pledged				
Other current assets	32,707	11,502	27,895	10,706
Investment properties	375,482	438,484	335,966	390,701
Total assets pledged	461,528	469,077	464,082	468,134

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15. Borrowings (continued)

The principal terms and conditions with respect to the assets pledged are:

- to conduct the business of the Trust (including collecting debts owed) in a proper, orderly and efficient manner;
- not, without lenders' consent, to cease conducting the business of the Trust
- not, without lenders' consent (such consent not to be unreasonably withheld) raise any Financial Accommodation from any other party other than Permitted Financial Accommodation or give any Encumbrance over Trust Assets as security for Financial Accommodation other than Permitted Financial Accommodation;
- to maintain or, ensure that the tenant maintains (in relation to Trust Assets for which a tenant under a Lease is obliged to effect insurance) all risk insurance over the physical assets of the Fund and the Trust;
- not, without lenders' consent (such consent not to be unreasonably withheld), make any material amendments to any Lease;
- except for those assets which the tenant under a Lease is obliged to maintain, to maintain the Fund Assets and Trust Assets in a state of good repair, fair wear and tear excepted;
- not, without the prior written consent of lender, to sell, mortgage, transfer or deal with in any way the units in the sub-Trust held by the Trust;
- not to do anything which effects or facilitates the resettlement of the Trust Assets or the Fund Assets;
- without lenders' consent, not to create an Encumbrance or allow one to exist on the whole or any part of its present or future property other than any Permitted Encumbrance; and
- subject to the terms of any Security, without lenders' consent, not to dispose of (or agree to dispose of) all or a substantial part of the Trust Assets (either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily).

Covenants:

The main requirements of both facilities are that the Trust maintains maximum debt to property value ratio of 65% for freehold properties, 50% for leasehold properties and 100% of cash held on deposit from asset disposals and minimum net earnings before interest and tax to interest ratio of 1.75. Refer also to Note 26.

The Trust was in compliance with the loan-to-value ratio as at 30 June 2009.

Due to higher interest costs, lost tenancy income, increased legal costs and property outgoings, the Trust breached its Financial Charges Ratio ("FCR") of 1.75x for the six month period to 31 December 2008. The FCR at 31 December 2008 was 1.48x. The Trust entered into standstill arrangements with its debt providers through until 30 June 2009.

As a result of loss of tenancy income and continued increased costs during the six month period to 30 June 2009 the FCR at 30 June 2009 is 1.33x. Due to the breach of the covenant at 30 June 2009, all borrowings have been classified as current in these financial statements.

As part of the restructure financing agreement new covenants will be agreed.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
16. Derivative financial instruments				
Derivative financial instruments - interest rate swaps	8,418	-	8,418	-
	8,418	-	8,418	-

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.

Refer to Note 22 for further information on interest rate swaps held.

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17. Changes in net assets attributable to unitholders

	Units on issue No '000	Units on issue \$'000	Undistributed profit \$'000	Total \$'000
Consolidated Group				
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	-	(624)	-	(624)
Profit attributable to unitholders	-	-	40,857	40,857
Prior period adjustment	-	-	13,497	13,497
Distribution paid or provided for	-	-	(18,491)	(18,491)
Balance at 30 June 2008	134,974	166,314	47,810	214,124
Consolidated Group				
Balance at 1 July 2008	134,974	166,314	47,810	214,124
Loss attributable to unitholders	-	-	(29,018)	(29,018)
Distribution paid or provided for	-	-	(5,399)	(5,399)
Balance at 30 June 2009	134,974	166,314	13,393	179,707
Parent Entity				
Balance at 1 July 2007	123,209	146,938	12,234	159,172
Units issued during the period	11,765	20,000	-	20,000
Less: unit issue costs	-	(624)	-	(624)
Profit attributable to unitholders	-	-	39,868	39,868
Prior period adjustment	-	-	13,497	13,497
Distribution paid or provided for	-	-	(18,491)	(18,491)
Balance at 30 June 2008	134,974	166,314	47,108	213,422
Parent Entity				
Balance at 1 July 2008	134,974	166,314	47,108	213,422
Loss attributable to unitholders	-	-	(25,321)	(25,321)
Distribution paid or provided for	-	-	(5,399)	(5,399)
Balance at 30 June 2009	134,974	166,314	16,388	182,702

During the year ending 30 June 2009, there was no units issued (2008: there was one issue of units on 14 August 2007 of 11,764,706 fully paid ordinary units issued at a price of \$1.70 per unit).

