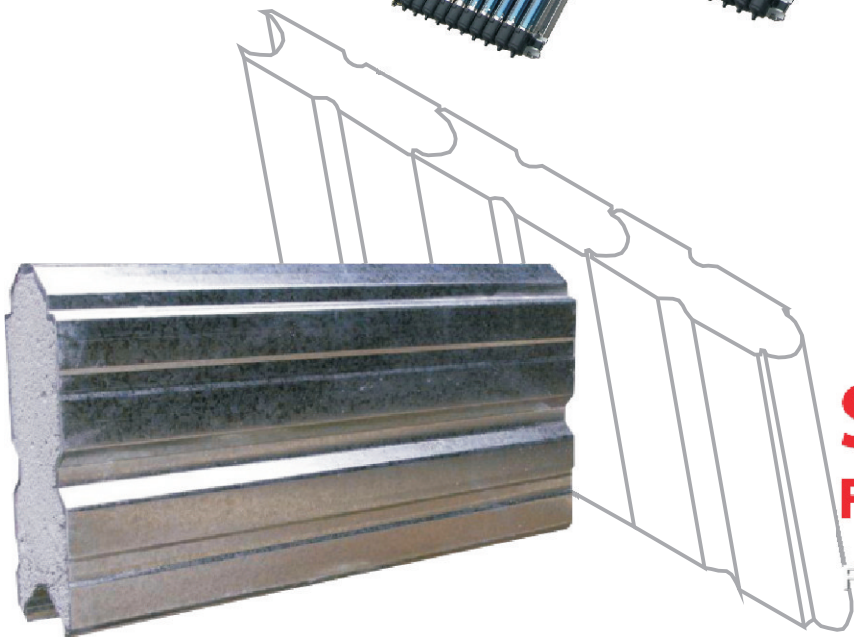


AUTHORISED
INVESTMENT
FUND
LIMITED

ANNUAL REPORT 2014



SPEEDPANEL®
Faster, Easier, Stronger
FIRE & ACOUSTIC RATED - SECURE

CORPORATE DIRECTORY

Registered Office and Principal Place of Business:

Level 10
406 Collins Street
Melbourne Victoria

Directors:

Benjamin Genser - Chairman
David H.A. Craig – Managing Director
Michael Gordon

Secretary:

Cathy W Lin C.A.

Auditor:

Margaret Salter F.C.A. MAICD
Chartered Accountant
P O BOX 194
Doncaster, Vic, 3108

Share registry:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067

Stock exchange listing:

Authorised Investment Fund Limited ordinary shares are listed
on the Australian Stock Exchange
(code: AIY)

CHAIRMAN'S LETTER

It is with pleasure that I report on behalf of the Directors, that the company has achieved another year of growth with net profit of Authorised Investment Fund increasing by 1095%. This is our third successive annual gain and reflects the strong progress in building value by the managements of our investee companies.

Over the past few years, we have worked hard to restructure our investment portfolio by either selling non-core holdings or writing off under-performing investments. This process is now complete and the portfolio now comprises two core holdings; NSX listed Endless Solar Corporation Ltd (9%), and unlisted SpeedPanel Australia Ltd (11%).

Endless Solar is rebounding strongly after several very difficult years and is well advanced on a number of potentially very valuable technology development projects. SpeedPanel is growing strongly as production capacity is being expanded to meet rapidly rising demand in response to the increasing acceptance of its innovative lightweight building panel in the commercial construction industry.

We have every confidence that our investments in these two companies will enjoy large valuation gains into the medium term.

Authorised Investment Fund is now well placed to pursue opportunities to grow its investment portfolio. Management has reviewed a number of opportunities over the past year but they did not meet our investment criteria.

Authorised Investment Fund has a number of advantages for investee companies due to its status as a listed pooled development fund and management has developed a number of strategies to utilise these advantages in pursuing further investments. Accordingly, we are now actively seeking opportunities to grow our investment portfolio and we would like to add a number of investments to our current core holdings.

The Board looks to the future with confidence as we seek new growth investments to add to our current investments, which are well placed to drive growth.

