

**EAIT Direct Investments Fund**

ARSN 137 968 542

Final report for the financial period from 1 January 2016 to 24 June 2016

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## Directors' Report

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) ("OMIFL" or the "Responsible Entity"), the responsible entity of the EAIT Direct Investments Fund ("EDIF" or the "Fund"), submit their report for the Fund the period from 1 January 2016 to 24 June 2016.

### Information about the Directors and Senior Management

The names of the directors of the Responsible Entity are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-Executive Director
Sarah Wiesener	Company Secretary (appointed 9 June 2016)

### Responsible Entity

The responsible entity of the Fund is OMIFL. The registered office and principal place of business of the Responsible Entity is Level 11, 20 Hunter Street, Sydney NSW 2000.

### Principal Activities

The Fund is a registered managed investment scheme, domiciled in Australia.

The principal activities of the Fund during the period were realising all assets and winding down the Fund.

The Fund did not have any employees during the period.

The Fund was liquidated on 24 June 2016.

### Review of Operations

#### Results

The results of the operations of the Fund are disclosed in the Statement of Profit or Loss and Other Comprehensive Income in Liquidation of these financial statements. The loss attributable to unitholders for the period from 1 January 2016 to 24 June 2016 was \$69,129 (2015 loss: \$115,787).

#### Distributions

There were no distributions made to unitholders for the financial period from 1 January 2016 to 24 June 2016 (2015: \$nil).

#### Return of Capital

In respect of the financial period from 1 January 2016 to 24 June 2016, a return of capital of \$205,716 (2015: \$nil) was paid to the unitholders.

#### Value of Assets and Units Issued

The total value of the Fund's assets at 24 June 2016 was \$nil (2015: \$300,312). The total number of units on issue as at 24 June 2016 was nil (2015: 48,499,951).

## Directors' Report (continued)

### *Fees Paid and Payable to the Responsible Entity and Associates*

In accordance with the Fund's Constitution, fees are paid to the Responsible Entity by the Fund in respect to the management of the Fund at 1.25% per annum (excluding GST) of the gross asset value of the Fund.

According to EDIF's Supplemental Deed dated 27 October 2010, the Responsible Entity must reduce or otherwise rebate the management fee for any calendar quarter period by the amount of any management fees paid to Alternative Private Investments Pty Limited as trustee of EDIF Sub Trust ("Trustee of the EDIF Sub Trust"), plus an amount of \$2,500 per calendar quarter to the extent that such a reduction or rebate causes the management fee for any calendar quarter to be a negative amount. In such case the shortfall is to be carried forward for the purposes of calculating the management fee for subsequent calendar quarters until such shortfall has been applied in full.

As noted above, during the period ended 1 January 2016 to 24 June 2016 the management fee reduction resulted in a negative management fee due to the Responsible Entity. As a result the management fee to the Responsible Entity for the period 1 January 2016 to 24 June 2016 is \$ nil (2015: \$nil) of which \$nil (2015: \$nil) was payable at period end.

### *Changes in State of Affairs*

On 3 February 2016, OMIFL, the responsible entity of Everest Babcock & Brown Income Fund ("EBBIF") made announcement to its investors in regards to the claim against EBBIF by Redleaf Capital Pty Limited (formerly known as Everest Capital Limited) ("Redleaf"), the former responsible entity for EBBIF.

Under the terms of the settlement between EBBIF and Redleaf:

- \$300,000 will be paid to Redleaf out of EBBIF; and
- Redleaf has acknowledged that it has no further claim against EBBIF.

The settlement allowed the responsible entity of EBBIF to pay an interim return of capital EBBIF unitholders on 29 January 2016.

On 9 March 2016, following the settlement in EBBIF, OMIFL decided to terminate the Fund pursuant to the terms of the Fund's Constitution. Investors were notified of this on 10 March 2016. On 20 April 2016, EBBIF paid last return of capital of \$72,498 to EDIF Sub- Trust, the underlying EDIF investment. On 28 April 2016, EDIF Sub Trust paid last return of capital of \$169,801 and EDIF Sub Trust has now been terminated.

During the financial period 1 January 2016 to 24 June 2016, there were no other significant changes in the state of affairs of the Fund.

### *Subsequent Events*

Other than the above, there has not been any matter or circumstances occurring subsequent to the financial period that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs of the Fund as at 24 June 2016.

### *Future Developments*

The Fund was liquidated on 24 June 2016.

