

EAIT Direct Investments Fund

ARSN 137 968 542

Annual report for the financial year ended 31 December 2012

Index to the Financial Statements

	Page
Directors' Report	1
Auditor's Independence Declaration	4
Independent Auditor's Report	5a / 5b
Directors' Declaration	6
Consolidated Statement of Comprehensive Income for the year ended 31 December 2012	7
Consolidated Statement of Financial Position as at 31 December 2012	8
Consolidated Statement of Changes in Net Assets Attributable to Unitholders for the year ended 31 December 2012	9
Consolidated Statement of Cash Flows for the year ended 31 December 2012	10
Notes to the Financial Statements	
1. General Information	11
2. Adoption of New and Revised Accounting Standards	11
3. Significant Accounting Policies	11
4. Investments in Financial Instruments	15
5. Management and Performance Fees	16
6. Distribution Payable to Unitholders	17
7. Net Assets Attributable to Unitholders	17
8. Capital Management	17
9. Auditor's Remuneration	18
10. Cash and Cash Equivalents	18
11. Financial Risk Management Objectives and Policies	19
12. Commitments and Contingencies	22
13. Subsequent Events	23
14. Related Party Transactions	23
15. Summary of Parent Information	25
16. Indemnities	25

Directors' Report

The Directors of One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297 042) ("OMIFL"), the responsible entity (the "Responsible Entity") of the EAIT Direct Investments Fund ("EDIF" or the "Fund"), submit herewith their report for the Fund for the year ended 31 December 2012. The parent entity is EDIF and the subsidiary entity is EDIF Sub Trust.

Information about the Directors and Senior Management

The names of the directors of the Responsible Entity in office for the financial year ended 31 December 2012 are:

Name	Title
Frank Tearle	Executive Director and Company Secretary
Justin Epstein	Executive Director
Elizabeth Reddy	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 year were to continue with 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 year.

The Fund did not have any employees during the year.

Review of Operations

Results

The results of the operations of the Fund are disclosed in the Consolidated Statement of Comprehensive Income of these financial statements. The loss attributable to unitholders for the year ended 31 December 2012 was \$52,999 (2011 loss: \$282,576).

Distributions

There were no distributions made to unitholders for the financial year ended 31 December 2012 (2011: \$ nil).

Return of Capital

In respect of the financial year ended 31 December 2012, a return of capital of \$1,406,499 (2011: \$3,879,996) was paid to the unitholders.

Value of Assets and Units Issued

The total value of the Fund's assets at 31 December 2012 is \$1,395,492 (2011: \$2,878,787). The total number of units on issue as at 31 December 2012 is 48,499,951 (2011: 48,499,951).

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.

For the year ended 31 December 2012, Alternative Private Investments Pty Limited, as trustee of EDIF Sub Trust, was entitled to receive \$20,500 (2011: \$20,458) for the management of EDIF Sub Trust.

As at 31 December 2012, Alternative Private Investments Pty Limited, as trustee of EDIF Sub Trust, had received \$1,833 (2011: \$1,833) in advance for the management of EDIF Sub Trust.

As noted above, during the year ended 31 December 2012 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 year ended 31 December 2012 is \$ nil (2011: \$92,407) of which \$nil (2011: \$8,962) was payable at year end.

Changes in State of Affairs

On 30 September 2011, Everest Capital Limited (now known as Redleaf Capital Pty Limited) ("ECL") put the Trustee on notice that ECL and/or certain directors of ECL (the "ECL Directors") may, in the future, seek to exercise indemnity rights against the assets of the Fund in relation to liabilities of ECL and/or ECL Directors that may arise as a result of certain litigation matters in which ECL and the ECL Directors were involved ("Litigation").

The Litigation related to six funds including the Fund. The Target Statement of Everest Financial Group Limited (now known as Redleaf Financial Group Pty Ltd) (the ultimate holding company of ECL) dated 28 September 2011, stated that the amount claimed pursuant to the Litigation (exclusive of interest and costs), contingent on liability being found, approximated AUD\$8 million.

