Series 2007-1 Torrens Trust

Financial Report 2009

SERIES 2007-1 TORRENS TRUST

MANAGER'S REPORT

The Manager presents its report on the financial statements of the Series 2007-1 Torrens Trust ("the Trust") for the year ended 30 June 2009.

The Manager

AB Management Pty Ltd (ABN 75 070 500 855) have acted in the capacity of Manager of the Trust for the year ended 30 June 2009.

Directors

The names of the Directors of AB Management Pty Ltd during the financial year and until the date of this report are :
J L McPhee (resigned 04/08/2009)
K D Abrahamson (resigned 31/07/2008)
K G Osborn (resigned 31/07/2008)
M J Hirst (appointed 31/08/2008, resigned 04/08/2009)
D J Hughes (appointed 31/07/2008, resigned 04/08/2009)
A J Newson (appointed 31/07/2008, resigned 04/08/2009)
P J Ormandy (appointed 04/08/2009)
M L Pedler (appointed 04/08/2008)
P L F Riquier (appointed 31/07/2008, resigned 04/08/2009)
until the date of this report, unless otherwise stated.

Nature of Operations and Principal Activities

The principal activity of the Trust during the year was the holding of the assets of the Trust and the distribution of principal and finance charge collections to the note holders.

Trust Information

Series 2007-1 Torrens Trust is an Australian registered Trust, constituted on the 10th October 2007. AB Management Pty Ltd are the Manager and the Responsible Entity of the Trust and Perpetual Trustee Company Limited are the Trustee. The registered office of AB Management Pty Ltd is located at The Bendigo Centre, Bendigo, VIC, 3550.

Financial Results

The performance of the Trust for the year ended 30 June 2009, as represented by the results of its operations, was as follows :

Net assets ('000s) :	$0
Total revenue ('000s) :	$14,839
Total operating profit/(loss) ('000s) :	($10,542)

The total value of assets held by the Series 2007-1 Torrens Trust as at 30 June 2009 was $351,956,000 (2008: $451,174,000)
Management fees paid to AB Management Pty Ltd during the financial year were $115,748. (2008: $94,893)

Units on Issue

1 Class A unit and 1 Class B unit of Torrens Series 2007-1 Trust were on issue as at 30 June 2009. (2008: 1 Class A and 1 Class B)

Distributions/(Contributions)

A distribution/(contribution) to ordinary unit holders of ($10,542,000) (2008: $13,719,000) was made during the year.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Trust that occurred during the year other than the significant losses incurred on the fair value of interest rate swaps as a result of changes in interest rates during the year.

Significant Events after Balance Date

The Manager is not aware of any other matter or circumstance not otherwise dealt with in this report or the financial statements that has significantly affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent financial years.

Likely developments

In the opinion of the Manager, disclosure of any further information on likely developments would be prejudicial to the Trust.

Environmental Issues

The operations of the Trust are not subject to particular or significant environmental regulations under a Commonwealth, State or Territory Law.

Insurance and indemnification

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the Manager, the Trustee, or the auditor of the Trust. So long as the officers of both the Manager and the Trustee act in accordance with the Trust Deed and the Law, both parties remain fully indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust.

Rounding

The amounts contained in this report and the financial report have been rounded to the nearest thousand where rounding is applicable.

Auditor's Independence Declaration

The audit of this financial report is in accordance with the declaration "Auditor's Independence Declaration to the Directors of AB Management Pty Ltd as Manager of the Series 2007-1 Torrens Trust" at the end of this report.

Signed for and on behalf of AB Management Pty Limited as Manager of the Series 2007-1 Torrens Trust.