### *Environmental Regulation and Performance*

The operations of the Fund are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State Territory. There have been no known significant breaches of any other environmental requirements applicable to the Fund.

## Directors' Report (continued)

### *Indemnification of Directors, Officers and Auditors*

During the period, the Responsible Entity paid a premium in respect of a contract insuring the directors of OMIFL against a liability incurred as a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Responsible Entity has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Responsible Entity or of any related body corporate against a liability as such an officer or auditor.

### *Auditor's Independence Declaration*

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Justin Epstein  
Director  
8 July 2016



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The Board of Directors  
One Managed Investment Funds Limited  
as Responsible Entity for  
EAIT Direct Investments Fund  
Level 11  
20 Hunter Street  
SYDNEY NSW 2000

Dear Directors

**EAIT Direct Investments Fund**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of One Managed Investment Funds Limited as Responsible Entity of EAIT Direct Investments Fund.

As lead audit partner for the audit of the financial report of EAIT Direct Investments Fund for the financial period ended 24 June 2016, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Crowe Horwath Sydney*

**CROWE HORWATH SYDNEY**

**SUWARTI ASMONO**  
Partner

Dated this 8<sup>th</sup> day of July 2016

## Independent Auditor's Report to the Unitholders of EAIT Direct Investments Fund

### Report on the Financial Report

We have audited the accompanying financial report of EAIT Direct Investments Fund, which comprises the statement of financial position in liquidation as at 24 June 2016, the statement of profit and loss and other comprehensive income in liquidation, the statement of changes in net assets attributable to unitholders in liquidation and the statement of cash flows in liquidation for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Financial Report*

The directors of the Responsible Entity, One Managed Investment Funds Limited, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation of the financial report that gives a true and fair view 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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Independence*

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

*Auditor's Opinion*

In our opinion:

- a. the financial report of EAIT Direct Investments Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Fund's financial position as at 24 June 2016 and of its performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

*Crowe Horwath Sydney*  
**CROWE HORWATH SYDNEY**

A handwritten signature in black ink, appearing to read "Suwarti".

**SUWARTI ASMONO**  
Partner

Dated this 8<sup>th</sup> day of July 2016



## Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) in the directors' opinion, the financial statements and notes thereto are in compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 3 to the financial statements; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and the Corporations Regulations 2001 and giving a true and fair view of the Fund's financial position as at 24 June 2016 and its performance for the financial period ended on that date.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Justin Epstein

Director

8 July 2016

**Statement of Profit or loss and other comprehensive Income in Liquidation for the period 1 January 2016 to 24 June 2016**

		Period from 1 January 2016 to 24 June 2016	Year ended 31 December 2015
	Notes	\$	\$
<b>Income</b>			
Change in value of financial assets held at fair value through profit or loss	4	(32,934)	(70,679)
Interest income		225	3,249
Total income		(32,709)	(67,430)
<b>Expenses</b>			
Operating expenses		21,295	28,670
Professional fees		15,066	19,462
Bank fees		59	225
Total expenses		36,420	48,357
<b>Net loss attributable to unitholders before financing costs</b>		<b>(69,129)</b>	<b>(115,787)</b>
<b>Finance costs</b>			
Distributions to unitholders		-	-
<b>Decrease in net assets attributable to unitholders</b>		<b>69,129</b>	<b>115,787</b>
<b>Net loss for the year</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

## Statement of Financial Position in Liquidation as at 24 June 2016

		24 June 2016	31 December 2015
Notes		\$	\$
<b>Assets</b>			
Cash and cash equivalents	10(a)	-	95,466
Investments in financial assets held at fair value through profit or loss	4	-	202,735
Other assets		-	2,111
<b>Total assets</b>		<b>-</b>	<b>300,312</b>
<b>Liabilities</b>			
Operating fees payable		-	10,774
Professional fees payable		-	14,693
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>-</b>	<b>25,467</b>
<b>Net assets attributable to unitholders</b>		<b>-</b>	<b>274,845</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

**Statement of Changes in Net Assets Attributable to Unitholders in Liquidation from 1 January 2016 to 24 June 2016**

	Note	Total attributable to the unitholders of the Fund \$
Balance as at 1 January 2016		274,845
Returns of capital		(205,716)
Total comprehensive loss		(69,129)
<b>Balance as at 24 June 2016</b>	<b>7</b>	<b>-</b>
Balance as at 1 January 2015		390,632
Total comprehensive loss		(115,787)
<b>Balance as at 31 December 2015</b>	<b>7</b>	<b>274,845</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