During the year ending 30 June 2009, there were two quarterly distributions totalling 4.0 cents per unit (2008: 13.7 cents per unit).

All units on issue rank equally for the purpose of distributions and on termination of the trust. All units entitle the holders to one vote, either in person or by proxy, at a meeting of the trust.

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17. Changes in net assets attributable to unitholders (continued)

Capital management:

The Responsible Entity's ("RE") objective when managing capital objective is to ensure the Trust continues as a going concern as well as to maintain optimal returns to unitholders and benefits for other stakeholders. The RE also aims to maintain a capital structure that ensures the lowest cost of capital available to the Trust.

The proportion of capital is largely determined by the loan-to-value ratio as specified under the Trust's debt facilities (refer Note 15). The maximum debt to property value ratio is 65% for freehold properties, 50% for leasehold properties and 100% of cash held on deposit from asset disposals. The Trust was in compliance with the loan-to-value ratio as at 30 June 2009.

The gearing ratios for the year ending 30 June 2009 and 30 June 2008 are as follows:

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total borrowings	259,800	259,800	259,800	259,800
Less: cash and cash equivalents	(28,731)	(4,423)	(28,123)	(3,488)
Net debt	231,069	255,377	231,677	256,312
Total equity	179,707	214,124	182,702	213,422
Total capital	410,776	469,501	414,379	469,734
Gearing ratio	56.3%	54.4%	55.9%	54.6%

The RE has a policy of paying out as distributions only net income earned by the Trust for the period.

18. Cash and cash equivalents

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Components of cash and cash equivalents				
Cash	28,731	4,423	28,123	3,488
Total cash and cash equivalents	28,731	4,423	28,123	3,488
(b) Reconciliation of profit after tax expense to net cash				
Profit after income tax	(29,018)	54,354	(25,321)	53,365
Finance costs	21,304	18,891	21,289	18,465
Profit on disposal of non-current assets	(1,480)	(295)	(1,486)	(295)
Unrealised foreign exchange (gain)/loss	16,275	(12,527)	16,275	(12,273)
Realised foreign exchange gains	-	(637)	-	(6)
Change in fair value of cross currency interest rate swaps	(21,402)	(1,225)	(21,402)	(1,225)
Change in fair value of interest rate swaps	13,987	(5,569)	13,987	(5,569)
Net property revaluation decrement/ (increment)	28,190	(16,734)	24,766	(16,599)
(Increase)/decrease in debtors	2,803	90	2,342	3,867
(Increase)/decrease in prepayments	(111)	-	(112)	-
Increase/(decrease) in other current liabilities	2,111	-	2,119	-
Increase/(decrease) in trade and other payables	3,107	(1,177)	2,266	(1,544)
Net cash flows provided by operating activities	35,766	35,171	34,723	38,186

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18. Cash and cash equivalents (continued)

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
(c) Financing facilities				
Committed financing facilities available to the entity:				
Commercial loan facility	100,000	100,000	100,000	100,000
Standby facility	15,000	15,000	15,000	15,000
Amounts utilised	(112,110)	(112,110)	(112,110)	(112,110)
Available loan facilities	2,890	2,890	2,890	2,890
Senior Secured Notes facility	147,690	147,690	147,690	147,690
Amounts utilised	(147,690)	(147,690)	(147,690)	(147,690)
Available Note facilities	-	-	-	-
Cash	28,731	4,423	28,123	3,488
Financing resources available at the end of the year	31,621	7,313	31,013	6,378

Maturity profile of financing facilities:

Due within one year	15,000	-	15,000	-
Due between one year and five years	100,000	115,000	100,000	115,000
Due after five years	147,690	147,690	147,690	147,690

Refer to Note 15 for details on the conditions of the financing facilities.

