

australian**ethical**

MANAGED INVESTMENTS

– annual report

year ended 30 June 2009

Australian Ethical Balanced Trust

Australian Ethical International Equities Trust

Australian Ethical Equities Trust

Australian Ethical Income Trust

Australian Ethical Large Companies Share Trust

Australian Ethical World Trust

2008–09 a year to remember and not to forget

Investors and investment managers will look back at 2008–09 as one of the toughest years for investing in more than 75 years. It is sobering to be reminded of just how close the international banking system was to collapse in the last quarter of 2008. The demise of Lehman Brothers in the US and the subsequent bail out of some of the world's largest financial institutions should be a reminder that nothing is too big to fail. Nevertheless, the US and UK governments decided that a number of institutions were too critical to the workings of the international capital markets and the public good to be allowed to go under. This has created a moral dilemma where it appears that poor investment and management decisions are effectively underwritten by governments. I hope tax payers have the last laugh and the equity in these companies, now owned by governments, treble in the coming years. There are many lessons to be learned.

Long-term positive returns still in tact

Our funds have survived the year a little battle scarred but without substantial damage. We are making good headway in returning them to profitability in the good market conditions we have seen since the start of March 2009, led by the coordinated monetary and fiscal policy easing of governments around the globe. I am very pleased to report that in 2008–09, four out of five of our funds outperformed their market benchmarks, some quite substantially. It means

that the single digit losses (–2% to –9%) experienced over the year by the Balanced, Equities and Larger Companies Trust, place our funds at a considerable advantage in being able to return to profitability. It also means that any small losses this year have not substantially dented our long-term positive return to investors.

Better companies – better markets

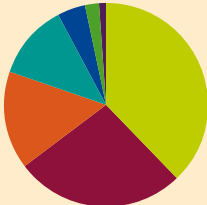
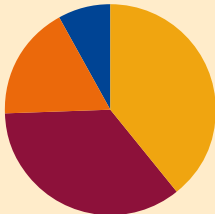
Australian Ethical has again been active this year in engaging companies and government on a range of issues including Renewable Energy Target, CPRS, environmental and social impacts as well as corporate governance. We subscribe to the view that managing business ethically results in better outcomes; financially, environmentally and socially in the long-term. The market dislocation we have seen in the past year provides an excellent opportunity for companies to implement sustainable ways of doing business. Our investments are uniquely placed to benefit from this shift.

Martin Halloran – Chief Investment Officer.

Australian Ethical Balanced Trust

The Balanced Trust returned –5.4% over the year compared to –12.6% for its benchmark, the Morningstar Multisector Peer Group, and –24% for the broader S&P/ASX 200 Index.

The trust held a higher than typical stake in the domestic healthcare sector which provided superior performance for the whole year. The trust avoided the fallout from the bursting of the mining sector bubble. It also had no equity exposure to the large banks during the financial crisis.

30 June 2009		Australian Ethical Balanced Trust		Australian Ethical Equities Trust	
Performance					
Total return		Trust returns (%)	Morningstar Multisector Balanced Neutral ^a	Trust returns	ASX Small Industrials Index
1 year (%)		−5.4	−12.6	−2.1	−21.6
3 years (% pa)		−2.0	−2.9	5.2	−11.7
5 years (% pa)		3.5	2.9	9.7	0.8
Since inception		6.6	6.3	9.4	−4.1
All figures expressed as compound annual returns					
Earnings					
Full year		Cents per unit	Return* (%)	Cents per unit	Return* (%)
Distributions		3.2	3	0.7	0.5
Unit value change		−9.3	−8.3	−3.8	−2.6
Net earnings result (total return)		−6.0	−5.4	−3.2	−2.1
*assumes reinvestment of distribution					
Asset allocation					
<div><div></div>Cash</div> <div><div></div>Debt equity instruments</div> <div><div></div>Shares – Australia and NZ</div> <div><div></div>Shares – international</div> <div><div></div>Shares – small companies</div> <div><div></div>Interest-bearing investments</div> <div><div></div>Interest-bearing loans</div> <div><div></div>Property</div>		<div>Fund size: \$219.7 million</div> <div></div> <div>Includes investments in other Australian Ethical Trusts</div>		<div>Fund size: \$191.3 million</div> <div></div>	

The biggest detractor from overall performance was the small exposure to the listed property sector and to regional banks. The smaller banks suffered in the competition for funding due to the government guarantee on deposits, wholesale borrowing and increases in bad debt provisions.

The fixed income portion of the portfolio (>35%) performed very solidly over the year. The investments were mostly short dated highly-rated debt securities. We have continued to buy well rated bonds over the course of the year and these have since appreciated in value as credit concerns dissipated in the last quarter of the financial year.

The international equities exposure (15%) declined in value in-line with the market, but has rebounded and substantially outperformed in the last three to six months of the financial year.

Australian Ethical Equities Trust

The Equities Trust returned -2.1% over the year compared to -21.6% for its benchmark, the S&P/ASX Small Industrials Index.

This significant outperformance was largely driven by favourable stock selection as well as the trust's focus on the defensive healthcare and utilities sectors, which tend to outperform in negative markets.

One of the strongest performing shares was coal seam gas explorer Pure Energy, which significantly benefited from a takeover battle between Arrow Energy and British Gas. Takeovers also pushed-up shares in MYOB, St George Bank and Queensland Gas Corporation.

The strongest investments were in the defensive healthcare and utility sectors. Standouts included Cochlear, Primary Healthcare and utility APA Group. In the energy sector Origin Energy performed well.

The biggest detractors from overall performance included Savcor, which was punished as its Chinese mobile phone component business disappointed. Viridis Clean Energy was de-rated on the back of debt concerns. Melbourne IT underperformed because of reduced global renewals of domain names and higher operational costs.

Photo courtesy Vestas Wind Systems AS



Vestas Wind Systems AS

Vestas began wind turbine manufacturing in 1979, and is now a market leading producer of wind power solutions. The company has an extensive portfolio of turbines which are suited to specific conditions and requirements.

Australian Ethical Large Companies Share Trust

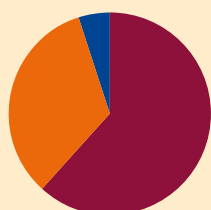
Australian Ethical World Trust

Australian Ethical Income Trust

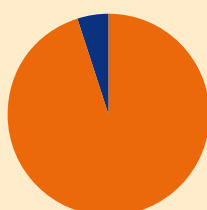
Trust returns	S&P/ASX 200 Industrials Index	Trust returns	MSCI World measured in AUD	Trust returns	CPI + 2%
-9.3	-14.3	-18.6	-16.0	3.4	3.1
-5.2	-6.5	na	na	4.5	4.6
4.1	3.3	na	na	4.7	4.9
7.8	6.9	-18.7	-33.1	4.5	4.9
		August 07 – June 09			

Cents per unit	Return* (%)	Cents per unit	Return* (%)	Cents per unit	Return* (%)
0.0	0.0	0.0	0.0	4.2	4.5
-13.5	-9.3	-15.4	-18.6	-1.1	-1.1
-13.5	-9.3	-15.4	-18.6	3.2	3.4

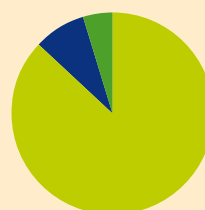
Fund size: \$109.2 million



Fund size: \$6.0 million



Fund size: \$30.2 million



Australian Ethical Large Companies Share Trust

The Large Companies Share Trust returned -9.3% over the year compared to -14.7% for its benchmark (comprised of 65% S&P/ASX 200 Industrials and 35% MSCI World in Australian dollars). This significant outperformance was largely driven by its focus on the defensive healthcare and utilities sectors, as well as a strong contribution from industrial shares.

Among the strongest performing shares were Australian healthcare companies Cochlear, Sonic Health and Ramsay Health Care. Danish wind turbine manufacturer Vestas, the UK rail companies (industrials), Origin Energy and APA Group (utilities) were also strong performers.

The biggest detractor from overall performance was the large stake in the defensive consumer staples and telecommunications sectors. These sectors contain some large companies that performed strongly but Australian Ethical ruled them out of the portfolio on ethical grounds.

Cochlear Ltd

Cochlear Ltd supplies approximately 70 per cent of the world market in cochlear implants for profoundly hearing-impaired people. Almost half of the implant recipients are children.



Photo courtesy Cochlear Ltd

Australian Ethical World Trust

Led by finance stocks, global markets declined drastically over September and October 2008, and dipped further over February 2009. In US dollars, the global benchmark MSCI Index declined 50% from June 2008 to March 2009. However, a recovery seemed to emerge over April and May. Chinese production and US housing figures started to look 'less bad', and the share markets anticipated a rebound

in company earnings for 2010. Over the year, in US dollars, the global benchmark MSCI Index ended 29% lower.

The currency exchange rates were favourable for the translation back into Australian dollars, which mitigated some of the loss. The MSCI Index in Australian dollars fell only 16% for the year. In comparison, the World Trust unit price fell 18.6%. The trust suffered from particularly large falls in its renewable energy investments in October 2008.

Renewable energy stocks underperformed this year due to a decline in energy demand and prices. Companies reported large falls in orders for wind turbines and solar panels globally. Uncertainty around the US carbon pricing policy and the UN climate change talks later this year in Copenhagen has held the sector back.

In the second half of the year, the trust's investments in stock exchanges recovered, particularly the Hong Kong and Singapore exchanges. New York and NASDAQ stock exchanges were added to the portfolio for geographical diversification. The trust also benefitted from US cyclical stocks rebounding off their lows, including United Natural Foods, Whole Foods Market, Sims Metal Management and LKQ Corp.

The World Trust is no longer available for investment. The World Trust invested through the Australian Ethical International Equities Trust – and that trust will be offered for retail investment from 1 October 2009.

Australian Ethical Income Trust

In 2009 the Australian Ethical Income Trust returned 3.4%, having recorded a 5.0% return in the previous year. The decline in the return against the previous year was driven by the Reserve Bank responding to the global financial crisis with a dramatic series of cuts to interest rates.

The trust was positioned almost entirely in shorter duration deposits and securities so the action by the Reserve Bank was reflected quickly in the returns provided through bank deposits. As the credit crisis intensified, the market demanded a higher yield from debt investments and so prices began to move down. The investments held by the trust are valued by reference to market prices, so the value of trust investments fell because of this market aversion to risk.

The introduction of the government guarantee for deposits under \$1 million and healthy competition for deposit funding amongst banks has helped the trust receive better rates on its deposits through the latter half of the year. Its short positioning with these deposits and its holdings in floating rate investments (such as AAA rated mortgaged-backed securities) will allow it to take advantage of increasing interest rates as the economy recovers.

Past performance is not a reliable indicator of future performance.

Performance figures are calculated using exit prices. Performance figures take into account ongoing management fees and trust expenses. Performance figures are calculated as if distributions of income have been reinvested. They do not take into account tax that may be payable on the distribution of income. Neither the return of capital nor the performance of a trust is guaranteed. Figures showing a period of less than one year have not been adjusted to show an annual return. Figures for periods of greater than one year are on a per annum compound basis.

The latest available performance figures can be obtained from our website www.australianethical.com.au or by calling 1800 021 227. Units in the trusts are offered and issued by Australian Ethical Investment Ltd ABN 47 003 188 930, AFSL 229949. A product disclosure statement is available from our website or by phone and should be considered before deciding whether to acquire, or continue to hold, units in the trusts. This information has been prepared without taking account of your individual investment objectives, financial situation or needs. Before acting on it, you should consider its appropriateness to your circumstances.

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Directors' Report
For the year ended 30 June 2009

Australian Ethical Investment Limited, the responsible entity of the Australian Ethical Balanced Trust (AEBT), Australian Ethical International Equities Trust (wholesale - WIET), Australian Ethical Equities Trust (AEET), Australian Ethical Income Trust (AEIT), Australian Ethical Large Companies Share Trust (AELT), and Australian Ethical World Trust (AEWT), (the schemes) presents its directors' report together with the audited financial statements of the schemes for the year ended 30 June 2009 and the accompanying independent auditor's report.

Responsible entity

Australian Ethical Investment Limited was appointed the responsible entity of the AEBT, AEET, AEIT and AELT by election of unitholders on 20 August 1999 and those schemes were registered as managed investment schemes with the Australian Securities and Investments Commission (ASIC) on 2 November 1999.

The AEWT was registered as a managed investment scheme with ASIC on 2 February 2007 with Australian Ethical Investment Limited as its responsible entity.

The WIET was registered as a managed investment scheme with ASIC on 23 April 2007 with Australian Ethical Investment Limited as its responsible entity.

The Directors of Australian Ethical Investment Limited during or since the end of the financial year are disclosed in note 20 to the financial statements.

