

**Ausbil Investment Trusts - Australian Emerging
Leaders Fund**

ARSN 089 995 442

**Interim financial report for the half-year ended
31 December 2009**

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This interim report does not include all the notes of the type normally included in an annual financial statements. Accordingly, this statement is to be read in conjunction with the annual statement for the year ended 30 June 2009 and any public announcements made in respect of Ausbil Investment Trusts - Australian Emerging Leaders Fund during the interim report period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report covers Ausbil Investment Trusts - Australian Emerging Leaders Fund as an individual entity.

The Responsible Entity of Ausbil Investment Trusts - Australian Emerging Leaders Fund is Ausbil Dexia Limited (ABN 26 076 316 473). The Responsible Entity's registered office is Level 23, 207 Kent Street, Sydney, New South Wales, 2000.

Directors' report

The directors of Ausbil Dexia Limited, the Responsible Entity of Ausbil Investment Trusts - Australian Emerging Leaders Fund, present their report together with the interim financial report of Ausbil Investment Trusts - Australian Emerging Leaders Fund ("the Scheme"), for the half-year ended 31 December 2009 ("the reporting period").

Responsible entity

The Responsible Entity of Ausbil Investment Trusts - Australian Emerging Leaders Fund is Ausbil Dexia Limited (ABN 26 076316 473). The Responsible Entity's registered office is Level 23, 207 Kent Street, Sydney, NSW 2000.

Directors

The following persons held office as directors of Responsible Entity during the reporting period or since the end of the reporting period and up to the date of this report:

P Xiradis
T de Villenfagne
A Lancaster
J Grace
W Vermeir
N Abou-Jaoudé
M Vanderelst

Review and results of operations

There have been no significant changes to the operations of the Scheme since the previous financial period. The Scheme continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Scheme and in accordance with the provisions of the Scheme's Constitution.

The performance of the Scheme, as represented by the results of its operations, was as follows:

	For the half-year ended	
	31 December 2009	31 December 2008
Profit/(loss) before finance costs attributable to unitholders (\$'000)	206,808	(250,928)
Distribution paid and payable (\$'000)	8,602	3,673
Distribution (cents per unit)	2.3638	1.1998

Rounding of amounts to the nearest thousand dollars

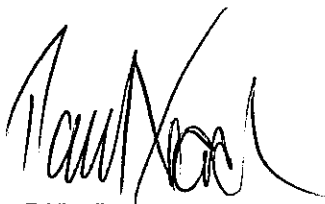
The Scheme is an entity of the kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Directors' report (continued)

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.



P Xiradis
Director

Sydney
2 March 2010

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Auditor's Independence Declaration

As lead auditor for the review of Ausbil Investment Trusts – Australian Emerging Leaders Fund for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ausbil Investment Trusts – Australian Emerging Leaders Fund during the period.



Rob Spring
Partner
PricewaterhouseCoopers

Sydney
2 March 2010

Condensed statement of comprehensive income

		For the half-year ended	
		31 December	31 December
		2009	2008
	Notes	\$'000	\$'000
Investment income			
Interest income from financial assets not held at fair value through profit or loss		173	1,218
Dividend income		10,690	11,964
Trust distributions		2,090	1,678
Net gains/(losses) on financial instruments held at fair value through profit or loss		199,453	(254,650)
Other operating income		591	47
Total investment income/(loss)		<u>212,997</u>	<u>(239,743)</u>
Expenses			
Manager's fees	5	3,408	2,775
Performance fees	5	1,448	7,274
Transaction costs		1,333	1,136
Total expenses		<u>6,189</u>	<u>11,185</u>
Profit/(loss) for the reporting period before finance costs attributable to unitholders		<u>206,808</u>	<u>(250,928)</u>
Finance costs attributable to unitholders			
Distributions to unitholders	3	8,602	3,673
Increase/(decrease) in net assets attributable to unitholders	2	198,206	(254,601)
Total comprehensive income for the reporting period attributable to unitholders		<u>-</u>	<u>-</u>

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Condensed statement of financial position

		As at	
	Notes	31 December 2009 \$'000	30 June 2009 \$'000
Assets			
Cash and cash equivalents		10,974	13,365
Receivables		3,680	23,839
Financial assets held at fair value through profit or loss	4	905,269	604,761
Total assets		919,923	641,965
Liabilities			
Distributions payable	3	8,602	6,007
Payables		3,367	28,188
Total liabilities (excluding net assets attributable to unitholders)		11,969	34,195
Net assets attributable to unitholders - liability	2	907,954	607,771

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Condensed statement of changes in equity

	For the half-year ended	
	31 December 2009 \$'000	31 December 2008 \$'000
Total equity at the beginning of the reporting period	-	-
Profit/(loss) for the reporting period	-	-
Other comprehensive income for the reporting period	-	-
Total comprehensive income for the reporting period attributable to unitholders	<u>-</u>	<u>-</u>
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the reporting period	<u>-</u>	<u>-</u>

In accordance with AASB 132 *Financial Instruments: Presentation*, net assets attributable to unitholders is classified as a liability rather than equity. As a result, there was no equity at the beginning and the end of the reporting period.