Peter Ormandy
December 2009

Series 2007-1 TORRENS TRUST

INCOME STATEMENT
FOR THE YEAR ENDED 30 June 2009

	2009 $000's	2008 $000's
Revenue		
Interest on Loans	26,343	23,442
Interest on Collections	253	298
Swap Receipts	-	5,917
Total Revenue	26,596	29,657
Other Income		
Gain/(Loss) on Derivative Financial Instruments	(11,757)	10,111
Total Revenue and Other Income	14,839	39,768
Expense		
Coupon payments to noteholders	22,217	25,032
Swap Payments	1,919	-
Management Fee	116	95
Servicing Fee	965	791
Trustee Fee	140	115
Other Trust Expenses	24	16
Net Profit /(Loss) available to Unitholders	(10,542)	13,719

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

Series 2007-1 TORRENS TRUST

BALANCE SHEET
AS AT 30 June 2009

	Note	2009 $000's	2008 $000's
Assets			
Trade and Other Receivables	4	18,122	15,661
Derivative Financial Instruments	13	1,829	10,111
Loans & Receivables	3	332,005	425,402
Total Assets		**351,956**	**451,174**
Liabilities			
Trade and Other Payables	5	788	14,579
Derivative Financial Instruments	13	3,475	-
Borrowings	6	347,693	436,595
Total Liabilities excluding net assets attributable to Unitholders		**351,956**	**451,174**
Net Assets attributable to Unitholders	7	-	-

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 30 June 2009

	2009	2008
Net assets attributable to unitholders at the beginning of the year	-	-
Net profit/(loss) attributable to unitholders	(10,542)	13,719
Contributions from/ (Distributions to) to unitholders	10,542	(13,719)
Net assets attributable to Unitholders at the end of the year	-	-

The above balance sheet and statement of changes in net assets attributable to unitholders should be read in conjunction with the accompaynying notes.

Series 2007-1 TORRENS TRUST

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 June 2009

	Note	2009 $000's	2008 $000's
Cash flows from operating activities			
Interest on loans		26,900	22,068
Interest on Collections		241	-
Swap Receipts/ (Payments)		(1,552)	5,696
Payment to Noteholders		(22,956)	(23,869)
Management Fee		(118)	(84)
Servicing Fee		(983)	(702)
Trustee Fee		(143)	(102)
Other Trust Expenses		(24)	(16)
Net cash flows from operating activities	8	**1,366**	**3,289**
Cash flows from investing activities			
Advance of Loan Funds		-	498,997
Loan Repayments		103,491	(66,001)
Loan redraws		(10,094)	(7,594)
Net cash flows from/ (used in) investing activities		**93,397**	**425,402**
Cash flows from financing activities			
Principal Proceeds from / (Payments to) Noteholders		(88,902)	436,595
Proceeds from / (Payments for) Swap Collateral		-	(5,055)
Distribution to Unitholders	9	(2,487)	(415)
Receipt from / (Payment to) Related Parties		(3,373)	(9,012)
Net cash flows from/ (used in) financing activities		**(94,762)**	**422,113**
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents held at the beginning of the financial year		-	-
Cash and cash equivalents held at the end of the financial year		-	-

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

Series 2007-1 TORRENS TRUST

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 TRUST INFORMATION

The financial report of Series 2007-1 Torrens Trust for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the directors of the Manager of the Trust on 18 December 2009. Series 2007-1 Torrens Trust is an Australian registered Trust, constituted on 10th October 2007. AB Management Pty Ltd, the Manager of the Trust, is incorporated and domiciled in Australia. The registered office of the Manager is located at The Bendigo Centre, Bendigo, VIC, 3550.

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report, which has been prepared in accordance with the Trust Deed dated 10th October 2007 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and available for sale investments, which have been measured at fair value.