Principal activities and state of affairs

The principal activity of each of the schemes is to pool investors' savings to invest in diversified portfolios of securities, in accordance with their respective investment objectives and guidelines as set out in the current Product Disclosure Statement and within the provisions of each scheme's constitution. The constitution of each scheme authorises investments in a range of assets, which may include capital stable interest bearing securities and equity investments, both domestic and international. Investments are sought to pursue the goal of a just and sustainable society and the protection of the natural environment as well as providing unitholders (the scheme investors) with a competitive financial return.

Except as otherwise described in the directors' report or the financial statements, there were no significant changes in the nature of each scheme's principal activities during the year and there were no significant changes in each scheme's state of affairs.

Review of year's operations

Australian Ethical Balanced Trust

The scheme achieved a total return of -5.4% for the financial year. The scheme paid distributions of 3.24 cents per unit over the year.

The value of the scheme's net assets attributable to unitholders as at 30 June 2009 was \$217,116,441.

Australian Ethical International Equities Trust

The scheme achieved a total return of -17.1% for the financial year. The scheme did not pay a distribution for the year.

The value of the scheme's net assets attributable to unitholders as at 30 June 2009 was \$37,666,091.

Australian Ethical Equities Trust

The scheme achieved a total return of -2.1% for the financial year. The scheme paid distributions of 0.67 cents per unit over the year.

The value of the scheme's net assets attributable to unitholders as at 30 June 2009 was \$188,722,442.

Australian Ethical Income Trust

The scheme achieved a total return of 3.4% for the financial year. The scheme paid distributions of 4.22 cents per unit over the year.

The value of the scheme's net assets attributable to unitholders as at 30 June 2009 was \$29,708,856.

Australian Ethical Large Companies Share Trust

The scheme achieved a total return of -9.3% for the financial year. The scheme did not pay a distribution for the year.

The value of the scheme's net assets attributable to unitholders as at 30 June 2009 was \$108,654,572.

Australian Ethical World Trust

The scheme achieved a total return of -18.6% for the financial year. The scheme did not pay a distribution for the year.

The value of the scheme's net assets attributable to unitholders as at 30 June 2009 was \$5,957,428.

Developments through the year

During May & June 2009 the responsible entity established a new Trust, The Australian Ethical Property Trust (AEPT). This trust has been designed to enable the purchase and promotion of energy efficient buildings. This will become a publicly offered trust, to enable it to broaden its reach and promote the AEIL charter further.

Likely developments

The responsible entity is reviewing the schemes it manages and depending on that analysis may, during the course of the financial year, make decisions to commence the development of additional new products to compliment its existing offerings.

Other information relating to likely developments has not been disclosed because it may cause unreasonable prejudice to those activities.

Events subsequent to balance date

Since the end of the financial year a decision has been made to close down the Australian Ethical World Trust and to offer The Australian Ethical International Equities Trust as a retail product in the Product Disclosure Statement.

The Australian Ethical Property Trust (AEPT), was registered with ASIC on 17 July 2009 as a managed investment scheme. Currently the AEBT is the sole unit holder in this scheme.

On 11 August 2009, Anne O'Donnell the CEO & Managing Director of the Responsible Entity (Australian Ethical Investment Ltd), announced that her employment with the company would end effective 11 December 2009.

Except as otherwise noted, during the period between the end of the financial year and the date of this report, there were no items, transactions or events of a material and unusual nature likely in the opinion of the responsible entity, to affect significantly the operations of the schemes, the results of those operations, or the state of affairs of the schemes in future financial years.

Distributions paid and/or payable

Distributions paid and/or payable by the schemes during the year are shown in the accompanying Income Statement.

Indemnities and insurance premiums for the responsible entity and auditors

No insurance premiums are paid out of the assets of the schemes for insurance cover provided to the responsible entity, its officers or auditor of the schemes. So long as the responsible entity acts in accordance with each scheme's constitution and the law, the responsible entity is generally entitled to an indemnity out of the assets of the scheme against losses incurred while acting on behalf of the scheme. The auditor of the schemes is not indemnified out of the assets of the schemes.

Interest of the responsible entity

Fees paid to the responsible entity and its associates out of scheme property and interests held in the schemes are shown in note 14 of the attached financial statements.

Interests in the schemes

Full details of:

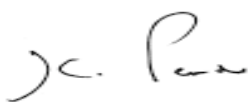
- interests in the schemes issued during the financial year
- withdrawals from the schemes during the financial year
- the number of interests in the schemes at the end of the financial year

are contained in notes 2 and 3 of the attached financial statements.

Auditor's declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of this report and follows at the end of the report.

Signed in accordance with a resolution of the Board of Directors of Australian Ethical Investment Limited.



Howard Pender
Director
Australian Ethical Investment Limited
ABN 47 003 188 930
8 September 2009

**AUSTRALIAN ETHICAL BALANCED TRUST
AUSTRALIAN ETHICAL INTERNATIONAL EQUITIES TRUST
AUSTRALIAN ETHICAL EQUITIES TRUST
AUSTRALIAN ETHICAL BALANCED TRUST CONSOLIDATED
AUSTRALIAN ETHICAL INCOME TRUST
AUSTRALIAN ETHICAL LARGE COMPANIES SHARE TRUST
AUSTRALIAN ETHICAL WORLD TRUST**

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 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.



THOMAS DAVIS & CO



R. C. GEEVES PARTNER

SYDNEY
8 September 2009

Liability limited by a scheme approved under Professional Standards Legislation

Balance Sheets as at 30 June 2009

		Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
		("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
Notes		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assets															
Cash and cash equivalents	4	7,865,268	6,028,098	2,583,246	1,537,377	10,544,593	7,565,475	15,057,959	14,393,893	2,390,187	1,505,838	4,252,050	3,007,434	189,573	95,088
Trade and other receivables	5	1,613,312	4,131,077	113,996	66,052	1,733,223	4,197,129	1,690,239	3,013,382	197,116	889,535	881,099	2,024,792	18,096	225,633
Financial assets	6	198,347,777	210,713,399	35,028,299	33,613,473	190,034,704	215,279,013	175,045,075	172,582,351	26,225,231	23,018,266	103,836,929	118,283,508	5,759,878	6,218,214
Loans	7	5,325,422	6,015,889	-	-	5,325,422	6,015,889	-	-	1,363,884	2,091,513	-	-	-	-
Investment properties	8	6,600,000	6,955,000	-	-	25,100,000	6,955,000	-	-	-	-	-	-	-	-
Total assets		219,751,779	233,843,463	37,725,541	35,216,902	232,737,942	240,012,506	191,793,273	189,989,626	30,176,418	27,505,152	108,970,078	123,315,734	5,967,547	6,538,935
Liabilities															
Trade and other payables	9	399,580	443,726	59,450	109,718	515,331	553,444	2,205,512	438,544	47,159	32,337	315,506	360,579	10,119	7,619
Borrowings	10					7,400,000									
Distribution payable	11	2,235,758	4,849,471	-	-	2,235,758	4,849,471	865,319	2,605,945	420,403	882,720	-	789,581	-	-
Total liabilities excluding net assets attributable to unitholders		2,635,338	5,293,197	59,450	109,718	10,151,089	5,402,915	3,070,831	3,044,489	467,562	915,057	315,506	1,150,160	10,119	7,619
Net assets attributable to unitholders (before minority interests)	3	217,116,441	228,550,266	37,666,091	35,107,184	222,586,853	234,609,591	188,722,442	186,945,137	29,708,856	26,590,095	108,654,572	122,165,574	5,957,428	6,531,316
Minority interests		-	-	-	-	5,470,412	6,059,325	-	-	-	-	-	-	-	-
Net assets attributable to unitholders		217,116,441	228,550,266	37,666,091	35,107,184	222,586,853	234,609,591	188,722,442	186,945,137	29,708,856	26,590,095	108,654,572	122,165,574	5,957,428	6,531,316
Total liabilities		219,751,779	233,843,463	37,725,541	35,216,902	232,737,942	240,012,506	191,793,273	189,989,626	30,176,418	27,505,152	108,970,078	123,315,734	5,967,547	6,538,935

The accompanying notes form part of these financial statements.

NB. The consolidated accounts also includes the Australian Ethical Property Trust (AEPT), figures as per Note 17.

Income Statements for the year ended 30 June 2009

		Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
		(" AEBT")		(" WIET")		(" AEBTC")		(" AEET")		(" AEIT")		(" AELT")		(" AEWT")	
Notes		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investment income															
Currency option revenue		42,884	820,834	-	-	42,884	820,834	541,865	1,273,593	-	-	687,945	1,629,024	54,031	21,159
Distributions		2,155,468	4,328,747	-	-	2,155,468	4,328,747	1,673,382	2,704,265	44,013	45,105	554,083	1,588,369	-	-
Dividends domestic		1,992,812	1,500,408	-	-	1,992,812	1,500,408	3,791,026	2,574,319	-	-	2,589,071	2,034,994	-	-
Dividends overseas		46,815	252,223	797,144	425,556	843,959	677,779	837,771	502,383	-	-	701,843	792,799	-	-
Interest		6,238,962	7,803,429	139,904	140,985	6,392,653	7,944,414	672,451	1,039,400	1,677,815	1,874,999	221,375	524,099	10,210	12,372
Other income		7,659	18	-	-	7,659	18	-	23,165	27,434	-	-	75	-	-
Rent		610,058	567,277	-	-	624,247	567,277	-	-	-	-	-	-	-	-
Profit (loss) on foreign exchange		(122,644)	(1,565,949)	(365,909)	(576,321)	(488,553)	(2,142,270)	(456,494)	(1,490,381)	-	-	(1,208,476)	(1,567,256)	139,854	-
Profit (loss) on sale of investments		(13,225,884)	(7,288,311)	(3,866,082)	(1,743,325)	(17,091,966)	(9,031,636)	1,457,060	(15,294,629)	-	-	(16,563,761)	(16,548,178)	(32,933)	-
Unrealised increment (decrement) on fluctuation in value of investments		(5,486,307)	(27,540,864)	(2,339,671)	(3,131,154)	(1,335,655)	(26,271,687)	(5,366,648)	(15,656,808)	(380,121)	(309,895)	6,104,136	(13,626,837)	(979,824)	(973,260)
		(7,740,177)	(21,122,188)	(5,634,614)	(4,884,259)	(6,856,492)	(21,606,116)	3,150,413	(24,324,693)	1,369,141	1,610,209	(6,913,784)	(25,172,911)	(808,662)	(939,729)
Less expenditure															
Accounting fees	15	275,159	159,875	108,433	57,515	383,592	217,390	216,377	126,075	91,958	50,301	140,951	79,587	41,821	22,115
Auditors' remuneration	12	40,166	38,532	15,939	10,728	56,105	49,260	31,879	30,827	13,572	12,753	20,674	20,185	6,194	2,750
Currency option amortisation		62,964	294,496	-	-	62,964	294,496	2,457,954	665,830	-	-	1,838,360	792,625	306,800	93,882
Custodian Fees		22,397	18,477	29,745	110,253	52,142	128,730	24,685	50,617	6,787	-	64,544	42,976	1,457	-
Legal fees		2,836	743	-	-	28,045	743	-	-	-	-	-	-	-	-
Investment properties - general		56,358	58,400	-	-	1,324,187	58,400	-	-	-	-	-	-	-	-
Investment properties - rates & taxes		37,752	25,929	-	-	38,585	25,929	-	-	-	-	-	-	-	-
Printing & other costs		19,638	22,987	7,687	7,102	165,737	30,089	11,359	19,790	9,842	7,150	9,846	10,444	1,303	1,948
Reimbursable expenses	15	73,717	55,374	111	386	73,828	55,760	83,455	59,050	6,876	4,835	57,792	47,179	7,498	5,578
Responsible entity fees	15	3,610,398	4,187,618	488,399	362,184	4,098,797	4,549,802	3,368,972	3,702,497	324,777	287,897	2,117,846	2,642,987	36,267	27,731
		4,201,385	4,862,431	650,314	548,168	6,283,982	5,410,599	6,194,681	4,654,686	453,812	362,936	4,250,013	3,635,983	401,340	154,004
Profit (loss) from operating activities															
		(11,941,562)	(25,984,619)	(6,284,928)	(5,432,427)	(13,140,474)	(27,016,715)	(3,044,268)	(28,979,379)	915,329	1,247,273	(11,163,797)	(28,808,894)	(1,210,002)	(1,093,733)
Finance costs - distributions to unitholders	11	(6,770,631)	(9,474,158)	-	-	(6,770,631)	(9,474,158)	(865,319)	(3,931,674)	(1,295,450)	(1,557,169)	-	(1,854,102)	-	-
Change in net assets attributable to unitholders (before minority interests)															
	3	(18,712,193)	(35,458,777)	(6,284,928)	(5,432,427)	(19,911,105)	(36,490,873)	(3,909,587)	(32,911,053)	(380,121)	(309,896)	(11,163,797)	(30,662,996)	(1,210,002)	(1,093,733)
Minority interests															
		-	-	-	-	(1,198,912)	(1,032,096)	-	-	-	-	-	-	-	-
Change in net assets attributable to unitholders															
		(18,712,193)	(35,458,777)	(6,284,928)	(5,432,427)	(18,712,193)	(35,458,777)	(3,909,587)	(32,911,053)	(380,121)	(309,896)	(11,163,797)	(30,662,996)	(1,210,002)	(1,093,733)

The accompanying notes form part of these financial statements.