INVESTMENT PORTFOLIO REVIEW

ENDLESS SOLAR CORPORATION

Authorised Investment Fund owns 9% of the Limited Voting Ordinary shares of Endless Solar Corporation Ltd.

2014 financial performance

Endless Solar designs and supplies evacuated tube solar hot water systems for residential and commercial purposes. The company's principal office is located in Sydney from where it services commercial customers and 12 retail distributors around Australia. A small sales office has recently been established in Melbourne.

The company has experienced a roller-coaster environment over the past five years as sales initially boomed in response to government subsidies and support for everything solar followed by a collapse in sales as this support was wound back.

The company responded to the changed market and slump in residential demand by restructuring its operations, changing management, relocating its premises and redirecting its sales focus to the commercial market.

Management has also looked to innovation as a source of competitive advantage and driver of long term growth. In particular, it has invested considerable capital in a major research project called CoolSolar, the objective of which is to harness heat from a solar hot water system for conversion into cool air through an air-conditioning system.

The strategy to reposition the business toward the commercial market looks like it will be successful. The commercial market is growing as more sophisticated customers appreciate the long term benefits solar water heating. Whereas the residential market is highly competitive and dominated by flat panels, the commercial market is under-served with clients demanding a greater emphasis on design, quality and support. Also commercial projects generally have higher sales values. Endless Solar has been successful in this market in securing design and supply contracts with a range of government, institutional and commercial customers.

Innovation is a core element of Endless Solar's growth strategy with the potential to generate substantial long term value. A number of projects are being pursued but the most important is CoolSolar, a unique project to produce cool air from solar heat. The project has successfully demonstrated a proof of concept and designed the ejector, which is the key component of the technology. A major outcome has been the receipt of 4 PCTs (the step between provisional and final patents).

The next step is to undertake field trials which will test the technology in prototype configuration, encompassing evacuated tubes as the heat source to test performance under a variety of environmental (temperature) conditions. These tests will seek to prove that the technology can reduce ambient heat to 20 degrees and maintain this temperature as well as establishing the number of tubes required to deliver sufficient heat.

The field trial is in effect a performance test under heavy duty operating conditions. This test will be a critical milestone as it will validate the technology and provide the data necessary for potential licensees and investors with which to fully assess its potential. These tests will also provide a basis for valuation of the technology. The field trial is expected to be completed during the following financial year.

SPEEDPANEL AUSTRALIA

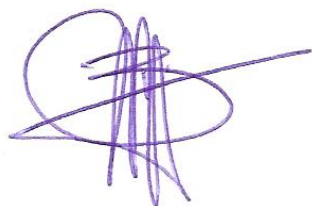
Authorised Investment Fund owns 11% of the Ordinary shares of Speedpanel Australia Ltd.

2014 financial performance

Speedpanel is a new age, lightweight building product. It is used for non-load bearing fire rated and acoustic walls in the construction industry due to its superior performance and speed of installation. It is lightweight & easily handled making for fast installation. Speedpanel can be installed both vertically and horizontally and has the ability to span large distances between supports satisfying fire, acoustic and relative wind load requirements.

Ease of handling and rapid installation have made Speedpanel a compelling proposition for builders. Acceptance is growing rapidly and the product is now being used in many major construction projects including Barrangaroo in Sydney and the Royal Adelaide Hospital. It is also featured in the current edition of The Block (on the Nine Network) where it has been designed as the fire-rated inter-tenancy wall solution between all of the competitors apartments and will be installed in the car park area with a Monument (Colorbond) finish. Meriton, Australia's largest builder of apartments, is undertaking evaluation trials of Speedpanel which could see widespread use of the products in their developments throughout Sydney and South East Queensland.

Management focus over the past few years has been on commercialisation and driving market acceptance for this innovative product. In response to accelerating growth in demand for Speedpanel, the company will move to new premises in November 2014 which will enable capacity to be expanded from the current level of 20,000m² per month to 60,000m² per month. This expanded capacity is expected to be quickly absorbed by the market which will drive a big uplift in sales and profits over the next eighteen months.