An indemnity claim has been lodged by ECL and the ECL Directors in respect of the Litigation. On 11 September 2012, ECL and ECL Directors formally advised the Trustee that their claim is for \$274,147. However, at this stage, the Trustee is in the process of assessing the claim in order to determine whether it is valid and whether it should be indemnified out of the Fund's assets. No response has been received from ECL to a request for further information submitted by the Trustee to

ECL and ECL Directors on 21 September 2012. To the extent no claim is successfully made against the Fund, this will allow the Trustee to increase the potential distributions to unitholders.

At this time it is not possible for the Trustee to reliably determine what proportion of any indemnity claim by ECL or the ECL Directors, in connection with the Litigation, may be allocated to the Fund.

On 22 February 2012, a return of capital of \$1,406,499 (2.9 cents per unit) was made to unitholders.

During the course of the financial year ended 31 December 2012, EBI Income Fund ("EBIIF") was terminated on 20 December 2012; as a result the Fund now owns its exposure to Everest Babcock & Brown Income Fund ("EBBIF") directly rather than via EBIIF. The position is held via the EDIF Sub Trust.

During the financial year there were no other significant changes in the state of affairs of the Fund.

Subsequent Events

On 15 February 2013, a return of capital of \$872,999 (1.8 cents per unit) was made to unitholders.

Other than the above there has not been any other matter or circumstance occurring subsequent to the end of the 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 Trust Deed. 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 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 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 4.

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



Frank Tearle
Director
27 March 2013



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Board of Directors
One Managed Investment Funds Limited
Level 13,
20 Hunter Street
Sydney NSW 2000

27 March 2013

Dear Directors

Independence declaration - 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 the EAIT Direct Investments Fund.

As lead audit partner for the audit of the financial statements of the EAIT Direct Investments Fund for the financial year ended 31 December 2012, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Declan O'Callaghan
Partner
Chartered Accountants

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

We have audited the accompanying financial report of the EAIT Direct Investments Fund (the "Fund"), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the statement of changes in net assets attributable to unitholders for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the EDIF Sub Trust and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 6 to 25.

Directors' Responsibility for the Financial Report

The directors of One Managed Investment Funds Limited as Responsible Entity of the Fund are responsible for the preparation of a 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 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 report complies with International Financial Reporting Standards as they apply on a non-going concern basis.

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 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 entity'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 entity'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.

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, 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 report.

Opinion

In our opinion:

- (a) the financial report of the Fund is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's and consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards as they apply on a non-going concern basis and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3, as they apply on a non-going concern basis.

Significant uncertainty regarding litigation

Without qualifying our opinion, we draw attention to the following matter. As disclosed in Note 12 to the financial report, there is uncertainty as to the likelihood of the claim being successful, the quantum and timing of the claim and the allocation of any successful claim between this Fund and other Funds to which the claim relates. As a result of these circumstances, the ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial report.



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 27 March 2013

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 consolidated financial statements and notes thereto are in compliance with the basis of preparation and accounting policies described in note 3 to the financial statements and present fairly the financial position and performance of the Fund as at 31 December 2012; and
- (c) in the directors' opinion, the attached consolidated 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.

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.



Frank Tearle

Director

27 March 2013

Consolidated Statement of Comprehensive Income for the year ended 31 December 2012

		Consolidated	
		Year ended 31 December 2012	Year ended 31 December 2011
		\$	\$
Notes			
Income			
	4	(16,545)	(194,511)
Change in value of financial assets held at fair value through profit or loss			
Interest income		49,842	96,714
Total income		33,297	(97,797)
Expenses			
Operating expenses		20,552	42,376
Administration fees		5,125	5,552
Professional fees		39,823	44,015
Bank fees		296	429
Management fees	5	20,500	92,407
Total expenses		86,296	184,779
Net loss attributable to unitholders		(52,999)	(282,576)
Finance costs			
Distributions to unitholders		-	-
Decrease in net assets attributable to unitholders		52,999	282,576
Net (loss)/profit for the year		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