Cash Flow Statements for the year ended 30 June 2009

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust		
	(" AEBT")		(" WIET")		(" AEBTC")		(" AEET")		(" AEIT")		(" AELT")		(" AEWT")		
Notes	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cash flows from operating activities															
Interest received	6,559,578	7,496,283	144,472	137,692	6,717,837	7,633,975	712,190	1,031,368	1,762,592	1,765,951	232,964	525,268	10,387	11,721	
Dividends received	2,039,041	1,825,737	784,035	421,804	2,823,076	2,247,541	4,369,441	3,085,735	-	-	3,163,352	2,806,054	-	-	
Distributions received	3,111,867	3,565,350	-	-	3,111,867	3,565,350	2,347,456	2,181,480	-	-	977,818	1,120,198	-	-	
Other income received	732,720	1,543,341	237,056	-	983,965	1,543,341	569,545	1,295,689	71,447	45,105	1,177,979	1,697,233	193,887	21,090	
Expenses	(4,282,789)	(6,542,669)	(1,351,552)	(1,065,889)	(7,016,238)	(7,608,558)	(4,568,913)	(5,720,036)	(449,626)	(378,325)	(4,073,420)	(4,694,215)	(99,558)	(63,998)	
Net cash provided by (used in) operating activities	13	8,160,417	7,888,042	(185,989)	(506,393)	6,620,507	7,381,649	3,429,719	1,874,236	1,384,413	1,432,731	1,478,693	1,454,538	104,716	(31,187)
Cash flows from investing activities															
Proceeds from sale of investments	218,457,458	184,423,077	45,658,067	38,642,017	264,115,525	223,065,094	231,874,497	246,334,843	27,717,748	7,585,620	288,218,565	184,888,842	300,000	-	
Customer loans repaid	7,467,181	988,935	-	-	7,467,181	988,935	-	-	2,274,413	72,765	-	-	-	-	
Customer loans granted	(7,006,911)	(1,094,999)	-	-	(7,006,911)	(1,094,999)	-	-	(1,542,206)	(116,760)	-	-	-	-	
Purchase of Property, Plant & Equipment					(18,500,000)										
Payment for investments	(224,321,055)	(212,635,263)	(53,270,044)	(69,005,807)	(256,807,263)	(258,004,244)	(239,019,438)	(273,591,811)	(31,304,834)	(12,120,281)	(286,102,853)	(198,359,035)	(1,161,222)	(7,285,355)	
Net cash provided by (used in) investing activities		(5,403,327)	(28,318,250)	(7,611,977)	(30,363,790)	(10,731,468)	(35,045,214)	(7,144,941)	(27,256,968)	(2,854,879)	(4,578,656)	2,115,712	(13,470,193)	(861,222)	(7,285,355)
Cash flows from financing activities															
Proceeds from issue of units	12,678,840	31,686,006	9,143,835	30,711,575	13,588,839	38,760,755	15,876,014	31,311,708	9,926,727	4,125,995	6,508,055	19,437,606	1,426,103	7,846,672	
Payment of redemption of units	(11,929,984)	(14,762,124)	(300,000)	-	(12,229,984)	(14,762,124)	(10,958,756)	(8,917,728)	(7,126,084)	(1,564,208)	(8,704,200)	(10,955,031)	(575,112)	(435,042)	
Proceeds from Borrowings	-	-	-	-	7,400,000	-	-	-	-	-	-	-	-	-	
Distributions paid	(1,668,776)	(3,677,474)	-	-	(1,668,776)	(3,677,474)	(537,970)	(5,139,790)	(445,828)	(444,389)	(153,644)	(3,054,020)	-	-	
Net cash provided by (used in) financing activities		(919,920)	13,246,408	8,843,835	30,711,575	7,090,079	20,321,157	4,379,288	17,254,190	2,354,815	2,117,398	(2,349,789)	5,428,555	850,991	7,411,630
Net increase (decrease) in cash held		1,837,170	(7,183,800)	1,045,869	(158,608)	2,979,118	(7,342,408)	664,066	(8,128,542)	884,349	(1,028,527)	1,244,616	(6,587,100)	94,485	95,088
Cash at 1 July 2008		6,028,098	13,211,898	1,537,377	1,695,985	7,565,475	14,907,883	14,393,893	22,522,435	1,505,838	2,534,365	3,007,434	9,594,534	95,088	-
Cash at 30 June 2009	4	7,865,268	6,028,098	2,583,246	1,537,377	10,544,593	7,565,475	15,057,959	14,393,893	2,390,187	1,505,838	4,252,050	3,007,434	189,573	95,088

The accompanying notes form part of these financial statements.

NB. The consolidated accounts also includes the Australian Ethical Property Trust (AEPT), figures as per Note 17.

Note 1 - Statement of significant accounting policies

These Financial Reports are general purpose financial reports that have been prepared in accordance with the Constitutions of each scheme, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The Financial Reports cover each scheme as an individual entity, (except for "Balanced Trust Consolidated"). All reports comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. The schemes are established and domiciled in Australia.

As the schemes have the same Responsible Entity, the Financial Reports for the schemes are presented in a single document as permitted by ASIC class order 06/441.

The following is a summary of the material accounting policies adopted by the schemes in the preparation of the Financial Reports. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The Financial Reports have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

Accounting policies

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

(b) 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. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments.

AEET, AELT and AEWT hold derivatives which are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Income Statements in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial liabilities

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

Note 1 - Statement of significant accounting policies - *continued*

(b) Financial instruments - *continued*

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(c) Investment property

AEBT holds investment property (principally Crown leasehold office complexes), to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined every 12 months by independent valuers. Changes to fair value are recorded in the Income Statement.

(d) Payables

Liabilities are recognised for all amounts due at balance date. Creditors are normally settled within 30 days.

(e) Distribution

Australian Ethical distributes to the unitholders of each scheme the income (generally net taxable income plus non-taxable income, not including realised capital gains) earned by the schemes each six months. In addition, normally taxable capital gains realised over the full financial year will be included with the distribution for the six months ending 30 June. The non-taxable component of income may be retained in the schemes.

'Net taxable income' is all the income earned by the schemes, less expenses incurred in obtaining that income, and is determined in accordance with section 95 of the Income Tax Assessment Act.

(f) Change in net assets attributable to unitholders

Change in net assets attributable to unitholders may consist of realised net capital losses and unrealised increments and decrements arising on fluctuation in value of investments. They are included in the determination of distributable income when assessable for taxation purposes.

(g) Revenue

Revenue from rental properties is recognised when the scheme has a right to receive the rent in accordance with the lease agreement.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Trust distributions are recognised on an accrual basis.

Unrealised increments and decrements arising on fluctuation in value of investments are included in the net operating income for the year.

Revenue from investment properties is recognised on an accrual basis.

(h) Applications and redemptions

Applications received for units in each scheme are recorded net of any contribution fees payable prior to the issue of units in each scheme. No exit fees are charged. Unit prices are determined by reference to the net assets of each scheme divided by the number of units on issue at close of business each day.

All or part of an investment can be switched between the Australian Ethical schemes. The contribution fee charged on a switch is the difference between the contribution fee for the original scheme and the new scheme. Further details can be found in the Australian Ethical Investment Trust's Product Disclosure Statement.

Note 1 - Statement of significant accounting policies - *continued*

(i) Goods and Services Tax (GST)

The schemes qualify for Reduced Input Tax Credits (RITC's) at a rate of 75%.

Revenues, expenses and assets are recognised net of the amount of 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 in the Balance Sheets are shown inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Balance Sheet.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(j) Income tax

No tax is payable by the schemes as all taxable income is distributed to unitholders.

(k) Foreign currency transactions and balances

AEBT, AEET, AELT and WIET foreign currency transactions are translated into Australian Currency at the rate of exchange applicable at the date of the transaction. Amounts payable and receivable in foreign currencies at balance date are translated at the year-end exchange rate. The resulting gains and losses are included in the Income Statements in the period they arise.

(l) Currency options

AEET, AELT and AEWT hold options which are purchased to hedge against foreign currency exposure. The cost is amortised over the period of the option. The options are valued using the Black Scholes pricing model, which is common place as a valuation method for these derivatives across the wider market.

(m) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Principles of consolidation

A controlled entity is any entity where the schemes have the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a June year-end.

All inter-company 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.

Note 2 - Number of Issued Units

	Balanced Trust ("AEBT")		International Equities Trust ("WIET")		Balanced Trust Consolidated ("AEBTC")		Equities Trust ("AEET")		Income Trust ("AEIT")		Large Companies Share Trust ("AELT")		World Trust ("AEWT")	
	2009 Units	2008 Units	2009 Units	2008 Units	2009 Units	2008 Units	2009 Units	2008 Units	2009 Units	2008 Units	2009 Units	2008 Units	2009 Units	2008 Units
On issue at beginning of year	205,782,761	178,923,186	42,597,190	10,093,206	213,134,823	178,923,186	125,968,588	97,888,497	27,832,141	23,743,234	84,008,575	71,388,362	7,900,867	-
Issued	18,560,628	39,021,855	14,487,260	32,503,984	26,591,419	46,373,917	12,336,214	33,715,842	11,240,259	5,819,309	5,263,142	19,348,460	1,741,559	8,506,492
Redeemed	(11,427,052)	(12,162,280)	(1,777,533)	-	(13,204,585)	(12,162,280)	(8,438,200)	(5,635,751)	(7,594,293)	(1,730,402)	(6,912,986)	(6,728,247)	(792,303)	(605,625)
On issue at year end	212,916,337	205,782,761	55,306,917	42,597,190	226,521,657	213,134,823	129,866,602	125,968,588	31,478,107	27,832,141	82,358,731	84,008,575	8,850,123	7,900,867

Note 3 - Net assets attributable to unitholders

	Balanced Trust ("AEBT")		International Equities Trust ("WIET")		Balanced Trust Consolidated ("AEBTC")		Equities Trust ("AEET")		Income Trust ("AEIT")		Large Companies Share Trust ("AELT")		World Trust ("AEWT")	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Opening Balance	228,550,266	229,870,973	35,107,184	9,811,364	234,609,591	229,870,973	186,945,137	172,303,517	26,590,095	22,908,327	122,165,574	130,182,943	6,531,316	-
Issued	19,227,824	49,040,235	10,127,471	30,728,247	20,137,823	56,131,656	17,042,330	56,667,929	10,720,912	5,672,909	6,884,456	33,898,817	1,211,846	8,187,986
Redeemed	(11,949,456)	(14,902,165)	(1,283,636)	-	(12,249,456)	(14,902,165)	(11,355,438)	(9,115,256)	(7,222,030)	(1,681,245)	(9,231,661)	(11,253,190)	(575,732)	(562,937)
Change in net assets attributable to unitholders	(18,712,193)	(35,458,777)	(6,284,928)	(5,432,427)	(19,911,105)	(36,490,873)	(3,909,587)	(32,911,053)	(380,121)	(309,896)	(11,163,797)	(30,662,996)	(1,210,002)	(1,093,733)
Total net assets attributable to unitholders	217,116,441	228,550,266	37,666,091	35,107,184	222,586,853	234,609,591	188,722,442	186,945,137	29,708,856	26,590,095	108,654,572	122,165,574	5,957,428	6,531,316

Note 4 - Cash and cash equivalents

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank	7,865,268	6,028,098	2,583,246	1,537,377	10,544,593	7,565,475	15,057,959	14,393,893	2,390,187	1,505,838	4,252,050	3,007,434	189,573	95,088
	7,865,268	6,028,098	2,583,246	1,537,377	10,544,593	7,565,475	15,057,959	14,393,893	2,390,187	1,505,838	4,252,050	3,007,434	189,573	95,088

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Reconciliation of cash

For the purposes of the Cash Flow Statement, Cash includes Cash at Bank and Cash on Deposit. Cash at the end of the year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
Cash at Bank	7,865,268	6,028,098	2,583,246	1,537,377	10,544,593	7,565,475	15,057,959	14,393,893	2,390,187	1,505,838	4,252,050	3,007,434	189,573	95,088
	7,865,268	6,028,098	2,583,246	1,537,377	10,544,593	7,565,475	15,057,959	14,393,893	2,390,187	1,505,838	4,252,050	3,007,434	189,573	95,088

Note 5 - Trade and other receivables

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
Dividend receivable	4,301	3,712	18,324	5,216	22,625	8,928	291,761	32,405	-	-	243,773	116,210	-	-
Interest receivable	611,127	931,742	7,403	11,973	618,530	943,715	39,869	79,614	166,229	251,005	9,658	21,333	475	651
Investment sales	39,260	-	-	-	39,260	-	64,678	-	-	-	32,884	-	-	-
Rent and other income receivable	11,509	1,066	-	-	11,509	1,066	-	-	-	-	-	-	-	-
Distributions receivable	548,622	1,505,021	-	-	548,622	1,505,021	553,072	1,227,146	-	-	331,795	755,531	-	-
Debtors	398,493	1,689,536	88,269	48,863	492,677	1,738,399	740,859	1,674,217	30,887	638,530	262,989	1,131,718	17,621	224,982
	1,613,312	4,131,077	113,996	66,052	1,733,223	4,197,129	1,690,239	3,013,382	197,116	889,535	881,099	2,024,792	18,096	225,633