19. Segment information

(a) Primary reporting - geographical segments

	Australia		New Zealand		Eliminations		Consolidated Group	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	34,968	37,511	3,613	3,262	-	(280)	38,581	40,493
Change in the fair value of cross currency interest rate swaps							21,402	1,225
Change in fair value of interest rate swaps							-	5,569
Unrealised foreign exchange gains							-	12,527
Net property revaluation increment							-	16,734
Interest income							625	1,158
Realised foreign exchange gains							108	637
Total revenue							60,716	78,343
Result								
Segment result	25,618	32,701	2,996	2,955	-	(280)	28,614	35,376
Unallocated expenses net of unallocated revenue							22,124	37,850
Change in fair value of interest rate swaps							(13,987)	-
Unrealised foreign exchange losses							(16,275)	-
Net property revaluation decrement							(28,190)	-

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19. Segment information (continued)

	Australia		New Zealand		Eliminations		Consolidated Group	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Finance costs							(21,304)	(18,891)
Profit before tax							(29,018)	54,335
Income tax benefit							-	19
Profit after tax							(29,018)	54,354

(a) Primary reporting - geographical segments

	Australia		New Zealand		Eliminations		Consolidated Group	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Segment assets	464,083	468,134	44,935	52,763	(47,490)	(51,820)	461,528	469,077
Total assets							461,528	469,077
Liabilities								
Segment liabilities	281,382	254,712	33,229	37,361	(32,790)	(37,120)	281,821	254,953
Total liabilities							281,821	254,953
Other								
Acquisitions of non-current segment assets	3,983	63,927	3,218	16,352	-	(11,200)	7,201	69,079
Disposals of non-current segment assets	17,741	4,334	3,178	-	-	-	20,919	4,334

(b) Secondary reporting - business segments

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

(c) Accounting policies

Operations in Australia and New Zealand are conducted under their own Trust entities and hence transactions applicable to each Trust are separately maintained. Refer to Note 20 Related party disclosures for further information on the group structure and transactions between each entity.

20. Related party disclosures

The Trust group

The consolidated financial statements include the financial statement of Australian Education Trust and its wholly owned subsidiary AET New Zealand Education Trust.

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20. Related party disclosures (continued)

Transactions between the parent entity and its subsidiary during the financial year are set out below:

	2009 \$'000	2008 \$'000
Interest from subsidiary trust	3,269	2,185
Expense reimbursement from subsidiary trust	26	22
Distribution payable from subsidiary trust	-	280
Loan to subsidiary trust	32,051	14,235

The amount due from AET New Zealand Education Trust is a long term loan with no fixed date for repayment. Interest is payable on the loan balance and is based on the average interest rate on loans held by the Parent Entity plus a margin of 2.74%. At 30 June 2009 interest totalling \$737,877 on the loan remains unpaid and is included in Note 5 Trade and other receivables in the Parent Entity.

Responsible Entity

The Responsible Entity ("RE") of the Trust is Austock Property Management Ltd.

In accordance with the Trust constitution and other agreements the RE is entitled to claim asset management fees, reimbursement for all expenses reasonably and properly incurred in relation with the trust or in performing its obligations under the constitution, debt arrangement fees and property acquisition due diligence fees.

The following table provides the total amount of transactions that have been entered into with the RE for the relevant financial year:

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Amounts paid or payable during the year				
RE asset management fees	2,233	2,128	2,009	1,892
RE cost recoveries	209	162	209	162
RE debt arrangement fees	-	88	-	88
RE property acquisition due diligence fees	-	305	-	212
	2,442	2,683	2,218	2,354
Amounts included in accruals or payables at balance	541	674	480	568

The names of each person holding the position of Director of the RE during the financial year were Messrs MF Johnstone, VD Cottren, ME McFarlane, NJ Anagnostou and V Harink. No Director of the RE received or became entitled to receive any benefit because of a contract made by the Trust with a Director or with a firm of which a Director is a member, or with an entity in which the Director has a substantial interest.

The relevant interests of each Director of the RE (including Director related entities) acquired on the market in the unit capital of the Trust are set out below under the section key management personnel of the RE.

Custodian

The Custodian of the Trust assets is Trust Company Ltd (formerly named Trust Company of Australia Ltd). The Custodian is entitled to fees for its services.

Amounts paid or payable during the year

Custodian fees	110	78	98	72
Amounts included in accruals or payables at balance	55	24	48	22

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20. Related party disclosures (continued)

Terms and conditions of transactions with related parties

All transactions between related parties were made on normal commercial terms and conditions, except that there are no fixed terms for the repayment of the loan between the parent entity and its subsidiary. Any interest is charged on loans between the parties is at commercial rates.