## Statement of Cash Flows in Liquidation from 1 January 2016 to 24 June 2016

		Period from 1 January 2016. to 24 June 2016 \$	Year ended 31 December 2015 \$
	Notes		
<b>Cash flows from operating activities</b>			
Interest received		397	3,428
Legal fees paid		(6,510)	(27,051)
Professional fees paid		(24,826)	(297)
Other payments		(28,612)	(19,914)
Net cash used in operating activities	10(b)	(59,551)	(43,834)
<b>Cash flow from investing activities</b>			
Return of capital from investment received	4	169,801	-
Net cash provided by investing activities		169,801	-
<b>Cash flow from financing activities</b>			
Returns of capital paid to unitholders	7	(205,716)	-
Net cash used in investing activities		(205,716)	-
Net decrease in cash and cash equivalents		(95,466)	(43,834)
Cash and cash equivalents at beginning of the period		95,466	139,300
<b>Cash and cash equivalents at the end of the year</b>	10(a)	-	<b>95,466</b>

The accompanying notes to the financial statements should be read in conjunction with this statement.

## 1. General Information

The Fund is an unlisted Australian registered managed investment scheme. The address of its registered office and principal place of business is Level 11, 20 Hunter Street, Sydney NSW 2000. The responsible entity of the Fund is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) ("OMIFL"). The principal activity of the Fund is disclosed in the Directors' Report.

## 2. Adoption of New and Revised Accounting Standards

### *New and amended standards adopted by the Fund*

There are no new and revised accounting requirements significantly affecting the financial statements.

## 3. Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

### *a) Statement of compliance*

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations as they apply to a fund which is no longer a going concern, and comply with other requirements of the law.

Compliance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board ("AASB") ensures that the financial statements and notes thereto comply with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorised for issue by the directors of the Responsible Entity on 8 July 2016.

### *b) Basis of preparation*

This general purpose financial report has been prepared on a non-going concern basis.

The Statement of Financial Position in Liquidation is presented on a non-going concern basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current.

All amounts are presented in Australian dollars as the functional and presentational currency of the Fund.

### *c) Non-going concern basis*

As a result of the decision to undertake an orderly realisation of assets, this financial report has been prepared on a non-going concern basis.

### *d) Revenue and income recognition*

#### **Revenue**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### d) Revenue and income recognition (continued)

##### *Distributions*

Distributions from investments are recognised when the right to receive the payment is established.

##### *Interest income*

Interest income is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

#### e) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, cash balances held with brokers and cash held in the One Cash Management Fund ("OCMF"), fund managed by a related party of OMIFL, which is redeemable on a daily basis.

#### f) Investments in financial instruments

Investments in financial instruments, as defined by AASB 132 'Financial Instruments: Presentation', are categorised in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'. This classification is determined by the purpose underpinning the acquisition of the investment. The classification of each financial instrument is re-evaluated at each financial year end. As at 24 June 2016, the Fund held nil financial instruments.

#### Designated at fair value through profit or loss

Investments of the Fund that have been designated as at fair value through profit or loss include securities that are held for trading but for which there is no positive intention to hold to maturity. All investments are initially recognised at fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets that are designated at fair value through profit or loss are re-valued to fair value at each reporting date. The Fund carries its investments in other funds at fair value based on financial data supplied by the managers of the funds invested in. Changes in the fair value of the investment are included in the Statement of Profit or Loss and Other Comprehensive Income in Liquidation as an unrealised appreciation or depreciation on fund investments. Due to the inherent uncertainty of valuation, the value of the investments held by the Fund may differ significantly from the values that would have been used, had a ready market for the investments existed, and these differences could be material to the value of the Fund.

The investments held by the Fund have been designated as at fair value through profit or loss as doing so results in more relevant information. These investments are part of a full group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Fund.

#### g) Taxation

Under the current tax legislation, the Fund is not subject to income tax provided that the unitholders are presently entitled to the income of the Fund and that the Fund entirely distributes its taxable income.

There is no income of the Fund to which the unitholders are not currently entitled. Additionally, the Fund's Constitution requires the distribution of the full amount of the net income of the Fund to unitholders each year. As a result, deferred taxes have not been recognised in the financial statements in relation to the differences between carrying amounts of assets and liabilities and their respective tax bases. This includes taxes on capital gain which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that the taxable gains are realised by the Fund, these gains would be included in the taxable income and assessable in the hands of the unitholders.

## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### *h) Distributions*

In accordance with the Fund's Constitution, the Fund distributes all distributable income to unitholders.

Distributable income includes capital gains arising from the disposal of investments and foreign exchange gains. Unrealised gains or losses on investments that are recognised in the Statement of Profit or Loss and other Comprehensive Income in Liquidation are not distributed until realised. Capital losses are not distributed to unitholders and are retained to be offset against future realised capital gains.

As noted in the Director's Report, the Fund was terminated on 9 March 2016. The Fund paid last return of capital to unitholders on 24 June 2016. The Fund was liquidated on 24 June 2016.

#### *i) Goods and services tax ("GST")*

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the tax authority is included as part of receivables or payables. Cash flows are included in the statement of cash flows in liquidation on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### *j) Payables*

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods and services.

#### *k) Applications and redemptions*

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

The application and redemption unit price is determined as the net asset value of the Fund, adjusted for any estimated transaction costs, divided by the number of units on issue at the date of the application or redemption. The Responsible Entity may, in its absolute discretion, accept redemptions outside the terms of the Product Disclosure Statement. The fulfilment of any redemption request is subject to the then liquidity of the investment portfolio and the underlying investment managers' redemption terms.

As noted in the Director's Report, the Fund was terminated on 9 March 2016. The Fund paid last return of capital to unitholders on 24 June 2016. The Fund was liquidated on 24 June 2016.

#### *l) Critical accounting judgements and key sources of estimation uncertainty*

Management has adhered to the Fund's unit pricing policy which sets out the basis upon which the units of the Fund have been valued, a copy of which is available upon request.

In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from 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 judgments. Actual results may differ from these estimates.



## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### *l) Critical accounting judgements and key sources of estimation uncertainty (continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### *m) Redeemable participating units*

The participating units issued by the Fund provide the unitholders with the right to redeem their units for cash equal to their proportionate share of the net asset value of the Fund. AASB 32 permits certain puttable instruments that impose on an entity an obligation to deliver to another party a pro- rata share of the net assets of the entity on liquidation to be classified as equity, subject to specified criteria being met. The Fund's redeemable participating units do not meet the specified criteria and have been consequently classified as liabilities. The liability to participating unitholders is presented on the Statement of Financial Position in Liquidation as "Net assets attributable to unitholders" and is determined based on the residual assets of the Fund after deducting the Fund's other liabilities.

### 4. Investments in Financial Instruments

	24 June 2016 \$	31 December 2015 \$
<b>Investment in EDIF Sub-Trust</b>	-	<b>202,735</b>

Financial instruments carried at fair value are categorised under a three level hierarchy. Financial instruments are categorised based on the observable market inputs when estimating their fair value. If different levels of inputs are used to measure a financial instrument's fair value, the instrument's classification within the hierarchy is based on the lowest level of input that was significant to the fair value measurement.

#### Level 1:

Financial instruments are valued by reference to quoted prices in an active market(s) for identical assets or liabilities. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

#### Level 2:

Financial instruments are valued using inputs other than quoted prices covered in Level 1. These other inputs include quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The inputs included in this level encompass quoted prices in active markets for similar assets or liabilities, quoted prices in markets in which there are few transactions for identical or similar assets or liabilities. Financial instruments that are valued using other inputs that are not quoted prices but are observable for the assets or liabilities also fall into this categorisation.

#### Level 3:

Financial instruments that have been valued, in whole or in part, by using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Unobservable valuation inputs are determined based on the best information available, which might include the entity's own data, reflecting its assumptions as well as best practices carried out or undertaken by other market participants. These valuation techniques are used to the extent that observable inputs are not available.

As at 24 June 2016, the Fund had \$nil financial assets.