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

Consolidated Statement of Financial Position as at 31 December 2012

		Consolidated	
		31 December 2012	31 December 2011
	Notes	\$	\$
Assets			
Cash and cash equivalents	10 (a)	1,178,263	2,462,865
Investments in financial assets held at fair value through profit or loss	4	203,235	371,906
Other assets		13,994	44,016
Total assets		1,395,492	2,878,787
Liabilities			
Management fees payable	5	-	8,962
Administration fees payable		458	-
Operating fees payable		6,485	17,282
Professional fees payable		17,010	21,506
Total liabilities (excluding net assets attributable to unitholders)		23,953	47,750
Net assets attributable to unitholders		1,371,539	2,831,037

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

Consolidated Statement of Changes in Net Assets Attributable to Unitholders for the year ended 31 December 2012

	Note	Total attributable to the unitholders of the Fund \$
Balance as at 1 January 2012		2,831,037
Return of capital	6	(1,406,499)
Net loss attributable to unitholders		(52,999)
Balance as at 31 December 2012	7	1,371,539
Balance as at 1 January 2011		6,993,609
Return of capital	6	(3,879,996)
Net loss attributable to unitholders		(282,576)
Balance as at 31 December 2011	7	2,831,037

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

Consolidated Statement of Cash Flows for the year ended 31 December 2012

	Notes	Consolidated	
		Year ended 31 December 2012	Year ended 31 December 2011
		\$	\$
Cash flows from operating activities			
Interest received		77,348	62,794
Operating fees paid		(26,983)	(29,847)
Management fees paid		(32,795)	(97,915)
Legal fees paid		(3,781)	(2,378)
Other payments		(44,018)	(29,109)
Net cash used in operating activities	10 (b)	(30,229)	(96,455)
Cash flow from investing activities			
Return of capital from investments	4	152,126	5,083,827
Net cash provided by investing activities		152,126	5,083,827
Cash flows from financing activities			
Returns of capital to unitholders	6	(1,406,499)	(3,879,996)
Net cash used in financing activities		(1,406,499)	(3,879,996)
Net (decrease)/increase in cash and cash equivalents		(1,284,602)	1,107,376
Cash and cash equivalents at beginning of the year		2,462,865	1,355,489
Cash and cash equivalents at the end of the year	10 (a)	1,178,263	2,462,865

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

Notes to the 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 activity of the Fund is 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 financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	1 January 2015	30 June 2016
AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 119 (2011)	1 January 2013	30 June 2014
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income	1 January 2013	30 June 2014

Standards and Interpretations not expected to have a material impact on the Fund have not been included.

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to their operations and effective for the current reporting period. There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Fund. The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Fund's accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations have not had a material impact and have not resulted in changes to the Fund's presentation of, or disclosure in, its 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 27 March 2013.

Notes to the Financial Statements**3. Significant Accounting Policies (continued)*****b) Basis of preparation***

This general purpose financial report has been prepared using historical cost conversion, except for the revaluation of investments in financial assets and liabilities, which have been measured at fair value.

The 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.

The accounting methods of computation adopted in the preparation of the annual financial report for the year ended 31 December 2012 are consistent with those adopted and disclosed in the Fund's 2011 annual financial report for the year ended 31 December 2011. The 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.

c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by EDIF at 31 December 2012, and the results of those controlled entities for the year then ended.

Subsidiaries are fully consolidated from the date on which control is obtained by EDIF and cease to be consolidated from the date on which control is transferred.

The effects of all transactions between entities in the consolidated group are eliminated in full. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

d) 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.

e) 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.

Distributions

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

Notes to the Financial Statements

3. Significant Accounting Policies (continued)**e) Revenue and income recognition (continued)****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.

f) 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.

g) 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.

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 Comprehensive Income 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.

h) 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.

i) 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 Comprehensive Income are not distributed until realised. Capital losses are not distributed to unitholders and are retained to be offset against future realised capital gains.

Notes to the Financial Statements**3. Significant Accounting Policies (continued)*****j) 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 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.

k) Payables

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

l) 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.