Note 6 - Financial assets at fair value through profit or loss

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	(" AEBT")		(" WIET")		(" AEBTC")		(" AEET")		(" AEIT")		(" AELT")		(" AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Equities														
Australian listed	41,520,589	37,657,993	-	-	41,520,589	37,657,993	120,612,301	91,196,182	-	-	59,394,674	60,402,869	-	-
International listed	-	5,384,561	35,028,299	33,613,473	35,028,299	38,998,034	33,076,994	50,451,181	-	-	36,440,596	41,895,112	-	-
Unlisted	-	253,413	-	-	-	253,413	376,365	595,194	-	-	-	-	-	-
	41,520,589	43,295,967	35,028,299	33,613,473	76,548,888	76,909,440	154,065,660	142,242,557	-	-	95,835,270	102,297,981	-	-
Unit Trusts														
Listed	5,445,439	8,751,963	-	-	5,445,439	8,751,963	-	-	-	-	2,252,320	2,924,747	-	-
Unlisted	57,010,496	46,276,346	-	-	13,669,124	17,228,487	-	-	-	-	-	-	5,667,206	6,071,333
	62,455,935	55,028,309	-	-	19,114,563	25,980,450	-	-	-	-	2,252,320	2,924,747	5,667,206	6,071,333
Stapled Securities														
Listed	13,750,574	22,656,139	-	-	13,750,574	22,656,139	19,363,651	27,351,242	325,853	476,661	5,423,693	11,535,612	-	-
Unlisted	-	-	-	-	-	-	1,113,563	1,389,348	-	-	-	-	-	-
	13,750,574	22,656,139	-	-	13,750,574	22,656,139	20,477,214	28,740,590	325,853	476,661	5,423,693	11,535,612	-	-
Derivatives														
Currency options	-	257,375	-	-	-	257,375	502,201	1,329,682	-	-	325,646	1,525,168	92,672	146,881
	-	257,375	-	-	-	257,375	502,201	1,329,682	-	-	325,646	1,525,168	92,672	146,881
Interest Bearing Securities														
Notes/debt instruments secured	6,014,879	13,700,102	-	-	6,014,879	13,700,102	-	-	6,578,766	9,072,694	-	-	-	-
Notes/debt instruments unsecured	74,305,800	74,685,507	-	-	74,305,800	74,685,507	-	269,522	19,320,612	13,258,911	-	-	-	-
Deposits	300,000	1,090,000	-	-	300,000	1,090,000	-	-	-	210,000	-	-	-	-
	80,620,679	89,475,609	-	-	80,620,679	89,475,609	-	269,522	25,899,378	22,541,605	-	-	-	-
	198,347,777	210,713,399	35,028,299	33,613,473	190,034,704	215,279,013	175,045,075	172,582,351	26,225,231	23,018,266	103,836,929	118,283,508	5,759,878	6,218,214

Note 7 - Loans

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Secured	5,325,422	6,015,889	-	-	5,325,422	6,015,889	-	-	1,363,884	2,091,513	-	-	-	-
	5,325,422	6,015,889	-	-	5,325,422	6,015,889	-	-	1,363,884	2,091,513	-	-	-	-

Note 8 - Investment properties

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
Residential	-	205,000	-	-	-	205,000	-	-	-	-	-	-	-	-
Commercial	6,600,000	6,750,000	-	-	25,100,000	6,750,000	-	-	-	-	-	-	-	-
Total investment properties	6,600,000	6,955,000	-	-	25,100,000	6,955,000	-	-	-	-	-	-	-	-
At Fair Value														
Opening balance at 1 July	6,955,000	6,075,000	-	-	6,955,000	6,075,000	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	18,500,000	-	-	-	-	-	-	-	-	-
Disposals	(205,000)	-	-	-	(205,000)	-	-	-	-	-	-	-	-	-
Net gain (loss) from fair value adjustment	(150,000)	880,000	-	-	(150,000)	880,000	-	-	-	-	-	-	-	-
Closing balance at 30 June	6,600,000	6,955,000	-	-	25,100,000	6,955,000	-	-	-	-	-	-	-	-

Note 8 - Investment properties - continued**(a) Amounts recognised in profit and loss for investment property**

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Rental income	610,058	567,277	-	-	624,247	567,277	-	-	-	-	-	-	-	-
Direct operating expenses from property that generate rental income	(94,109)	(82,862)	-	-	(112,362)	(82,862)	-	-	-	-	-	-	-	-
Direct operating expenses from property that did not generate rental income	-	(1,467)	-	-	-	(1,467)	-	-	-	-	-	-	-	-
	515,949	482,948	-	-	511,885	482,948	-	-	-	-	-	-	-	-

(b) Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The fair value model is applied to all investment properties. Valuations are performed every 12 months by a registered independent valuer.

(c) Leasing arrangements

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
Within one year	638,428	615,971	-	-	2,145,838	615,971	-	-	-	-	-	-	-	-
Later than one year but not later than 5 years	324,929	937,948	-	-	6,024,602	937,948	-	-	-	-	-	-	-	-
Later than 5 years	-	-	-	-	368,203	-	-	-	-	-	-	-	-	-
	963,357	1,553,919	-	-	8,538,643	1,553,919	-	-	-	-	-	-	-	-

Notes to the financial statements for the year ended 30 June 2009

Note 9 - Trade and other payables

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Trade payables and sundry creditors	397,802	391,406	59,450	109,718	513,553	501,124	373,411	384,115	47,159	32,337	218,273	250,112	10,119	7,619
Accrued redemptions	1,778	52,320	-	-	1,778	52,320	82,101	54,429	-	-	97,233	110,467	-	-
Investment purchases	-	-	-	-	-	-	1,750,000	-	-	-	-	-	-	-
	399,580	443,726	59,450	109,718	515,331	553,444	2,205,512	438,544	47,159	32,337	315,506	360,579	10,119	7,619

Note 10 - Borrowings

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Bank Bill	-	-	-	-	7,400,000	-	-	-	-	-	-	-	-	-
	-	-	-	-	7,400,000	-	-	-	-	-	-	-	-	-

Note 11 - Distribution payable

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net amount available for distribution	6,770,631	9,474,158	-	-	6,770,631	9,474,158	865,319	3,931,674	1,295,450	1,557,169	-	1,854,102	-	-
Distributed														
half-year ended 31 December 2008	4,534,873	4,624,687	-	-	4,534,873	4,624,687	-	1,325,729	875,047	674,449	-	1,064,521	-	-
half-year ended 30 June 2009	2,235,758	4,849,471	-	-	2,235,758	4,849,471	865,319	2,605,945	420,403	882,720	-	789,581	-	-
	6,770,631	9,474,158	-	-	6,770,631	9,474,158	865,319	3,931,674	1,295,450	1,557,169	-	1,854,102	-	-

Note 12 - Auditors' remuneration

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
Amounts received or due and receivable by the Auditors of the Trust for:														
Auditing the financial report	32,300	31,000	11,900	8,000	44,200	39,000	23,600	22,800	10,000	9,400	14,900	14,500	4,500	2,000
Tax and other accounting advice	7,866	7,532	4,039	2,728	11,905	10,260	8,279	8,027	3,572	3,353	5,774	5,685	1,694	750
	40,166	38,532	15,939	10,728	56,105	49,260	31,879	30,827	13,572	12,753	20,674	20,185	6,194	2,750

Note 13 - Cash flow information

Reconciliation of net cash provided by operating activities with profit (loss) from operating activities

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net operating profit (loss) for the year from ordinary activities	(11,941,562)	(25,984,619)	(6,284,928)	(5,432,427)	(13,140,474)	(27,016,715)	(3,044,268)	(28,979,379)	915,329	1,247,273	(11,163,797)	(28,808,894)	(1,210,002)	(1,093,733)
(Increase) Decrease in accrued income	1,265,982	(993,260)	(8,537)	(7,046)	1,257,445	(1,000,306)	454,459	(521,785)	84,776	(109,047)	307,846	(488,743)	177	(651)
Unrealised (increment) decrement on fluctuation in value of investments	5,486,307	27,540,864	2,339,671	3,131,154	1,335,655	26,271,687	5,366,648	15,656,808	380,121	309,895	(6,104,136)	13,626,837	979,824	973,260
Increase (Decrease) in accrued charges & creditors	(9,680)	(65,952)	(50,268)	97,514	(3,647)	31,562	(12,906)	(6,902)	8,223	3,669	(31,957)	(32,933)	1,879	5,821
(Increase) Decrease in debtors	70,522	(191,798)	(48,009)	(38,913)	16,598	(230,711)	(335,108)	(234,965)	(4,036)	(19,059)	68,616	(182,532)	(6,895)	(9,766)
(Profit) Loss on sale of investments	13,225,884	7,288,311	3,866,082	1,743,325	17,091,966	9,031,636	(1,457,060)	15,294,629	-	-	16,563,761	16,548,178	32,933	-
Currency option amortisation	62,964	294,496	-	-	62,964	294,496	2,457,954	665,830	-	-	1,838,360	792,625	306,800	93,882
Net cash provided by (used in) operating activities	8,160,417	7,888,042	(185,989)	(506,393)	6,620,507	7,381,649	3,429,719	1,874,236	1,384,413	1,432,731	1,478,693	1,454,538	104,716	(31,187)

Note 14 - Segment information

The schemes operate in the finance market (within the terms of the Australian Ethical Investment charter) mainly in Australia. During the 2009 financial year the schemes invested in international listed securities at market value as at 30 June 2009 (refer note 6) as follows:

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
International Listed	-	5,384,561	35,028,299	33,613,473	35,028,299	38,998,034	33,076,994	50,451,181	-	-	36,440,596	41,895,112	-	-
Dividends earned by the schemes during the year from these investments.	46,815	252,223	797,144	425,556	843,959	677,779	837,771	502,383	-	-	701,843	792,799	-	-

Note 15 - Related party disclosures

Australian Ethical Investment Limited (AEIL), as Responsible Entity of each scheme, provides investment services for the schemes in accordance with each scheme's constitution. Transactions with the Responsible Entity are undertaken on commercial terms and conditions.

The Australian Ethical Balanced Trust (AEBT) holds units in the Australian Ethical Equities Trust (AEET), the Australian Ethical Property Trust (AEPT) and in the Australian Ethical International Equities Trust (WIET) for whom Australian Ethical Investment Limited is also the Responsible Entity.

During the year the following amounts were paid to the Responsible Entity in accordance with each scheme's Constitution:

Australian Ethical Investment Limited

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Management Fees	3,610,398	4,187,618	488,399	362,184	4,098,797	4,549,802	3,368,972	3,702,497	324,777	287,897	2,117,846	2,642,987	36,267	27,731
Accounting Fees	275,159	159,875	108,433	57,515	383,592	217,390	216,377	126,075	91,958	50,301	140,951	79,587	41,821	22,115
Reimbursable Expenses	73,717	55,374	111	386	73,828	55,760	83,455	59,050	6,876	4,835	57,792	47,179	7,498	5,578
	3,959,274	4,402,867	596,943	420,085	4,556,217	4,822,952	3,668,804	3,887,622	423,611	343,033	2,316,589	2,769,753	85,586	55,424

The amounts due and payable at 30 June 2009 to the Responsible Entity, inclusive of GST but before input tax credits, in accordance with each scheme's Constitutions were:

	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
Management Fees, Accounting Fees and Reimbursable Expenses	353,038	358,279	55,767	47,633	408,805	405,912	350,432	338,036	39,571	31,754	203,573	217,771	7,767	5,821

Transactions between Australian Ethical Investment Ltd and the schemes during the financial year were:

AEIL purchase of units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution payments to AEIL	6,873	7,311	-	-	6,873	7,311	-	-	-	-	-	-	-	-
AEIL Sale of Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Value of units held by AEIL	320,749	349,891	-	-	320,749	349,891	-	-	-	-	-	-	-	-
Distribution receivable by AEIL	3,298	7,400	-	-	3,298	7,400	-	-	-	-	-	-	-	-

Note 15 - Related party disclosures - continued**Australian Ethical Income Trust / Australian Ethical Equities Trust / Australian Ethical International Equities Trust / Australian Ethical Property Trust**

Transactions between the schemes during the financial year were:

	Balanced Trust ("AEBT")		International Equities Trust ("WIET")		Balanced Trust Consolidated ("AEBTC")		Equities Trust ("AEET")		Income Trust ("AEIT")		Large Companies Share Trust ("AELT")		World Trust ("AEWT")	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Distributions from AEET	-	41,877	-	-	-	-	-	-	-	-	-	-	-	-
Distributions from AEIT	125,787	168,670	-	-	-	-	-	-	-	-	-	-	-	-
Distributions from WIET	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions from AEPT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Units sold in AEIT	5,897,945	300,000	-	-	-	-	-	-	-	-	-	-	-	-
Units sold in WIET	-	-	-	-	-	-	-	-	-	-	-	-	300,000	-
Units sold in AEPT	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Units purchased in AEET	3,000,000	7,725,155	-	-	-	-	-	-	-	-	-	-	-	-
Units purchased in WIET	8,233,836	23,620,155	-	-	-	-	-	-	-	-	-	-	910,000	7,091,421
Units purchased in AEPT	12,550,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Value of units held in AEET	9,965,274	6,981,285	-	-	-	-	-	-	-	-	-	-	-	-
Value of units held in AEIT	-	6,129,706	-	-	-	-	-	-	-	-	-	-	-	-
Value of units held in WIET	32,191,205	29,105,426	-	-	-	-	-	-	-	-	-	-	5,666,379	6,071,333
Value of units held in AEPT	11,145,693	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution receivable from AEET	45,284	94,661	-	-	-	-	-	-	-	-	-	-	-	-
Distribution receivable from AEIT	-	196,929	-	-	-	-	-	-	-	-	-	-	-	-
Distribution receivable from WIET	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution receivable from AEPT	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note 16 - Financial instruments**a) Financial Risk Management Policies**

Each Investment Trusts' financial instruments consist of: cash and cash equivalents; trade and other receivables; financial assets; trade and other payables; and distribution payable. In addition to these, AEBT's financial instruments include loans and investment properties and AEIT's financial instruments include loans.