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

For the period ended 30 June 2009, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history does not suggest otherwise. This assessment will be undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. When assessed as required the Group raises such a provision.

Key management personnel of the Responsible Entity

Names:

The Directors of the RE are considered to be Key Management Personnel (KMP)

Chairman - Non-executive		
Michael McFarlane	Appointed 14 Aug 2006, resigned 17 September 2008	
Victor Cottren	Appointed 22 Dec 2004	
Executive directors		
Vincent Harink	Appointed 4 Aug 2005, resigned 28 July 2008	
Nicholas Anagnostou	Appointed 4 Aug 2008	
Non executive directors		
Michael Johnstone	Appointed 22 Dec 2004	
Other KMP		
	Role	
Craig Thompson	Chief Operating Officer	Appointed 4 August 2008
Travis Butcher	Chief Financial Officer	Appointed 30 October 2008

Remuneration:

No KMP were remunerated directly by the Trust. The KMP of the RE receive remuneration in their capacity as Directors and senior management of the RE and these amounts are paid from an entity related to the RE.

Units held in the Trust by related parties:

The interests of the directors of the RE and other related parties in units of the Trust at period end are set out below:

Name	MF Johnstone	VD Cottren	NJ Anagnostou	API	ASIF
Opening balance of units held	50,000	200,000	-	14,730,980	-
Acquisitions of units	-	200,000	-	-	14,730,980
Disposals of units	-	-	-	(14,730,980)	-
Closing balance of units held	50,000	400,000	-	-	14,730,980

ASIF and API are funds for which the RE is a related party to Austock Property Management Limited.

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21. Capital and lease commitments

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
(a) Capital expenditure commitments - centre acquisitions and development				
Estimated capital expenditure commitments contracted at balance date but not provided for:				
not later than 1 year	-	7,150	-	7,150

(b) Lease revenue commitments

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

The property leases 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.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Receivable:				
not later than 1 year	34,971	38,703	31,491	35,012
later than 1 year but no later than 5 years	149,063	166,579	134,247	150,790
later than 5 years	279,603	440,783	250,571	399,004
	463,637	646,065	416,309	584,806

Only leases with operating centres 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 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.

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Payable:				
not later than 1 year	982	802	982	802
later than 1 year but no later than 5 years	4,398	3,628	4,398	3,628
later than 5 years	16,668	18,544	16,668	18,544
	22,048	22,974	22,048	22,974

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22. Financial risk management

(a) Financial risk management objectives and policies

The Trust's financial instruments consist of deposits with banks, accounts receivable and payable, derivatives, loans from banks and other financial intermediaries and a loan to a subsidiary.

The Responsible Entity ("RE") manages the Trust's exposure to key financial risks in accordance with its Risk Management Plan. The objective of the plan is to support the delivery of the Trust's financial targets whilst protecting future financial security.

A Risk Management Plan, developed in accordance with the Australian Standard on Risk Management (AS/NZS 4360:1999) was adopted by the Board on 26 May 2005. The policy reflects the Board's commitment to identifying, monitoring and mitigating risks as well as capturing opportunities. The main risks arising from the Trust's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. Day to day responsibility for risk management has been delegated to executive management, with review occurring at both Committee level (by the Audit, Risk Management and Compliance Committee) and at Board level.

The RE reviews and implements policies for managing each risk as summarised below.

(b) Risk exposures and responses

Market risk:

The Trust is exposed to interest rate, foreign currency, liquidity and credit risks. Details are provided in the following paragraphs. There are no known exposures to other risks that are material to the financial statements.

Interest rate risk:

The source of interest rate risk to the Trust is primarily long-term debt obligations.

The Trust has the following classes of financial assets and financial liabilities that are exposed to interest rate risk:

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	28,731	4,423	28,123	3,488
	28,731	4,423	28,123	3,488
Financial liabilities				
Borrowings	(259,800)	(259,800)	(259,800)	(259,800)
	(259,800)	(259,800)	(259,800)	(259,800)
Net exposure	(231,069)	(255,377)	(231,677)	(256,312)

The weighted average interest rates relating to the above financial assets and financial liabilities were as follows:

	%	%	%	%
Financial assets				
Cash and cash equivalents	2.79%	6.95%	2.79%	6.95%
Financial liabilities				
Borrowings	7.29%	7.54%	7.29%	7.51%

Financial assets are not hedged and are exposed to variable interest rate risk. The RE believes that this exposure is relatively low and does not pose a material risk to the Trust.

