



ASX Announcement
11th August 2008

RESULTS FOR THE FINANCIAL YEAR 30 JUNE 2008

The Directors of Austock Property Management Limited ("APML"), the responsible entity of the Australian Education Trust ("Trust"), are pleased to provide details of the financial results for the Trust for the year ended 30th June 2008.

Financial Highlights

The Trust earned a net profit attributable to unitholders of \$40.8 million, a 74% increase on the net profit of \$23.5 million for the year ended 30 June 2007. This increase is due mainly to unrealised gains made on foreign currency notes (which are fully hedged) and on interest rate swaps. Distributable Income of \$18.7 million represents an 11% increase on distributable income of \$16.8 million for the year to 30 June 2007.

\$'000	Year to June 2008	Year to June 2007
Revenue	42,288	31,191
Unrealised revaluation of property	16,734	7,392
Unrealised foreign exchange gains	12,527	-
Change in fair value of interest rate swaps	5,569	-
Change in fair value of for ex contracts	(12,272)	-
Expenses	(24,008)	(15,043)
Profit before Income Tax	40,838	23,540
Income Tax Adjustments	19	-
Net Profit attributable to unitholders	40,857	23,540
Distributable Income	18,727	16,828
Total Distributions	18,491	17,063
Weighted Average Units on Issue ('000)	133,527	115,675
Units on issue at 30 June ('000)	134,974	123,209
Basic EPU (cents) on weighted avg units	30.60	20.35
Distributable Income per Unit (cents)	14.02	14.55
Distributions per Unit (cents)	13.70	14.60
No. of Childcare Centre Properties	437	388



Distributions

The distribution for the quarter to 30 June 2008 is 2.7 cents per unit bringing the total distributions per unit for the year to 30 June 2008 to 13.7 cents. This represents a decrease of 0.9 cents, or 6.2% over the distribution for the year ended 30 June 2007 which totalled 14.6 cents. The decrease in distributions was due largely to an increase in debt costs due to increases in interest rates as well as lower acquisition levels. The distribution of 13.7 cents represents a distribution yield of 16.6% based on a 3 month VWAP (Volume Weighted Average Price) per unit of \$0.825 as at 30 June 2008.

The distribution for the quarter ended 30 June 2008 of 2.7 cents per unit will be paid on the 31 August 2008 to unitholders on the register as at 30 June 2008.

Property Portfolio

Investment and development activity over 2008 saw 54 centre properties purchased and the completion of 12 centre properties which had been purchased as development sites. The majority of this activity was in the first half of FY2008. Allowing for five disposals, the portfolio totalled 437 centre properties as at 30 June 2008.

Centre Numbers 30 June 2008	Total
Total Centre Properties at June 2007	388
Centre Properties Settled FY2008	55
Less Disposals	-5
Total to 30 June 2008	437

Property Pipeline

The Fund's pipeline of childcare centre properties for the 2008/09 year as at 30 June 2008, was for a total of 10 child care centre properties. The pipeline now has five properties with total further contributions required of approximately \$2.8m. Of the existing development sites being constructed, the Fund's remaining investment in construction costs is approx \$4.2m to be paid so that the Fund's investment in these properties is complete.

Property Valuation

The Trust has obtained an independent valuation of 176 of its childcare centre properties as at 30 April 2008 and 30 June 2008. Many of these properties had not been reassessed since 2005 or 2006 and through a predominantly organic increase in rental levels, a general increase in overall value levels was recorded. The independent valuations resulted in an increase in the value of these properties of \$16.7 million (or 9.6%) to \$191.1 million.

Net Tangible Assets

Following the revaluation of 176 of the Trust's childcare centre properties, and valuation of interest rate swaps to \$5.6 million, net tangible assets have increased to \$1.49 as at 30 June 2008 as set out in the following table:

NTA	30 June 2008 \$000	30 June 2007 \$000
Net Assets Attributable to Unitholders	200,627	158,885
Units on Issue at 30 June	134,937	123,209
NTA Per Unit	\$1.49	\$1.29



Funding

One capital raising was conducted during the year ending 30 June 2008. In August 2007 an issue of 11,764,706 fully paid ordinary units was made at a price of \$1.70 per unit (total \$20,000,000) via a private placement.

The Trust's debt facilities were restructured toward longer seven and ten year debt facilities, 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 existing debt facility with the National Australia Bank ("NAB").

The existing NAB facility was then converted to an evergreen cash advance term facility ("Term Facility") of AUD100 million (which is capable of being extended subject to a positive annual review by NAB), plus a AUD15 million standby/cash advance facility ("Standby Facility"). We also discuss below events which have arisen out of the review of the NAB finance arrangements in July 2008. These facilities are due to be reviewed again in July 2009.

The Trust's previous AUD130.1 million of fixed rate bills (due to expire between June 2008 and June 2011) were replaced by interest rate swaps (whilst retaining the benefit of the previous fixed rate bills) that cover AUD200 million of debt as at 30 June 2008 at a weighted average of 6.34% spread over the maturity of the debt. Cross currency interest rate swaps were also established to secure fully the principal value of the foreign currency denominated Notes.

These arrangements provide access to a large debt market with the ability to source long term debt facilities to match the long term lease arrangements of the Trust.

Post 30 June 2008 events

The Trust has recently undertaken its annual review with the NAB under the evergreen renewal arrangements for the Term Facility, which resulted in the Term Facility being extended from July 2009 to July 2010. The Standby Facility has also been extended to July 2009. The NAB has also increased the margins applicable to the facilities. As a result the forecast weighted average interest rate for the year ending 30 June 2009 is 8.6% to 8.8% (assuming the current interest rate environment remains the same for the period), compared with 7.54% for the year ended 30 June 2008.

The Trust has complied with its financial undertakings under its various debt arrangements at 30 June 2008. The change in the business environment during and after the 2008 financial year (including increases in interest rates) will be likely to result in changes to covenants and other financial undertakings. Accordingly, the Trust and the NAB are currently in discussions about the financial undertakings and covenants post 30 June 2008. A similar review will be undertaken with the Trust's Noteholders. The Trust is focused on capital management issues and will work towards acceptable arrangements with its debt providers during the remainder of 2008.

Forecast 2008/09

The Responsible Entity forecasts earnings for the Trust of approximately 9 cents per unit for the 2008/09 year. The decrease from the previous financial year is due to the impact of increased finance costs and no forecast supplementary rental income.

Vic Cottren
Acting Chairman
Austock Property Management Limited
AFSL No. 281544

Nick Anagnostou
Executive Director

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

Appendix 4E

Preliminary Final Report

For the Year Ending 30 June 2008

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 2008.

2. Results for announcement to the market

					\$A'000
2.1	Revenue from ordinary activities	Up	93%	to	77,118
2.2	Profit (loss) from ordinary activities after tax attributable to members	Up	74%	to	40,857
2.3	Net profit (loss) for the year attributable to members	Up	74%	to	40,857
2.4	Interim Distribution (paid 31 October 2007) – 3.6 cents per unit (franking not applicable) Interim Distribution (paid 28 February 2008) – 3.8 cents per unit (franking not applicable) Interim Distribution (paid 30 April 2008) – 3.6 cents per unit (franking not applicable) Final Distribution (to be paid 31 August 2008) – 2.7 cents per unit (franking not applicable)				
2.5	Record date for distributions – 28 September 2007, 31 December 2007, 31 March 2008 and 30 June 2008				
2.6	<p>Brief explanation of the figures reported above:</p> <p>The significant increase in revenues and profits from the previous year was due mainly to the net impact of:</p> <ol style="list-style-type: none"> 1. the increase in properties owned from 388 properties as at 30 June 2007 to 437 properties as at 30 June 2008, resulting in greater rental income; 2. unrealised foreign exchange gains of \$12.5 million (2007: nil); 3. increase in fair value of interest rate swaps \$5.5 million (2007: nil); 4. decrease in fair value of foreign exchange contracts \$12.3 million (2007: nil); 5. higher debt costs due to increases in interest rates; and 6. property revaluation increment of \$16.7 million (2007: \$7.4 million). <p>Refer to section 14 below for further details.</p>				

3. Income statement and notes

	Note	Economic Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue					
Lease income		38,818	30,288	35,646	28,870
Cost recoveries		1,380	-	1,290	-
Interest income		1,158	1,444	3,303	2,213
Distribution income		-	-	280	-
Realised foreign exchange gains		637	-	6	-
Unrealised foreign exchange gains		12,527	-	12,273	-
Change in fair value of interest rate swaps		5,569	-	5,569	-
Gain on sale of investment properties		295	806	295	806
Net property revaluation increment		16,734	7,392	16,599	7,392
Total revenue		77,118	39,930	75,261	39,281
Expenses					
Finance costs		18,891	11,209	18,465	10,822
Reduction of carrying value of properties		-	1,347	-	1,275
Change in fair value of foreign exchange contracts		12,272	-	12,272	-
Responsible entity's remuneration		2,271	1,773	2,020	1,658
Rent on leasehold properties		814	896	814	896
Other expenses	(a)	2,032	1,165	1,841	826
Total expenses		36,280	16,390	35,412	15,477
Net profit before related income tax expense and financing costs to unitholders					
		40,838	23,540	39,849	23,804
Income tax benefit		(19)	-	(19)	-
Net profit attributable to unitholders		40,857	23,540	39,868	23,804
Financing costs					
Distributions to unit holders		18,491	17,063	18,491	17,063
Total changes in net assets attributable to unitholders		22,366	6,477	21,377	6,741