The responsible entity has an Investment Committee and a Compliance and Risk Committee. These are board committees which are responsible under their Charters for the oversight of various policies and procedures to manage financial risks.

i) Treasury Risk Management

The activities of the Investment Trusts expose them to a variety of financial risks: liquidity risk, credit risk and market risk (which includes interest rate risk and foreign currency risk, and represents the risk that a financial instrument's value will fluctuate as a result of changes in the market.)

The Investment Committee's Charter requires it to oversight the processes which govern the investment of monies of the Investment Trusts for which Australian Ethical Investment Limited is the responsible entity. The Investment Committee bears primary responsibility for the oversight of processes for the management of the above financial risks. It meets on a regular basis to analyse financial risk exposure and to evaluate management strategies in the context of the most recent economic conditions and forecasts.

The Investment Committee monitors and is responsible for maintaining the primary risk management tool for financial risks – a documented set of Trust Investment Parameters. The activities of the Investment Committee aim to minimise the potential adverse affects on Investment Trust performance of the unpredictability of financial markets, while maintaining the individual qualities of each Investment Trust as defined in the Trust Investment Parameters.

ii) Financial Exposures and Management

The most significant risks the Investment Trusts are exposed to through their financial instruments are interest rate risk, foreign currency and credit risk. The Investment Trusts also have an exposure to liquidity risk.

Interest rate risk

The exposure the Investment Trusts have to interest rate changes is investing in interest rate sensitive financial assets such as loans, notes and mortgage backed securities, with other parties. The returns from these investments are exposed to variation in prevailing interest rates and are dependant upon the prevailing interest rate offered and other market conditions. The newly created Property Trust has used borrowing for the first time for any Australian Ethical Trust. It has entered into a facility with our corporate bankers (NAB), to provide a revolving 3 month Bank Bill, on extremely competitive floating rates.

Interest rate risk represents the risk that the Investment Trusts' financial performance will be adversely affected by fluctuations in interest rates.

Foreign currency risk

Foreign currency risk arises when recognised assets and liabilities and future commercial transactions are denominated in a currency that is not the entity's functional currency. Each Investment Trust (other than the Australian Ethical Income Trust) invests internationally and is exposed to foreign currency risk arising from exposure to a variety of different currencies.

The responsible entity uses derivative financial instruments, such as foreign currency options, to hedge the foreign currency risk exposures. The foreign currency exposure of the Investment Trusts are reviewed regularly and updated as required. The use of derivative financial instruments is subject to policies and parameters set out in the responsible entities' Derivatives Risk Statement and Trust Investment Parameters. The Investment Committee is responsible for monitoring adherence to the Derivatives Risk Statement and the Trust Investment Parameters.

Liquidity risk

Liquidity risk is the risk that the Investment Trusts will encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. To control liquidity risk, the Investment Trusts invest a significant portion of their funds in financial instruments which under normal market conditions are readily convertible into cash. The Investment Trusts operate within established limits to ensure there is no concentration of risk. The responsible entity maintains liquidity guidelines. The Investment Committee and the Audit, Compliance and Risk Committee monitor liquidity and the implementation of the guidelines.

All payables of the Investment Trusts are classed as normal operating obligations and are to be paid within six months of balance date.

Credit risk

Credit risk represents the risk that a counterparty will fail to perform contractual obligations under a contract. Each Trusts' maximum credit risk exposure at balance date in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in the Balance Sheet. The Trust Investment Parameters established by the responsible entity ensures credit risk is managed within accepted pre-determined guidelines. The Investment Committee meets regularly to review and if necessary, recommend modifications to the Trust Investment Parameters.

The Investment Trusts do not have any material credit risk exposure to a single receivable or group receivables under financial instruments entered into by the Trusts.

Note 16 - Financial instruments - continued**b) Financial Instrument Composition and Maturity Analysis**

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the weighted average interest rates on classes of financial assets and financial liabilities. Each Investment Trusts' exposure to that interest rate risk is as follows:

AEBT	Fixed Interest Rate Maturing													
	Weighted average interest rate		Floating interest rate		Fixed interest rate within 1 year		Fixed interest rate 1 to 5 years		Fixed interest rate over 5 years		Non-interest bearing		Total	
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Cash and cash equivalents	4	7	7,865,268	6,028,098	-	-	-	-	-	-	-	-	7,865,268	6,028,098
Trade and other receivables			-	-	-	-	-	-	-	-	1,613,312	4,131,077	1,613,312	4,131,077
Financial assets	4	9	70,540,887	67,272,819	10,079,792	22,202,790	-	-	-	-	117,727,098	121,237,790	198,347,777	210,713,399
Loans	8	10	400,000	400,000	-	-	3,338,999	3,919,270	-	-	1,586,423	1,696,619	5,325,422	6,015,889
Investment properties			-	-	-	-	-	-	-	-	6,600,000	6,955,000	6,600,000	6,955,000
Total financial assets			78,806,155	73,700,917	10,079,792	22,202,790	3,338,999	3,919,270	-	-	127,526,833	134,020,486	219,751,779	233,843,463
Trade and other payables			-	-	-	-	-	-	-	-	399,580	443,726	399,580	443,726
Distribution payable			-	-	-	-	-	-	-	-	2,235,758	4,849,471	2,235,758	4,849,471
Total financial liabilities			-	-	-	-	-	-	-	-	2,635,338	5,293,197	2,635,338	5,293,197

WIET	Fixed Interest Rate Maturing													
	Weighted average interest rate		Floating interest rate		Fixed interest rate within 1 year		Fixed interest rate 1 to 5 years		Fixed interest rate over 5 years		Non-interest bearing		Total	
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Cash and cash equivalents	4	7	2,583,246	1,537,377	-	-	-	-	-	-	-	-	2,583,246	1,537,377
Trade and other receivables			-	-	-	-	-	-	-	-	113,996	66,052	113,996	66,052
Financial assets	-	-	-	-	-	-	-	-	-	-	35,028,299	33,613,473	35,028,299	33,613,473
Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets			2,583,246	1,537,377	-	-	-	-	-	-	35,142,295	33,679,525	37,725,541	35,216,902
Trade and other payables			-	-	-	-	-	-	-	-	59,450	109,718	59,450	109,718
Distribution payable			-	-	-	-	-	-	-	-	-	-	-	-
Total financial liabilities			-	-	-	-	-	-	-	-	59,450	109,718	59,450	109,718

AEBTC	Fixed Interest Rate Maturing													
	Weighted average interest rate		Floating interest rate		Fixed interest rate within 1 year		Fixed interest rate 1 to 5 years		Fixed interest rate over 5 years		Non-interest bearing		Total	
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Borrowings	6		-	-	7,400,000	-	-	-	-	-	-	-	7,400,000	-
Total financial liabilities			-	-	7,400,000	-	-	-	-	-	-	-	7,400,000	-

Note 16 - Financial instruments - continued

AEET	Fixed Interest Rate Maturing													
	Weighted average interest rate		Floating interest rate		Fixed interest rate within 1 year		Fixed interest rate 1 to 5 years		Fixed interest rate over 5 years		Non-interest bearing		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	4	7	15,057,959	14,393,893	-	-	-	-	-	-	-	-	15,057,959	14,393,893
Trade and other receivables			-	-	-	-	-	-	-	-	1,690,239	3,013,382	1,690,239	3,013,382
Financial assets			-	-	-	-	-	-	-	-	175,045,075	172,582,351	175,045,075	172,582,351
Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets			15,057,959	14,393,893	-	-	-	-	-	-	176,735,314	175,595,733	191,793,273	189,989,626
Trade and other payables			-	-	-	-	-	-	-	-	2,205,512	438,544	2,205,512	438,544
Distribution payable			-	-	-	-	-	-	-	-	865,319	2,605,945	865,319	2,605,945
Total financial liabilities			-	-	-	-	-	-	-	-	3,070,831	3,044,489	3,070,831	3,044,489

AEIT	Fixed Interest Rate Maturing													
	Weighted average interest rate		Floating interest rate		Fixed interest rate within 1 year		Fixed interest rate 1 to 5 years		Fixed interest rate over 5 years		Non-interest bearing		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	4	7	2,390,187	1,505,838	-	-	-	-	-	-	-	-	2,390,187	1,505,838
Trade and other receivables			-	-	-	-	-	-	-	-	197,116	889,535	197,116	889,535
Financial assets	4	8	17,711,693	15,563,549	8,187,685	6,978,056	-	-	-	-	325,853	476,661	26,225,231	23,018,266
Loans	8	11	-	-	-	-	1,363,884	2,091,513	-	-	-	-	1,363,884	2,091,513
Total financial assets			20,101,880	17,069,387	8,187,685	6,978,056	1,363,884	2,091,513	-	-	522,969	1,366,196	30,176,418	27,505,152
Trade and other payables			-	-	-	-	-	-	-	-	47,159	32,337	47,159	32,337
Distribution payable			-	-	-	-	-	-	-	-	420,403	882,720	420,403	882,720
Total financial liabilities			-	-	-	-	-	-	-	-	467,562	915,057	467,562	915,057

Note 16 - Financial instruments - continued

AELT	Fixed Interest Rate Maturing													
	Weighted average interest rate		Floating interest rate		Fixed interest rate within 1 year		Fixed interest rate 1 to 5 years		Fixed interest rate over 5 years		Non-interest bearing		Total	
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Cash and cash equivalents	4	7	4,252,050	3,007,434	-	-	-	-	-	-	-	-	4,252,050	3,007,434
Trade and other receivables			-	-	-	-	-	-	-	-	881,099	2,024,792	881,099	2,024,792
Financial assets			-	-	-	-	-	-	-	-	103,836,929	118,283,508	103,836,929	118,283,508
Loans			-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets			4,252,050	3,007,434	-	-	-	-	-	-	104,718,028	120,308,300	108,970,078	123,315,734
Trade and other payables			-	-	-	-	-	-	-	-	315,506	360,579	315,506	360,579
Distribution payable			-	-	-	-	-	-	-	-	-	789,581	-	789,581
Total financial liabilities			-	-	-	-	-	-	-	-	315,506	1,150,160	315,506	1,150,160

AEWT	Fixed Interest Rate Maturing													
	Weighted average interest rate		Floating interest rate		Fixed interest rate within 1 year		Fixed interest rate 1 to 5 years		Fixed interest rate over 5 years		Non-interest bearing		Total	
	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Cash and cash equivalents	4	7	189,573	95,088	-	-	-	-	-	-	-	-	189,573	95,088
Trade and other receivables			-	-	-	-	-	-	-	-	18,096	225,633	18,096	225,633
Financial assets			-	-	-	-	-	-	-	-	5,759,878	6,218,214	5,759,878	6,218,214
Loans			-	-	-	-	-	-	-	-	-	-	-	-
Total financial assets			189,573	95,088	-	-	-	-	-	-	5,777,974	6,443,847	5,967,547	6,538,935
Trade and other payables			-	-	-	-	-	-	-	-	10,119	7,619	10,119	7,619
Distribution payable			-	-	-	-	-	-	-	-	-	-	-	-
Total financial liabilities			-	-	-	-	-	-	-	-	10,119	7,619	10,119	7,619

