



AUSTRALIAN EDUCATION TRUST

ARSN: 102 955 939

ASX Code: AEU

ABN: 58 102 955 939

**Half-Year Financial Report
31 December 2006**

AUSTRALIAN EDUCATION TRUST

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The Directors of Austock Property Management Limited, the Responsible Entity of the Australian Education Trust (the "Trust"), present their report together with the financial report of the Trust for the half-year ended 31 December 2006.

Directors of the Responsibility Entity

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

Michael Francis Johnstone (Chairman)

Victor David Cottren

Michael Edward McFarlane (appointed 14 August 2006)

Vincent Gerard Harink

Principal Activities

The Trust is a specialist education property owner which currently owns a total of 303 child care centres as at 31 December 2006 (249 centres as at 30 June 2006) in locations around Australia and New Zealand.

All but 6 of these centres are leased to and managed by subsidiaries of ABC Learning Centres Limited ("ABC"). The obligations of the lessee in respect of these 6 centres are guaranteed by ABC. ABC is a publicly listed company on the Australian Stock Exchange with a market capitalisation of approximately A\$3.3 billion. By 30 June 2007, ABC is anticipated to operate approximately 1,235 centres in Australia and New Zealand, 1,038 centres in the United States of America and 33 centres in the United Kingdom.

Review and Results of Operations

The result for the half year to 31 December 2006 was a net profit of \$7.6 million, equivalent to 7.04 cents per unit ("cpu"). For the corresponding period in 2005 the Trust produced a net profit of \$4.7 million (6.31 cpu).

Centre Numbers

During the half-year the trust settled 67 centres (64 freehold and 3 leasehold) and sold 13 properties, bringing the total number of centres in the investment property portfolio to 303 as at 31 December 2006. This represents a substantial increase from 171 centres as at 31 December 2005 and 249 centres as at 30 June 2006.

Distribution

The distribution for the half year ended 31 December 2006 is 7.3 cpu (2005: 6.5 cpu). Of the 7.3 cpu, 3.7 cpu was distributed on 31 October 2006 for the September 2006 quarter and a further 3.6 cpu will be paid on 28 February 2007 for the December 2006 quarter.

Distribution Reinvestment Plan

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

Funding

As at 31 December 2006 the total assets of the Trust stood at \$317.8 million, long term borrowings at \$159.8 million and net assets attributable to unitholders were \$152.0 million.

The Trust has 123,208,677 units on issue as at 31 December 2006. An additional \$40 million in equity capital was raised during the half-year at \$1.60 per unit through a public unit offer.

Long-term debt funding remains in place with the Trust's banker, National Australia Bank. The facility comprises a term debt facility of \$170 million which expires on 30 June 2011 and a \$15 million stand by facility which is reviewed annually. The Trust has fixed interest costs (inclusive of activation fees) at an average rate of 6.53% on the following principal amounts:

- \$60.1 million fixed until 30 June 2008
- \$64.0 million fixed for 5 years to 30 June 2011

The balance of \$35.7 million drawn is at variable rates.

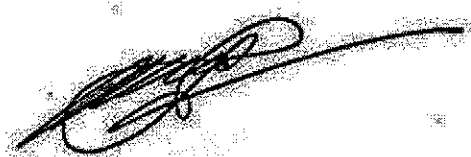
Rounding of Amounts

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

Auditor's Declaration

The lead auditor's independence declaration under section 370C of the Corporations Act 2001 is set out on page 3 for the half year ended 31 December 2006.

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



Michael Johnstone
Chairman, Austock Property Management Limited
Melbourne, 25 January 2007

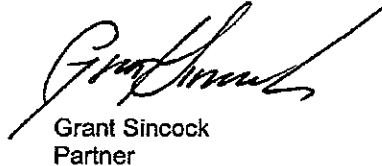
**Auditor's Independence Declaration under Section 307C of the Corporations Act
2001 to the directors of Austock Property Management Limited as the
Responsible Entity for Australian Education Trust**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2006 there have been:

- I. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- II. No contraventions of any applicable code of professional conduct in relation to the review.