On 11 February 2011, OMIFL decided to terminate the Trust pursuant to the terms of the Trust's Constitution. Investors were notified of this on 23 February 2011. Following the decision made by the Responsible Entity, the Trust is being managed with the goal of realising the Trust assets in an orderly manner. As a result applications and redemptions have been suspended.

m) 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.

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.

n) 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 as "Net assets attributable to unitholders" and is determined based on the residual assets of the Fund after deducting the Fund's other liabilities.

Notes to the Financial Statements

4. Investments in Financial Instruments

	Consolidated	
	31 December 2012	31 December 2011
	\$	\$
Fair value of financial instruments designated at fair value through profit or loss		
Investment in Everest Babcock & Brown Income Fund	203,235	-
Investment in EBI Income Fund	-	371,906
	203,235	371,906

During the course of the financial year ended 31 December 2012, EBI Income Fund ("EBIIF") was terminated on 20 December 2012; as a result the Fund now owns its exposure to Everest Babcock & Brown Income Fund ("EBBIF") directly rather than via EBIIF. The position is held via the EDIF Sub Trust.

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 Financial Statements
4. Investments in Financial Instruments (continued)

The following table shows an analysis of financial instruments held at 31 December 2012, recorded at fair value and presented by level of the fair value hierarchy:

	Consolidated			
	31 December 2012			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial assets				
Investment in Everest Babcock & Brown Income Fund	-	-	203,235	203,235
Total financial assets designated at fair value through profit or loss	-	-	203,235	203,235

	31 December 2011			
	Level 1			Total
	Level 2	Level 3		
	\$	\$	\$	\$
Financial assets				
Investment in EBI Income Fund	-	-	371,906	371,906
Total financial assets designated at fair value through profit or loss	-	-	371,906	371,906

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

	Consolidated	
	Year ended	Year ended
	31 December	31 December
	2012	2011
	\$	\$
Opening balance	371,906	5,650,244
Change in value of financial assets held at fair value through profit or loss	(16,545)	(194,511)
Return of capital from investments	(152,126)	(5,083,827)
Closing balance	203,235	371,906

5. Management and Performance Fees

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.

For the year ended 31 December 2012, Alternative Private Investments Pty Limited, as trustee of EDIF Sub Trust, was entitled to receive \$20,500 (2011: \$20,458) for the management of EDIF Sub Trust.

As at 31 December 2012, Alternative Private Investments Pty Limited, as trustee of EDIF Sub Trust, had received \$1,833 (2011: \$1,833) in advance for the management of EDIF Sub Trust.

Notes to the Financial Statements**5. Management and Performance Fees (continued)**

As noted above, during the year ended 31 December 2012 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 year ended 31 December 2012 is \$ nil (2011: \$92,407) of which \$nil (2011: \$8,962) was payable at year end.

No performance fees are levied by the Responsible Entity on the EAIT Direct Investments Fund.

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 year ended 31 December 2012 (2011: \$ nil). Returns of capital paid during the year ended 31 December 2012 were \$1,406,499 (2011: \$3,879,996).

7. Net Assets Attributable to Unitholders**Year ended 31 December 2012**

	No. of Units	\$
Opening balance as at 1 January 2012	48,499,951	2,831,037
Return of capital		(1,406,499)
Net loss attributable to unitholders		(52,999)
Closing balance as at 31 December 2012	48,499,951	1,371,539

Year ended 31 December 2011

	No. of Units	\$
Opening balance as at 1 January 2011	48,499,951	6,993,609
Return of capital		(3,879,996)
Net loss attributable to unitholders		(282,576)
Closing balance as at 31 December 2011	48,499,951	2,831,037

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

Notes to the Financial Statements
9. Auditor's Remuneration

	Consolidated	
	Year ended 31 December 2012	Year ended 31 December 2011
Audit of the financial report	11,559	14,000