(a) Other expenses

ASX fees		39	47	39	47
Auditor's remuneration					
- Auditing and reviewing the financial report		58	59	52	56
Consultant fees		29	58	23	44
Custodian and compliance costs		102	78	90	72
Foreign exchange losses		-	292	-	-
Insurance		19	19	17	18
Property valuation costs		428	388	412	388
Rates and taxes		471	-	438	-
Legal fees		156	116	146	96
Property evaluation costs		580	-	483	-
Sundry expenses		49	13	40	10
Unit registry fees		101	95	101	95
		2,032	1,165	1,841	826

4. Balance sheet and notes

	Note	Economic Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current assets					
Cash and cash equivalents		4,423	415	3,488	(747)
Trade and other receivables		7,874	7,964	5,248	8,472
Other current assets		11,502	13,341	10,706	13,297
Derivative financial instruments		329	-	329	-
Due from related parties		-	-	36,497	14,235
Total current assets		24,128	21,720	56,268	35,257
Non-current assets					
Investment properties	(a)	438,484	364,250	390,701	332,201
Financial assets		-	-	14,700	3,500
Derivative financial instruments		5,240	-	5,240	-
Total non-current assets		443,724	364,250	410,641	335,701
Total assets		467,852	385,970	466,909	370,958
Current liabilities					
Trade and other payables		6,292	3,237	6,001	2,692
Distribution payable		3,644	4,559	3,644	4,559
Other current liabilities		8	63	-	63
Total current liabilities		9,944	7,859	9,645	7,314
Non-current liabilities					
Long-term financial liabilities		245,009	219,226	245,067	204,472
Derivative financial instruments		12,272	-	12,272	-
Total non-current liabilities		257,281	219,226	257,339	204,472
Total liabilities (excluding net assets attributable to unitholders)		267,225	227,085	266,984	211,786
Net assets attributable to unitholders		200,627	158,885	199,925	159,172
Total liabilities		467,852	385,970	466,909	370,958
(a) Investment Properties					
		Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Freehold properties - at valuation or cost		391,976	319,392	358,383	292,622
Leasehold properties - at valuation or cost		20,731	20,579	20,731	20,579
Construction and development sites - at cost		31,426	27,244	21,780	22,119
Costs incurred to date on properties yet to be settled		5,508	917	181	763
Total investment properties		449,641	368,132	401,075	336,083
Less: Investment properties to be sold within 12 months included in Note 6		(11,157)	(3,882)	(10,374)	(3,882)
Carrying amount at the end of the year		438,484	364,250	390,701	332,201

5. Cash flow statement and notes

	Note	Economic Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Lease income received		44,254	29,555	44,695	27,391
Cash payments in the course of operations		(10,259)	(3,787)	(9,207)	(2,679)
Interest received		1,158	1,444	2,680	1,418
Income tax refund received		19	-	19	-
Net cash provided by operating activities	(b)	35,171	27,212	38,186	26,130
Cash flows from investing activities					
Proceeds from sale of investment properties		4,629	15,035	4,629	15,035
Payments for investment properties		(59,976)	(163,356)	(43,912)	(140,622)
Loan to subsidiary trust		-	-	(22,262)	(4,757)
Purchase of investment		-	-	(11,200)	(3,500)
Net cash used in investing activities		(55,347)	(148,321)	(72,745)	(133,844)
Cash flows from financing activities					
Finance costs paid		(15,676)	(10,343)	(15,220)	(9,943)
Proceeds from borrowings		39,952	90,410	54,106	75,625
Distributions paid		(19,406)	(18,653)	(19,406)	(18,653)
Proceeds from issue of units		20,000	40,000	20,000	40,000
Issue costs paid		(686)	(1,729)	(686)	(1,729)
Net cash provided by financing activities		24,184	99,685	38,794	85,300
Net increase in cash held		4,008	(21,424)	4,235	(22,414)
Cash at the beginning of the financial year		415	21,839	(747)	21,667
Cash at the end of the financial year	(a)	4,423	415	3,488	(747)

	Economic Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Components of cash and cash equivalents				
Cash	4,423	415	3,488	(747)
Total cash and cash equivalents	4,423	415	3,488	(747)

(b) Reconciliation of profit after tax expense to net cash flows provided by operating activities.

Profit after income tax	40,857	23,540	39,868	23,804
Finance costs	18,891	11,209	18,465	10,822
Profit on disposal of non-current assets	(295)	(806)	(295)	(806)
Unrealised foreign exchange (gain)/loss	(12,527)	292	(12,273)	-
Realised foreign exchange gains	(637)	-	(6)	-
Change in fair value of foreign exchange contracts	12,272	-	12,272	-
Change in fair value of interest rate swaps	(5,569)	-	(5,569)	-
Net property revaluation increment	(16,734)	(7,392)	(16,599)	(7,392)
(Increase)/decrease in debtors	90	614	3,847	(204)
Decrease in prepayments	-	214	-	210
Decrease in accounts payable	(1,177)	(459)	(1,524)	(304)
Net cash flows provided operating activities	35,171	27,212	38,186	26,130

6. Details of distributions

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

	\$'000
- 3.6 cents per unit for the quarter ended 30 September 2007, paid on 31 October 2007	4,859
- 3.8 cents per unit for the quarter ended 31 December 2007, paid on 29 February 2008	5,129
- 3.6 cents per unit for the quarter ended 31 March 2008, paid on 30 April 2008	4,859
- 2.7 cents per unit for the quarter ended 30 June 2008, due to be paid on 29 August 2008	3,644
Total distributions provided for or paid in respect of the year ended 30 June 2008	18,491

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

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of year	11,947	5,470	12,234	5,493
Profit after tax attributable to unitholders	40,857	23,540	39,868	23,804
Distribution paid or provided for	(18,491)	(17,063)	(18,491)	(17,063)
Balance at end of year	34,313	11,947	33,611	12,234

Retained earnings at the end of the year is mainly comprised of unrealised gains recognised from accumulated property revaluation increments that are not distributed because no cash in flow nor taxable income results.

9. Net tangible assets per unit

	Economic Entity		Parent Entity	
	2008	2007	2008	2007
Net tangible asset backing per ordinary unit	\$1.486	\$1.290	\$1.481	\$1.292

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

	Economic Entity	
	2008	2007
	cents	cents
Basic EPU	30.60	20.35
Diluted EPU	30.60	20.35
Distributable basic EPU	14.02	14.55
Distributable diluted EPU	14.02	14.55
	Number of	Number of
	Units	Units
	'000	'000
Weighted average number of ordinary units used in calculating basic EPU	133,527	115,675
Adjusted weighted average number of ordinary units used in calculating diluted and distributable earnings per unit	133,527	115,675

14.2 Returns to unitholders including distributions and buybacks

	\$'000
- 3.6 cents per unit for the quarter ended 30 September 2007, paid on 31 October 2007	4,859
- 3.8 cents per unit for the quarter ended 31 December 2007, paid on 29 February 2008	5,129
- 3.6 cents per unit for the quarter ended 31 March 2008, paid on 30 April 2008	4,859
- 2.7 cents per unit for the quarter ended 30 June 2008, due to be paid on 29 August 2008	3,644
Total distributions provided for or paid in respect of the year ended 30 June 2008	18,491

There were no buybacks during the financial year (2007: nil).

14.3 Significant features of operating performance

The significant increase in revenues and profits from the previous year was due mainly to the net impact of:

- the increase in properties owned from 388 properties as at 30 June 2007 to 437 properties as at 30 June 2008, resulting in greater rental income;
- unrealised foreign exchange gains on loans of \$12.5 million (2007: nil);
- increase in fair value of interest rate swaps \$5.5 million (2007: nil);
- decrease in fair value of foreign exchange contracts \$12.3 million (2007: nil);
- higher debt costs due to increases in interest rates; and
- property revaluation increment of \$16.7 million (2007: \$7.4 million).

A moderate pipeline of properties to acquire was developed during the year and the Trust was able to increase the number of properties in its portfolio by 13% (2007: 56%). Independent revaluation of 176 properties was undertaken as at 30 April 2008 and 30 June 2008, resulting in a net property revaluation increment of \$16,734,000 being recognised in the income statement for the year.

The Responsible Entity restructured the Trust's debt facilities toward longer seven and ten year debt facilities, 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/cash advance facility which was reviewed in July 2008 and was extended to July 2010.

The Trust's previous AUD130.1 million of fixed rate bills (due to expire between June 2008 and June 2011) were replaced by interest rate swaps (whilst retaining the benefit of the previous fixed rate bills) that cover AUD200 million of debt as at 30 June 2008 at a weighted average of 6.34% spread over the maturity of the debt. Cross currency interest rate swaps were also established to secure fully the principal value of the foreign currency denominated Notes

In order to fund the growth in assets through the year, the trust increased its borrowings from \$220 to \$260 million and raised an additional \$20 million in equity through a unit issue in August 2007.

14.4 Results of segments

(a) Primary reporting - geographical segments

	Australia		New Zealand		Eliminations		Economic Entity	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue								
External sales	53,830	37,068	3,397	1,418	-	-	57,227	38,486
Unallocated revenue							19,891	1,444
Total revenue							77,118	39,930
Result								
Segment result	49,435	32,387	2,955	123	(280)	795	52,110	33,305
Unallocated expenses net of unallocated revenue							19,891	1,444
Change in fair value of foreign exchange contracts							(12,272)	-
Finance costs							(18,891)	(11,209)
Profit before tax							40,838	23,540
Income tax benefit							19	-
Profit after tax							40,857	23,540
Assets								
Segment assets	466,909	370,958	52,763	29,247	(51,820)	(14,235)	467,852	385,970
Total assets							467,852	385,970
Liabilities								
Segment liabilities	266,984	211,786	37,361	29,534	(37,120)	(14,235)	267,225	227,085
Total liabilities							267,225	227,085
Other								
Acquisitions of non-current segment assets	63,927	126,242	16,382	22,925	(11,200)	-	69,109	149,167
Disposals of non-current segment assets	4,334	13,981	-	-	-	-	4,334	13,981

(b) Secondary reporting - business segments

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

14.5 Discussion of trends in performance

The growth in assets is expected to be minimal in 2008/09 due to a significantly reduced pipeline. There will be some construction payments on development properties in the coming year of approximately \$10 million. Also, rising interest rates will impact profits. The Responsible Entity is currently assessing the most appropriate interest rate profile for the coming years.

