

**EAIT Direct Investments Fund**

ARSN 137 968 542

Interim financial report for the half-year ended 30 June 2014

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## **Directors' Report**

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) ("OMIFL" or "Responsible Entity"), the responsible entity of the EAIT Direct Investments Fund ("EDIF" or the "Fund"), submit herewith their report for the entity for the half-year ended 30 June 2014.

### **Information about the Directors and Senior Management**

The names of the directors of the Responsible Entity in office for the financial half-year ended 30 June 2014 are:

<b>Name</b>	<b>Title</b>
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	Non-Executive Director

### **Responsible Entity**

The responsible entity of the Fund is OMIFL. The registered office and principal place of business of the Responsible Entity is Level 13, 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 half-year were to continue an orderly realisation of all assets and an orderly wind down of the Fund.

There has been no significant change in the activities of the Fund during the financial half-year.

The Fund did not have any employees during the half-year.

### **Review of Operations**

#### **Results**

The results of the operations of the Fund are disclosed in the Condensed Statement of Comprehensive Income of these financial statements. The loss attributable to unitholders for the half-year ended 30 June 2014 is \$32,030 (30 June 2013 restated loss: \$33,156).

#### **Distributions**

There were no distributions made to unitholders for the financial half-year ended 30 June 2014 (30 June 2013: \$ nil).

In respect of the financial half-year ended 30 June 2014, a return of capital of \$ nil (30 June 2013: \$872,999) was paid to the unitholders.

#### **Value of Assets and Units Issued**

The total value of the Fund's assets at 30 June 2014 is \$414,517 (31 December 2013 restated: \$450,442). The total number of units on issue as at 30 June 2014 is 48,499,951 (31 December 2013: 48,499,951).

***Changes in State of Affairs***

Other than the above, there were no other significant changes in the state of affairs of the Fund.

***Subsequent Events***

There has not been any other matter or circumstance occurring subsequent to the end of the half-year 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 in future financial years.

***Future Developments***

The Fund will be maintained in accordance with the Fund's Constitution. The realisation process will be managed in an orderly manner. Whilst assets are expected to be realised over several years, there is no certainty regarding the timing or value of the realisation and the completion of the wind up process.

***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.

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

During the financial half-year, 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 half-year, 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 3.

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



Frank Tearle

Director

12 September 2014

The Directors  
One Managed Investment Funds Limited  
20 Hunter Street  
Sydney NSW 2000

12 September 2014

Dear Directors

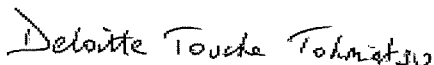
**EAIT Direct Investments Fund**

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, the Responsible Entity for the EAIT Direct Investments Fund.

As lead audit partner for the review of the financial statements of the EAIT Direct Investments Fund for the half-year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan  
Partner  
Chartered Accountants

## **Independent Auditor's Review Report to the unitholders of the EAIT Direct Investments Fund**

We have reviewed the accompanying half-year financial report of EAIT Direct Investments Fund (the "Fund"), which comprises the condensed statement of financial position as at 30 June 2014, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in net assets attributable to unitholders for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 6 to 18.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the One Managed Investment Funds Limited as Responsible Entity of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards as they apply on a non-going concern basis and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the EAIT Direct Investments Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



### *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of One Managed Investment Funds Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Conclusion*

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

- (a) giving a true and fair view of the entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Significant Uncertainty in Relation to the Fair Value of Investments*

Without qualifying our conclusion, we draw attention to the following matter. As disclosed in Note 4 to the financial report, the assets of the Fund include an investment in Everest Babcock & Brown Income Fund through EDIF Sub-Trust. This asset which totals \$194,612 for the Fund as at 30 June 2014 is recorded at net realisable value. As disclosed in Notes 3(c) and 5 there is significant uncertainty regarding the net realisable value of this investment, which in turn gives rise to significant uncertainty as to whether the Fund will be able to realise its asset at the amount stated in the financial report.