The auditor of the Fund is Deloitte Touche Tohmastu Australia (2011: Ernst & Young, 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 OCMF. Cash at the end of the year as shown in the Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	Consolidated	
	31 December 2012 \$	31 December 2011 \$
Cash at bank	540,771	1,294,350
OCMF	637,492	1,168,515
	1,178,263	2,462,865

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

	Consolidated	
	Year ended 31 December 2012 \$	Year ended 31 December 2011 \$
Net loss attributable to unitholders	(52,999)	(282,576)
Net gain on assets held at fair value through profit or loss	16,545	194,511
Change in assets and liabilities:		
Decrease/(Increase) in other assets	30,022	(37,839)
(Decrease)/Increase in trade and other payables	(23,797)	29,449
Net cash used in operating activities	(30,229)	(96,455)

Notes to the Financial Statements

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.

Risk concentration of credit risk exposure

Concentration of risk arises when a number of financial instruments are entered into with the same counterparty where a number of counterparties are engaged in similar business activities, activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes to economic, political and other conditions.

In order to avoid excessive concentration of risks, the Responsible Entity monitors the Fund's exposure to ensure that the concentration of risks remains within acceptable levels. In the event where the concentration of risks is deemed to be above acceptable levels, the Responsible Entity either reduces exposure to the counterparty or uses derivative instruments to manage the excessive concentration.

Concentration of credit risk is managed by geographical region and industry sector. The Fund is exposed to geographic and industry sector concentration as all the funds which it invests in are Australian domiciled funds in the financial services sector.

Credit risk arising from financial instruments is, at any time, limited to those with positive fair values.

(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. However, up to 20 December 2012 the Fund had an indirect exposure given the nature of the EBIIIF assets. EBIIIF was terminated on 20 December 2012.

Notes to the Financial Statements

11. Financial Risk Management Objectives and Policies (continued)

(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.

	Consolidated		
	Floating interest rate \$	Non-interest bearing \$	Total \$
31 December 2012			
Assets			
Cash and cash equivalents	1,178,263	-	1,178,263
Investments in financial assets held at fair value through profit or loss	-	203,235	203,235
Other assets	-	13,994	13,994
Total assets	1,178,263	217,229	1,395,492
Liabilities			
Management fees payable	-	-	-
Administration fees payable	-	458	458
Operating fees payable	-	6,485	6,485
Professional fees payable	-	17,010	17,010
Total liabilities (excluding net assets attributable to unitholders)	-	23,953	23,953
Net exposure	1,178,263	193,276	1,371,539

	Consolidated		
	Floating interest rate \$	Non-interest bearing \$	Total \$
31 December 2011			
Assets			
Cash and cash equivalents	2,462,865	-	2,462,865
Investments in financial assets held at fair value through profit or loss	-	371,906	371,906
Other assets	-	44,016	44,016
Total assets	2,462,865	415,922	2,878,787
Liabilities			
Management fees payable	-	8,962	8,962
Administration fees payable	-	-	-
Operating fees payable	-	17,282	17,282
Professional fees payable	-	21,506	21,506
Total liabilities (excluding net assets attributable to unitholders)	-	47,750	47,750
Net exposure	2,462,865	368,172	2,831,037

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 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
31 December 2012			
AUD interest rate	25bp/(25bp)	2,946/(2,946)	-
31 December 2011			
AUD interest rate	25bp/(25bp)	6,157/(6,157)	-

(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 Comprehensive Income 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)
Year ended 31 December 2012	5%/(5%)	10,162/(10,162)
Year ended 31 December 2011	5%/(5%)	18,595/(18,595)

(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.

In order to control the liquidity risk associated with its investments, the Fund conducts its investing activities in accordance with agreed guidelines and leverage ratios to ensure a minimal concentration of risk

Notes to the Financial Statements
11. Financial Risk Management Objectives and Policies (continued)
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. Net assets attributable to unitholders will be settled, subject to the resolution of matters disclosed in note 12. The following table shows the maturity analysis of the Fund's liabilities.