**Notes to the Financial Statements**
**4. Investments in Financial Instruments (continued)**

The following table shows an analysis of financial instruments held at 31 December 2015, recorded at fair value and presented by level of the fair value hierarchy:

	Year ended 31 December 2015			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Financial assets</b>				
Investment in EDIF Sub-Trust	-	-	202,735	202,735
<b>Total financial assets designated at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>202,735</b>	<b>202,735</b>

Financial assets measured on a recurring basis using significant unobservable inputs (Level 3) are shown below:

	24 June 2016 \$	31 December 2015 \$
Financial instruments		
Opening balance	202,735	273,414
Net sales	(169,801)	-
Change in fair value of financial assets held at fair value through profit or loss	(32,934)	(70,679)
<b>Closing Balance</b>	<b>-</b>	<b>202,735</b>

As at 31 December 2015, EDIF Sub-Trust, EDIF underlying investment invested in Everest Babcock and Brown Income Fund ("EBBIF"). EBBIF former responsible entity Everest Financial Group Limited (now known as Redleaf Financial Group Pty Limited), (the ultimate holding company of Everest Capital Limited (now known as Redleaf Capital Pty Limited) ("Redleaf")) that its subsidiary, Redleaf, had received a notice from the Australian Securities and Investments Commission ("ASIC") requesting certain documents in relation to an investigation into suspected contraventions of the Corporations Act by various directors and officers of Redleaf. The investigation related to whether preferential discretionary redemptions had been approved for certain members of the Fund. Costs, fees and expenses incurred by Redleaf were approximately \$1.2 million as at October 2010. [Source: ASX release 19/11/2010]

On 3 February 2016, OMIFL, the responsible entity of Everest Babcock & Brown Income Fund ("EBBIF") made announcement to its investors in regards to the claim against EBBIF by Redleaf Capital Pty Limited (formerly known as Everest Capital Limited) ("Redleaf"), the former responsible entity for EBBIF.

Under the terms of the settlement between EBBIF and Redleaf:

- \$300,000 paid to Redleaf out of EBBIF; and
- Redleaf has acknowledged that it has no further claim against EBBIF.

The settlement allowed the responsible entity of EBBIF to pay an interim return of capital EBBIF unitholders on 29 January 2016. EBBIF wound on 20 April 2016 and paid last return of capital of \$72,498 to EDIF Sub-Trust. As a result of this settlement, EDIF also paid last return of capital of \$169,801 and was wound on 28 April 2016.

**Notes to the Financial Statements**
**4. Investments in Financial Instruments (continued)**

Valuation techniques used to derive level 1, level 2 and level 3 fair values:

**Level 1**

The fair value of financial instruments that are traded in an active market (for example, listed equities) is determined using the last traded quoted price in an active market. As at 24 June 2016 the Fund had \$ nil (2015: \$ nil) financial assets held at fair value through profit or loss included in level 1.

**Level 2**

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 24 June 2016 the Fund had \$ nil (2015: \$ nil) financial instruments in level 2.

**Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 24 June 2016 the Fund had \$nil (2015: \$202,735) financial assets held at fair value through profit or loss included in level 3. The instrument is valued by using the latest available statement received from the custodian.

**5. Management Fees**

The responsible entity of EAIT Direct Investments Fund is OMIFL.

In accordance with the Fund's Constitution, fees are paid to the Responsible Entity by the Fund in respect of the management of the Fund at 1.25% per annum (excluding GST) of the gross asset value of the Fund.

According to EDIF's Supplemental Deed dated 27 October 2010, the Responsible Entity must reduce or otherwise rebate the management fee for any calendar quarter period by the amount of any management fees paid to Alternative Private Investments Pty Limited as trustee of EDIF Sub Trust, plus an amount of \$2,500 per calendar quarter to the extent that such a reduction or rebate causes the management fee for any calendar quarter to be a negative amount. In such case the shortfall is to be carried forward for the purposes of calculating the management fee for subsequent calendar quarters until such shortfall has been applied in full.

As noted above, during period, the management fee reduction resulted in a negative management fee due to the Responsible Entity. As a result the management fee to the Responsible Entity for the period is \$ nil (31 December 2015: \$ nil).

**6. Distribution Payable to Unitholders**

In accordance to the Fund's Constitution the Fund fully distributes its distributable income to unitholders in cash. Such distributions are determined by reference to the net taxable income of the Fund. No distributions of income were made during the reporting period (2015: \$ nil). Returns of capital paid during period were \$205,716 (2015: \$nil).