Benjamin Genser
Chairman

23rd September 2014



David H.A. Craig
Managing Director

23rd September 2014

CORPORATE GOVERNANCE STATEMENT

The Board is ultimately responsible for all matters relating to the running of the Company.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Providing leadership to the company by
 - Guiding the development of an appropriate culture and values for the company through the establishment and review of Codes of Conduct, rules and procedures to enforce ethical behaviour and provide guidance on appropriate work methods;
 - Always acting in a manner consistent with the Company's culture and Code of Conduct;
- Overseeing the development and implementation of an appropriate strategy by:
 - Working with the senior management team to ensure that an appropriate strategic direction and array of goals are in place;
 - Regularly reviewing and amending or updating the Company's strategic direction and goals;
 - Ensuring that an appropriate set of internal controls are implemented and reviewed regularly;
 - Overseeing planning activities including the development and approval of strategic plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets.
 - Reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews on at least an annual basis.
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through the Chairman, being the key interface between the Company and its shareholders;
- Overseeing the control and accountability systems that ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations;
 - Ensuring robust and effective risk management, compliance and control systems (including legal compliance) are in place and operating effectively;
- Ensuring appropriate human resource systems (including OH&S systems) are in place to ensure the well-being and effective contribution of all employees.

CORPORATE GOVERNANCE STATEMENT

- Making all decisions outside the scope of these delegated powers including:
 - Approving all operational expenditures more than 10% outside the approved budget;
 - Approving the details of all items of capital expenditure and
 - Approving all mergers, acquisitions or property disposals and
 - Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.

The detail of some Board functions will be handled through Board Committees. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Directors' Authorities and Delegations

Directors are responsible for any delegations of their responsibilities with regard to corporate operations. As such, they decide as a Board what Company matters are delegated to either specific Directors or management. In addition, they outline what controls are in place to oversee the operation of these delegated powers.

As a consequence, individual Directors have no individual authority to participate in the day-to-day management of the Company including making any representations or agreements with member companies, suppliers, customers, employees or other parties or organisations.

The exception to this principle occurs where the Board through resolution explicitly delegates an authority to the Director individually. Additionally, it is recognised that all Executive Directors will carry significant delegated authority by virtue of their management position as outlined in a relevant Board resolution.

Similarly, Committees and their members require specific delegations from the Board as a whole and these will be contained in each Committee's respective Terms of Reference.

General Delegations

In general, the Board delegates all powers and authorities required to effectively and efficiently carry out the Company's business. Listed below are the exceptions to these delegations, whereby the Board or appropriate Committee reserves the powers as indicated.

Decisions Requiring Board Approval

The following decisions must be referred to the Board for approval:

- Acquiring or selling shares of the Company;
- Acquiring, selling or otherwise disposing of property;
- Founding, acquiring or selling subsidiaries of or any company within the Company, participating in other companies or dissolving or selling the Company's participation in other companies (including project joint ventures);
- Acquiring or selling patent rights, rights in registered trademarks, licences or other intellectual property rights of the Company;
- Founding, dissolving or relocating branch offices or other offices, plants and facilities;
- Starting new business activities, terminating existing business activities or initiating major changes to the field of the Company's business activities;
- Approving and/or altering the annual business plan (including financial planning) for the Company or any part of the Company;
- Taking or granting loans including, without limitation, the placing of credit orders, issuing of promissory notes or loans against IOUs;
- Granting securities of any type;

CORPORATE GOVERNANCE STATEMENT

- Granting loans to Company officers or employees and taking over guarantees for the Company's officers and employees;
- Determining the balance sheet strategy for the Company or any part of the Company;
- Entering into agreements for recurring, voluntary, or additional social benefits, superannuation agreements or agreements for general wage and salary increases;
- Determining the total amount of bonuses and gratuities for Company officers and employees;
- Determining the appointment, termination, prolongation of employment or amendment to conditions of employment of members of the Board of Directors; and
- Granting or revoking a power of attorney or limited authority to sign and/or act on behalf of the Company.

The composition of the Board is reviewed and considered at least annually at a meeting of all directors. Shareholder approval is required on the composition of the Board. Directors are elected by shareholders and remain accountable to them. The Board will meet formally on a regular basis.

The board presently comprises two non-executive directors and an executive director.