Note 16 - Financial instruments - continued

c) Net Fair Values

All Financial Assets are marked to market and carried at fair value as determined by an independent source where available. The net fair values of listed investments have been valued at the quoted market bid price at balance date. For other liabilities where no independent pricing source exists, the net fair value approximates their carrying value. Financial assets are valued in accordance with the Compliance Plan to ensure carrying values are recorded at fair value. The Compliance Plan is overseen by the Audit, Compliance and Risk Committee. The Audit, Compliance and Risk Committee meets on a regular basis to ensure adherence to the Compliance Plan and that the correct basis for valuations are followed by the responsible entity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Net Fair Values 2009														
Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust		
("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")		
Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets														
Financial assets at fair value through profit or loss	198,347,777	198,347,777	35,028,299	35,028,299	190,034,704	190,034,704	175,045,075	175,045,075	26,225,231	26,225,231	103,836,929	103,836,929	5,759,878	5,759,878
Investment Properties	6,600,000	6,600,000	-	-	25,100,000	25,100,000	-	-	-	-	-	-	-	-
Loans	5,325,422	5,325,422	-	-	5,325,422	5,325,422	-	-	1,363,884	1,363,884	-	-	-	-
Trade and other receivables	1,613,312	1,613,312	113,996	113,996	1,733,223	1,733,223	1,690,239	1,690,239	197,116	197,116	881,099	881,099	18,096	18,096
	211,886,511	211,886,511	35,142,295	35,142,295	222,193,349	222,193,349	176,735,314	176,735,314	27,786,231	27,786,231	104,718,028	104,718,028	5,777,974	5,777,974
Financial liabilities														
Trade and other payables	399,580	399,580	59,450	59,450	515,331	515,331	2,205,512	2,205,512	47,159	47,159	315,506	315,506	10,119	10,119
Borrowings	-	-	-	-	7,400,000	7,400,000	-	-	-	-	-	-	-	-
	399,580	399,580	59,450	59,450	7,915,331	7,915,331	2,205,512	2,205,512	47,159	47,159	315,506	315,506	10,119	10,119

Net Fair Values 2008														
Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust		
("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")		
Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	Carrying amount	Net fair value	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets														
Financial assets at fair value through profit or loss	210,713,399	210,713,399	33,613,473	33,613,473	215,279,013	215,279,013	172,582,351	172,582,351	23,018,266	23,018,266	118,283,508	118,283,508	6,218,214	6,218,214
Investment Properties	6,955,000	6,955,000	-	-	6,955,000	6,955,000	-	-	-	-	-	-	-	-
Loans	6,015,889	6,015,889	-	-	6,015,889	6,015,889	-	-	2,091,513	2,091,513	-	-	-	-
Trade and other receivables	4,131,077	4,131,077	66,052	66,052	4,197,129	4,197,129	3,013,382	3,013,382	889,535	889,535	2,024,792	2,024,792	225,633	225,633
	227,815,365	227,815,365	33,679,525	33,679,525	232,447,031	232,447,031	175,595,733	175,595,733	25,999,314	25,999,314	120,308,300	120,308,300	6,443,847	6,443,847
Financial liabilities														
Trade and other payables	443,726	443,726	109,718	109,718	553,444	553,444	438,544	438,544	32,337	32,337	360,579	360,579	7,619	7,619

Note 16 - Financial instruments - continued

d) Sensitivity Analysis

Foreign currency risk

In assessing foreign currency risk, management has considered the foreign currencies to which it is exposed and assumed a plus/minus 5% movement in the AUD against the underlying currencies.

Management has determined a plus/minus 5% movement in these currencies to be an appropriate sensitivity following analysis of foreign exchange volatility. This sensitivity analysis is conducted at balance date and details the effects on the financial instruments held by the Investment Trusts on balance date. The analysis is based on movements in foreign currency from the spot rates prevailing at balance date.

		FX Sensitivity Analysis Change in Profit													
Currency	FX Exposure	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
		("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
		2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
+5% AUD v's	CHF	(34,939)	(12,949)	(41,090)	(15,650)	(34,939)	(12,949)	-	-	-	-	-	(53,342)	(6,151)	(2,701)
-5% AUD v's		34,939	12,949	41,090	15,650	34,939	12,949	-	-	-	-	-	53,342	6,151	2,701
+5% AUD v's	DKK	(52,273)	(157,585)	(50,508)	(56,690)	(52,273)	(157,585)	(178,335)	(122,643)	-	-	(112,765)	(195,750)	(7,561)	(9,785)
-5% AUD v's		52,273	157,585	50,508	56,690	52,273	157,585	178,335	122,643	-	-	112,765	195,750	7,561	9,785
+5% AUD v's	EUR	(356,686)	(263,864)	(389,470)	(347,661)	(356,686)	(263,864)	(158,146)	(222,065)	-	-	(325,717)	(500,312)	(25,510)	(34,867)
-5% AUD v's		356,686	306,849	389,470	347,661	356,686	306,849	487,955	528,765	-	-	351,321	618,798	58,304	60,006
+5% AUD v's	GBP	(110,936)	(139,379)	(123,788)	(184,806)	(110,936)	(139,379)	(26,349)	(249,019)	-	-	(92,170)	(17,325)	(13,391)	(13,619)
-5% AUD v's		110,936	139,379	123,788	184,806	110,936	139,379	76,746	277,487	-	-	114,179	149,806	16,547	18,810
+5% AUD v's	HKD	(78,681)	(61,098)	(92,533)	(73,843)	(78,681)	(61,098)	-	-	-	-	(109,245)	(57,759)	(13,852)	(12,745)
-5% AUD v's		78,681	61,098	92,533	73,843	78,681	61,098	-	-	-	-	109,245	57,759	13,852	12,745
+5% AUD v's	JPY	(163,003)	(140,875)	(178,933)	(225,560)	(163,003)	(140,875)	(65,695)	(5,630)	-	-	(166,938)	(3,804)	(20,068)	(12,626)
-5% AUD v's		163,003	182,551	178,933	225,560	163,003	182,551	207,581	164,685	-	-	187,826	123,585	26,786	38,815
+5% AUD v's	NOK	(46,642)	(90,247)	(46,998)	(35,689)	(46,642)	(90,247)	(127,716)	(194,047)	-	-	(51,231)	(86,906)	(7,036)	(6,160)
-5% AUD v's		46,642	90,247	46,998	35,689	46,642	90,247	127,716	194,047	-	-	51,231	86,906	7,036	6,160
+5% AUD v's	NZD	(98,759)	(99,686)	(116,147)	(63,566)	(98,759)	(99,686)	-	-	-	-	(21,889)	(2,621)	(15,019)	603
-5% AUD v's		98,759	103,100	116,147	63,566	98,759	103,100	-	-	-	-	27,400	8,127	17,387	6,058
+5% AUD v's	SEK	(22,177)	(64,673)	(26,081)	(70,655)	(22,177)	(64,673)	-	(171,174)	-	-	-	(32,120)	(3,904)	(12,195)
-5% AUD v's		22,177	64,673	26,081	70,655	22,177	64,673	-	171,174	-	-	-	32,120	3,904	12,195
+5% AUD v's	SGD	(73,820)	(132,971)	(86,817)	(156,898)	(73,820)	(132,971)	-	(86,871)	-	-	(81,640)	-	(12,996)	(27,081)
-5% AUD v's		73,820	132,971	86,817	156,898	73,820	132,971	-	86,871	-	-	81,640	-	12,996	27,081
+5% AUD v's	USD	(537,808)	(342,710)	(599,052)	(449,656)	(537,808)	(342,710)	(313,247)	110,721	-	-	(656,728)	55,782	(22,086)	20,185
-5% AUD v's		537,808	366,836	599,052	449,656	537,808	366,836	508,826	449,649	-	-	770,673	228,701	61,855	52,887
+5% AUD v's	Total change in profit	(1,575,724)	(1,506,038)	(1,751,415)	(1,680,674)	(1,575,724)	(1,506,038)	(869,488)	(940,728)	-	-	(1,618,323)	(894,158)	(147,574)	(110,991)
-5% AUD v's	Total change in profit	1,575,724	1,618,238	1,751,415	1,680,674	1,575,724	1,618,238	1,587,159	1,995,322	-	-	1,806,280	1,554,895	232,380	247,243

Note 16 - Financial instruments - continued

FX Sensitivity Analysis
Change in net assets attributable to unitholders

Currency	FX Exposure	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
		(" AEBT")		(" WIET")		(" AEBTC")		(" AEET")		(" AEIT")		(" AELT")		(" AEWT")	
		2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
+5% AUD v's	CHF	(34,939)	(12,949)	(41,090)	(15,650)	(34,939)	(12,949)	-	-	-	-	-	(53,342)	(6,151)	(2,701)
-5% AUD v's		34,939	12,949	41,090	15,650	34,939	12,949	-	-	-	-	-	53,342	6,151	2,701
+5% AUD v's	DKK	(52,273)	(157,585)	(50,508)	(56,690)	(52,273)	(157,585)	(178,335)	(122,643)	-	-	(112,765)	(195,750)	(7,561)	(9,785)
-5% AUD v's		52,273	157,585	50,508	56,690	52,273	157,585	178,335	122,643	-	-	112,765	195,750	7,561	9,785
+5% AUD v's	EUR	(356,686)	(263,864)	(389,470)	(347,661)	(356,686)	(263,864)	(158,146)	(222,065)	-	-	(325,717)	(500,312)	(25,510)	(34,867)
-5% AUD v's		356,686	306,849	389,470	347,661	356,686	306,849	487,955	528,765	-	-	351,321	618,798	58,304	60,006
+5% AUD v's	GBP	(110,936)	(139,379)	(123,788)	(184,806)	(110,936)	(139,379)	(26,349)	(249,019)	-	-	(92,170)	(17,325)	(13,391)	(13,619)
-5% AUD v's		110,936	139,379	123,788	184,806	110,936	139,379	76,746	277,487	-	-	114,179	149,806	16,547	18,810
+5% AUD v's	HKD	(78,681)	(61,098)	(92,533)	(73,843)	(78,681)	(61,098)	-	-	-	-	(109,245)	(57,759)	(13,852)	(12,745)
-5% AUD v's		78,681	61,098	92,533	73,843	78,681	61,098	-	-	-	-	109,245	57,759	13,852	12,745
+5% AUD v's	JPY	(163,003)	(140,875)	(178,933)	(225,560)	(163,003)	(140,875)	(65,695)	(5,630)	-	-	(166,938)	(3,804)	(20,068)	(12,626)
-5% AUD v's		163,003	182,551	178,933	225,560	163,003	182,551	207,581	164,685	-	-	187,826	123,585	26,786	38,815
+5% AUD v's	NOK	(46,642)	(90,247)	(46,998)	(35,689)	(46,642)	(90,247)	(127,716)	(194,047)	-	-	(51,231)	(86,906)	(7,036)	(6,160)
-5% AUD v's		46,642	90,247	46,998	35,689	46,642	90,247	127,716	194,047	-	-	51,231	86,906	7,036	6,160
+5% AUD v's	NZD	(98,759)	(99,686)	(116,147)	(63,566)	(98,759)	(99,686)	-	-	-	-	(21,889)	(2,621)	(15,019)	603
-5% AUD v's		98,759	103,100	116,147	63,566	98,759	103,100	-	-	-	-	27,400	8,127	17,387	6,058
+5% AUD v's	SEK	(22,177)	(64,673)	(26,081)	(70,655)	(22,177)	(64,673)	-	(171,174)	-	-	-	(32,120)	(3,904)	(12,195)
-5% AUD v's		22,177	64,673	26,081	70,655	22,177	64,673	-	171,174	-	-	-	32,120	3,904	12,195
+5% AUD v's	SGD	(73,820)	(132,971)	(86,817)	(156,898)	(73,820)	(132,971)	-	(86,871)	-	-	(81,640)	-	(12,996)	(27,081)
-5% AUD v's		73,820	132,971	86,817	156,898	73,820	132,971	-	86,871	-	-	81,640	-	12,996	27,081
+5% AUD v's	USD	(537,808)	(342,710)	(599,052)	(449,656)	(537,808)	(342,710)	(313,247)	110,721	-	-	(656,728)	55,782	(22,086)	20,185
-5% AUD v's		537,808	366,836	599,052	449,656	537,808	366,836	508,826	449,649	-	-	770,673	228,701	61,855	52,887
+5% AUD v's	Total change in equity	(1,575,724)	(1,506,038)	(1,751,415)	(1,680,674)	(1,575,724)	(1,506,038)	(869,488)	(940,728)	-	-	(1,618,323)	(894,158)	(147,574)	(110,991)
-5% AUD v's	Total change in equity	1,575,724	1,618,238	1,751,415	1,680,674	1,575,724	1,618,238	1,587,159	1,995,322	-	-	1,806,280	1,554,895	232,380	247,243

Note 16 - Financial instruments - continued**Interest Rate Risk**

Management has performed a sensitivity analysis relating to the Investment Trusts' exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and net assets attributable to unitholders which could result from a change in these risks.