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

There are no other such factors that have not been disclosed above.

15. Audit of financial statements

The report is based on audited financial statements.

16. Disputes with auditors or qualifications

Nil



Signed:

Victor David Cottren
Acting Chairman

Dated: 11 August 2008



Annual Financial Report

**Australian Education Trust
and
Controlled Entity**

30 June 2008

AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY CONTENTS

Corporate Governance Statement	1
Directors' Report	8
Auditor's Independence Declaration	16
Income Statement	17
Balance Sheet	18
Statement of Changes in Equity	19
Cash Flow Statement	20
Notes to and forming part of the Financial Statements	21
Directors' Declaration	52
Independent Audit Report	53
ASX Additional Information	55
Directory	57

AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

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

This Statement outlines the main corporate governance practices as at 30 June 2008. Unless otherwise stated, they reflect the practices in place throughout the financial year and the extent to which these practices comply with the ASX Corporate Governance Council's best practice recommendations.

ROLE OF THE RESPONSIBLE ENTITY

The Trust became a registered scheme under the Corporations Act 2001 on 6 December 2002. DDH Graham Limited became the Responsible Entity on this date. Pursuant to the resolutions passed at a meeting of unitholders held on 17 December 2004 the Responsible Entity of the Trust changed from DDH Graham Limited to DLTX Limited. On 24 December 2004 DLTX Limited subsequently changed its name to BellRock Management Limited. On 12 July 2005, BellRock Management Limited changed its name to Austock Property Management Limited.

The business of the Trust is managed under the direction of the Board of Directors of the Responsible Entity (hereinafter referred to as the "Board") with management of day to day operations (including risk management) delegated to the Chief Executive Officer.

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.

The names of the directors of the Responsible Entity in office at the date of this Statement are set out in the Directors' Report. The Board currently consists of 4 directors.

The Responsible Entity supports the appointment of independent members to its committees who bring a range of business skills and appropriate financial and industry experience. To this end, the Responsible Entity has established an Audit, Risk Management and Compliance Committee.

The Responsible Entity has also established a framework for the management of the Trust including a system of internal control, a business risk management process and the establishment of appropriate ethical standards. The philosophy of the Responsible Entity in regard to corporate governance is in accordance with the philosophy set down by the Trust Constitution and the Corporations Act 2001.

Primary Duties and Obligations

The Responsible Entity's primary duties and obligations include:

- n exercising due diligence and vigilance in carrying out its duties and in protecting the rights and interests of unitholders and in performing its functions and exercising its powers under the Trust's Constitution in the best interests of all unitholders;
- n keeping or causing to be kept proper books of account, ensuring that the financial report is audited annually by an independent registered auditor and sending a financial report and a copy of the auditor's report to unitholders each year;
- n ensuring that the affairs of the Trust are carried on and conducted in a proper and efficient manner;
- n ongoing management, research and selection of property investments; and
- n preparing all notices and reports to be issued to unitholders.

AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

The Board notes the ASX Corporate Governance Council's best practice recommendation that the Trust formalise and disclose the functions reserved to the Board and those delegated to management. The preparation of a Delegated Authorities Policy is underway and will be posted to the Trust's website once complete.

The practice of providing formal letters of appointment to new directors will be utilised as new non-executive directors are appointed.

Under the requirements of the Trust's Constitution the Responsible Entity is responsible for the day-to-day operations of the Trust including:

- n approval and acquisition of property investments;
- n equity and debt management;
- n preparing all notices and reports to be issued to the unitholders; and
- n maintenance of accounts for the Trust.

Independent Professional Advice

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.

BOARD COMPOSITION AND MEMBERSHIP

Throughout the financial year, the Board comprised 4 directors, 3 of whom are independent and one of whom, as Chief Executive Officer, was an executive director. The executive director subsequently resigned on 28 July 2008.

The membership of the Board is set out below. Details of each Director's qualifications, experience and special responsibilities are set out in the Director's Report, which immediately follows this Corporate Governance Statement.

Director	Board Membership	Date of Appointment	Term
Michael McFarlane	Independent Chairman	14 August 2006	Indefinite
Victor Cottren	Independent Director	22 December 2004	Indefinite
Michael Johnstone	Independent Director	22 December 2004	Indefinite
Vincent Harink	Executive Director	4 August 2005	Resigned 28 July 2008
Nicholas Anagnostou	Executive Director	4 August 2008	Indefinite

The Chairman is an independent director and the role of Chairman and Chief Executive Officer are not exercised by the same individual. Mr Harink became acting Chief Executive Officer on 4 May 2005 and was appointed permanently to this role with effect from 1 July 2006 and subsequently he resigned on 28 July 2008.

In determining the independence of directors, the Board has adopted the criteria set out in section 601JA(2) of the Corporations Act 2001.

The Board has established an independent Audit, Risk Management and Compliance Committee whose responsibilities include monitoring the Responsible Entity and the Trust's compliance with the Corporations Act 2001, the Trust's Constitution and the Compliance Plan.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

Ethical Standards

Code of Conduct

The Board notes the ASX Corporate Governance Council's best practice recommendations that the Trust establish a Code of Conduct. Whilst the Board will formally adopt a Code of Conduct, its commitment to ensuring directors and staff maintain high ethical standards of conduct is reflected in the following policies which have been adopted by the Board:

- n Related Party Transactions Policy;
- n Continuous Disclosure Policy;
- n Confidentiality and Inside Information Policy;
- n Policy in Relation to Dealing in Securities;
- n Complaints Policy; and
- n Email, Internet and Computer Usage Policy.

Conflict of Interest

In accordance with the Corporations Act 2001 and the Trust's Constitution, directors of the Responsible Entity must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Trust. No such conflicts of interest were identified during the financial year. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Trading in Units of the Trust

A policy in relation to trading in the Trust's units was adopted by the Board on 24 February 2005. The policy applies to all 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.

The policy provides that:

- n trading in the Trust's units is prohibited:
 - (a) whilst there is in existence unpublished price sensitive information; and/or
 - (b) in the period of 1 month immediately preceding the announcement of the Trust's annual or half year results or, if shorter, the period from the relevant financial year end or half year end up to and including the time of the announcement; and
- n trading may only occur with the prior approval of the Chairman (in the case of the Directors) or Chief Executive Officer (in the case of the Chairman and all others) and within 1 week of approval being granted.

FINANCIAL REPORTING

One standing Board committee has been established to assist the Board in the execution of its duties.

Audit, Risk Management and Compliance Committee

Prior to 1 September 2005, the Board maintained separate Audit and Risk Management and Compliance Committees, notwithstanding that the maintenance of a separate compliance committee was not required under the Corporations Act. The members of the Compliance Committee were members of the Board.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

On 1 September 2005, the two committees were merged, such that the functions and responsibilities of the Compliance Committee were assumed by the Audit, Risk Management and Compliance Committee. The current membership of the Committee and the qualifications of the Committee members are set out below.

Member	Committee Membership	Qualifications
Warner Bastian	Independent Chairman	FAICD
Michael Johnstone	Independent Director	BTRP, LS, AMP (Harvard)
David Penman	Independent Member	B Acc, ACA, CIMA

The Committee's role and responsibilities are set out in a Committee Charter and include:

- n overseeing the preparation of the Trust's annual and half-yearly financial statements;
- n overseeing the Trust's financial controls and systems;
- n managing the process of identification and management of business, financial and commercial risks;
- n overseeing the relationship with the external auditors and ensuring that the independence of the external auditor is maintained;
- n monitoring the extent to which the responsible entity complies with its compliance plan and reporting on its findings to the responsible entity;
- n reporting to ASIC any circumstances where the Committee considers that appropriate action has not or will not be taken on a reported breach; and
- n evaluating the adequacy of the compliance plan at regular intervals and recommending changes where appropriate.

The Committee meets quarterly, or more frequently as required. Details of meetings held during the year and members' attendance are as follows:

Member	No. of meetings member eligible to attend	No. meetings attended
Warner Bastian	5	5
Michael Johnstone	5	5
David Penman	5	5

The Board notes the ASX Corporate Governance Council's best practice recommendation that a Nomination Committee should be established. The Responsible Entity is owned by the Austock Group. Due to the small size of the Board of the Responsible Entity, it is not intended that a Nomination Committee be established. Responsibility for selecting, appointing, evaluating and removing directors is a matter for the Board as a whole and the Austock Group.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

Corporate reporting

The Executive Director and Chief Financial Officer have certified in writing to the Board that the Trust's financial reports present a true and fair view, in all material respects, of the Trust's financial condition and operational results and are in accordance with relevant accounting standards.

CONTINUOUS DISCLOSURE

A Continuous Disclosure Policy was adopted by the Board on 24 February 2005. 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 units 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.

UNITHOLDER COMMUNICATION

A Communications Policy was adopted by the Board on 26 May 2005, reflecting its policy that unitholders be informed of all significant developments affecting the Trust's affairs.

Information is communicated by:

- n dispatching annual financial statements to all unitholders who have requested to receive a copy;
- n dispatching Distribution Statements to all unitholders, which include details of distributions paid and the components of the distribution;
- n maintaining a link on the Trust's website to the Australian Stock Exchange website for a list of all announcements made by the Trust;
- n submitting proposed major changes to the Trust which may impact on unitholders' rights to a vote of unitholders; and
- n maintaining a dedicated investor relations section on the Trust's website to which it posts annual and half-yearly financial statements, details of distributions paid and other information of interest to investors.