The company policy regarding the terms and conditions for remuneration relating to the appointment and retirement of Board members are approved at a meeting of all directors following professional advice. The directors of the Company, meeting as a Board, determine the fees of directors within the aggregate limit established by shareholders in general meeting.

The remuneration and terms and conditions of executive officers are reviewed and approved by the directors after seeking professional advice.

Non-executive members have the right to seek independent professional advice in the furtherance of their duties as Directors at the company's expense. The Chairman's approval of such expenditure is required.

Where any director has an interest of any kind in relation to any matter dealt with at a board or committee meeting that director abstains from participation in the decision process.

Directors and officers must inform the Chairman, in advance, of any proposed dealing in Authorised Investment Fund Limited securities, refrain from buying or selling in the period of five days before, the day of, and the day after announcements and observe all legal requirements relating to dealing in securities. Directors and officers are prohibited from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Communications to Shareholders

The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to shareholders through:

- The Annual Report which is distributed to all shareholders
- The Annual General Meeting and other meetings so called to obtain approval for board action as appropriate;
- The appointment of a contact for shareholder liaison to respond to telephone and written shareholder inquiries.

Evaluation of the performance of senior executives, the board, its committees and individual directors

The Chairman reviews the performance of the senior executives by way of formal and informal discussions as appropriate throughout the year. The performance of the senior executives was reviewed during the financial year in accordance with this process.

CORPORATE GOVERNANCE STATEMENT

A review of the performance of the Board and its Committees during the financial year, is conducted by the Chairman through formal and informal discussions. Significant issues that are identified or changes recommended are actioned by the Board.

Given the current size of the Board, there are no formal performance reviews of individual directors.

Keeping the market informed

The company has documented policies for communications and continuous disclosure procedures and practices. The board specifically addresses the issue of price sensitive information at each of its board meetings. The Company Secretary is responsible for the communication of administrative matters to the ASX.

Audit Committee

At the date of this report the Company has an Audit Committee consisting of the following directors and officeholders:

| | |
|-------------------|---|
| Benjamin W Genser | - Audit Committee Chairman |
| Kevin L Thomas | - Director/Company Secretary (resigned on 26th February 2014) |
| Michael Gordon | - Director (appointed on 12 th May 2014) |

The Audit Committee does not have a formal charter but its objectives to assist the Board in fulfilling its statutory responsibilities in relation to financial reporting, risk management and internal control include:

- Assessing the risk and control environment – review accounting policies, internal controls, practices and disclosures to assist the board in making informed decisions
- Overseeing the financial reporting to ensure it is appropriate and of a high quality prior to recommending adoption of the financial statements by the board for release to the ASX and shareholders
- Evaluating the audit process, particularly the scope, effectiveness and outcome

Committee members are financially literate, that is, have the ability to read and understand financial reports including the statements of financial performance, financial position and cash flow.

The Audit Committee meets at least each half year to coincide with the production of published financial statements and the assessment of external audit reports. The external auditor and the Managing Director are invited to Audit Committee meetings. The committee members consult directly with the external auditor as required. This consultation may be independent of management in order to provide an opportunity for the auditor to discuss any contentious issue or raise concerns.

Risk Management

The Board as a whole considers the major risks affecting the business. Authorised has developed a risk management system to evaluate and control risks effectively to ensure opportunities are not lost, competitive advantage is enhanced, and management time is not spent reacting to issue or events. It is not intended to eliminate risk. This risk management system encompasses all financial operational and compliance controls and risk management and is subject to regular review.

Major business risks have been identified as quality of due diligence of investment opportunities, actions by competitors, environment regulation and government policy changes. Procedures have been developed to minimise the effect of these risks wherever possible.

Financial controls and procedures are clearly defined with the operating and capital budgets used as key controls for business operations. The Board considers regular reports comparing actual results against the budgets set by the Board.

The Managing Director provided a written statement to the Board, that in his opinion:

- the statement given in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- the company's risk management and internal compliance and control framework is operating effectively in all material respects in relation to financial reporting risks.

CORPORATE GOVERNANCE STATEMENT

ASX Corporate Governance Council Guidelines

The Board has not adopted the following ASX Corporate Governance Council recommendations:

Recommendation 1.1 Formalise and disclose the functions reserved to the board and those delegated to management.