(a) Basis of Preparation

The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. The report is prepared in Australian dollars.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the annual reporting year ending 30 June 2009. These are outlined in the table below:

Reference	Title	Summary	Application date of standard*	Impact on Trust financial report	Application date for Trust*
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statement, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	01-Jan-09	These amendments are only expected to affect the presentation of the Trust's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Trust has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	01-Jul-09
AASB 2008-5 and AASB 2008-6	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes that IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	01-Jan-08	The Trust has not yet determined the extent of the impact of the amendments, if any.	01-Jul-09
	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project		01-Jan-09		

Reference	Title	Summary	Application date of standard*	Impact on Trust financial report	Application date for Trust*
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment. These amendments arise from the issuance of the IASB's Improvements to IFRSs. The amendments pertaining to IFRS 5, 8, IAS 1,7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).	01-Jul-09	The Trust has not yet determined the extent of the impact of the amendments, if any.	01-Jul-09
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined. These amendments arise from the issuance of the IASB's Improvements to IFRSs. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).	01-Jan-10	The Trust has not yet determined the extent of the impact of the amendments, if any.	01-Jul-10

(c) Critical accounting judgements

In the application of Australian Accounting Standards management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent form other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction or other event is reported.

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.
Bank overdrafts are shown within borrowings as liabilities in the Balance Sheet.

(e) Loans and Receivables

Loans relate to residential forms of lending to customers.
Loans and advances are carried at the principal amount outstanding less an allowance for any uncollectible amounts. Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter year.
Income is recognised on an effective interest rate basis for financial assets other than those financial assets 'at fair value through profit or loss'.
Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.
If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(f) Trade and Other Receivables
Trade Receivables, which are generally received within 30 days, are recognised and carried at original invoice amount less allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Bad debts are written off when identified.

(g) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Trust has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined year are not included in this classification. Investments that are intended to be held-to- maturity such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Terms and conditions of investments: investments are interest bearing and must be held with an eligible depository institution with a short-term credit rating by Standard & Poors of A-1+.

(h) Financial instruments issued by the Trust

Borrowings
Notes are recorded at an amount equal to the initial proceeds less any pass through of principal amounts. Interest expense is recognised on an accrual basis.
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.
Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter year.

(i) Trade and Other Payables
Trade payables are carried at amortised cost and represent liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services which are generally settled within 30 days.

(j) Derivative Financial Instruments
The Trust uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.
Derivatives are carried as assets when the fair value is positive and as liabilities when their fair value is negative.
Any gains or losses arising from changes in the fair values of derivatives, except for those that qualify for hedge accounting, are taken to net profit or loss for the year.

For the purposes of hedge accounting, hedges are classified as:
- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction ; or
- hedges of a net investment in a foreign operation.

(j) continued

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:
Fair Value Hedges
Fair value hedges are hedges of the Trust's exposure to changes in the fair value of a recognised asset or liability or an identified portion of such an asset or liability, that is attributable to a particular risk and could affect the profit and loss.
When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

Cash Flow Hedges
Cash flow hedges are hedges of the Trust's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect the profit & loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in Equity, while the ineffective portion is recognised in profit & loss.
During the year the Trust did not enter into any cash flow hedges.

(k) Revenue Recognition
Revenue is measured at the fair value of the consideration received or receivable.

Interest Revenue
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial asset to that asset's net carrying amount.

(l) Distributions/Contributions
Distributions to the residual income unit holder are made in arrears on a monthly basis.
Distribution is the interest receipts from receivables net of trust related expenses.
The residual income unitholder will make contributions to the Trust to the extent that it relates to the non-cash mark-to-market movement of the swaps held by the Trust.

(m) Income Tax
Under current Income Tax Legislation, the Trust is not liable to pay income tax on that part of taxable income which is distributed to unitholders.

(n) Goods & Services Tax (GST)
Expenses incurred by the Trust are recognised net of the amount of GST that can be recovered from the Australian Taxation Office (ATO). Amounts recognised as receivables and payables at balance date include the amount of GST payable. Reduced input tax credits (RITC) recoverable by the Trust from the ATO are recognised as receivables in the Balance Sheet.