MOORE STEPHENS
Chartered Accountants



Grant Sincock
Partner

Melbourne, 23 January 2007

Partners
Stephen L. Adrian
Steven A. Allan
Marco S. Carlei
Jean-Claude Cesario
Ian K. Kearney

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Kevin W. Neville
Stephen J. O'Flynn
S. David Pitt
Grant M. Sincock
Jonathan C. Thomas

AUSTRALIAN EDUCATION TRUST
CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Note	31 Dec 2006 \$'000	31 Dec 2005 \$'000
Revenue			
Lease income		13,150	7,910
Interest income		904	185
Gain on sale of investment properties		452	-
Total revenue		14,506	8,095
Expenses			
Finance costs		4,942	1,988
Reduction of carrying value of properties		449	454
Responsible entity's remuneration		805	397
Rates and taxes		-	95
Restructure costs (legal, adviser, refinancing & other)		-	(128)
Rent on leasehold properties		314	-
Other expenses		375	336
Total expenses		6,885	3,142
Net profit before related income tax expense and financing costs to unitholders		7,621	4,953
Income tax expense		-	264
Net profit attributable to unitholders		7,621	4,689
Financing costs			
Distributions to unit holders	2	8,069	4,827
Total changes in net assets attributable to unitholders		(448)	(138)
Earnings per unit			
		cents	cents
Basic earnings per unit		7.04	6.31
Diluted earnings per unit		7.04	6.31
Distributable earnings per unit		7.20	6.31

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

**AUSTRALIAN EDUCATION TRUST
CONSOLIDATED BALANCE SHEET
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	Note	31 Dec 2006 \$'000	30 Jun 2006 \$'000
Current assets			
Cash and cash equivalents		19,554	21,839
Trade and other receivables		5,414	4,382
Other current assets	3	16,799	16,320
Total current assets		41,767	42,541
Non-current assets			
Investment properties	4	274,451	211,986
Other non-current assets		1,657	850
Total non-current assets		276,108	212,836
Total assets		317,875	255,377
Current liabilities			
Trade and other payables		2,621	5,979
Distribution payable		4,436	6,149
Other current liabilities		190	190
Total current liabilities		7,247	12,318
Non-current liabilities			
Long-term borrowings	5	158,654	129,079
Total non-current liabilities		158,654	129,079
Total liabilities (excluding net assets attributable to unitholders)		165,901	141,397
Net assets attributable to unitholders	6	151,974	113,980
Total liabilities		317,875	255,377

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

**AUSTRALIAN EDUCATION TRUST
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

	31 Dec 2006 \$'000	31 Dec 2005 \$'000
Cash flows from operating activities		
Lease income received	12,630	9,812
Cash payments in the course of operations	(3,012)	(2,242)
Interest received	904	188
Net cash provided by operating activities	10,522	7,758
Cash flows from investing activities		
Proceeds from sale of investment properties	10,354	(6)
Payments for investment properties	(75,983)	(27,479)
Net cash (used in) provided by investing activities	(65,629)	(27,485)
Cash flows from financing activities		
Borrowing costs paid	(5,407)	(1,999)
Proceeds from borrowings	29,725	11,800
Distributions paid	(9,782)	-
Proceeds from issue of units	40,000	-
Issue costs paid	(1,714)	-
Net cash provided by (used in) financing activities	52,822	9,801
Net increase in cash held	(2,285)	(9,926)
Cash at 1 July	21,839	11,965
Cash at 31 December	19,554	2,039

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

AUSTRALIAN EDUCATION TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

1. Statement of significant accounting policies

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and with any public announcements issued during the half-year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and Australian Stock Exchange.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2006 Annual Report.

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

2. Distributions to unitholders

	31 Dec 2006 \$'000	31 Dec 2005 \$'000
Net profit attributable to unitholders	7,621	4,689
Adjusted for:		
Straight lining of rental income	(490)	(358)
Reduction on carrying value of properties	490	358
Property valuation costs (b)	173	-
Net profit distributable to unitholders	7,794	4,689
Distribution paid or payable	8,069	4,827
Distribution per unit interim (dollars)	\$0.0730	\$0.0650

(a) Two quarterly distributions are payable during the half year. The first distribution was paid for the 3 months to 30 September 2006 on 31 October 2006 at 3.7 cents per unit. The second distribution is payable for the 3 months to 31 December 2006 and is due to be paid on 28 February 2007 at 3.6 cents per unit.