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan  
Partner  
Chartered Accountants  
Sydney, 12 September 2014

## **Directors' Declaration**

The directors of the Responsible Entity declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- (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 giving a true and fair view of the financial position and performance of the Fund; and
- (c) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 (a) to the financial statements.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to Section 303(5) of the Corporations Act 2001.

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



Frank Tearle

Director

12 September 2014



## Condensed Statement of Comprehensive Income for the half-year ended 30 June 2014

		Half-year ended 30 June 2014 \$	Half-year ended Restated 30 June 2013 \$
	Notes		
<b>Income</b>			
Change in value of financial assets held at fair value through profit or loss	4	(16,598)	(14,501)
Interest income		3,224	5,108
Total income		(13,374)	(9,393)
<b>Expenses</b>			
Operating expenses		13,408	12,943
Professional fees		5,157	10,723
Bank fees		91	97
Management fees	7	-	-
Total expenses		18,656	23,763
<b>Net (loss)/gain attributable to unitholders before financing costs</b>		<b>(32,030)</b>	<b>(33,156)</b>
<b>Finance costs</b>			
Distributions to unitholders		-	-
<b>Net (loss)/gain attributable to unitholders after financing costs</b>		<b>(32,030)</b>	<b>(33,156)</b>
<b>Net (loss)/profit for the half-year</b>		<b>(32,030)</b>	<b>(33,156)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<b>(32,030)</b>	<b>(33,156)</b>

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

## Condensed Statement of Financial Position as at 30 June 2014

		30 June 2014	Restated 31 December 2013
	Notes	\$	\$
<b>Assets</b>			
Cash and cash equivalents		160,198	229,638
Investments in financial assets held at fair value through profit or loss	5	252,024	218,623
Management fees prepaid	7	-	-
Other assets		2,295	2,181
Total assets		414,517	450,442
<b>Liabilities</b>			
Operating fees payable		8,634	9,277
Professional fees payable		15,370	18,622
Total liabilities (excluding net assets attributable to unitholders)		24,004	27,899
<b>Net assets attributable to unitholders</b>		<b>390,513</b>	<b>422,543</b>

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

**Condensed Statement of Changes in Net Assets Attributable to Unitholders for the half-year ended 30 June 2014**

	<b>Note</b>	<b>Total attributable to the unitholders of the Fund \$</b>
Balance as at 1 January 2014		422,543
Returns of capital		-
Total comprehensive income		(32,030)
<b>Balance as at 30 June 2014</b>	<b>6</b>	<b>390,513</b>
Balance as at 1 January 2013 (Restated)		1,371,668
Total comprehensive income		(33,156)
Returns of capital		(872,999)
<b>Balance as at 30 June 2013 (Restated)</b>	<b>6</b>	<b>465,513</b>

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

**Condensed Statement of Cash Flows for the half-year ended 30 June 2014**

		Half-year ended	Half-year ended
	Notes	30 June 2014	Restated 30 June 2013
		\$	\$
<b>Cash flows from operating activities</b>			
Interest received		12	49
Management fees paid	7	-	-
Legal fees paid		(171)	(291)
Professional fees paid		(8,237)	(13,610)
Other payments		(14,453)	(11,701)
Net cash used in operating activities		(22,850)	(25,553)
<b>Cash flow from investing activities</b>			
Payments from purchase of investments	4	(50,000)	-
Distributions received		3,409	5,293
Returns of capital from investments		-	850,000
Net cash provided by investing activities		(46,591)	855,293
<b>Cash flows from financing activities</b>			
Returns of capital		-	(872,999)
Net cash used by financing activities		-	(872,999)
Net decrease in cash and cash equivalents		(69,440)	(43,259)
Cash and cash equivalents at beginning of the period		229,638	317,710
<b>Cash and cash equivalents at the end of the year</b>		<b>160,198</b>	<b>274,451</b>

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

**Notes to the Condensed Financial Statements**
**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 13, 20 Hunter Street, Sydney, NSW 2000. The principal activities of the Fund are disclosed in the Directors' Report.