(o) Terms and Conditions of units on Issue
Each unit in the Trust represents an equal undivided beneficial interest in the assets of the Trust as a whole but not in any particular asset in the Trust.
The unitholders are entitled to receive payments of their unitholder entitlements pursuant to the Trust Deed including distributions as detailed in Note 2(l) above.

	2009 $000's	2008 $000's
NOTE 3 Loans and Receivables		
Loans	332,005	425,402
Total Loans and Receivables	**332,005**	**425,402**

The loans comprise of various terms to maturity ranging up to 26 years and at various fixed and variable interest rates.

	2009 $000's	2008 $000's
NOTE 4 Trade and Other Receivables		
Other Receivables	682	1,594
Loans to related parties	12,385	9,012
Swap Collateral	5,055	5,055
Total Trade and Other Receivables	**18,122**	**15,661**

The components of 'Other Receivables' relates to accrual balances attributable to the loan portfolio or investments held by the Trust.

	2009 $000's	2008 $000's
NOTE 5 Trade and Other Payables		
Distribution Payable	275	13,304
Other Creditors and accruals	513	1,275
Total Trade and Other Payables	**788**	**14,579**

The components of 'Other Creditors' relates to liabilities for goods and services provided to the Trust prior to the end of the financial year that are unpaid and arise when the Trust becomes obliged to make future payments in respect of the purchase of these goods and services.

	2009 $000's	2008 $000's
NOTE 6 Borrowings		
Class A Notes - Unsecured	326,893	415,795
Class B Notes - Unsecured	20,800	20,800
Total Borrowings	**347,693**	**436,595**

Two classes of Notes on issue:- A and B.
These Notes are floating rate Notes based on BBSW plus a margin.

	2009 $000's	2008 $000's
NOTE 7 Net Assets Attributable to Unitholders		
Undistributed Income at the beginning of the financial year	-	-
Net operating profit/ (loss)	(10,542)	13,719
Contributions/ (Distributions)	10,542	(13,719)
Closing Balance	-	-

	2009 $000's	2008 $000's
NOTE 8 Cash flow Statement		
Cash flow reconciliation		
Profit / (Loss) after income tax	(10,542)	13,719
adjustments for		
Interest received	545	(1,374)
Loss/(Gain) on Derivative Financial Instrument	11,757	(10,111)
Swap payments	367	(221)
Coupon payments	(739)	1,162
Other expenses	(22)	114
changes in assets/liabilities		
Increase/(Decrease) in Trade & Other receivables	2,461	15,661
Increase/(Decrease) In Derivative Financial Instruments	(11,757)	10,111
Increase/(Decrease) in Loan Receivable	(93,397)	425,402
(Increase)/Decrease in Borrowings	88,902	(436,595)
(Increase)/Decrease in Trade and Other Payables	13,791	(14,579)
Net cash flow from operating activities	**1,366**	**3,289**

	2009 $000's	2008 $000's
NOTE 9 Distribution to Unitholders		
Accrued Distribution at the beginning of the year	13,304	-
Profit/ (Loss) for the year	(10,542)	13,719
Accrued Contribution/ (Distribution) at the end of the year	(275)	(13,304)
Distribution to Unitholders	**2,487**	**415**

	2009	2008
NOTE 10 Auditors' Remuneration	$	$
The audit fee paid/payable by the Trust to Ernst & Young	5,800	4,000

NOTE 11 Segment information
The Trust considers that it operates in the financial services industry wholly within Australia.

NOTE 12 Subsequent Events
Since 30 June 2009 there has not been any matter or circumstances not otherwise dealt with in the financial report that has significantly affected or may significantly affect the Trust.

NOTE 13 Derivative Financial Instruments
The Trust enters into financial instruments for hedging purposes which enable it to manage interest rate risk. The fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates.

The Trust enters into derivative financial instruments for hedging purposes and deals in interest rate swaps which enable it to manage interest rate risk. The Trust manages the exposures related to these instruments as part of its overall interest rate risk management.