The Board also notes the ASX Corporate Governance Council's best practice recommendation that the external auditor be requested to attend the Annual General Meeting and be available to answer unitholder questions. As a managed investment scheme, the Trust is not required to hold annual general meetings.

RISK MANAGEMENT

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.

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.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

Corporate reporting

The Executive Director and Chief Financial Officer have certified in writing to the Board that:

- n the statement given in accordance with best practice recommendation (relating to the integrity of the financial statements) is founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- n the Trust's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

RESPONSIBLE ENTITY PERFORMANCE

The Board notes the ASX Corporate Governance Council's best practice recommendation that the process for evaluating the Board, its committees, individual directors and key executives be disclosed.

The Board is committed to enhancing its performance and acknowledges the importance of education in this regard. To this end, the Board has adopted a Development Program for the Responsible Entity's Responsible Officers. In addition, presentations of significant matters (such as property acquisitions and disposals) are regularly made by key executives to the Board and visits to the Trust's properties are made by directors and senior executives.

REMUNERATION

Remuneration of the Responsible Entity is dealt with comprehensively in the Trust's Constitution. Refer to Note 20 of the financial statements for details regarding remuneration of the Responsible Entity.

STAKEHOLDER INTERESTS

Information on website

The Trust maintains a dedicated investor relations section on its website to which certain material outlined in this Statement is posted. In addition, copies of the policies referred to in this Statement continue to be made available upon request.

Unitholders' Meetings

The Trust's Constitution, the Corporations Act and Corporations Regulations prescribe the manner and circumstance in which a Unitholders' Meeting may be convened and regulate voting by Unitholders.

A change in the appointment of the Responsible Entity is subject to a vote by the Unitholders, as set out in the terms of the Trust's Constitution.

ASX GUIDELINES ON CORPORATE GOVERNANCE

Pursuant to ASX Listing Rules the Trust must provide a statement disclosing the extent to which the ASX best practice recommendations have not been followed during the reporting period. Below, the Responsible Entity provides an explanation of any areas where the Trust does not presently comply with ASX best practices.

The recommendation to form a Remuneration Committee has not been adopted as the Trust's Constitution prescribes the Trust's remuneration arrangement with the Responsible Entity.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

The recommendation to form a Nomination Committee has also not been adopted due partly to the small size of the Board of the Responsible Entity and also the specific arrangements which existed until 30 June 2006 between the shareholders of the Responsible 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.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

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 2008 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 Michael Edward McFarlane	Appointed 14 August 2006
Mr Michael Francis Johnstone	Appointed 22 December 2004
Mr Victor David Cottren	Appointed 22 December 2004
Mr Vincent Gerard Harink	Appointed 4 August 2005, resigned 28 July 2008
Mr Nicholas James Anagnostou	Appointed 4 August 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 \$2,683,000 (2007: \$2,800,000) from the Trust.

PRINCIPAL ACTIVITIES

The Trust is a specialist childcare centre property owner which currently owns a total of 437 childcare properties (388 properties as at 30 June 2007) in locations around Australia and New Zealand.

Except for 12 centres, each other centre is leased to and managed by subsidiaries of ABC Learning Centres Ltd ("ABC"). ABC, which is publicly listed on the ASX, is the largest private operator of childcare centres in Australia.

REVIEW AND RESULTS OF OPERATIONS

The result for the year ending 30 June 2008 was a net profit after income tax of \$40,857,000 (2007: \$23,540,000).

The significant increase in profits from the previous year was due mainly to:

- the net increase in properties owned from 388 centres as at 30 June 2007 to 437 properties as at 30 June 2008;

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

- unrealised foreign exchange gains of \$12.5 million arising primarily from foreign currency Notes issued by the Trust that are fully hedged; and
- property revaluation increment of \$16.7 million (2007: \$7.3 million).

A moderate pipeline of properties to acquire was developed during the year and the Trust was able to increase the number of properties in its portfolio by 13% (2007: 56%). Independent revaluation of 176 properties was undertaken as at 30 April 2008 and 30 June 2008, resulting in a net property revaluation increment of \$16,734,000 being recognised in the income statement for the year.

DISTRIBUTIONS

The distribution for the year to 30 June 2008 is 13.70 cents per unit (2006: 14.60 cents per unit).

The Trust has followed a policy of paying distributions equivalent to its distributable income which reflects its net cash earnings. As a result of the combination of higher variable interest costs, the penalty interest payable as a result of the lower rating on the senior secured notes (refer to Funding section below), lower than anticipated property acquisitions, lower interest income, the reduced profit earned from the sale of properties and several other factors, the Trust has reduced its distribution for the quarter to 30 June 2008 to reflect its earnings for the financial year. This estimated quarterly distribution is not necessarily representative of future quarterly distributions.

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

In respect of the current financial year	\$'000
- 3.6 cents per unit for the quarter ended 30 Sep 2007, paid on 31 Oct 2007	4,859
- 3.8 cents per unit for the quarter ended 31 Dec 2007, paid on 29 Feb 2008	5,129
- 3.6 cents per unit for the quarter ended 31 Mar 2008, paid on 30 Apr 2008	4,859
- 2.7 cents per unit for the quarter ended 30 Jun 2008, due to be paid on 29 Aug 2008	3,644
Total distributions provided for or paid in respect of the year ended 30 June 2008	18,491

STATE OF AFFAIRS

Funding

One capital raising was conducted during the year ending 30 June 2008. In August 2007 an issue of 11,764,706 fully paid ordinary units was made at a price of \$1.70 per unit (total \$20,000,000) via a private placement.

The Responsible Entity restructured the Trust's debt facilities toward longer seven and ten year debt facilities, 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 2009 and July 2010 respectively.

The Trust's previous AUD130.1 million of fixed rate bills (due to expire between June 2008 and June 2011) were replaced by interest rate swaps (whilst retaining the benefit of the previous fixed rate bills) that cover AUD200 million of debt as at 30 June 2008 at a weighted average of 6.34% spread over the maturity of the debt. Cross currency interest rate swaps were also established to secure fully the principal value of the foreign currency denominated Notes.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

These arrangements provide access to a large debt market with the ability to source long term debt facilities to match the long term lease arrangements of the Trust.

At 30 June 2008 the borrowings to total asset ratio was 55.5% and the borrowings to investment properties valuation ratio was 57.8%

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, a further 49 properties were acquired and the total number of properties owned as at 30 June 2008 was 437. Also, as part of the active management of the property portfolio, 5 centres were disposed of during the year, realising net gains of \$295,000.

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

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust, in future financial years.

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.

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 (2007: 123,208,677 units).

The Trust had total assets valued at \$467.8 million as at 30 June 2008 (2007: \$386.0 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.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

LIKELY DEVELOPMENTS

The Trust will continue to pursue its investment strategy focused on the growth of investment in childcare centres and other education assets. The Responsible Entity expects that centre numbers will remain fairly stable over the next twelve months. The focus will be on completing construction on existing development sites during the year. The current pipeline contains additional 7 centres and 14 properties are being considered for disposal.

The Trust has complied with its financial undertakings under its various debt arrangements at 30 June 2008. The change in the business environment during and after the 2008 financial year (including increases in interest rates) will be likely to result in changes to covenants and other financial undertakings. Accordingly, the Trust and the NAB are currently in discussions about the financial undertakings and covenants post 30 June 2008. A similar review will be undertaken with the Trust's Noteholders. The Trust is focused on capital management issues and will work towards acceptable arrangements with its debt providers during the remainder of 2008.

Further information as to likely developments in the operations of the Trust and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Trust.

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 Michael Edward McFarlane Independent Director Bachelor of Business Masters of Management Fellow of the Australian Institute of Company Directors	59	Michael was appointed in August 2006. Michael is currently a director of Facilitators Pty Ltd, an independent consultant to the investment banking, funds management and property industries. He was an executive director of Macquarie Bank Limited, from which he resigned in 2002 after nearly 17 years. During that period he held a number of senior management and director roles for the bank's property group with a particular focus on property related investment banking and property trust management. Michael was the initiator and a founding director of Macquarie Property Trust in 1987 and also a director or alternate director for many of the Macquarie stable of listed property and early infrastructure trusts. He is also a director of Austock Group Ltd and several of its subsidiaries.
Mr Michael Francis Johnstone Independent Director and Chairman Bachelor of Town & Regional Planning Licensed Land Surveyor Advanced Management Program (Harvard)	66	Michael was appointed on 22 December 2004. Michael has over 35 years 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, Risk Management and Compliance Committee of the Trust.

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

<p>Mr Victor David Cottren</p> <p>Independent Director 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</p>	<p>66</p>	<p>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.</p>
<p>Mr Nicholas James Anagnostou</p> <p>Bachelor of Business in Property Associate of the Australian Property Institute Certified Practising Valuer Licensed Estate Agent (Vic)</p>	<p>39</p>	<p>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.</p>

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		Audit, Compliance and Risk Management Committee Meetings		A - Number of meetings held during the time the director held office during the year. B - Number of meetings attended.
	A	B	A	B	
Mr MF Johnstone	18	18	5	5	
Mr VD Cottren	18	17	-	-	
Mr ME McFarlane	18	17	-	-	
Mr VG Harink	18	15	-	-	

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

The members of the Compliance, Audit and Risk Management 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.

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.

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	ME McFarlane
Opening balance of units held	50,000	120,000	40,000
Acquisitions of units	-	80,000	208,000
Disposals of units	-	-	-
Closing balance of units held	50,000	200,000	248,000

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

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 \$3,525 in respect of its officers for liability and legal expenses insurance contracts for the year ended 30 June 2008. 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 2008.

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 2008.

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 2008**

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

The lead auditor's independence declaration is set out on page 16 and forms part of the Directors' Report for the year ended 30 June 2008.