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22. Financial risk management (continued)

It is a policy of the RE to use a mix of variable interest rate debt and interest rate swap contracts to manage the Trust's exposure to interest rates on interest bearing liabilities. Interest bearing liabilities relate to the NAB bank loans which are due to be reviewed next in July 2010 and the Senior Secured Notes which mature in 2014 and 2017 but have no requirement for principal repayments before maturity (refer to Note 15 above).

At 30 June 2009, the Trust held the following interest rate swap contracts within the parent entity, representing 54% of the total balance of Borrowings:

Notional AUD	Maturity	Fixed rate
70,000,000	2011	6.48%
35,000,000	2014	6.88%
35,000,000	2017	6.82%
<u>140,000,000</u>		<u>6.67%</u>

Refer to Note 7 for details on the fair value of these interest rate swaps as at the reporting date.

The RE constantly analyses the Trust's interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates. The RE is currently considering the most appropriate interest rate profile and strategy from a variety of options, one of which will be adopted in the near future.

The balance of loans of \$119.8 million is unhedged and as at 30 June 2009, the weighted average variable interest rate is 3.17%. In addition to the above fixed and variable interest rates, the Trust incurred activation, margin, facility and penalty fees ("Additional Fees") with a total weighted average rate of 1.71% as at 30 June 2009.

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgements of reasonably possible	Net profit Increase/(decrease)		Equity Increase/(decrease)	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Consolidated Group				
Increase in variable interest rates of 1.00%	4,869	6,802	-	-
Decrease in variable interest rates of 0.50%	(2,434)	(3,401)	-	-
Parent Entity				
Increase in variable interest rates of 1.00%	4,869	6,802	-	-
Decrease in variable interest rates of 0.50%	(2,434)	(3,401)	-	-

The movements in profit are due to the net impact of higher/lower interest costs from variable rate debt and cash balances and the increase/decrease in the fair value of derivative instruments. Such movements are reflected in the income statement with no impact on equity.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

22. Financial risk management (continued)

Foreign currency risk:

The Trust has exposure to foreign currency movements through its investment in New Zealand properties and the issue of Senior Secured Notes, some of which are denominated in United States Dollars ("USD") and Canadian Dollars ("CAD").

It is a policy of the RE not to expose the Trust to any material risks relating to movements in foreign currencies.

With respect to property investments in New Zealand, there is currently no relevant hedging in place. Of the total value of property investments held by the Trust, 11.5% is represented by properties held in New Zealand. The intention is to hold New Zealand properties on an on-going basis. In accordance with accounting standards, movements in foreign exchange rates are recognised at the time the properties are revalued to fair value. The Trust also has transactional New Zealand Dollar ("NZD") exposures. Such exposures arise from rental income and purchases of services in NZD. Further, the Trust holds some cash, receivables and payables which are denominated in NZD. In the opinion of the directors of the RE the level of the Trust's transactions in NZD is relatively low and does not constitute a material risk to the Trust.

With respect to the Senior Secured Notes, the Trust uses cross currency interest rate swap contracts to hedge fully its exposure to movements in USD and CAD (refer to Note 16).

At 30 June 2009, the Trust held the following cross currency interest rate swap contracts within the parent entity, representing 100% of the total balance of Senior Secured Notes denominated in USD and CAD for the life of the Notes:

Currency	Value	AUD notional	Fixed FX rate
USD	18,000,000	21,264,028	0.8465
USD	59,000,000	69,698,760	0.8465
CAD	19,143,000	21,287,016	0.8993
		<u>112,249,804</u>	

Refer to Note 16 for details on the fair value of these cross currency interest rate swaps as at the reporting date.