(b) The property valuation costs relate to fees charged by valuers for the property valuations undertaken as at 30 June 2006 not previously brought to account. For distribution purposes, such fees are treated by the Trust as an offset to the net revaluation increment or decrement resulting from the revaluations undertaken and hence are not included in distributable income.

3. Other current assets

	31 Dec 2006 \$'000	30 Jun 2006 \$'000
Deposits	734	1,646
Prepayments	2,664	2,314
Term deposits held as debt security	10,049	-
Investment properties to be sold within 12 months	3,352	12,360
	16,799	16,320

AUSTRALIAN EDUCATION TRUST
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

4. Investment properties

	31 Dec 2006 \$'000	30 Jun 2006 \$'000
Movement in investment properties:		
Balance at the beginning of the year - at valuation or cost	211,986	97,652
Acquisition of properties	61,418	118,233
Disposal of properties	(9,776)	(376)
Construction costs of development properties	2,264	-
Movement in investment properties to be sold in 12 months	9,008	(7,897)
Net revaluation increment	-	5,224
Accrued rent per AIFRS straight line accounting	(449)	(850)
Carrying amount at the end of the year	274,451	211,986
Asset reduction arising from recognising lease income on a straight line basis:		
Cumulative balance included in carrying value of properties	1,657	1,208
Amount recognised in the income statement in prior financial years	(1,208)	(358)
Amount recognised in the income statement this financial year	449	850

5. Long term borrowings

	31 Dec 2006 \$'000	30 Jun 2006 \$'000
Bank bills at face value - secured	159,800	130,075
Less: up front transaction costs	(1,251)	(1,022)
Plus: amortised up front transaction costs	105	26
	158,654	129,079

The trust operates an interest only Term Debt Facility with a limit of \$185 million (including \$15 million of stand-by facilities) which expires on 30 June 2011. These facilities are secured by first ranking registered mortgages over child care properties held by the trust, a fixed and floating charge over the assets and undertakings of the trust and a negative pledge on other debt.

At 30 June 2006, the Trust fixed interest costs (inclusive of activation fees) at an average rate of 6.53% on the following interest-bearing liabilities:

- \$60.1 million fixed until 30 June 2008;
- \$64.0 million fixed for 5 years to 30 June 2011;

The balance of \$35.7 million is at variable rates.

AUSTRALIAN EDUCATION TRUST
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

6. Changes in net assets attributable to unitholders

	Units on issue No '000	Units on issue \$'000	Undistribut ed profit \$'000	Total \$'000
Balance at 1 July 2005	74,260	69,808	-	69,808
Units issued during the period	-	-	-	-
Less unit issue costs	-	-	-	-
Profit attributable to unitholders	-	-	4,689	4,689
Distribution paid or provided for	-	-	(4,689)	(4,689)
Balance at 31 December 2005	74,260	69,808	-	69,808
Balance at 1 January 2006	74,260	69,808	-	69,808
Units issued during the period	23,949	39,176	-	39,176
Less unit issue costs	-	(474)	-	(474)
Profit attributable to unitholders	-	-	16,446	16,446
Distribution paid or provided for	-	-	(10,976)	(10,976)
Balance at 30 June 2006	98,209	108,510	5,470	113,980
Balance at 1 July 2006	98,209	108,510	5,470	113,980
Units issued during the period	25,000	40,000	-	40,000
Less unit issue costs	-	(1,558)	-	(1,558)
Profit attributable to unitholders	-	-	7,621	7,621
Expense relating to prior year not previously brought to account	-	-	-	-
Distribution paid or provided for	-	-	(8,069)	(8,069)
Balance at 31 December 2006	123,209	146,952	5,022	151,974

On 18 October 2006, 25,000,000 fully paid ordinary units were issued at a price of \$1.60 per unit as part of a public offer under a PDS dated 7 September 2006.