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



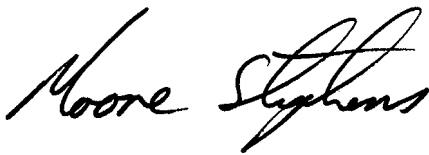
Victor David Cottren
Acting Chairman
Austock Property Management Limited

Melbourne, 11 August 2008

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008 there have 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, 11 August 2008

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

Moore Stephens ABN 39 533 589 331
Level 14, 607 Bourke Street, Melbourne VIC 3000
Telephone: +61 3 9614 4444 Facsimile: +61 3 9614 6039
Email: melbourne@moorestephens.com.au Web: www.moorestephens.com.au

*An independent member of Moore Stephens International Limited - members in principal cities throughout the world.
A separate partnership in Victoria.
Liability limited by a scheme approved under Professional Standards Legislation.*

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

**AUSTRALIAN EDUCATION TRUST ABN 58 102 955 939 AND CONTROLLED ENTITY
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	Consolidated Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue					
Lease income		38,818	30,288	35,646	28,870
Cost recoveries		1,380	-	1,290	-
Interest income		1,158	1,444	3,303	2,213
Distribution income		-	-	280	-
Realised foreign exchange gains		637	-	6	-
Unrealised foreign exchange gains		12,527	-	12,273	-
Change in fair value of interest rate swaps		5,569	-	5,569	-
Gain on sale of investment properties	2(a)	295	806	295	806
Net property revaluation increment	9(d)	16,734	7,392	16,599	7,392
Total revenue		77,118	39,930	75,261	39,281
Expenses					
Finance costs	2(c)	18,891	11,209	18,465	10,822
Reduction of carrying value of properties		-	1,347	-	1,275
Change in fair value of foreign exchange contracts		12,272	-	12,272	-
Responsible entity's remuneration		2,271	1,773	2,020	1,658
Rent on leasehold properties		814	896	814	896
Other expenses	2(b)	2,032	1,165	1,841	826
Total expenses		36,280	16,390	35,412	15,477
Net profit before related income tax expense and financing costs to unitholders					
		40,838	23,540	39,849	23,804
Income tax benefit	14	19	-	19	-
Net profit attributable to unitholders		40,857	23,540	39,868	23,804
Financing costs					
Distributions to unit holders	3	18,491	17,063	18,491	17,063
Total changes in net assets attributable to unitholders		22,366	6,477	21,377	6,741
Earnings per unit					
		cents	cents		
Basic earnings per unit	4	30.60	20.35		
Diluted earnings per unit	4	30.60	20.35		
Distributable earnings per unit	4	14.02	14.55		

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 2008**

	Note	Consolidated Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current assets					
Cash and cash equivalents	18(a)	4,423	415	3,488	(747)
Trade and other receivables	5	7,874	7,964	5,248	8,472
Other current assets	6	11,502	13,341	10,706	13,297
Derivative financial instruments	7(a)	329	-	329	-
Due from related parties	8	-	-	36,497	14,235
Total current assets		24,128	21,720	56,268	35,257
Non-current assets					
Investment properties	9	438,484	364,250	390,701	332,201
Financial assets	10	-	-	14,700	3,500
Derivative financial instruments	7(b)	5,240	-	5,240	-
Total non-current assets		443,724	364,250	410,641	335,701
Total assets		467,852	385,970	466,909	370,958
Current liabilities					
Trade and other payables	11	6,292	3,237	6,001	2,692
Distribution payable	12	3,644	4,559	3,644	4,559
Other current liabilities	13	8	63	-	63
Total current liabilities		9,944	7,859	9,645	7,314
Non-current liabilities					
Long-term financial liabilities	15	245,009	219,226	245,067	204,472
Derivative financial instruments	16	12,272	-	12,272	-
Total non-current liabilities		257,281	219,226	257,339	204,472
Total liabilities (excluding net assets attributable to unitholders)		267,225	227,085	266,984	211,786
Net assets attributable to unitholders	17	200,627	158,885	199,925	159,172
Total liabilities		467,852	385,970	466,909	370,958

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 2008**

	Unit Capital \$'000	Retained Earnings \$'000	Total \$'000
Consolidated Entity			
Balance at 1 July 2005	-	-	-
Balance at 30 June 2006	-	-	-
Balance at 30 June 2007	-	-	-
Balance at 30 June 2008	-	-	-
Parent Entity			
Balance at 1 July 2005	-	-	-
Balance at 30 June 2006	-	-	-
Balance at 30 June 2007	-	-	-
Balance at 30 June 2008	-	-	-

Under AIFRS 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 2008**

	Note	Consolidated Entity		Parent Entity	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash flows from operating activities					
Lease income received		44,254	29,555	44,695	27,391
Cash payments in the course of operations		(10,259)	(3,787)	(9,207)	(2,679)
Interest received		1,158	1,444	2,680	1,418
Income tax refund received		19	-	19	-
Net cash provided by operating activities	18(b)	35,171	27,212	38,186	26,130
Cash flows from investing activities					
Proceeds from sale of investment properties		4,629	15,035	4,629	15,035
Payments for investment properties		(59,976)	(163,356)	(43,912)	(140,622)
Loan to subsidiary trust		-	-	(22,262)	(4,757)
Purchase of investment		-	-	(11,200)	(3,500)
Net cash used in investing activities		(55,347)	(148,321)	(72,745)	(133,844)
Cash flows from financing activities					
Finance costs paid		(15,676)	(10,343)	(15,220)	(9,943)
Proceeds from borrowings		39,952	90,410	54,106	75,625
Distributions paid		(19,406)	(18,653)	(19,406)	(18,653)
Proceeds from issue of units		20,000	40,000	20,000	40,000
Issue costs paid		(686)	(1,729)	(686)	(1,729)
Net cash provided by financing activities		24,184	99,685	38,794	85,300
Net increase in cash held		4,008	(21,424)	4,235	(22,414)
Cash at the beginning of the financial year		415	21,839	(747)	21,667
Cash at the end of the financial year	18(a)	4,423	415	3,488	(747)

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

**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 2008**

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 entity 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.

The financial report of Australian Education Trust and controlled entity and Australian Education Trust as an individual parent entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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 the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(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.

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 2008**

(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:

For leases with rent reviews based on a fixed rate, under AIFRS lease income arising on investment properties is recognised on a straight line basis over the lease term. Lease income accrued due to AIFRS but not received is reflected in the Balance Sheet in non-current assets. On 29 June 2007, all property leases were restructured by, among other things, applying CPI rates to rent reviews. Consequently, AIFRS straight line accounting does not apply from 29 June 2007 and revenue recognition is consistent with the terms of the lease. Rent income due but not received at balance date is reflected in the Balance Sheet as a receivable.

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% 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;
- (iii) that the property will be reasonably exposed to that market;

**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 2008**

(g) Investment properties (continued)

(iv) 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

(v) 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.

**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 2008**

(l) Financial Instruments

Recognition:

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

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 instruments 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 2008**

(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.

**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 2008**

(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 judgments — 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 an increase of \$16,734,000 in the carrying cost of the properties valued, based on yields of between 6.25% and 11.00%. This amount was recognised in the Income Statement for the year ending 30 June 2008 as a net property revaluation increment and as an increase in the carrying cost of the Investment Properties in the Balance Sheet as at 30 June 2008.

Key judgments — Provision for Impairment of Receivables

Included in accounts receivable as at 30 June 2008 are overdue amounts from ABC Learning Centres Ltd (or its subsidiaries), ABC Acquisitions Pty Ltd and ABC Acquisitions (NZ) Ltd totalling \$1,387,000. The Directors of the Responsible Entity believe that the full amount of the debts is recoverable and that no provision for impairment of receivables has been made as at 30 June 2008.

(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 business segments.

(v) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are recognised in excess of any cumulative impairment loss.

**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 2008**

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
2. Income statement items				
(a) Gain on sale of investment properties				
Revenue from sale of properties	4,629	14,857	4,629	14,857
Less: Carrying value of properties sold plus costs of disposal	(4,334)	(14,051)	(4,334)	(14,051)
Net gain on sale of investment properties	295	806	295	806
(b) Other expenses				
ASX fees	39	47	39	47
Auditor's remuneration				
- Auditing and reviewing the financial report	58	59	52	56
Consultant fees	29	58	23	44
Custodian and compliance costs	102	78	90	72
Foreign exchange losses	-	292	-	-
Insurance	19	19	17	18
Property valuation costs	428	388	412	388
Rates and taxes	471	-	438	-
Legal fees	156	116	146	96
Property evaluation costs	580	-	483	-
Sundry expenses	49	13	40	10
Unit registry fees	101	95	101	95
	2,032	1,165	1,841	826
(c) Finance costs				
External	18,891	11,209	18,465	10,822
Related entities	-	-	-	-
	18,891	11,209	18,465	10,822
3. Distribution				
Net profit attributable to unitholders	40,857	23,540	39,868	23,804
Adjusted for:				
Straight lining of rental income	-	(1,347)	-	(1,275)
Reduction on carrying value of properties	-	1,347	-	1,275
Unrealised foreign exchange losses/(gains)	(12,527)	292	(12,273)	-
Change in fair value of foreign exchange contracts	12,272	-	12,272	-
Change in fair value of interest rate swaps	(5,569)	-	(5,569)	-
Net property revaluation increment	(16,734)	(7,392)	(16,599)	(7,392)
Property revaluation costs	428	388	412	388
Net profit distributable to unitholders	18,727	16,828	18,111	16,800
Distribution paid or payable	18,491	17,063	18,491	17,063
Distribution per unit interim and final (cents)	13.70	14.60	13.70	14.60