Each derivative is classified as either held for "trading" purposes or for "hedging" purposes. Where hedge accounting has not been applied these items have been classified as held for "trading" purposes. Some derivative financial instruments may qualify as either cash flow or fair value hedges.
The accounting treatment of these hedges is outlined in Note 2(j).
The table below shows the fair values of the derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are indicative of neither the market risk nor credit risk.

	Assets Fair Value 2009	Liabilities Fair Value 2009	Contract or Notional amount 2009	Assets Fair Value 2008	Liabilities Fair Value 2008	Contract or Notional amount 2008
Derivatives held for trading	$000's	$000's	$000's	$000's	$000's	$000's
Interest rate swaps	1,829	(3,475)	342,638	10,111	-	431,540
Total Derivative Financial Instruments	**1,829**	**(3,475)**	**342,638**	**10,111**	**-**	**431,540**

Note 14 Related Party Disclosures

Bendigo and Adelaide Bank Ltd and AB Management Pty Ltd act as Servicer and Manager of the Trust respectively and as such receive a fee for providing such services.

AB Management Pty Ltd acts as Manager of the Trust and receives a fee for providing such services. The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

	2009	2008
	$000's	$000's
Bendigo and Adelaide Bank Ltd	965	791
AB Management Pty Ltd	116	95
Loans to Related Parties	12,385	9,012

No employees nor directors of related entities are paid by the Trust.

(i) Directors

The Directors of AB Management Pty Ltd are considered to be Key Management Personnel of the Trust. The Directors of the Responsible Entity in office during the year and up to the date of the report are:
J L McPhee (resigned 04/08/2009)
K D Abrahamson (resigned 31/07/2008)
K G Osborn (resigned 31/07/2008)
M J Hirst (appointed 31/08/2008, resigned 04/08/2009)
D J Hughes (appointed 31/07/2008, resigned 04/08/2009)
A J Newson (appointed 31/07/2008, resigned 04/08/2009)
P J Ormandy (appointed 04/08/2009)
M L Pedler (appointed 04/08/2008)
P L F Riquier (appointed 31/07/2008, resigned 04/08/2009)

(ii) Other Key Management Personnel

In addition to the Directors noted above, AB Management Pty Ltd, the Responsible Entity of the Trust is considered to be Key Management Personnel with the authority for the strategic direction and management of the Trust.

(iii) Compensation of Key Management Personnel

No amount is paid by the Trust directly to the Directors of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Trust to the Directors as Key Management Personnel.

Note 15 Risk Management and Financial Instruments

Net Fair Values
The Trust's Trade and Other Receivables assets are valued in accordance with note 2(f).
The Trust's financial assets are valued in accordance with note 2(e).
The net fair values of these assets are equivalent to the carrying value as at 30 June 2009.

Interest rate risk exposures
Interest rate risk is the risk that changes in market interest rates might adversely affect net interest income of the Trust.

Interest rate risk is carefully managed, within defined limits set by the Risk Management Committee of the Responsible Entity, with the primary objective being to stabilise and enhance the performance of net interest income over time. This risk is managed by limiting the mismatch in the repricing dates of the Trust's asset and liabilities and through the use of interest rate hedging products such as swaps.

The risk of the carrying value of the Trust's investment being affected by movements in interest rates is managed by ensuring all transactions are within defined, approved limits.
Other receivables and payables are valued at cost, which is equivalent to the net fair value.

The swaps used to manage interest rate exposure are purchased with the intent of being held to maturity, and satisfy hedge accounting requirements.

Interest Rate Sensitivity is based on the balances as at 30 June and assumes all other variables are held constant.