AUSTRALIAN EDUCATION TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

7. Segment information

(a) Primary reporting - geographical segments

	Australia		New Zealand		Eliminations		Economic Entity	
	31 Dec 2006 \$'000	31 Dec 2005 \$'000	31 Dec 2006 \$'000	31 Dec 2005 \$'000	31 Dec 2006 \$'000	31 Dec 2005 \$'000	31 Dec 2006 \$'000	31 Dec 2005 \$'000
Revenue								
External sales	13,165	8,035	438	60	-	-	13,602	7,910
Unallocated revenue							904	185
Total revenue							14,506	8,095
Result								
Segment result	6,674	4,953	43	-	-	-	6,717	4,953
Unallocated expenses net of unallocated revenue							904	-
Profit before tax							7,621	4,953
Income tax expense							-	(264)
Profit after tax							7,621	4,689
Assets								
Segment assets	317,650	143,390	12,529	4,080	(12,304)	-	317,875	147,470
Total assets							317,875	147,470
Liabilities								
Segment liabilities	165,696	73,715	9,509	4,085	(9,304)	-	165,901	77,800
Total liabilities							165,901	77,800
Other								
Acquisitions of non-current segment assets	63,099	37,087	583	3,978	-	-	63,682	41,065
Disposals of non-current segment assets	9,776	-	-	-	-	-	9,776	-

(b) Secondary reporting - business segments

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

AUSTRALIAN EDUCATION TRUST
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

8. Capital and lease commitments

	31 Dec 2006 \$'000	31 Dec 2005 \$'000
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(a) Capital expenditure commitments - centre acquisitions

Estimated capital expenditure commitments contracted at balance date but not provided for:
 not later than 1 year

36,084	18,113
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(b) Lease revenue commitments

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

The property leases are a non-cancellable lease with a ten year term, with rent payable monthly in advance. Rental provisions within the lease agreements require the minimum lease payments shall 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. A right or option exists to renew the leases for a further term.

Receivable:

not later than 1 year

25,169	13,925
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later than 1 year but no later than 5 years

96,220	61,426
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later than 5 years

138,089	96,706
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259,478	172,057
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(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

721	367
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later than 1 year but no later than 5 years

3,228	1,595
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later than 5 years

17,638	5,622
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21,587	7,584
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AUSTRALIAN EDUCATION TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

9. Contingent liabilities

	31 Dec 2006 \$'000	30 Jun 2006 \$'000
Estimates of the potential financial effect of contingent liabilities that may become payable:		
Purchase guarantees	195	195

The Trust has provided bank guarantees to the financiers of the developers or vendors of childcare centres which the Trust had entered into contracts for the potential purchases in support of these purchase opportunities. The Directors of the Responsible Entity believe that it is unlikely that the Trust will be required to pay any money in relation to these guarantees.

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

10. Subsequent events

There have been no significant events since 31 December 2006 that have or may significantly affect the results and operations of the Trust.

**AUSTRALIAN EDUCATION TRUST
DIRECTORS DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006**

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 4 to 12 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Trust as at 31 December 2006 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001.
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (i) the financial records of the Trust for the financial half-year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (ii) the financial statements and notes for the financial half-year comply with the Accounting Standards; and
 - (iii) the financial statements and notes for the financial half-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 half-year ended 31 December 2006 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 25th day of January 2007



Michael Francis Johnstone
Chairman
Austock Property Management Limited

INDEPENDENT REVIEW REPORT TO THE UNITHOLDERS OF AUSTRALIAN EDUCATION TRUST

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Education Trust and controlled entities, which comprises the balance sheet as at 31 December 2006, and the income statement and the cash flow statement for the half-year ended on that date, a summary of significant accounting policies, selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Austock Property Management Limited ("Responsible Entity") are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporation Act 2001 including: giving a true and fair view of the trust's and controlled entities' financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001. As the auditor of Australian Education Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration, set out on page 3 of the financial report, has not changed at the date of providing our audit opinion.

Moore Stephens ABN 39 533 589 331

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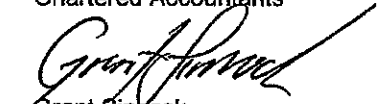
Darren I. J. McDonald
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Jonathan C. Thomas

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Education Trust and controlled entities is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the trust's and controlled entities' financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.


MOORE STEPHENS
Chartered Accountants


Grant Sineock
Partner

Melbourne, 25 January 2007

**AUSTRALIAN EDUCATION TRUST
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 Francis Johnstone (Chairman) Victor David Cottren Michael Edward McFarlane Vincent Gerard Harink
Solicitors	Macrossans Lawyers Level 23 AMP Place 10 Eagle Street Brisbane Qld 4000
Auditor	Moore Stephens Level 14 607 Bourke Street Melbourne Vic 3000
Taxation Advisors	PricewaterhouseCoopers Level 17 Waterfront Place 1 Eagle Street Brisbane Qld 4000
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