**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 2008**

4. Earnings per unit ("EPU")

	Consolidated Entity	
	2008	2007
	cents	cents
Basic EPU	30.60	20.35
Diluted EPU	30.60	20.35
Distributable EPU	14.02	14.55
Distributable diluted EPU	14.02	14.55

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	133,527 -	115,675 -
Adjusted weighted average number of ordinary units	133,527	115,675
	\$'000	\$'000
Earnings used in calculating basic EPU	40,857	23,540
Adjustment to earnings on options which are considered	-	-
Earnings used in calculating diluted EPU	40,857	23,540
Earnings used in calculating basic EPU	40,857	23,540
Unrealised foreign exchange (gains)/losses	(12,527)	292
Change in fair value of foreign exchange contracts	12,272	-
Change in fair value of interest rate swaps	(5,569)	-
Unrealised net property revaluation increment	(16,734)	(7,392)
Property revaluation costs	428	388
Earnings used in calculating distributable EPU	18,727	16,828

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 Entity		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Lease debtors	2,510	5,731	2,201	5,666
Sundry debtors	5,046	1,813	2,381	1,682
Interest receivable from subsidiary trust	-	-	623	795
GST receivable	318	420	43	329
	7,874	7,964	5,248	8,472

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

**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 2008**

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. An allowance account (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 at 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 within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the allowance 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 2008, trade receivables of \$1,387,000 (2007: \$3,648,000) were past due but not impaired. The ageing of these receivables is as follows:

	31-60 days	61-90 days	90+ days
2008			
Consolidated entity	760	418	209
Parent Entity	695	357	154
2007			
Consolidated entity	150	156	3,342
Parent Entity	150	156	3,305

Allowance for impairment loss:

The past due amounts above are owed by ABC Learning Centres Ltd (or its subsidiaries), ABC Acquisitions Pty Ltd and ABC Acquisitions (NZ) Ltd. The full amounts of the debts have been received subsequent to year end and no provision for impairment of receivables has been made as at 30 June 2008.

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.

**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 2008**

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
6. Other current assets				
Deposits	-	8,068	-	8,027
Prepayments	345	1,391	332	1,388
Investment properties expected to be sold within 12 months	11,157	3,882	10,374	3,882
	11,502	13,341	10,706	13,297

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	-
	5,240	-	5,240	-

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	-	-	36,497	14,235
	-	-	36,497	14,235

The above amount receivable from subsidiary AET New Zealand Education Trust is an unsecured loan. For the year ending 30 June 2008, the loan earned an average interest rate of 9.97% and has no fixed term for repayment.

9. Investment properties

Freehold properties - at valuation or cost	391,976	319,392	358,383	292,622
Leasehold properties - at valuation or cost	20,731	20,579	20,731	20,579
Construction and development sites - at cost	31,426	27,244	21,780	22,119
Costs incurred to date on properties yet to be settled	5,508	917	181	763
Total investment properties	449,641	368,132	401,075	336,083
Less: Investment properties to be sold within 12 months included in Note 6	(11,157)	(3,882)	(10,374)	(3,882)
Carrying amount at the end of the year	438,484	364,250	390,701	332,201

**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 2008**

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
9. Investment properties (continued)				
Movement in investment properties:				
Balance at the beginning of the year - at valuation or cost	364,250	211,986	332,201	202,885
Acquisition of properties	69,109	149,167	52,727	126,242
Disposal of properties	(4,334)	(13,981)	(4,334)	(13,981)
Investment properties to be sold in 12 months	(7,275)	8,478	(6,492)	8,478
Net revaluation increment	16,734	7,392	16,599	7,392
Reduction in carrying value per AIFRS straight line accounting	-	(1,347)	-	(1,275)
Write back accrued rent per AIFRS straight line accounting	-	2,555	-	2,460
Carrying amount at the end of the year	438,484	364,250	390,701	332,201

(a) Under AIFRS, the additional lease income due on a straight-line basis over the lease term is recognised as a reduction of carrying value of properties in the income statement and reduction in investment properties in the balance sheet. Asset reduction arising from recognising lease income on a straight line basis is as follows:

Cumulative balance included in carrying value of properties	-	2,555	-	2,460
Amount recognised in the income statement in prior financial years	-	(1,208)	-	(1,185)
Write back accrued rent per AIFRS straight line accounting	-	(1,347)	-	(1,275)
Amount recognised in the income statement this financial year	-	-	-	-

Until 29 June 2007, the property leases were a non-cancellable lease with a ten year term. Rental provisions within the lease agreements required the minimum lease payments would be increased by 4% per annum to the end of 5 years and then increases of either 2% or 4% per annum thereafter, depending upon the option exercised by the tenant. Lease terms were renegotiated with the tenant during the financial year and, effective 29 June 2007, 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. As the annual lease increases are now CPI based rather than fixed, straight lining of lease income is no longer applicable from 30 June 2007 onwards. In the previous year straight lining calculations have been reflected in the income statement up to 29 June 2007 with all related balance sheet amounts reversed as of that date.

(b) 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.

(c) 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.

(d) Independent valuations as at 30 April 2008 and 30 June 2008 for 176 properties owned by the Trust were conducted by Knight Frank, NSW (33 properties), Knight Frank, Vic (40 properties), CBRE, NSW (21 properties), Knight Frank, Qld (20 properties), LandMark White, Brisbane (21 properties), Knight Frank, SA (12 properties) Knight Frank, Tas (2 properties), Knight Frank, WA (16 properties), CBRE, NZ (4 properties) and Fordbaker, NZ (7 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 an increase of \$16,734,499 in the carrying cost of the properties valued, based on yields of between 6.25% and 11.00%. This amount was recognised in the Income Statement for the year ending 30 June 2008 as a net property revaluation increment and as an increase in the carrying cost of the Investment Properties in the Balance Sheet as at 30 June 2008.

**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 2008**

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
10. Financial assets				
Available-for-sale financial assets	-	-	14,700	3,500
<i>Available-for-sale financial assets comprise:</i>				
Unlisted investments, at cost				
- shares in controlled entity	-	-	14,700	3,500
Total available-for-sale financial assets	-	-	14,700	3,500

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		\$'000	\$'000
	No'000	No'000		
Balance at the beginning of the year	3,500	-	3,500	-
Units acquired during the year, acquired 12 Dec 2007 (2007: 7 Sep 2006)	6,200	3,000	6,200	3,000
Units acquired during the year, acquired 18 Mar 2008 (2007: 22 Feb 2007)	5,000	500	5,000	500
Carrying amount at the end of the year	14,700	3,500	14,700	3,500

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
11. Trade and other payables				
Sundry creditors	440	692	370	660
Accrued interest	3,353	-	3,353	-
Accruals	2,499	2,545	2,278	2,032
	6,292	3,237	6,001	2,692

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.

**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 2008**

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
12. Distribution payable				
Distribution payable	3,644	4,559	3,644	4,559
	<u>3,644</u>	<u>4,559</u>	<u>3,644</u>	<u>4,559</u>

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

	Quarter ending	Paid/ payable	Cents per unit
First quarter	30-Sep-07	31-Oct-07	3.60
Second quarter	31-Dec-07	28-Feb-08	3.80
Third quarter	31-Mar-08	30-Apr-08	3.60
Fourth quarter	30-Jun-08	31-Aug-08	2.70
			<u>13.70</u>

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
13. Other current liabilities				
Rental income received in advance	8	63	-	63
	<u>8</u>	<u>63</u>	<u>-</u>	<u>63</u>

14. Taxation

Income tax benefit

The components of income tax benefit comprise:

Income tax refund received for 2005 year	19	-	19	-
	<u>19</u>	<u>-</u>	<u>19</u>	<u>-</u>

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.

**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 2008**

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
15. Long term financial liabilities				
Non-current:				
Bank loans at face value - secured	112,110	220,485	112,110	205,700
Senior Secured Notes at face value	147,690	-	147,690	-
Less: unrealised foreign exchange gains on Notes (hedged)	(12,272)	-	(12,272)	-
Less: up front transaction costs	(3,314)	(1,520)	(3,241)	(1,485)
Plus: amortised up front transaction costs	795	261	780	257
	245,009	219,226	245,067	204,472

The Responsible Entity restructured the Trust's debt facilities toward longer seven and ten year debt facilities, 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 2009 and July 2010 respectively.

The Trust's previous AUD130.1 million of fixed rate bills (due to expire between June 2008 and June 2011) were replaced by interest rate swaps (whilst retaining the benefit of the previous fixed rate bills) that cover AUD200 million of debt as at 30 June 2008 at a weighted average of 6.34% spread over the maturity of the debt. Cross currency interest rate swaps were also established to secure fully the principal value of the foreign currency denominated Notes.

The Notes are subject to a yearly rating undertaken by the National Alliance of Insurance Commissioners (NAIC) in the United States. NAIC has recently issued a lower rating of NAIC-3 rather than the NAIC-2 rating expected by both the investors and the Trust. Under the terms of the Senior Secured Notes the rating takes effect from 30 March 2008 and results in a penalty of 100 basis points which has added \$372,000 in interest costs for the quarter to 30 June 2008. The Responsible Entity is considering the lodgement of an appeal on the rating which would be made after finalisation of the Trust's Financial Statements for the year ended 30 June 2008.

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 interest-bearing liabilities 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.

**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 2008**

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
15. Long term financial liabilities (continued)				
Collateral that has been pledged for secured liabilities is as follows:				
(i) Financial assets pledged				
Cash and cash equivalents	4,423	415	3,488	(747)
Trade and other receivables	7,874	7,964	5,228	8,472
Derivative financial instruments	5,569	-	5,569	-
Due from related parties	-	-	36,497	14,235
Shares in controlled entity	-	-	14,700	3,500
(ii) Other assets pledged				
Other current assets	11,502	13,341	10,706	13,297
Investment properties	438,484	364,250	390,701	332,201
Total assets pledged	467,852	385,970	466,909	370,958

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 and 50% for leasehold properties and minimum net earnings before interest and tax to interest ratio of 1.75. The Trust has not incurred any defaults or breaches and has complied with these and other requirements and covenants of the facilities throughout the financial year. Refer also to Note 26.