The board has formalised a statement of issues reserved for the board and this statement is reproduced in this Corporate Governance Report.

Recommendation 2.1 A majority of the board should be independent directors

While the Board strongly endorses the position that boards need to exercise independence of judgment, it also recognises that the need for independence is to be balanced with the need for skills, commitment and a workable board size. Whilst the board consists of three directors, Mr. Craig and Mr Genser are substantial shareholders and therefore cannot be regarded as independent directors.

Your board believes that it consists of members with the skills, experience and character required to discharge its duties and that any greater emphasis on independence at this point in time would be at the expense of the Board's effectiveness.

Recommendation 2.4 The Board should establish a nomination committee

The Board considers that the selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nomination process. As the board consists of only five directors this is considered best practice at this stage in the company's development.

Recommendation 3.1 Establish a Code of Conduct to guide Directors, the Managing Director, and any other key executives as to the practices necessary to maintain confidence in the Company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Due to the size of the company and the resources available to it, the board does not consider that a formal code of conduct for Directors, the Managing Director and the Company Secretary is appropriate. Rather it is agreed that all officers of the company will act ethically and in the best interests of the company.

Recommendation 3.2 Establish a policy concerning gender diversity

Due to the size of the company, the board does not consider that a gender diversity policy is practicable. Rather it is agreed that there should be no impediments to gender diversity.

Recommendation 4.3 Structure the Audit Committee so that it consists of only non-executive directors, an independent chairperson, who is not chairperson of the board, at least two members.

Increasing the size of the committee to three members, who are also not the chairperson of the Board, is not possible given the composition of the board. The Audit Committee mainly consists of non-executive directors.

Recommendation 8.2 The Board should establish a Remuneration Committee

The board considers that due to its small size all members should be involved in determining remuneration levels, it has not established a separate remuneration committee.

DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2014.

Directors

The names of the directors in office at any time during or since the end of the year are:

Mr. Benjamin Genser (Chairman)
Mr. David H.A. Craig
Mr. Li Ding (resigned on 27th February 2014)
Mr. Kevin.L.Thomas (resigned on 26th February 2014)
Mr. Lingke Ni (resigned on 21st July 2014)
Mr. Michael Gordon (appointed on 12th May 2014)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr. Kevin L. Thomas (resigned on 26th February 2014)
Ms. Cathy W Lin (appointed on 3rd March 2014)

Principal Activities

The Company is registered under the Pooled Development Funds Act 1992 (Cth) ("PDF Act"). The principal activities of the Company during the financial year were the provision of passive equity capital to certain eligible small and medium-sized Australian companies in accordance with the provisions of the PDF Act. There has been no significant change in the nature of these activities during the financial year.

Operating Results

The consolidated profit of the economic entity after providing for income tax amounted to \$528,582 (2013 profit \$48,248).

Dividends Paid or Recommended

No dividends were paid or recommended during the financial year.

Review of Operations

The review of operations is included in the attached Chairman's letter.

Financial Position

The net assets of the economic entity have increased by \$554,582 to \$2,465,891 at 30 June 2014. This has largely resulted from the following factors:

1. The increase in the valuation of the investments in Speedpanel Australia Ltd and E-Tube Finance Limited.
2. Receipt of final payment for the sale of investment in Freudenberg Technologies Pty Ltd.
3. Reduction of Current Liabilities

There were no other significant changes in the state of affairs of the economic entities during the financial year ended 30 June 2014.

After Balance Date Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments, Prospects and Business Strategies

To further improve the economic entity's profit and maximise shareholder wealth, the following developments are intended to be implemented in the near future. The Directors intend to continue the company's current operations of investing in small to medium-sized eligible Australian companies, in accordance with the provisions of the PDF Act. This course of action will assist in the achievement of the economic entity's long-term goals and development of new business opportunities.