	Consolidated						
	31 December 2012						
	On demand	< 1 month	1-3 months	3-6 months	6-12 months	> 12 months	Total
Liabilities	\$	\$	\$	\$	\$	\$	\$
Management fees payable	-	-	-	-	-	-	-
Administration fees payable	-	458	-	-	-	-	458
Operating fees payable	-	6,485	-	-	-	-	6,485
Professional fees payable	-	17,010	-	-	-	-	17,010
Net assets attributable to unitholders	-	-	872,999 ¹	-	-	498,540	1,371,539
Total liabilities	-	23,953	872,999	-	-	498,540	1,395,492

¹ Classified in 1-3 months due to a return of capital made to unitholders on 15 February 2013. Please refer to note 13.

	Consolidated						
	31 December 2011						
	On demand	< 1 month	1-3 months	3-6 months	6-12 months	> 12 months	Total
Liabilities	\$	\$	\$	\$	\$	\$	\$
Management fees payable	-	8,962	-	-	-	-	8,962
Administration fees payable	-	-	-	-	-	-	-
Operating fees payable	-	17,282	-	-	-	-	17,282
Professional fees payable	-	21,506	-	-	-	-	21,506
Net assets attributable to unitholders	-	-	1,406,499 ²	-	-	1,424,538	2,831,037
Total liabilities	-	47,750	1,406,499	-	-	1,424,538	2,878,787

² Classified in 1-3 months due to a return of capital made to unitholders on 22 February 2012.

12. Commitments and Contingencies

On 30 September 2011, Everest Capital Limited (now known as Redleaf Capital Pty Limited) ("ECL") put the Trustee on notice that ECL and/or certain directors of ECL (the "ECL Directors") may, in the future, seek to exercise indemnity rights against the assets of the Fund in relation to liabilities of ECL and/or ECL Directors that may arise as a result of certain litigation matters in which ECL and the ECL Directors were involved ("Litigation").

The Litigation related to six funds including the Fund. The Target Statement of Everest Financial Group Limited (now known as Redleaf Financial Group Pty Ltd) (the ultimate holding company of ECL) dated 28 September 2011, stated that the amount claimed pursuant to the Litigation (exclusive of interest and costs), contingent on liability being found, approximated AUD\$8 million.

Notes to the Financial Statements**12. Commitments and Contingencies (continued)**

An indemnity claim has been lodged by ECL and the ECL Directors in respect of the Litigation. On 11 September 2012, ECL and ECL Directors formally advised the Trustee that their claim is for \$274,147. However, at this stage, the Trustee is in the process of assessing the claim in order to determine whether it is valid and whether it should be indemnified out of the Fund's assets. No response has been received from ECL to a request for further information submitted by the Trustee to

ECL and ECL Directors on 21 September 2012. To the extent no claim is successfully made against the Fund, this will allow the Trustee to increase the potential distributions to unitholders.

At this time it is not possible for the Trustee to reliably determine what proportion of any indemnity claim by ECL or the ECL Directors, in connection with the Litigation, may be allocated to the Fund.

Other than the above there are no commitments or contingencies at 30 December 2012 (2011: \$ nil).

13. Subsequent Events

On 15 February 2013, a return of capital of \$872,999 (1.8 cents per unit) was made to unitholders.

Other than the above there has not been any other matter or circumstance occurring subsequent to the end of the 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.

14. Related Party Transactions

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

a) Responsible Entity's 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.

b) Investments in unlisted funds managed by One Investment Group

EDIF holds 6,500,010 (December 2011: 6,500,010) units valued at \$1,075,623 (December 2011: \$2,292,209) in the EDIF Sub Trust at 31 December 2012.

As at 31 December 2011, EDIF Sub Trust held 34,119,831 units valued at \$371,906 in EBIF. The trustee of EBIF is One Asset Management Limited ("OAML"), an associate of OMIFL. As a result of the investment in EBIF, EDIF Sub trust indirectly had exposure to EBBIF. The responsible entity of EBBIF was One Funds Management Limited ("OFML"), an associate of OMIFL and changed to OMIFL, effective 13 February 2013. On 20 December 2012, EBIF was terminated, as result EDIF Sub Trust now holds its exposure to EBBIF directly. As at 31 December 2012, EDIF Sub Trust holds 12,317,243 units, valued at \$203,235 in EBBIF. 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, OAML or OFML.