The Trust's exposure to foreign currency risk and the relevant classes of financial assets and financial liabilities is set out below:

	Consolidated Group		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assets				
Cash and cash equivalents	608	935	-	-
Receivables	-	236	-	-
	<u>608</u>	<u>1,171</u>	-	-
Financial liabilities				
Payables	380	48	-	-
Borrowings	112,250	112,250	112,250	112,250
	<u>112,630</u>	<u>112,298</u>	<u>112,250</u>	<u>112,250</u>
Net exposure	<u>(112,022)</u>	<u>(111,127)</u>	<u>(112,250)</u>	<u>(112,250)</u>

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

22. Financial risk management (continued)

Judgements of reasonably possible movements:		Net profit		Equity	
		Increase/(decrease)		Increase/(decrease)	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Consolidated Group					
	AUD/NZD + 15.00%	(6,682)	(7,449)	-	-
	AUD/NZD - 15.00%	6,682	7,449	-	-
Parent Entity					
	AUD/NZD + 15.00%	(2,185)	(2,138)	-	-
	AUD/NZD - 15.00%	2,185	2,138	-	-

The movements in profit are due to variations in the AUD/NZD exchange rate impacting valuations of assets and liabilities denominated in NZD. Such movements are reflected in the income statement with no impact on equity. The exposure of the parent entity to NZD movements is via its investment in AET New Zealand Education Trust, being the entity which holds the New Zealand-based investments.

No sensitivity analysis has been presented for USD and CAD movements. This is because the Senior Secured Notes are hedged fully and any movements in these currencies have no net impact on profit and equity.

Price risk:

The Trust does not invest in any listed securities and hence is not exposed to any price risk.

Liquidity risk:

Liquidity risk is managed by adhering to restrictions under the Trust's investment strategy from entering into contractual arrangements that produce an exposure not covered by sufficient liquid assets or a total investment exposure in excess of total unitholders' funds. Further, the RE ensures that sufficient cash and cash equivalents are maintained to meet the needs of the Trust through cash flow monitoring and forecasting.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as at 30 June 2009. For derivative financial instruments, the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Market value is not materially different from the break value. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing as at 30 June 2009.

The remaining contractual maturities of the Trust's and parent entity's financial liabilities are:

	Consolidated Group		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
6 months or less	24,014	9,944	23,527	9,645
6 to 12 months	-	-	-	-
1 to 5 years	99,610	112,110	99,610	112,110
Later than 5 years	156,108	147,690	156,108	147,690
	279,732	269,744	279,245	269,445

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

22. Financial risk management (continued)

Maturity analysis of financial assets and liability based on management expectations:

The table below reflects a maturity analysis of financial assets and financial liabilities based on management's expectations. Apparent shortfalls in cash are due to the maturity of debt facilities at various points in time. Prior to the maturity of these facilities, the Trust will either negotiate to extend the term of these facilities or arrange new facilities on terms appropriate at that time.

	6 months or less \$'000	6 to 12 months \$'000	1 to 5 years \$'000	Later than 5 years \$'000	Total \$'000
Consolidated Group					
2009					
Financial assets					
Cash and cash equivalents	28,731	-	-	-	28,731
Receivables	1,982	32,707	-	-	34,689
Derivatives	-	-	22,626	-	22,626
	30,713	32,707	22,626	-	86,046
Financial liabilities					
Payables	11,514	-	-	-	11,514
Borrowings	12,500	-	99,610	147,690	259,800
Derivatives	-	-	8,418	-	8,418
	24,014	-	108,028	147,690	279,732
Net exposure	6,699	32,707	(85,402)	(147,690)	(193,686)
2008					
Financial assets					
Cash and cash equivalents	4,423	-	-	-	4,423
Receivables	7,874	11,502	-	-	19,376
Derivatives	329	-	2,677	3,788	6,794
	12,626	11,502	2,677	3,788	30,593
Financial liabilities					
Payables	9,944	-	-	-	9,944
Borrowings	-	112,110	-	147,690	259,800
Derivatives	-	-	-	-	-
	9,944	112,110	-	147,690	269,744
Net exposure	2,682	(100,608)	2,677	(143,902)	(239,151)
Parent Entity					
2009					
Financial assets					
Cash and cash equivalents	28,123	-	-	-	28,123
Receivables	2,720	27,895	-	-	30,615
Due from related parties	-	-	-	32,052	32,052
Investments	-	-	-	14,700	14,700
Derivatives	-	-	-	22,626	22,626
	30,843	27,895	-	69,378	128,116
Financial liabilities					
Payables	11,028	-	-	-	11,028
Borrowings	12,500	-	99,610	147,690	259,800
Derivatives	-	-	8,418	-	8,418
	23,528	-	108,028	147,690	279,246
Net exposure	7,315	27,895	(108,028)	(78,312)	(151,130)