**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 2008**

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
16. Derivative financial instruments				
Derivative financial instruments - cross currency interest rate swaps	12,272	-	12,272	-
	12,272	-	12,272	-

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

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

17. Changes in net assets attributable to unitholders

	Units on issue No '000	Units on issue \$'000	Undistributed profit \$'000	Total \$'000
Consolidated entity				
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
Distribution paid or provided for	-	-	(18,491)	(18,491)
Balance at 30 June 2008	134,974	166,314	34,313	200,627
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
Distribution paid or provided for	-	-	(18,491)	(18,491)
Balance at 30 June 2008	134,974	166,314	33,611	199,925

During the year ending 30 June 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 (2007: there was one issue of units on 18 October 2006 of 25,000,000 fully paid ordinary units issued at a price of \$1.60 per unit).

During the year ending 30 June 2008, there were four quarterly distributions totalling 13.7 cents per unit (2007: 14.6 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.

**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 2008**

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 and 50% for leasehold properties. Typically the Trust operates on a ratio of 57% debt and 43% capital.

The gearing ratios for the year ending 30 June 2008 and 30 June 2007 are as follows:

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total borrowings	259,800	220,485	259,800	205,700
Less: cash and cash equivalents	(4,423)	(415)	(3,488)	747
Net debt	255,377	220,070	256,312	206,447
Total equity	200,627	158,885	199,925	159,172
Total capital	456,004	378,955	456,237	365,619
Gearing ratio	56.0%	58.1%	56.2%	56.5%

Due to a slow down in forecast acquisition activity, the RE has no plans as this stage to issue any further units in the Trust on the market.

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

(a) Components of cash and cash equivalents

Cash	4,423	415	3,488	(747)
Total cash and cash equivalents	4,423	415	3,488	(747)

(b) Reconciliation of profit after tax expense to net cash

Profit after income tax	40,857	23,540	39,848	23,804
Finance costs	18,891	11,209	18,465	10,822
Profit on disposal of non-current assets	(295)	(806)	(295)	(806)
Unrealised foreign exchange (gain)/loss	(12,527)	292	(12,273)	-
Realised foreign exchange gains	(637)	-	(6)	-
Change in fair value of foreign exchange contracts	12,272	-	12,272	-
Change in fair value of interest rate swaps	(5,569)	-	(5,569)	-
Net property revaluation increment	(16,734)	(7,392)	(16,599)	(7,392)
(Increase)/decrease in debtors	90	614	3,867	(204)
Decrease in prepayments	-	214	-	210
Decrease in accounts payable	(1,177)	(459)	(1,524)	(304)
Net cash flows provided operating activities	35,171	27,212	38,186	26,130

**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 2008**

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
18. Cash and cash equivalents (continued)				
(c) Financing facilities				
Committed financing facilities available to the entity:				
Commercial loan facility	100,000	215,000	100,000	215,000
Standby facility	15,000	15,000	15,000	15,000
Amounts utilised	(112,110)	(220,485)	(112,110)	(205,700)
Available loan facilities	2,890	9,515	2,890	24,300
Senior Secured Notes facility	147,690	-	147,690	-
Amounts utilised	(147,690)	-	(147,690)	-
Available Note facilities	-	-	-	-
Cash	4,423	415	3,488	(747)
Financing resources available at the end of the year	7,313	9,930	6,378	23,553

Maturity profile of financing facilities:

Due within one year	-	-	-	-
Due between one year and five years	115,000	230,000	115,000	230,000
Due after five years	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 Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue								
External sales	53,830	37,068	3,397	1,418	-	-	57,227	38,486
Unallocated revenue							19,891	1,444
Total revenue							77,118	39,930
Result								
Segment result	49,435	32,387	2,955	123	(280)	795	52,110	33,305
Unallocated expenses net of							19,891	1,444
Change in fair value of foreign exchange contracts							(12,272)	-
Finance costs							(18,891)	(11,209)
Profit before tax							40,838	23,540
Income tax benefit							19	-
Profit after tax							40,857	23,540

**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 2008**

19. Segment information (continued)

(a) Primary reporting - geographical segments

	Australia		New Zealand		Eliminations		Consolidated Entity	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Segment assets	466,909	370,958	52,763	29,247	(51,820)	(14,235)	467,852	385,970
Total assets							467,852	385,970
Liabilities								
Segment liabilities	266,984	211,786	37,361	29,534	(37,120)	(14,235)	267,225	227,085
Total liabilities							267,225	227,085
Other								
Acquisitions of non-current segment assets	63,927	126,242	16,352	22,925	(11,200)	-	68,109	149,167
Disposals of non-current segment assets	4,334	13,981	-	-	-	-	4,334	13,981

(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.

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

	2008	2007
	\$'000	\$'000
Interest from subsidiary trust	2,185	795
Expense reimbursement from subsidiary trust	22	-
Distribution payable from subsidiary trust	280	-
Loan to subsidiary trust	36,496	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 2008 interest totalling \$623,068 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.

**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 2008**

20. Related party disclosures (continued)

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

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Amounts paid or payable during the year				
RE asset management fees	2,128	1,633	1,892	1,526
RE cost recoveries	162	158	162	158
RE debt arrangement fees	88	175	88	175
RE property acquisition due diligence fees	305	834	212	637
	2,683	2,800	2,354	2,496
Amounts included in accruals or payables at balance	674	871	568	796

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 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	102	78	90	72
Amounts included in accruals or payables at balance	55	24	48	22

Other related parties

Austock Corporate Finance Ltd, a company which has the same ultimate holding company as the RE, received capital raising fees from the Trust during the year totalling \$300,000 (2007: \$867,838).

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 2008, 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.

**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 2008**

20. Related party disclosures (continued)

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	
Executive directors		
Vincent Harink	Appointed 4 Aug 2005, resigned 28 July 2008	
Nicholas Anagnostou	Appointed 4 Aug 2008	
Non executive directors		
Victor Cottren	Appointed 22 Dec 2004	
Michael Johnstone	Appointed 22 Dec 2004	
Other KMP		
Peter Barren	Chief Financial Officer	Appointed 14 Mar 2006

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	ME McFarlane	Api Fund
Opening balance of units held	50,000	120,000	40,000	14,731
Acquisitions of units	-	80,000	208,000	-
Disposals of units	-	-	-	-
Closing balance of units held	50,000	200,000	248,000	14,731

Api Fund is a fund for which the RE is a related party to Austock Property Management Ltd.

21. Capital and lease commitments

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'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	33,688	7,150	28,969

**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 2008**

21. Capital and lease commitments (continued)

(b) Lease revenue commitments

Non-cancellable operating leases contracted with wholly owned subsidiaries of ABC Learning Centres Limited not capitalised in the financial statements.

Until 29 June 2007, the property leases were a non-cancellable lease with a ten year term, with rent payable monthly in advance. Rental provisions within the lease agreements required the minimum lease payments would be increased by 4% per annum to the end of 5 years and then increases of either 2% or 4% per annum thereafter, depending upon the option exercised by the tenant. Lease terms were renegotiated with the tenant during the financial year and, effective 29 June 2007, 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 Entity		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Receivable:				
not later than 1 year	38,703	31,232	35,012	28,503
later than 1 year but no later than 5 years	166,579	115,580	150,790	106,293
later than 5 years	440,783	328,370	399,004	305,152
	646,065	475,181	584,806	439,948

(c) Leasehold property commitments

Non-cancellable property leases contracted for not capitalised in the financial statements.

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

Payable:				
not later than 1 year	802	763	802	763
later than 1 year but no later than 5 years	3,628	3,420	3,628	3,420
later than 5 years	18,544	18,808	18,544	18,808
	22,974	22,991	22,974	22,991

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.

**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 2008**

22. Financial risk management (continued)

(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 Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial assets				
Cash and cash equivalents	4,423	415	3,488	(747)
	4,423	415	3,488	(747)
Financial liabilities				
Interest-bearing liabilities	(259,800)	(220,485)	(259,800)	(205,700)
	(259,800)	(220,485)	(259,800)	(205,700)
Net exposure	(255,377)	(220,070)	(256,312)	(206,447)

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

	%	%	%	%
Financial assets				
Cash and cash equivalents	6.95%	5.50%	6.95%	5.75%
Financial liabilities				
Interest-bearing liabilities	7.54%	6.75%	7.51%	6.63%

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.

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 2008, the Trust held the following interest rate swap contracts within the parent entity, representing 77% of the total balance of interest-bearing liabilities:

Notional AUD	Maturity	Fixed rate	Weighted average
60,000,000	2008	5.58%	1.67%
70,000,000	2011	6.48%	2.27%
35,000,000	2014	6.88%	1.21%
35,000,000	2017	6.82%	1.19%
<u>200,000,000</u>			<u>6.34%</u>

Refer to Note 7 for details on the fair value of these interest rate swaps as at the 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 2008**

22. Financial risk management (continued)

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 interest rate swap contract with a notional value of \$60 million expired in July 2008. 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 \$59.8 million is unhedged and as at 30 June 2008 bears a weighted average variable interest rate of 7.81%.

In addition to the above swapped and variable interest rates, the Trust incurred activation, margin, facility and penalty (refer Note 15) fees ("Additional Fees") with a total weighted average rate of 1.41% as at 30 June 2008. Subsequent to reporting date, extensions of the NAB \$100 million cash advance and \$15 million standby facilities were obtained to July 2009 and July 2010 respectively. As part of this extension, activation and facility fees were increased, resulting in an increase to the weighted average rate of these Additional Fees to 1.77%.