**2. Adoption of New and Revised Accounting Standards**
***Standards and Interpretations in issue not yet adopted***

At the date of authorisation of the condensed financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

***(a) New accounting policies***

The following new accounting standard became mandatory for the first time for the current reporting period:

- AASB 10 Consolidated Financial Statements

**Investments in controlled entities**

The objective of AASB 10 is to establish principles for the preparation and presentation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The Fund has reviewed its investments in other entities to assess whether the conclusion as to whether the Fund controls an investee or not is different under AASB 10. No differences were identified.

The amendments made by AASB 2013-5 introduce an exception from consolidation requirements for investment entities.

On adoption of the amendments, the Fund has determined that it meets the definition of an investment entity under AASB 10 as it meets the following criteria:

- the Fund has obtained funds from unit holders for the purpose of providing them with investment management services;

## Notes to the Condensed Financial Statements

### 2. Adoption of New and Revised Accounting Standards (continued)

#### *(a) New accounting policies (continued)*

- the Fund's business purpose, which it communicated directly to unit holders, is investing solely for returns from capital appreciation and investment income; and
- the performance of investments made by the Fund are measured and evaluated on a fair value basis.

The Fund also meets all of the typical characteristics of an investment entity. As a consequence, the Fund does not consolidate these investments but accounts for them at fair value through profit or loss.

The Fund has therefore changed its accounting policy with respect to its controlled investments, investees, which were previously consolidated, are now accounted for at fair value through profit or loss.

Furthermore, since the Fund is now measuring all of its controlled entities at fair value through profit or loss, it is no longer required to prepare consolidated financial statements, but prepares separate financial statements as its only financial statements, as provided by the amendments to AASB 127.

This change in accounting policy has been applied retrospectively in accordance with the transition provisions of AASB 10 and with the amendments to AASB 10 as cited in Note 8. The transition provisions require retrospective application in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

### 3. Significant Accounting Policies

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

#### *a) Statement of compliance*

These half-year financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards with specific reference to AASB 134 (Interim Financial Reporting). The half-year report does not include notes of the type normally included in an annual report and shall be read in conjunction with the most recent annual financial report.

Compliance with Australian Accounting Standards, as issued by the 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 condensed financial statements were authorised for issue by the directors of the Responsible Entity on 12 September 2014.

#### *b) Basis of preparation*

The Condensed Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unitholders. The amounts expected to be received or settled in relation to these balances cannot be readily determined.

Apart from changes in accounting policy cited in Note 2(a) and Note 8, the accounting policies and methods of computation adopted in the presentation of the half-year financial report are consistent with those adopted and disclosed in the Fund's 2013 annual report for the year ended 31 December 2013. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

**Notes to the Condensed Financial Statements**
**3. Significant Accounting Policies (continued)**
**c) Non-going concern basis**

As a result of the decision to undertake an orderly realisation of assets, this financial report has not been prepared on a going concern basis, but instead on a liquidation basis. As the only significant assets of the Fund are its cash balances and investments in unit trusts, the liquidation value of the Fund's assets is equivalent to their fair values.

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.

**4. Investment in Financial Instruments**

	30 June 2014 \$	(Restated) 31 December 2013 \$
Investment in EDIF Sub-Trust	<u>252,024</u>	<u>218,623</u>

The Fund invests in Everest Babcock and Brown Income Fund ("EBBIF") through EDIF Sub-Trust. As at 30 June 2014, the value of investment in EBBIF through EDIF Sub-Trust is \$194,612 (31 December 2013: \$194,612).

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.