**7. Net Assets Attributable to Unitholders**

Period from 1 January 2016 to 24 June 2016

	No. of Units	\$
Opening balance as at 1 January 2016	48,499,951	274,845
Returns of capital	(48,499,951)	(205,716)
Total comprehensive loss	-	(69,129)
Closing balance as at 24 June 2016	-	-

**Notes to the Financial Statements**
**7. Net Assets Attributable to Unitholders (continued)**
**Year ended 31 December 2015**

	<b>No. of Units</b>	<b>\$</b>
Opening balance as at 1 January 2015	48,499,951	390,632
Net loss attributable to unitholders		(115,787)
<b>Closing balance as at 31 December 2015</b>	<b>48,499,951</b>	<b>274,845</b>

**8. Capital Management**

The Fund's objectives for managing capital are:

- to maintain sufficient liquidity to meet the ongoing expenses of the Fund; and
- to maintain sufficient size to make the operation of the Fund cost-efficient.

The Fund is being managed to preserve value and return of capital to unitholders via an orderly realisation of underlying investments

**9. Auditor's Remuneration**

	<b>Period from 1 January 2016 to 24 June 2016 \$</b>	<b>Year ended 31 December 2015 \$</b>
Audit of the financial report	<b>6,270</b>	<b>11,302</b>

The auditor of the Fund is Crowe Horwath Sydney (2015: Deloitte Touche Tohmatsu Australia).

**10. Cash and Cash Equivalents**

- (a) Cash and cash equivalents include cash on hand, cash at bank net of outstanding bank and broker overdrafts, cash balances held with brokers and cash held in One Cash Management Fund ("OCMF"). Cash at the end of the year as shown in the Statement of Cash Flows in Liquidation is reconciled to the related items in the Statement of Financial Position in Liquidation as follows:

	<b>24 June 2016 \$</b>	<b>31 December 2015 \$</b>
Cash held in CBA	-	95,466
<b>Total cash</b>	<b>-</b>	<b>95,466</b>

**Notes to the Financial Statements**
**10. Cash and Cash Equivalents (continued)**

(b) Reconciliation of net loss attributable to unitholders for the year to net cash used in operating activities:

	Period from 1 January 2016 to 24 June 2016 \$	Year ended 31 December 2015 \$
Net loss attributable to unitholders	(69,129)	(115,787)
Net loss on assets held at fair value through profit or loss	32,934	70,679
Change in assets and liabilities:		
Decrease/(increase) in other assets	2,111	(147)
(Decrease)/increase in trade and other payables	(25,467)	1,421
<b>Net cash used in operating activities</b>	<b>(59,551)</b>	<b>(43,834)</b>

**11. Financial Risk Management Objectives and Policies**

Risks arising from holding financial instruments are inherent in the Fund's activities. These risks are managed through a process of ongoing identification, measurement and monitoring. The Fund is exposed to credit risk, liquidity risk and market risk.

Financial instruments of the Fund comprise investments in financial assets and liabilities held for the purpose of generating a return on the investment made by unitholders. In addition, the Fund also holds cash and cash equivalents, and other financial instruments such as trade debtors and creditors, which arise directly from the operations of the Fund. The responsibility for identifying and controlling the risks that arise from these instruments is that of the Responsible Entity of the Fund.

The method used to measure the risks reflects the expected impact on the performance of the Fund as well as the assets attributable to unitholders of the Fund resulting from reasonably possible changes in the relevant risk variables. Information regarding the Fund's risk exposure is prepared and monitored by the Responsible Entity against established investment mandate limits. These mandate limits reflect the investment strategy and market environment of the Fund as well as the level of risk the Fund is willing to accept. Information about these risk exposures at reporting date is disclosed below.

**(a) Credit risk**

Credit risk represents the risk that the Fund will incur financial loss as a result of a failure by a counter party to discharge an obligation to a financial instrument. In relation to financial instruments, credit risk arises from the potential failure of counterparties to meet their contractual obligations.

In relation to financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. This risk may be minimised by:

- ensuring counterparties, together with the respective credit limits are approved;
- ensuring that the transactions are undertaken with a large number of counterparties; and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

**Notes to the Financial Statements**
**11. Financial Risk Management Objectives and Policies (continued)**
**(a) Credit risk (continued)**

Concentration of credit risk is managed by industry sector. The Fund was exposed to geographic and industry sector concentration as the fund invests in EDIF Sub Trust, which is an Australian domiciled fund in the financial services sector. However, it mitigates the credit risk by investing in EDIF Sub Trust, which invested in EBBIF. However, EBBIF & EDIF Sub Trust have terminated as at reporting date.