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

22. Financial risk management (continued)

	6 months or less \$'000	6 to 12 months \$'000	1 to 5 years \$'000	Later than 5 years \$'000	Total \$'000
Parent Entity					
2008					
Financial assets					
Cash and cash equivalents	3,488	-	-	-	3,488
Receivables	5,248	10,706	-	-	15,954
Due from related parties	-	-	-	36,497	36,497
Investments	-	-	-	14,700	14,700
Derivatives	329	-	2,677	3,788	6,794
	9,065	10,706	2,677	54,985	77,433
Financial liabilities					
Payables	9,645	-	-	-	9,645
Borrowings	-	112,110	-	147,690	259,800
Derivatives	-	-	-	-	-
	9,645	112,110	-	147,690	269,445
Net exposure	(580)	(101,404)	2,677	(92,705)	(192,012)

Credit risk:

Credit risk arises from the financial assets of the Trust, which comprise cash and cash equivalents, trade and other receivables and derivative instruments. The Trust's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable Note.

Receivables are generally received within 30 days, except for the amount due to the Parent Entity from AET New Zealand Education Trust which has no fixed date of repayment (refer to Note 20).

The Trust does not hold any credit derivatives to offset its credit exposure.

The Trust trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Trust's policy to securitise its trade and other receivables.

The Trust's credit exposure is concentrated with one debtor, ABC Learning Centres Ltd and its subsidiaries ("ABC"), who contribute 72% of rental income. The total credit risk for financial instruments contained in the Balance Sheet is limited to the carrying amount disclosed in the Balance Sheet, net of any provisions for doubtful debts

In addition, receivable balances are monitored on an ongoing basis with the result that the Trust's exposure to bad debts is not significant.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

22. Financial risk management (continued)

Net fair value of financial assets and liabilities:

Valuation approach

The net fair value of financial assets and liabilities are determined by the Trust on the following bases:

Recognised financial instruments:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are valued at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank deposits, receivables, other debtors, accounts payable, bank loans, lease liabilities and distributions payable approximate net fair value.

Net fair values

Recognised financial instruments:

The Trust's financial assets and liabilities included in current and non-current assets and liabilities on the Balance Sheet are carried at amounts that approximate net fair value.

Unrecognised financial instruments:

The Trust has no off-balance sheet financial instruments.

Consolidated Group		Parent Entity	
2009	2008	2009	2008
\$'000	\$'000	\$'000	\$'000

23. Net tangible assets

Net tangible assets (\$ '000)	179,707	214,124	182,702	213,422
Units used (No '000)	134,974	134,974	134,974	134,974
Net tangible assets at carrying value per unit	\$1.331	\$1.586	\$1.354	\$1.581

24. Contingent liabilities

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

25. Economic dependency

Prior to the receivership of ABC Learning Centres Ltd ("ABC") on 6 November 2008, virtually all of the investment properties of the Trust were leased to subsidiaries of ABC Learning Centres Ltd ("ABC") with the Trust having approximately 97.3% dependency on the ABC group in respect to its lease income.

Subsequent to the receivership and the assignment of leases through the ABC2 process to new tenants, the Trust currently has approximately 72% dependency on the ABC group in respect of its lease income.

26. Subsequent events

The financial report was authorised on 31st August 2009 by the Board of Directors of the Responsible Entity.

Refer to Note 15 in relation to the latest developments with respect of the Trust's Borrowings.

There have been no other significant events since 30 June 2009 that have or may significantly affect the results and operations of the Trust.

27. Trust details

The registered office and principal place of business of the Trust is Level 1, 350 Collins Street, Melbourne Victoria 3000 and the principal activity being a specialist childcare centre property owner. The domicile of the Trust is Australia.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' DECLARATION**

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 25 to 61 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 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (i) the financial records of the Trust for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (iii) the financial statements and notes for the financial year give a true and fair view.
3. there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.
4. the Trust has operated during the year ended 30 June 2009 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 31st day of August 2009



Victor David Cottren
Chairman
Austock Property Management Limited

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUSTRALIAN EDUCATION TRUST

We have audited the accompanying financial report of Australian Education Trust (the trust) and Australian Education Trust and its Controlled Entity (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Austock Property Management Limited ("the Responsible Entity") are responsible for the preparation and fair presentation of the 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 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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Auditor's Opinion

In our opinion:

- (a) the financial reports of Australian Education Trust and Australian Education Trust and its Controlled Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the trust and the consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to our opinion expressed above, we draw attention to Note 15 in the financial report which indicates that The Australian Education Trust has breached its Financial Charges Ratio at 30 June 2009. The trust is currently negotiating amended debt funding with both the NAB and the Senior Secured Note holders. The amended debt funding agreements will require new terms and conditions in relation to repayment amounts, repayment periods, hedging arrangements, ABC specific terms and covenants. The process of negotiating amended funding agreements is underway and is expected to be completed shortly.