## Notes to the Condensed Financial Statements

## 4. Investments in Financial Instruments (continued)

The following table shows an analysis of financial instruments held at 30 June 2014, recorded at fair value and presented by level of the fair value hierarchy:

	Half-year ended 30 June 2014			
	Level 1	Level 2	Level 3	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Investment in EDIF Sub-Trust	-	-	252,024	252,024
<b>Total financial assets designated at fair value through profit or loss</b>	-	-	<b>252,024</b>	<b>252,024</b>

	Half-year ended (Restated) 30 June 2013			
	Level 1	Level 2	Level 3	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Investment in EDIF Sub-Trust	-	-	211,250	211,250
<b>Total financial assets designated at fair value through profit or loss</b>	-	-	<b>211,250</b>	<b>211,250</b>

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

## 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 30 June 2014 the Fund had \$ nil (2013: \$ 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 30 June 2014 the Fund had \$ nil (2013: \$ 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 30 June 2014 the Fund had \$252,024 (30 June 2013: \$211,250) 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.



## Notes to the Condensed Financial Statements

## 4. Investments in Financial Instruments (continued)

## Reconciliation level 3 fair values

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

	Half-year ended 30 June 2014 \$	Half-year ended (Restated) 30 June 2013 \$
<b>Financial instruments</b>		
<b>Opening Balance</b>	218,623	225,751
Net Purchases	50,000	-
Change in fair value of financial assets held at fair value through profit or loss	(16,599)	(14,501)
<b>Closing Balance</b>	<b>252,024</b>	<b>211,250</b>

## 5. Financial Assets Designated at Fair Value through Profit or Loss

	30 June 2014 \$	31 December 2013 (Restated) \$
Investment in EDIF Sub-Trust	252,024	218,623

On 19 November 2010, investors were advised by 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]

To the best of the Responsible Entity's knowledge, ASIC's investigation has concluded with an enforceable undertaking entered into by Jeremy Reid, a director of Redleaf. The Responsible Entity received a claim on 21 November 2013 from Redleaf seeking reimbursement of \$1,180,411.61 representing costs, fees and expenses incurred as a result of the ASIC investigation. The Responsible Entity, following legal advice, has rejected the claim by letter from its lawyers dated 13 February 2014 ("Rejected Claim"). Redleaf has advised that it believes it is a valid claim and is still pursuing the matter. In addition to the Rejected Claim, there is a further potential claim from Redleaf for an amount in excess of \$0.8m relating to the same matter. A claim in respect of this additional amount has not been submitted as at the date of this report. Should this claim be subsequently paid; the net asset value of EBBIF is likely to be reduced. As a result, the value of the fund investment in EDIF Sub-Trust will also be significantly reduced.

## 6. Net Assets Attributable to Unitholders

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

## Half-year ended 30 June 2014

	No. of Units	\$
Opening balance as at 1 January 2014	48,499,951	422,543
Returns of capital		-
Total comprehensive income		(32,030)
<b>Closing balance as at 30 June 2014</b>	<b>48,499,951</b>	<b>390,513</b>

**Notes to the Condensed Financial Statements**
**6. Net Assets Attributable to Unitholders (continued)**
**Half-year ended 30 June 2013 (Restated)**

	No. of Units	\$
Opening balance as at 1 January 2013 (Restated)	48,499,951	1,371,668
Returns of capital		(872,999)
Total comprehensive income		(33,156)
Closing balance as at 30 June 2013 (Restated)	<b>48,499,951</b>	<b>465,513</b>

**7. Responsible Entity's 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 the half-year ended 30 June 2014, 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 half-year ended 30 June 2014 is \$ nil (30 June 2013: \$ nil).

**8. Changes in Accounting Policy**

In accordance with AASB 108 as outlined in Note 2(a), the following table shows the retrospective adjustments made to the statement of financial position, condensed statement of comprehensive income and condensed statement of cash flows for the comparative period on adopting AASB 10.