**(b) Market risk**

Market risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in the fair value of a financial asset. These fluctuations can be due to changes in market variables such as interest rates. Market risk is minimised by ensuring that all investment activities are undertaken in accordance with agreed investment and leverage guidelines, and meet the manager's selection, analysis and due diligence criteria.

**(c) Currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund does not have direct exposure to foreign currency risk as its financial assets and liabilities are denominated in Australian Dollars.

**(d) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Responsible Entity is responsible for managing direct interest rate risk and reporting any issues to the Board.

At 24 June 2016, the Fund is not exposed to interest rate risk as there are \$nil net assets in the Fund.

	Floating interest rate \$	Non-interest bearing \$	Total \$
<b>31 December 2015</b>			
<b>Assets</b>			
Cash and cash equivalents	95,466	-	95,466
Investments in financial assets held at fair value through profit or loss	-	202,735	202,735
Other assets	-	2,111	2,111
<b>Total assets</b>	<b>95,466</b>	<b>204,846</b>	<b>300,312</b>
<b>Liabilities</b>			
Operating fee payable	-	10,774	10,774
Professional fees payable	-	14,693	14,693
<b>Total liabilities excluding net assets attributable to unitholders</b>	<b>-</b>	<b>25,467</b>	<b>25,467</b>
<b>Net exposure</b>	<b>95,466</b>	<b>179,379</b>	<b>274,845</b>

**Notes to the Financial Statements**
**11. Financial Risk Management Objectives and Policies (continued)**
**(d) Interest rate risk (continued)**

The following table demonstrates the sensitivity of the Fund's Statement of Financial Position in Liquidation to a reasonable change in interest rates, with all other variables held constant. The 25 basis point sensitivity is based on the volatility of change in the AUD cash interest rates over the last 10 years:

	Change in basis points increase/(decrease)	Sensitivity of interest income/expense to increase/(decrease) in interest rate	Sensitivity of changes in fair value of financial assets/liabilities
<b>Period ended 24 June 2016</b>			
AUD interest rate	25bp/(25bp)	nil/(nil)	-
<b>Year ended 31 December 2015</b>			
AUD interest rate	25bp/(25bp)	239/(239)	-

**(e) Other price risk**

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or foreign currency movements). The effect on net assets attributable to unitholders and the Fund's Statement of Profit or Loss and other Comprehensive Income in Liquidation as a result of reasonably possible changes in market factors, as represented by a 5% change in the unit prices of the managed funds, with all other variables held constant is indicated in the table below:

	Change in unit price of managed funds increase/(decrease)	Effect on net assets attributable to unitholders increase/(decrease)
Period ended 24 June 2016	5%/(5%)	nil/(nil)
Year ended 31 December 2015	5%/(5%)	10,137/(10,137)

**(f) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial instruments. The investments of the Fund may experience limited or no liquidity and therefore an investment in the Fund should be regarded as an illiquid investment involving a high degree of liquidity risk. Some of the Fund's investments may be highly illiquid. In addition, in the case of unlisted securities, there is no established secondary market for those investments and realisation of those assets may take a considerable amount of time.

As at the reporting date, the Fund does not hold any financial instruments. Hence, no exposure to liquidity risk.

**Maturity analysis of financial liabilities**

Financial liabilities of the Fund comprise trade payables and net assets attributable to unitholders. Trade payables have no contractual maturities. These are, however, typically settled within 30 days. As at 24 June 2016, there are no liabilities in the Fund.

As at the date of this report, capital returns of \$205,716 (31 December 2015: \$nil) have been made to unitholders.

**Notes to the Financial Statements**
**11. Financial Risk Management Objectives and Policies (continued)**
**(f) Liquidity Risk (continued)**
**Maturity analysis of financial liabilities (continued)**

The following table shows the maturity analysis of the Fund's liabilities for the year ended 31 December 2015:

	31 December 2015						Total
	On demand	< 1 month	1-3 months	3-6 months	6-12 months	> 12 months	
Liabilities	\$		\$	\$	\$	\$	\$
Operating fees payable	-	10,774	-	-	-	-	10,774
Professional fees payable	-	14,693	-	-	-	-	14,693
Net assets attributable to unitholders	-	-	-	274,845	-	-	274,845
<b>Total liabilities</b>	<b>-</b>	<b>25,467</b>	<b>-</b>	<b>274,845</b>	<b>-</b>	<b>-</b>	<b>300,312</b>

**12. Related Party Transactions**

The Responsible Entity of EAIT Direct Investments Fund is One Managed Investment Funds Limited ("OMIFL").