The following sensitivity analysis is based on the interest rate risk exposures on interest-bearing liabilities in existence at the reporting date:

At 30 June 2008, 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)	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Consolidated					
Increase in variable interest rates of	1.00%	6,802	2,497	-	-
Decrease in variable interest rates of	0.50%	(3,401)	(1,249)	-	-
Parent					
Increase in variable interest rates of	1.00%	6,802	2,645	-	-
Decrease in variable interest rates of	0.50%	(3,401)	(1,322)	-	-

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. Due to the higher overall level of debt and derivatives in 2008, the impact on net profit caused by interest rate movements is greater in that year than 2007.

**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 2008**

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% 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 2008, 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 Entity		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	935	1,162	-	-
Receivables	236	65	-	-
Investment properties	48,536	32,049	-	-
	<u>49,707</u>	<u>33,276</u>	-	-
Financial liabilities				
Payables	48	10	-	-
Interest-bearing liabilities	112,250	14,785	112,250	-
	<u>112,298</u>	<u>14,795</u>	<u>112,250</u>	-
Net exposure	<u>(62,591)</u>	<u>18,481</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 2008**

22. Financial risk management (continued)

As discussed above, there is no exposure to foreign currency movements on the interest-bearing liabilities as at reporting date due to the cross currency interest rate swaps in place. However, as at 30 June 2007 the debt of AUD14,785,000 was denominated in NZD and was not hedged and upon its repayment in October 2007, a gain of AUD631,000 was realised.

Judgements of reasonably possible movements:	Net profit Increase/(decrease)		Equity Increase/(decrease)	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Consolidated				
AUD/NZD + 15.00%	(7,449)	(2,772)	-	-
AUD/NZD - 15.00%	7,449	2,772	-	-
Parent				
AUD/NZD + 15.00%	(2,138)	(288)	-	-
AUD/NZD - 15.00%	2,138	288	-	-

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 sensitivity to profit is higher in 2008 than in 2007 because of greater net exposure to NZD assets. 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 2008. 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. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing as at 30 June 2008.

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

	Consolidated Entity		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
6 months or less	9,936	7,796	9,645	7,251
6 to 12 months	-	-	-	-
1 to 5 years	112,110	220,485	112,110	205,700
Later than 5 years	159,962	-	159,962	-
	282,008	228,281	281,717	212,951

**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 2008**

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 entity					
2008					
Financial assets					
Cash and cash equivalents	4,423	-	-	-	4,423
Receivables	7,874	11,502	-	-	19,376
Derivatives	329	-	2,677	2,563	5,569
	12,626	11,502	2,677	2,563	29,368
Financial liabilities					
Payables	9,936	-	-	-	9,936
Interest-bearing liabilities	-	112,110	-	147,690	259,800
Derivatives	-	-	-	12,272	12,272
	9,936	112,110	-	159,962	282,008
Net exposure	2,690	(100,608)	2,677	(157,399)	(252,640)
2007					
Financial assets					
Cash and cash equivalents	415	-	-	-	415
Receivables	7,964	13,341	-	-	21,305
Derivatives	-	-	-	-	-
	8,379	13,341	-	-	21,720
Financial liabilities					
Payables	7,796	-	-	-	7,796
Interest-bearing liabilities	220,485	-	-	-	220,485
Derivatives	-	-	-	-	-
	228,281	-	-	-	228,281
Net exposure	(219,902)	13,341	-	-	(206,561)
Parent Entity					
2008					
Financial assets					
Cash and cash equivalents	3,488	-	-	-	3,488
Receivables	5,248	10,706	-	-	15,954
Derivatives	329	-	2,677	2,563	5,569
	9,065	10,706	2,677	2,563	25,011
Financial liabilities					
Payables	9,645	-	-	-	9,645
Interest-bearing liabilities	-	112,110	-	147,690	259,800
Derivatives	-	-	-	12,272	12,272
	9,645	112,110	-	159,962	281,717
Net exposure	(600)	(101,404)	2,677	(157,399)	(256,706)

**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 2008**

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 2007					
Financial assets					
Cash and cash equivalents	(747)	-	-	-	(747)
Receivables	8,472	13,297	-	-	21,769
Derivatives	-	-	-	-	-
	7,725	13,297	-	-	21,022
Financial liabilities					
Payables	7,251	-	-	-	7,251
Interest-bearing liabilities	205,700	-	-	-	205,700
Derivatives	-	-	-	-	-
	212,951	-	-	-	212,951
Net exposure	(205,226)	13,297	-	-	(191,929)

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 97.3% of rental income. If ABC did not meet its contractual commitments the financial exposure of the Trust would be \$7.3 million (2007: \$6.2 million). 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. The RE monitors and assesses the creditworthiness of ABC on a regular basis.

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 2008**

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 Entity		Parent Entity	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000

23. Net tangible assets

Net tangible assets (\$ '000)	200,627	158,885	199,925	159,172
Units used (No '000)	134,974	123,209	134,974	123,209
Net tangible assets at carrying value per unit	\$ 1.486	\$ 1.290	\$ 1.481	\$ 1.292

24. Contingent liabilities

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

25. Economic dependency

Virtually all of the investment properties of the Trust are leased to subsidiaries of ABC Learning Centres Ltd ("ABC") and as a result the Trust has approximately 97.3% dependency on the ABC group in respect to its lease income.

**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 2008**

26. Subsequent events

The financial report was authorised on 11 August 2008 by the Board of Directors of the Responsible Entity.

Vin Harink resigned as a director on 28 July 2008 and Nicholas Anagnostou was appointed a Director on 4 August 2008 of the Responsible Entity.

The Trust has complied with its financial undertakings under its various debt arrangements at 30 June 2008. The change in the business environment during and after the 2008 financial year (including increases in interest rates) will be likely to result in changes to covenants and other financial undertakings. Accordingly, the Trust and the NAB are currently in discussions about the financial undertakings and covenants post 30 June 2008. A similar review will be undertaken with the Trust's Noteholders. The Trust is focused on capital management issues and will work towards acceptable arrangements with its debt providers during the remainder of 2008.

There have been no other significant events since 30 June 2008 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 17 to 51 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 2008 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 2008 in accordance with the provisions of the Trust Constitution dated 8 July 2002 (as amended).

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

Dated at Melbourne this 11th day of August 2008



Victor David Cottren
Acting 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 2008, 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 ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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*.

PARTNERS:

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

Moore Stephens ABN 39 533 589 331
Level 14, 607 Bourke Street, Melbourne VIC 3000
Telephone: +61 3 9614 4444 Facsimile: +61 3 9614 6039
Email: melbourne@moorestephens.com.au Web: www.moorestephens.com.au

*An independent member of Moore Stephens International Limited - members in principal cities throughout the world.
A separate partnership in Victoria.*

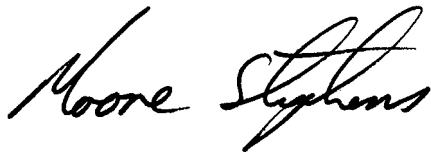
Liability limited by a scheme approved under Professional Standards Legislation.

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

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 company and the consolidated entity's financial position as at 30 June 2008 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.



MOORE STEPHENS
Chartered Accountants



Kevin W Neville
Partner
Melbourne, 11 August 2008

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

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report. All information provided is as at 15 July 2008.

1. Substantial Unitholders

The names of substantial unitholders listed in the Trust's register of substantial unitholders were:

Name of Substantial Unitholder	Number of Units
Orbis Investment Management (Australia) Pty Ltd	15,453,321
Austock Group Limited	15,388,483
Acom Capital Limited	9,301,709
DLIBJ Asset Management Co., Ltd	8,209,144

2. On-market buy-back

There is no current on-market buy-back.

3. Distribution of unitholders

Number of units held	Number of Unitholders
1 - 1,000	236
1,001 - 5,000	965
5,001 - 10,000	1,140
10,001 - 100,000	1,353
100,001 and over	76
Total	3,770

There were 138 unitholders holding less than a marketable parcel.

4. Classes of units and voting rights

There were 3,770 holders of the ordinary units of the Trust. 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.

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

5. Twenty largest unitholders

Name	Number of ordinary units held	Percentage of capital held %
HSBC Custody Nominees (Australia) Limited & HSBC Custody Nominees Trust Company Fiduciary Services Limited	20,907,795	15.49%
National Nominees Limited	14,730,980	10.91%
J P Morgan Nominees Australia Limited	11,050,039	8.19%
Sandhurst Trustees Ltd	10,854,533	8.04%
UBS Wealth Management Australia Nominees Pty Ltd	6,280,000	4.65%
Sandhurst Trustees Ltd	2,764,715	2.05%
ANZ Nominees Limited	1,876,200	1.39%
ANZ Nominees Limited	1,651,462	1.22%
J & L Nominees Pty Ltd	1,515,510	1.12%
Cogent Nominees Pty Limited	1,500,000	1.11%
Mr Ron Hamer	1,277,870	0.95%
Citicorp Nominees Pty Ltd & Citicorp Nominees Pty Limited	900,000	0.67%
Irrewarra Investments Pty Ltd	819,514	0.61%
Citicorp Nominees Pty Limited	799,230	0.59%
RBC Dexia Investor Services Australia Nominees Pty Limited	739,830	0.55%
Australian Executor Trustees Limited	573,043	0.42%
Bellino Pty Ltd	490,000	0.36%
Mr Ean Keith Youd & Mrs Margaret Maud Youd	480,000	0.36%
Sandhurst Trustees Ltd	470,000	0.35%
	421,234	0.31%
	80,101,955	59.35%

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

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

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 24
500 Bourke Street
Melbourne VIC 3000

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

Secretary of the Responsible Entity Amanda Jane Gawne
Level 1
350 Collins Street
Melbourne VIC 3000