**Statement of Financial Position**

	31 December 2013 Consolidated \$	31 December 2013 Adjustment \$	31 December 2013 (Restated) \$
<b>Assets</b>			
Cash and cash equivalents	244,636	(14,998)	229,638
Investments in financial assets held at fair value through profit or loss	194,612	24,011	218,623
Management fees prepaid	5,333	(5,333)	-
Other assets	8,155	(5,974)	2,181
Total assets	<b>452,736</b>	<b>(2,294)</b>	<b>450,442</b>
<b>Liabilities</b>			
Administration fees payable	458	(458)	-
Operating fees payable	11,532	(2,255)	9,277
Professional fees payable	18,622	-	18,622
Total liabilities (excluding net assets attributable to unitholders)	<b>30,612</b>	<b>(2,713)</b>	<b>27,899</b>
<b>Net assets attributable to unitholders</b>	<b>422,124</b>	<b>419</b>	<b>422,543</b>

## Notes to the Condensed Financial Statements

## 8. Changes in Accounting Policy (continued)

## Condensed Statement of Comprehensive Income

	Half-year ended Consolidated 30 June 2013 \$	Adjustment 30 June 2013 \$	Half-year ended (Restated) 30 June 2013 \$
<b>Income</b>			
Change in value of financial assets held at fair value through profit or loss	(353)	(14,148)	(14,501)
Interest income	6,112	(1,004)	5,108
Total income	5,759	(15,152)	(9,393)
<b>Expenses</b>			
Operating expenses	12,943	-	12,943
Professional fees	13,143	(2,420)	10,723
Bank fees	165	(68)	97
Administration fees	2,563	(2,563)	-
Management fees	10,250	(10,250)	-
Total expenses	39,064	(15,301)	23,763
<b>Net (loss)/gain attributable to unitholders before financing costs</b>	<b>(33,305)</b>	<b>149</b>	<b>(33,156)</b>
<b>Finance costs</b>			
Distributions to unitholders	-	-	-
<b>Net (loss)/gain attributable to unitholders after financing costs</b>	<b>(33,305)</b>	<b>149</b>	<b>(33,156)</b>
<b>Net (loss)/profit for the half-year</b>	<b>(33,305)</b>	<b>149</b>	<b>(33,156)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(33,305)</b>	<b>149</b>	<b>(33,156)</b>

**Notes to the Condensed Financial Statements**
**8. Changes in Accounting Policy (continued)**
**Condensed Statement of Cash Flows**

	Half-year ended Consolidated 30 June 2013	Half-year ended Adjustment 30 June 2013	Half-year ended Restated 30 June 2013
	\$	\$	\$
<b>Cash flows from operating activities</b>			
Interest received	7,124	(7,075)	49
Management fees paid	(11,000)	11,000	-
Legal fees paid	(291)	-	(291)
Professional fees paid	(14,882)	1,272	(13,610)
Administration fees paid	(2,750)	2,750	-
Other payments	(12,917)	1,216	(11,701)
Net cash used in operating activities	(34,716)	9,163	(25,553)
<b>Cash flow from investing activities</b>			
Payments from purchase of investments	-	-	-
Distributions received	5,293	-	5,293
Returns of capital from investments	880	849,120	850,000
Net cash provided by investing activities	6,173	849,120	855,293
<b>Cash flows from financing activities</b>			
Returns of capital	(872,999)	-	(872,999)
Net cash used by financing activities	(872,999)	-	(872,999)
Net decrease in cash and cash equivalents	(901,542)	858,283	(43,259)
Cash and cash equivalents at beginning of the period	1,178,263	(860,553)	317,710
<b>Cash and cash equivalents at the end of the year</b>	<b>276,721</b>	<b>(2,270)</b>	<b>274,451</b>

**9. Commitments and Contingencies**

Other than the one noted in note 5, there are no other commitments or contingencies at 30 June 2014 (30 June 2013: \$ nil).

**10. Subsequent Events**

Other than the one noted in note 5, there has not been any other matter or circumstance occurring subsequent to the end of the half-year 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 in future financial years.