**a) Responsible Entity's and Custody fees**

In accordance with the Funds Constitution, fees are paid to the Responsible Entity by the Fund in respect to the management of the Fund at 1.25% per annum (excluding GST) of the gross asset value of the Fund.

The management fee amounts attributable to the Responsible Entity are detailed in note 5 of the Financial Statements.

In addition, OMIFL is also responsible for the custody of the Fund's assets. During the period, the Fund paid \$3,412 (2015: \$7,175) to OMIFL for custody services provided. As at 24 June 2016, \$nil was payable (2015: \$1,925) to OMIFL for custody services provided.

**b) Investments in unlisted funds managed by One Investment Group Holdings**

EDIF holds nil (December 2015: 9,299,784) units valued at \$nil (December 2015: \$202,735) in the EDIF Sub Trust at 24 June 2016.

As at 24 June 2016, EDIF Sub Trust held nil units, valued at \$nil in Everest Babcock & Brown Income Fund ("EBBIF") (December 2015: \$156,429). The investment in EBBIF allows the consolidated entity, EDIF, to achieve its intention of accessing a diversified portfolio of assets and gaining exposure to the investments in the subordinated debt. Alternative Private Investments Pty Limited the trustee of EDIF Sub Trust is not a related body corporate or associate of either the Responsible Entity.

The Fund has invested units valued at \$nil (December 2015: \$nil) in the One Cash Management Fund ("OCMF") as at 24 June 2016. The trustee of OCMF is One Investment Management Pty Limited ("OIMPL"), an associate of OMIFL. OIMPL and OMIFL are subsidiaries of One Investment Group Holdings Pty Ltd.

OCMF charges a management fee to its unitholders at a rate of 0.50% per annum on gross assets in the fund. Management fees paid by the Fund to OCMF for the period from 1 January 2016 to 24 June 2016 were \$nil (2015: \$610).



**Notes to the Financial Statements**
**12. Related Party Transactions (continued)**
**c) Investments by unlisted funds where OMIFL is the Trustee**

OMIFL is trustee for the Everest Global Growth Fund ("EGGF"). As at 24 June 2016, EGGF held nil (2015: 5,622,668) of the units on issue by EDIF. This holding represents 0% (2015: 11.59%) of the total EDIF units on issue.

During the period, return of capital amounting to \$23,849 (2015:\$nil) was paid to EGGF.

No distributions were made to EGGF for the period from 1 January 2016 to 24 June 2016 (2015: \$ nil).

**d) Other fees to related parties**

During the period from 1 January 2016 to 24 June 2016, One Registry Services Pty Limited ("ORS") registry services to the Fund shares a common director with the Responsible Entity. Previously, Unity Fund Services Pty Limited ("UFS"), and its wholly owned subsidiary Unity Taxation Services Pty Limited ("UTS") shared a common director, Justin Epstein with the Responsible Entity. On 1 July 2015, Justin Epstein resigned as a director of UFS & UTS. UFS & UTS provided taxation and preparation of the Financial statements to the Fund.

The amounts of fees paid and the amounts payable at year end are:

	Period from 1 January 2016 to 24 June 2016 \$	Year ended 31 December 2015 \$
Expenses incurred by the Fund in relation to:		
- Registry Services	15,068	12,341
- Preparation of the Financial Statements to UFS	-	1,838
- Taxation services to UTS	-	6,270
<b>Total expenses</b>	<b>15,068</b>	<b>20,449</b>
	<b>24 June 2016 \$</b>	<b>31 December 2015 \$</b>
Amounts due and payable at Statement of Financial Position date in relation to:		
- Registry Services	-	4,596
- Preparation of the Financial Statements to UFS	-	2,475
- Taxation services to UTS	-	3,300
<b>Total payables</b>	<b>-</b>	<b>10,371</b>

**13. Indemnities**

The Fund entered into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund had not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

**Notes to the Financial Statements**

**14. Commitments and Contingencies**

There are no commitments or contingencies at 24 June 2016 (31 December 2015: \$ nil)

**15. Subsequent Events**

There has not been any matter or circumstances occurring subsequent to the end of the period up to the date of signing that have significantly affected, or may significantly affect, the operations of the Fund, the results of the Fund, or the state of affairs of the Fund as at 24 June 2016.