The Fund has invested units valued at \$637,492 (December 2011: \$561,222) in the One Cash Management Fund ("OCMF") as at 31 December 2012. The Trustee of OCMF is One Investment Management Pty Limited ("OIMPL"), an associate of OMIFL. OIMPL and OMIFL are subsidiaries of One Investment Group Pty Limited. This investment has enabled the Fund to improve its return on cash held.

OCMF charges a management fee to its unitholders at a rate of 0.50% per annum on net assets in the fund. Management fees paid by the Fund to OCMF for the year ended 31 December 2012 were \$2,487 (2011: \$5,308).

Notes to the Financial Statements
14. 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 31 December 2012, EGGF holds 5,622,668 (2011: 5,622,668) of the units on issue by EDIF. This holding represents 11.59% (2011: 11.59%) of the total EDIF units on issue.

During the financial year ended 31 December 2012, returns of capital amounting to \$163,057 (2011: \$ 449,813) were paid to EGGF.

No distributions were made to EGGF (2011: \$ nil) for the financial year ended 31 December 2012.

d) Other fees to related parties

During the course of the year ended 31 December 2012, an entity which shares a common director with the Responsible Entity, Unity Administration Pty Limited ("UA") and its wholly owned subsidiary Unity Administration Tax Services Pty Limited ("UATS"), provided administration and tax services to the Fund. The amounts of fees and the amounts payable at year end are:

	Consolidated	
	Year ended 31 December 2012 \$	Year ended 31 December 2011 \$
Expenses incurred by the Fund in relation to:		
- Administration services to UA	5,125	5,552
- Preparation of the Financial Statements to UA	3,135	3,300
- Taxation services to UATS	6,977	9,637
Total expenses	15,237	18,489
	Consolidated	
	31 December 2012 \$	31 December 2011 \$
Amounts due and payable at Statement of Financial Position date in relation to:		
- Administration services to UA	458	-
- Preparation of the Financial Statements UA	2,475	1,650
- Taxation services to UATS	6,826	4,427
Total payables	9,759	6,077

Notes to the Financial Statements

15. Summary of Parent Information

	31 December 2012 \$	31 December 2011 \$
Assets		
Current Assets	319,411	588,411
Financial assets designated at fair value through profit or loss	1,075,752	2,291,904
Total assets	1,395,163	2,880,315
Liabilities		
Management fees payable	-	10,795
Operating fees payable	6,485	17,282
Professional fees payable	17,010	21,506
Total liabilities (excluding net assets attributable to unitholders)	23,495	49,583
Net assets attributable to unitholders	1,371,668	2,830,732

The amount presented as current assets does not include the financial assets at fair value through profit and loss of the parent entity. These assets are liquid and could be sold within twelve months, the amount expected to be sold within twelve months cannot be reliably determined.

Total liabilities of the parent include net assets attributable to unitholders, which under Australian Accounting Standards, has been classified as a liability of the parent. This amount, which is considered to be capital by the Responsible Entity, has been disclosed separately in the table above as the actual amount expected to be settled within 12 months cannot be reliably determined.

Issued capital, reserves, and shareholders' equity, profit and loss and total comprehensive income of the parent entity are \$ nil under the measurement requirements of Australian Accounting Standards due to classification of net assets attributable to unitholders as a liability.

Notwithstanding this, the Responsible Entity considers that change in net assets attributable to unitholders represents the appropriate measure of profit using the alternative presentation allowed in the primary statements under AASB 132 Example 7, and this amount has been presented above for the parent entity.

There are no guarantees entered into by the parent entity relating to debts of subsidiaries (2011: \$ nil). As disclosed in note 12 to the financial statements, there are no contingent liabilities or commitments of the parent entity at the reporting date (2011: \$ nil).

16. Indemnities

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