In addition we draw attention to Note 1w in the financial report which indicates that the Trust has incurred a net loss of \$29 million during the year ended 30 June 2009 and, as of that date, the Trust's current liabilities exceeded its current assets by \$210.0 million. These conditions, along with other matters as set forth in Notes 1w and 15, indicate the existence of a material uncertainty which may cast significant doubt about the trust's ability to continue as a going concern.



MOORE STEPHENS
Chartered Accountants



Kevin W Neville
Partner
Melbourne, 31 August 2009

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Additional Stock Exchange Information
as at 18 August 2009

Number of holders of ordinary units and voting rights

There were 134,973,383 fully paid ordinary units on issue, held by 3,354 unitholders.

The voting rights attaching to the ordinary units, set out in section 253C of the Corporations Act 2001, are:

- (a) on a show of hands every person present who is a unitholder has one vote; and
- (b) on a poll each unitholder present in person or by proxy or attorney has one vote for each dollar of value of the total interests they have in the Trust.

Distribution of unitholders

Number of units held	Number of unitholders
1 - 1,000	223
1,001 - 5,000	863
5,001 - 10,000	939
10,001 - 100,000	1,213
100,001 and over	116
Total	3,354
Holdings less than a marketable parcel	279

Substantial unitholders

Name of Substantial Unitholder	Number
Orbis Group	22,302,927
Acorn Capital Limited	15,875,988
Austock Group Limited	15,388,483

Twenty largest unitholders

Name	Number	Fully paid percentage
National Nominees Limited	21,200,860	15.707
Trust Company Limited<ASIF A/C>	14,730,980	10.914
HSBC Custody Nominees (Australia) Limited	8,245,214	6.109
J P Morgan Nominees Australia Limited	6,825,760	5.057
Sandhurst Trustees Ltd<The Childcare Prop Fund A/C>	6,280,000	4.653

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
ASX ADDITIONAL INFORMATION**

ANZ Nominees Limited<Cash Income A/C>	2,291,960	1.698
J & L Nominees Pty Ltd<Kids Cottage Child Care A/C>	1,500,000	1.111
Citicorp Nominees Pty Limited<Cwlth Bank Off Super A/C>	1,381,514	1.024
Citicorp Nominees Pty Limited	1,194,136	0.885
Denman Investments Limited	1,173,448	0.869
Buratu Pty Ltd<Connolly Super Fund A/C>	1,090,000	0.808
Mr Robert Adamson	1,033,894	0.766
Chemical Trustee Limited	750,000	0.556
Melbourne Corporation of Australia Pty Ltd<Superfund A/C>	670,938	0.497
Herro International Pty Limited	650,000	0.482
UBS Wealth Management Australia Nominees Pty Ltd	639,339	0.474
Mr Ron Hamer	610,000	0.452
Mr Charles Nightingale & Mrs Jennifer Nightingale	607,441	0.450
Mr Warwick Degraff<Warwick Degraff S/f A/C>	605,700	0.449
Lincoln Properties Pty Ltd<Anderson Super Fund A/C>	600,000	0.445
	<hr/>	
	72,081,184	53.404

On market buy back

There is no current on-market buy-back.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORY**

**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 **Victor David Cottren (Chairman)**
Michael Francis Johnstone
Nicholas James Anagnostou

Solicitors **Macrossans Lawyers**
Level 23
AMP Place
10 Eagle Street
Brisbane Qld 4000

Share Registry **Registries Limited**
Level 7, 207 Kent Street
Sydney NSW 2000

Auditors **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 20
100 Creek Street
Brisbane QLD 4000

Custodian **Trust Company Limited**
213-217 St Pauls Terrace
Spring Hill Qld 4006

Secretary of the Responsible Entity **Amanda Jane Gawne**
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