	Increase in Interest Rate	Post Tax Profit ($)	Decrease in Interest Rate	Post Tax Profit ($)	Increase in Interest Rate	Post Tax Profit ($)	Decrease in Interest Rate	Post Tax Profit ($)
	30-Jun-09		30-Jun-09		30-Jun-08		30-Jun-08	
Financial Asset								
Net Loans & Advances	+ 1.00%	3,320,045	- 1.00%	(3,320,045)	+ 1.00%	4,254,019	- 1.00%	(4,254,019)
Derivatives	+ 1.00%	18,285	- 1.00%	(18,285)	+ 1.00%	101,107	- 1.00%	(101,107)
Financial Liability								
Coupons	+ 1.00%	(3,320,045)	- 1.00%	3,320,045	+ 1.00%	(4,365,949)	- 1.00%	4,365,949

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.
The movement in equity is due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges.

Liquidity and cash flow risk

Balance sheet liquidity risk is the risk of being unable to meet financial obligations as they fall due. Liquidity risk is managed within defined limits set by the Risk Management Committee of the Responsible Entity.
The Trust holds a portfolio of high quality liquid assets as protection against an unexpected outflow of funds.
The table below summaries the maturity profile of the Trust's financial liabilities at 30 June 2009.
The net fair value of liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2009.

	Maturity Profile 30 June 2009				Maturity Profile 30 June 2008			
	Less than 3 Months	Between 3 months & 12 months	Between 1 year & 5 years	More Than 5 Years	Less than 3 Months	Between 3 months & 12 months	Between 1 year & 5 years	More Than 5 Years
	$000's	$000's	$000's	$000's	$000's	$000's	$000's	$000's
Interest Payable to Noteholders	424				1,163	-	-	-
Management Fees Accrued	116	-	-	-	11	-	-	-
Excess Spread	-	-	-	-	13,304	-	-	-
Derivatives	737	3,417	5,320	-	-	-	-	-
Borrowings	30,239	56,561	234,145	77,740	5,683	111,870	1,018,452	-
Other Creditors	227	-	-	-	101	-	-	-
Total	31,742	59,978	239,464	77,740	20,262	111,870	1,018,452	-

Note 15 Risk Management and Financial Instruments (continued)

Credit risk exposures

Credit risk is the potential of loss arising from failure of a debtor or counterparty to meet their contractual obligations, and is managed within defined policy set by the Board Risk Management Committee of the Responsible Entity. Credit risk arises from lending activities, financial market transactions and other associated activities. The Trust has a credit risk framework in place to provide a structured and disciplined approach to all lending activities. Total credit risk exposure of cash, loans and investments of the Trust is limited to the carrying value of assets on the Balance Sheet.

The table below categories the loans and receivables of the Trust by their aging profile:

30-Jun-09				
	Less than 1 year	Between 1 and 5 years	More Than 5 Years	Total
	$000's	$000's	$000's	$000's
Net Loans & Advances	-	67,880	264,124	332,005

30-Jun-08				
	Less than 1 year	Between 1 and 5 years	More Than 5 Years	Total
	$000's	$000's	$000's	$000's
Net Loans & Advances	-	103,766	321,636	425,402

The table below categories the loans and receivables of the Trust by their grading profile:

30-Jun-09					
	High Grade	Standard Grade	Sub-Standard Grade	Unrated	Total
	$000's	$000's	$000's	$000's	$000's
Net Loans & Advances	258,699	73,305	-	-	332,005
Derivative Financial Assets	-	-	-	1,829	1,829
Trade Receivables	18,123	-	-	-	18,123

30-Jun-08					
	High Grade	Standard Grade	Sub-Standard Grade	Unrated	Total
	$000's	$000's	$000's	$000's	$000's
Net Loans & Advances	411,168	14,234	-	-	425,402
Derivative Financial Assets	-	-	-	10,111	10,111
Trade Receivables	15,661	-	-	-	15,661

Note 16 Fair Value of Financial Instruments

Accounting Standard AASB 7 "Financial Instruments - Disclosure" requires disclosure of the net fair value of on and off-balance sheet financial instruments. Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Net fair value is the fair value adjusted for transaction costs.