In the analysis it is assumed that the amount of financial assets exposed to fluctuations in interest rates as at balance date is representative of balances held throughout the financial year. No other flow on effects of fluctuations in interest rates have been taken into account.

At 30 June 2009, the effect on profit and net assets attributable to unitholders, as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Interest Rate Sensitivity Analysis Change in Profit													
	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Change in profit	788,062	737,009	25,832	15,374	813,894	752,383	150,580	143,939	201,019	170,694	42,521	30,074	1,896	951
Increase in interest rate by 1%	(788,062)	(737,009)	(25,832)	(15,374)	(813,894)	(752,383)	(150,580)	(143,939)	(201,019)	(170,694)	(42,521)	(30,074)	(1,896)	(951)
Decrease in interest rate by 1%														

Interest Rate Sensitivity Analysis														
Change in net assets attributable to unitholders														
	Balanced Trust		International Equities Trust		Balanced Trust Consolidated		Equities Trust		Income Trust		Large Companies Share Trust		World Trust	
	("AEBT")		("WIET")		("AEBTC")		("AEET")		("AEIT")		("AELT")		("AEWT")	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Change in net assets attributable to unitholders	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Increase in interest rate by 1%	788,062	737,649	25,832	15,374	813,894	753,023	150,580	143,939	201,019	170,694	42,521	30,074	1,896	951
Decrease in interest rate by 1%	(788,062)	(737,649)	(25,832)	(15,374)	(813,894)	(753,023)	(150,580)	(143,939)	(201,019)	(170,694)	(42,521)	(30,074)	(1,896)	(951)

Note 17 - Controlled Entities

Controlled Entities Consolidated Parent Entity	Country of Establishment	Percentage Owned	
		2009	2008
Subsidiaries of Australian Ethical Balanced Trust:	Australia		
Australian Ethical International Equities Trust	Australia	85.03	82.74
Australian Ethical Property Trust	Australia	100	-

It should be noted when reviewing the figures presented in the Balanced Trust Consolidated (AEBTC) accounts, that as well as the amounts shown in the AEBT & WIET columns adjacent to the AEBTC, they also include the figures from the wholly owned AEPT subsidiary. The AEPT is recently established, but was not registered at 30 June 2009 and therefore separate financial statements are not required for the 30 June 2009 report.

Acquisitions - Disposals of Controlled Entities

Australian Ethical Balanced Trust acquired additional units in Australian Ethical International Equities Trust (6,456,469), during the year. Additionally AEPT acquired all units on issue (12,550,000), in the newly established Australian Ethical Property Trust (AEPT).

Note 18 - Events after the Balance Sheet date

Since the end of the financial year a decision has been made to close down the Australian Ethical World Trust and to offer The Australian Ethical International Equities Trust as a retail product in the Product Disclosure Statement.

The Australian Ethical Property Trust (AEPT), was registered with ASIC on 17 July 2009 as a managed investment scheme. Currently the AEPT is the sole unit holder in this scheme.

On 11 August 2009, Anne O'Donnell the CEO & Managing Director of the Responsible Entity (Australian Ethical Investment Ltd), announced that her employment with the company would end effective 11 December 2009.

Except as otherwise noted, during the period between the end of the financial year and the date of this report, there were no items, transactions or events of a material and unusual nature likely in the opinion of the responsible entity, to affect significantly the operations of the schemes, the results of those operations, or the state of affairs of the schemes in future financial years.

Note 19 - Scheme details

The registered office and principal place of business of the schemes is Trevor Pearcey House, Traeger Court, 34 Thynne St, Bruce ACT. The principal activity of the schemes is to pool investors' savings to invest in securities, including both domestic and international. Investments are sought to pursue the goal of a just and sustainable society and the protection of the natural environment as well as providing unitholders (the scheme investors) with a competitive financial return.

Note 20 - New Accounting Standards for application in future periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods and which the group has decided not to early adopt. A discussion of those future requirements and their impact on the group is as follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and implementations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an investment in a subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009).

These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the group cannot be determined. Changes to accounting requirements include the following:

- Acquisition costs incurred in a business combination will no longer be booked to goodwill but will be expensed unless the cost relates to issuing debt or equity securities.
- Contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition.
- A gain or loss of control will require the previous ownership interests to be remeasured to their fair value.
- There shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy).
- Dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income.
- Impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee.
- Where there is in substance no change to group interests, a parent entity inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

The group will need to determine whether to maintain its present accounting policy of calculating goodwill to be recognised based on the parent's share of the net assets acquired or whether it will change so that goodwill recognised will also reflect that of the non-controlling interest.

- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009).
The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 107, AASB111, AASB 116 & AASB 138 and interpretations1 & 12] (applicable for annual reporting periods commencing from 1 January 2009).
The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.
- AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & interpretation 2] (applicable for annual reporting periods commencing from January 1 2009).
These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable instruments and certain other financial instruments that impose an obligation to deliver a pro rata share of net assets only upon liquidation.
- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6).
These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.
- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009).
This amendment how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the group.
- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009).
This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.
- AASB interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009).
This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The group does not anticipate early adoption of any of the above reporting requirements. The Trustees are assessing whether AASB 2008-2 would permit the Trust's units to be reclassified as equity. Other than this possible change, there is not expected to be any material affect resulting from the other amendments.

Note 21 - Key management personnel compensation

AASB 124 "Related Party Disclosures" requires disclosure of compensation of key management personnel. Key management personnel (KMP) is defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The schemes have no employees, however, the directors and other KMP of the Responsible Entity, as stated below, are deemed to be the KMP of the scheme. These individuals and the Responsible Entity comprise the KMP of the scheme.

a) Key management personnel

Names and positions of key management personnel (directors and named executives) at any time during the financial year

Parent entity directors

Name	Position	
Caroline Le Couteur	Director, executive	Resigned 27 November 2008
James Thier	Director, executive	
Howard Pender	Director, executive	
Naomi Edwards	Director, non-executive	
Justine Hickey	Director, non-executive	Resigned 11 August 2009 Appointed 1 July 2008 Appointed 1 July 2008
Anne O'Donnell	Managing Director, executive	
Dr Les Coleman	Director, non-executive	
André Morony	Director, non-executive	

Other key management personnel

Name	Position	
Gary Leckie	Chief financial officer	Appointed 27 August 2008
Tim Xirakis	Finance Investment Manager	
Philip George	Company secretary / legal counsel	
Paul Harding Davis	Head of Distribution	
Martin Halloran	Chief Investment Officer	

b) Key management personnel compensation

Remuneration policy

Directors

The aggregate amount of remuneration payable to directors for the performance of their duties as directors is set by the company in general meeting from time to time. In proposing any motions on director remuneration to a general meeting, the board has regard to market rates for directorships in similar companies operating in similar industries. It also has regard to recommendations from the remuneration and nominations committee. Within the approved aggregate amount, fees paid to individual directors for services as a director are determined by the Board. During the relevant period, the chair received a higher amount, with other directors receiving an equal amount.

Under the constitution, directors are also entitled to be paid reasonable expenses, remuneration for extra services and superannuation contributions. In particular, directors are paid for serving on board committees.

There are no arrangements to pay any director a retirement benefit.

Secretaries, senior managers, executive directors and group executives

During the reporting period, the company's remuneration policy was to treat all staff (including secretaries, senior managers, executive directors and group executives) in an equitable fashion. All permanent staff (including secretaries, senior managers and executives) received a cash salary and participated in a staff bonus and employee share ownership scheme. The arrangements did not apply to non executive directors.

During the reporting period, remuneration for three senior managers included an 'at risk' component linked to performance criteria.

For the senior managers with an at risk component, the performance conditions required the executives to achieve objectives related to: return on equity; cost to income ratio; project delivery; funds under management; engagement with asset consultants, ratings agencies and institutional clients; and development of marketing strategies / collateral.

The performance conditions were chosen to align the senior manager's objectives with those set out in the company's strategic plan. The remuneration and nominations committee was responsible for assessing whether the managing director met their performance conditions. The managing director was responsible for assessing whether the other senior managers had met their performance conditions. In both cases, quantitative and qualitative aspects were able to be assessed.

The company's general remuneration policy also accords with the Australian Ethical Charter, as set out in the constitution of the company. It is designed to ensure the company does not

"exploit people through the payment of low wages or the provision of poor working conditions"
and to facilitate:

"the development of workers participation in the ownership and control of their work organisations and places."

The company reviews individual remuneration annually. As part of this process it benchmarks its remuneration levels and its policies on employee benefits and work / life balance. Individual staff remuneration is considered with reference to the benchmarks and in accordance with guidelines approved by the board. The board aims to remunerate responsibly and fairly, with reference to the market.

All permanent staff are eligible to participate in an annual staff bonus. Under the company's constitution, before the directors recommend or declare a dividend to be paid out of profits of any one year, they must pay a bonus to current employees which is set by reference to the profit of the company for that year. Each full time staff member receives the same bonus amount and part-time staff (or those not employed full-time through the full year) receive a pro-rata amount. The company's constitution provides that the bonus can be (and often has been) satisfied by the issue of shares, under employee share ownership arrangements.

Also, under an employee share ownership scheme which operated during the reporting period, a pool of options which would, if exercised, amount to 5% of the company's existing ordinary share capital were issued to staff. All permanent, non-probationary staff were eligible to participate in the plan. The options were issued for nil consideration and the price at which the options are exercisable was set at 10% in excess of the market price of the shares as at the date of grant. The number of options received by an individual staff member depended on their remuneration. Options are not exercisable for a period of three years from their date of grant. At the end of the three year period, options must be exercised within a three month exercise window or they lapse. During the three month exercise window, options can also be sold once, with the transferee then needing to exercise during the three month window, or the options lapse. In most circumstances, options will also lapse where an employee's employment ceases before the options are exercisable. The options confer no voting or dividend rights.

At the 2008 Annual General Meeting, shareholders approved an Employee Share Incentive Scheme ('ESIS'). The ESIS will replace the employee share ownership arrangements described above. The ESIS will also be used to provide broader performance based pay arrangements in future, with benefits linked to measures such as the company's return on equity and the performance of its managed funds.

Performance-based remuneration and company performance

The payment of the staff bonus is set by reference to the profit of the company for a relevant year. Higher company profits in a year correspondingly increase the aggregate amount that directors could determine be paid to current employees as a bonus.

Details of options issued under the employee share ownership plan are set out under remuneration policy above. Options are performance based in two ways. Firstly, in most cases, staff must remain an employee for three years from the date of grant of the options to be entitled to exercise them. Option value can only be realised if an employee contributes a significant further period of service to the company. Secondly, option value can only be realised if the market value of the underlying shares increase by 10% between the period of grant and the period when the options can be exercised.

The remuneration policy discussed above has broadly been in place for the current and the previous five financial years, except that individual performance based elements were introduced for some senior managers over the last two years.

Key Management Personnel Remuneration details for the year ended 30 June 2009

Parent entity directors' remuneration

	<i>Short-term employee benefits</i>			<i>Post Employment benefits</i>	<i>Other Long-term Benefits</i>	<i>Termination Benefits</i>	<i>Share-based Payment</i>		
	2009 Cash Salary and Fees	STI cash bonus	Other	Super			Bonus Shares	Options	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Caroline Le Couteur	52,964	6,000	-	4,485	1,097	-	-	-	64,546
James Thier	158,515	26,300	-	15,863	3,297	-	1,000	4,979	209,954
Howard Pender	165,096	-	-	14,171	3,378	-	3,900	4,840	191,385
Naomi Edwards	71,500	-	-	6,435	-	-	-	-	77,935
Justine Hickey	30,000	-	-	2,700	-	-	-	-	32,700
Anne O'Donnell	224,420	5,000	-	20,973	6,327	-	6,000	23,726	286,446
André Morony	23,500	-	-	2,115	-	-	-	-	25,615
Les Coleman	24,000	-	-	2,160	-	-	-	-	26,160
Total	749,995	37,300	-	68,902	14,099	-	10,900	33,545	914,741

2008									
Caroline Le Couteur	142,503	6,000	-	13,230	3,544	-	-	15,044	180,321
James Thier	157,324	4,800	-	13,566	3,191	-	-	12,743	191,624
Howard Pender	159,245	3,900	-	13,420	3,171	-	-	12,709	192,445
Naomi Edwards	58,416	-	-	5,257	-	-	-	-	63,673
Pauline Vamos	9,249	-	-	750	-	-	-	-	9,999
Justine Hickey	26,651	-	-	2,408	-	-	-	-	29,059
Anne O'Donnell	213,858	6,000	-	18,760	6,250	-	-	25,410	270,278
Total	767,246	20,700	-	67,391	16,156	-	-	65,906	937,399

Notes to the financial statements for the year ended 30 June 2009

Named executives (including other key management personnel) remuneration

	<i>Short-term employee benefits</i>	<i>Post Employment benefits</i>	<i>Other Long-term Benefits</i>	<i>Termination Benefits</i>	<i>Share-based Payment</i>			
	Cash Salary	STI cash bonus	Other	Super		Bonus	Options	Total
	and Fees					Shares		
	\$	\$	\$	\$	\$	\$	\$	\$
2009								
Philip George	177,375	6,000	-	15,831	3,558	-	19,434	222,198
Ruth Medd	42,000	-	-	3,780	-	-	-	45,780
Gary Leckie	178,422	6,000	-	15,990	5,284	-	17,194	222,890
Tim Xirakis	190,597	6,000	-	15,789	3,675	-	16,979	233,040
Paul Harding Davis	193,503	32,535	-	19,697	3,989	2,770	9,498	261,992
Martin Halloran	201,721	-	-	11,517	4,173	-	-	217,411
Total	983,618	50,535	-	82,604	20,679	-	63,105	1,203,311
2008								
David Ferris	165,939	-	-	10,938	-	5,885	20,378	203,140
Philip George	177,416	6,000	-	15,365	3,643	-	20,740	223,164
Ruth Medd	35,488	-	-	3,194	-	-	-	38,682
Gary Leckie	152,178	6,000	-	13,594	4,572	-	14,843	191,187
Tim Xirakis	160,430	6,000	-	15,381	3,515	-	14,918	200,244
Paul Harding Davis	91,566	16,000	-	8,950	1,749	-	-	118,265
Total	783,017	34,000	-	67,422	13,479	-	70,879	974,682

Cash bonus compensation benefits

Details of cash bonuses paid to key management personal are included in the remuneration tables set out above. The annual staff cash bonuses of \$6000 per FTE employee were paid on 22 September 2008. The performance based cash bonuses for Mr Harding-Davis and Mr James Thier were paid on 16 July 2009. The performance based cash bonus for Ms Anne O'Donnell has not yet been paid, but is expected to be paid in September this year. The nature of the cash bonuses and the criteria used to determine the amount of the payments are detailed in the remuneration policy and in the discussion on performance based remuneration and company performance.