Changes in net assets attributable to unitholders are disclosed in note 2.

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

Condensed statement of cash flow

	For the half-year ended	
	31 December	31 December
	2009	2008
	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Proceeds from sale of financial assets held at fair value through profit or loss	372,336	337,110
Purchase of financial assets held at fair value through profit or loss	(477,771)	(302,728)
Transaction costs on financial assets held at fair value through profit or loss	(1,575)	(1,703)
Interest received	173	1,218
Dividends received	10,918	11,125
Trust distributions received	468	1,162
Other income received	591	47
Management fees paid	(4,677)	(9,931)
RITC received	<u>296</u>	<u>503</u>
Net cash inflow/(outflow) from operating activities	<u>(99,241)</u>	<u>36,803</u>
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	158,780	112,255
Payments for redemptions by unitholders	(57,975)	(136,188)
Distributions paid	<u>(3,955)</u>	<u>(3,038)</u>
Net cash inflow/(outflow) from financing activities	<u>96,850</u>	<u>(26,971)</u>
Net increase in cash and cash equivalents	(2,391)	9,832
Cash and cash equivalents at the beginning of the reporting period	<u>13,365</u>	<u>25,698</u>
Cash and cash equivalents at the end of the reporting period	<u>10,974</u>	<u>35,530</u>

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

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1 Basis of preparation of interim half-year report

This general purpose interim financial report for the half-year ended 31 December 2009 ("the reporting period") have been prepared in accordance with *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made in respect of Ausbil Investment Trusts - Australian Emerging Leaders Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period.

Segment reporting

The Scheme has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

The information being reported is based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Scheme is organised into one main segment which operates solely in the business of investment management within Australia. Consequently, no detailed segment reporting is provided in the Schemes' financial statements.

2 Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the reporting period were as follows:

	31 December		For the half-year ended	
	2009	2008	31 December 2009	31 December 2008
	No. '000	No. '000	\$'000	\$'000
Opening balance	317,904	319,535	607,771	805,687
Applications	70,224	52,075	158,246	110,960
Redemptions	(25,301)	(66,182)	(58,321)	(134,934)
Units issued upon reinvestment of distributions	1,070	688	2,052	1,743
Increase/(decrease) in net assets attributable to unitholders	-	-	198,206	(254,601)
Closing balance	<u>363,897</u>	<u>306,116</u>	<u>907,954</u>	<u>528,855</u>

3 Distributions to unitholders

	For the half-year ended			
	31 December 2009 \$'000	31 December 2009 CPU	31 December 2008 \$'000	31 December 2008 CPU
Distributions				
31 December payable	<u>8,602</u>	<u>2,3638</u>	<u>3,673</u>	<u>1,1998</u>

4 Financial assets held at fair value through profit or loss

	As at	
	31 December 2009 \$'000	30 June 2009 \$'000
Designated at fair value through profit or loss		
Listed equities	791,813	562,455
Listed unit trusts	<u>113,456</u>	<u>42,306</u>
Total financial assets held at fair value through profit or loss	<u>905,269</u>	<u>604,761</u>

5 Manager's fees and performance fees

Under the terms of the Scheme's Constitution, the Responsible Entity is entitled to receive management fees, calculated by reference to the average daily net assets (excluding net assets attributable to unitholders) of the Scheme.

In addition to the management fee, the Responsible Entity is entitled to receive performance fees. This fee is only receivable where the Responsible Entity outperforms the relevant investment benchmark. The performance fee is set at 15% of the gross (exclusive of management fees) amount of out-performance. The fee is calculated at each valuation date and if a period of underperformance to the benchmark occurs, the performance fee accrued is frozen at its current level and further performance fees may not commence to be accrued again until the full amount of underperformance is recouped.

6 Segment reporting

Business segments

The Scheme is organised into one main segment which operates solely in the business of investment management within Australia.

Geographical segments

The Scheme operates in Australia and all directly held assets are predominantly Australian. Some of these may themselves hold overseas assets.

7 Events occurring after the reporting period

No significant events have occurred since the reporting date which would impact on the financial position of the Scheme disclosed in the condensed statement of financial position as at 31 December 2009 or on the results and cash flows of the Scheme for the reporting period ended on that date.

8 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2009 and 30 June 2009.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Scheme's financial position as at 31 December 2009 and of its performance, for the reporting period ended on that date; and
- (b) there are reasonable grounds to believe that the Scheme will be able to pay its debts as and when they become due and payable.
- (c) the financial statements are in accordance with the Scheme's Constitution.

This declaration is made in accordance with a resolution of the directors.



P Xiradis
Director

Sydney
2 March 2010

**Independent auditor's review report to the members of
Ausbil Investment Trusts - Australian Emerging Leaders Fund**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ausbil Investment Trusts - Australian Emerging Leaders Fund (the scheme), which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the scheme's financial position as at 31 December 2009 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 Ausbil Investment Trusts - Australian Emerging Leaders Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's review report to the members of
Ausbil Investment Trusts - Australian Emerging Leaders Fund (continued)**

Independence

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

Conclusion

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

- (a) giving a true and fair view of the scheme's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Rob Spring
Partner

Sydney
2 March 2010