Quoted market prices, where available, are adjusted for material transaction costs and used as the measure of net fair value. In cases where market values are not available, net fair values are based on present value estimates or other valuation techniques. For the majority of short term financial instruments, defined as those which reprice or mature in 90 days or less, with no significant change in credit risk, the net fair value is assumed to equate to the carrying amount in the consolidated entity's Balance Sheet.

The fair values are based on relevant information available as at 30 June 2009. While judgement is used in obtaining the net fair value of financial instruments, there are inherent weaknesses in any estimation technique. Many of the uncertainties and matters of significant judgement and changes in underlying assumptions could significantly affect these estimates. Furthermore, market prices or rates of discount are not available for many of the financial instruments valued and surrogates have been used which may not reflect the price that would apply in an actual sale. The use of estimates and assumptions together with calculations based on information available at a particular point in time (being year end) result in the net fair values disclosed being highly subjective and subject to change and are not representative of the underlying value of the consolidated entity.

The following table provides details of both carrying value and net fair value of on-balance sheet financial instruments as at 30 June 2009. The estimated net fair values disclosed do not reflect the value of assets and liabilities that are not considered financial instruments. Non-financial instruments excluded from the disclosure include property, plant and equipment, intangibles, deferred expenditure, income tax liabilities and provisions.

	Jun-09		Jun-08	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	$000's	$000's	$000's	$000's
Assets				
Net Loans and Advances	332,005	334,469	425,402	420,668
Derivatives	1,829	1,829	10,111	10,111
Liabilities				
Derivatives	3,475	3,475	-	-
Notes Payable	347,693	324,074	436,595	424,288

Methodologies

The following methodologies and assumptions have been used to determine net fair values:

Cash & Cash Equivalents

The carrying value of these financial instruments is considered to approximate their net fair value as they are short term in nature or are receivable on demand.

Net Loans and Advances

The carrying value for loans and advances is net of specific and general provisions for doubtful debts. The estimated net fair value calculations have not been adjusted for general provisions for doubtful debts. The net fair value for loans and advances is based on discounted cash flow models which calculate the sum of the present values of expected principal and interest cash flows using repricing dates.

Trade and Other Receivables and Other Assets

Trade and other receivables and other assets include accrued interest, loan portfolio premium, other investments and other receivables. The carrying value is a reasonable estimate of net fair value.

Trade and Other Payables

The carrying value for payables approximates net fair value.

Notes Payable

Discounted cashflow models have been used to determine the net fair value for notes payable based on maturity, with terms generally ranging from one month to a year.

Series 2007-1 TORRENS TRUST

Manager'S STATEMENT

In the opinion of the Manager:

(a) the financial statements and notes of the Trust are in accordance with the Trust Deed, including :

(i) giving a true and fair view of the Trust's financial position as at 30 June 2009; and of its performance for the year ended on that date; and

(ii) complying with applicable Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Peter Ormandy
for and on behalf of AB Management Pty Limited
as Manager of the Series 2007-1 Torrens Trust
December 2009

Ernst & Young Building
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
www.ey.com/au

Independent auditor's report to the unitholders of Series 2007-1 Torrens Trust

We have audited the accompanying financial report of Series 2007-1 Torrens Trust, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in net assets attributable to unitholders and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the manager's statement.

Trust Manager's Responsibility for the Financial Report

The Trust Manager of the Trust is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and with the Trust Deed. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Trust's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trust Manager, 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 met the independence requirements of the Australian professional accounting bodies.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report presents fairly, in all material respects, the financial position of Series 2007-1 Torrens Trust as of 30 June 2009, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Trust Deed; and
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Ernst & Young
Adelaide
18 December 2009

Ernst & Young Building
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
www.ey.com/au

Auditor's Independence Declaration to the Directors of AB Management Pty Ltd, as Manager for Series 2007-1 Torrens Trust

In relation to our audit of the financial report of Series 2007-1 Torrens Trust for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Colin Dunsford
Partner
Adelaide
18 December 2009