Analysis of bonuses included in remuneration

	Short term incentive bonus				
	Cash bonus (1)	Performance bonus	Share bonus	Vested in year	Forfeited in year (2)
	\$	\$	\$	%	%
Parent Entity Directors					
Caroline Le Couteur	6,000	-	-	100	-
James Thier	3,800	22,500	1,000	90	10
Howard Pender	-	-	3,900	100	-
Anne O'Donnell	-	5,000	6,000	17	83

Named executives (including other key management personnel)

Philip George	6,000	-	-	100	-
Gary Leckie	6,000	-	-	100	-
Tim Xirakis	6,000	-	-	100	-
Paul Harding Davis	-	32,535	2,770	65	35

(1) Details of cash and performance bonus have been provided in the director's report under remuneration policy

(2) The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year

Notes to the financial statements for the year ended 30 June 2009

Equity based remuneration

Equity based remuneration consisted of grants of options under the company's employee share ownership plan. Details of the employee share ownership plan (including the service and performance criteria) are provided in the section on remuneration policy above and in Note 24 of the attached financial report.

Options provided as compensation

	Number of options vested during 2009	Number of options granted during 2009 (1)	Grant date	Fair value per option at grant date (2) (\$)	Exercise price per option (\$)	First exercise /expiry date	Last exercise /expiry date
Parent Entity Directors							
Caroline Le Couteur	2,243	-	-	-	-	-	-
James Thier	1,800	1,364	1/12/2008	3.65	32.27	14/10/2011	13/01/2012
Howard Pender	931	1,326	1/12/2008	3.65	32.27	14/10/2011	13/01/2012
Naomi Edwards	-	-	-	-	-	-	-
Justine Hickey	-	-	-	-	-	-	-
Anne O'Donnell	3,006	2,648	14/10/2008	8.96	32.27	14/10/2011	13/01/2012
André Morony	-	-	-	-	-	-	-
Les Coleman	-	-	-	-	-	-	-
	<u>7,980</u>	<u>5,338</u>					

Named executives (including other key management personnel)

Philip George	1,550	2,169	14/10/2008	8.96	32.27	14/10/2011	13/01/2012
Ruth Medd	-	-	-	-	-	-	-
Gary Leckie	1,387	1,919	14/10/2008	8.96	32.27	14/10/2011	13/01/2012
Tim Xirakis	-	1,895	14/10/2008	8.96	32.27	14/10/2011	13/01/2012
Paul Harding Davis	-	1,060	14/10/2008	8.96	32.27	14/10/2011	13/01/2012
Martin Halloran	-	-	-	-	-	-	-
	<u>2,937</u>	<u>7,043</u>					

(1) Each option above is granted by Australian Ethical Investment Limited (AEI) and is for one ordinary share in AEI.

(2) Options were granted as part of remuneration and the recipient did not otherwise pay for the grant of the options.

Exercise of options during the reporting period

During the reporting period the following shares were issued on the exercise of options previously granted as compensation. There are no amounts unpaid on the shares.

Exercise of options granted as compensation

	Number of shares	Amount paid \$ /share (1)
Parent Entity Directors		
Caroline Le Couteur	2,243	24.82
James Thier	1,800	24.82
Howard Pender	931	24.82
Anne O'Donnell	3,006	24.82
Named executives (including other key management personnel)		
Phillip George	1,550	24.82
Gary Leckie	1,387	24.82

(1) Shares issued are fully paid.

Modification of terms of options

At the 2008 Annual General Meeting (held 27 November 2008) it was resolved to include the following terms and conditions in option classes AEFAS and AEFAT.

"Where:

- a takeover bid (as defined in the Corporations Act) is made for the Company and the bidder has or acquires a relevant interest in more than 20% of the voting shares in the Company; or
- in the reasonable opinion of the Board, another transaction is proposed under which control of the Company is likely to pass from the then existing shareholders, including, without limitation, a scheme of arrangement, then options in classes AEFAS and AEFAT will become exercisable at that time, and must be exercised within three months of becoming so exercisable, otherwise the options will lapse.

In the event that:

- the Company has announced a buy-back scheme to purchase shares resulting from the exercise of options granted in classes AEFAS and AEFAT;
- the option holder wishes to sell all or some of the shares resulting from the exercise of the options during the exercise period for those options, then the option holder will offer the Company a first right of refusal to match in quantum and price any other offer made to purchase those shares from the option holder."

The market price of the underlying company shares on 27 November 2008 was \$27.00. The number of options in classes AEFAS and AEFAT held by key management personnel are set out in the table above. Each option is for one ordinary share in the company. The exercise price and time remaining until expiry immediately before alteration is as follows:

Options Reference	Time remaining until expiry	Exercise Price
AEFAS	13 months	\$32.50
AEFAT	25 months	\$57.57

It is the view of the directors that the difference between the total of the fair value of the options affected by the alteration immediately before the alteration and the total of the fair value of the options immediately after the alteration was immaterial.

Hedging policy

Directors and executives participating in the company's equity-based plans are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the company's securities.

Explanation of relative proportions of elements of remuneration that are related to performance

Non-executive directors receive their total remuneration as cash or superannuation contributions. No element is dependent on performance.

The relative proportion of the performance related component of remuneration for several senior managers is set out above.

Except as detailed for those senior managers, the remuneration of executive directors, secretaries and other senior managers is not subject to individual performance conditions. People in these positions were entitled to participate in the staff bonus and employee share ownership scheme described above. Options granted during the financial year, when valued using a Black Scholes valuation methodology as at grant date, make up a small proportion of the overall remuneration of people holding these positions.

Option Holdings

	Balance 01.07.08	Granted as Remun- eration	Options Exercised	Net Change Other	Balance 30.06.09	Total Vested 30.06.09	Total Exer- cisable 30.06.09	Total Unexer- cisable 30.06.09
Parent Entity Directors								
Caroline Le Couteur	5,944	-	(2,243)	(3,701)	-	-	-	-
James Thier	4,749	1,364	(1,800)	-	4,313	-	-	4,313
Howard Pender	3,913	1,326	(931)	-	4,308	-	-	4,308
Naomi Edwards	-	-	-	-	-	-	-	-
Justine Hickey	-	-	-	-	-	-	-	-
Anne O'Donnell	8,940	2,648	(3,006)	-	8,582	-	-	8,582

Named executives (including other key management personnel)

Philip George	6,375	2,169	(1,550)	-	6,994	-	-	6,994
Ruth Medd	-	-	-	-	-	-	-	-
Gary Leckie	4,597	1,919	(1,387)	-	5,129	-	-	5,129
Tim Xirakis	3,163	1,895	-	-	5,058	-	-	5,058
Paul Harding Davis	-	1,060	-	-	1,060	-	-	1,060
Total	37,681	12,381	(10,917)	(3,701)	35,444	-	-	35,444

Shareholdings

Number of Shares held by key management personnel.

	Balance 01.07.08	Share in lieu of Cash Bonus	Options Exercised/ Shares Issued (1)	Net Change Other (2)	Balance 30.06.09 (3) & (4)
Parent Entity Directors					
Caroline Le Couteur	49,436	-	2,243	(2,243)	49,436
James Thier	64,218	28	1,800	(200)	65,846
Howard Pender	51,743	109	931	(500)	52,283
Naomi Edwards	-	-	-	-	-
Pauline Vamos	-	-	-	-	-
Justine Hickey	700	-	-	-	700
Anne O'Donnell	8,982	168	3,006	(168)	11,988

Named executives (including other key management personnel)

Philip George	381	-	1,550	(1,442)	489
Ruth Medd	-	-	-	-	-
Gary Leckie	-	-	1,387	(1,387)	-
Tim Xirakis	-	-	-	-	-
Paul Harding Davis	-	78	-	-	78
Martin Halloran	-	-	-	-	-
Total	175,460	383	10,917	(5,940)	180,820

- (1) The amount paid for shares issued on exercise of options is \$24.82 in all cases.
 (2) Net change other refers to shares purchased or sold during the financial year.
 (3) Shares issued are fully paid
 (4) Balance represents shareholdings by key management personnel including their related parties as required by AASB 124 Related Party Disclosures

Directors' holdings in registered schemes made available by the company

Caroline Le Couteur holds 1449.5079 units in the Australian Ethical Balanced Trust.

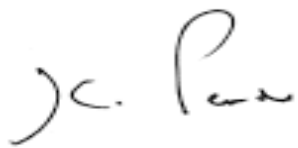
Anne O'Donnell holds 5116.2306 units in the Australian Ethical Large Companies Share Trust.

Directors' Declaration

The Directors of Australian Ethical Investment Limited (the responsible entity) declare that:

1. the financial statements of Australian Ethical Balanced Trust, Australian Ethical International Equities Trust, Australian Ethical Equities Trust, Australian Ethical Income Trust, Australian Ethical Large Companies Share Trust and Australian Ethical World Trust and notes as set out on pages 4 to 34 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the financial year ended on that date for each scheme.
2. In the Directors' opinion there are reasonable grounds to believe that each scheme will be able to pay its debts as and when they become due and payable.
3. The schemes have operated during the financial year ended 30 June 2009 in accordance with the provisions of the scheme's constitution.

This declaration is made in accordance with a resolution of the Board of Directors of Australian Ethical Investment Limited.



Howard Pender
Director
Australian Ethical Investment Limited
ABN 47 003 188 930
8 September 2009

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF

AUSTRALIAN ETHICAL BALANCED TRUST AUSTRALIAN ETHICAL INTERNATIONAL EQUITIES TRUST AUSTRALIAN ETHICAL EQUITIES TRUST AUSTRALIAN ETHICAL INCOME TRUST AUSTRALIAN ETHICAL LARGE COMPANIES SHARE TRUST AUSTRALIAN ETHICAL WORLD TRUST

We have audited the accompanying financial reports of Australian Ethical Balanced Trust, Australian Ethical International Equities Trust, Australian Ethical Balanced Trust Consolidated, Australian Ethical Equities Trust, Australian Ethical Income Trust, Australian Ethical Large Companies Share Trust and Australian Ethical World Trust ("the schemes"), which comprises the balance sheets as at 30 June, 2009 and the income statements, and cash flow statements for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the schemes.

The Directors of the Responsible Entity's Responsibility for the Financial Report

The Directors of the Responsible Entity, Australian Ethical Investment Limited are responsible for the preparation and fair presentation of the financial reports in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial reports that are 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

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 reports, 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 reports 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 reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial reports. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the schemes preparation and fair presentation of the financial reports 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 each schemes 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

Auditors Opinion

In our opinion:

(a) the financial reports of Australian Ethical Balanced Trust, Australian Ethical International Equities Trust, Australian Ethical Balanced Trust Consolidated, Australian Ethical Equities Trust, Australian Ethical Income Trust, Australian Ethical Large Companies Share Trust and Australian Ethical World Trust are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view each scheme's financial position as at 30 June, 2009 and of their 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.

(b) the financial reports also comply with International Financial Reporting Standards as disclosed in Note 1; and

(c) the financial reports are in accordance with the provisions of each of the schemes constitutions.



THOMAS DAVIS & CO.



R.C. GEEVES PARTNER

Chartered Accountants

SYDNEY,
8 September 2009

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