Meetings of Directors

During the financial year 6 meetings of directors (including committees) were held. Attendances were

| | Directors' Meetings | | Audit Committee Meetings | |
|------------------|--|----------------------------|--|----------------------------|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| Mr.B.Genser | 6 | 6 | 2 | 2 |
| Mr. D.H.A. Craig | 6 | 6 | - | - |
| Mr. K.L. Thomas | 2 | 2 | 1 | 1 |
| Mr. L.Ni | 6 | - | - | - |
| Mr. M.Gordon | 2 | 2 | 1 | 1 |

DIRECTORS' REPORT

Information on Directors

| | |
|--|--|
| Benjamin Genser | Chairman (non-executive) |
| Qualifications: | Bachelor of Architecture |
| Experience: | Managing Director of the Belgrave Group of companies. |
| Interest in shares: | 12,040,235 ordinary shares in Authorised Investment Fund Limited through BGL Investments Pty Ltd. |
| Special responsibilities: | Chairman of Board Audit Committee |
| Directorships held in other listed entities: | Nil |
| David H.A. Craig | Managing Director (executive) |
| Qualifications: | Bachelor of Economics |
| Experience: | Director since March 1998, Chairman of Consolidated Financial Services Limited Group, Chairman of Endless Solar Corporation Limited. |
| Interest in shares: | 19,664,846 ordinary shares in Authorised Investment Fund Limited. |
| Special responsibilities: | Nil |
| Directorships held in other listed entities: | Director of Endless Solar Corporation Ltd |
| Di Ling | Director (non-executive) (resigned on 27 th February 2014) |
| Qualifications: | MBA |
| Experience: | Director of Belgrave Asia, extensive experience within China |
| Interest in shares: | 1,000,000 ordinary shares in Authorised Investment Fund Limited |
| Special responsibilities: | Nil |
| Directorships held in other listed entities: | Nil |
| Kevin.L.Thomas | Director (resigned on 26 th February 2014) |
| Qualifications: | CPA |
| Experience: | Director of Endless Solar Corporation Limited, extensive experience in senior management. |
| Interest in shares: | 2,449,999 ordinary shares in Authorised Investment Fund Limited |
| Special responsibilities: | Company Secretary, Member of Board Audit Committee |
| Directorships held in other listed entities: | Nil |
| Lingke (Harry) Ni | Director (non-executive) (resigned on 21 st July 2014) |
| Qualifications: | Bachelor of Arts |
| Experience: | Extensive commercial experience in China/Australia |
| Interest in shares: | 1,000,000 ordinary shares in Authorised Investment Fund Limited |
| Special responsibilities: | Nil |
| Directorships held in other listed entities: | Nil |
| Michael Gordon | Director (non-executive) |
| Qualifications: | Bachelor of Commerce (Melbourne), FFIN |
| Experience: | Over 30 years experience as a business analyst |
| Interest in shares: | 1,000,000 ordinary shares in Authorised Investment Fund Limited |
| Special responsibilities: | Member of Board Audit Committee |
| Directorships held in other listed entities: | Nil |

Environmental Issues

The economic entity is not subject to significant environmental regulation under the law of the Commonwealth and State.

Indemnifying Officers or Auditor

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director, secretary or officer of the company, other than conduct involving a wilful breach of duty in relation to the company to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits the disclosure of the premium amount.

Apart from the insurance premium noted above, no indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is an officer or auditor of the economic entity.

Options

At the date of this report, the unissued ordinary shares of Authorised Investment Fund Limited under option are as follows:

| Grant Date | Date of expiry | Exercise Price | No. under option |
|-------------------|-----------------------|-----------------------|-------------------------|
| 10 February 2013 | 10 February 2015 | \$0.10 | 357,088 |
| 9 May 2011 | 20 May 2016 | \$0.15 | 16,000,000 |
| 12 May 2014 | 30 June 2019 | 0.055 | 1,000,000 |
| | | | <hr/> |
| | | | 17,357,088 |

357,088 options which were to expire on 10 February 2013 at a price of \$0.08 were exercised during the year. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Non-Audit Services

No Non-Audit Services were provided by the Company's external auditors during the financial year.

Auditor

Mr John Wheller F.C.A. resigned in accordance with section 329 of the Corporations Act 2001. Ms Margaret Salter F.C.A. was appointed as Auditor in accordance with section 324AA of the Corporations Act 2001.

Auditors Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 16 of the directors' report.

DIRECTORS' REPORT

Remuneration Report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Authorised Investment Fund Limited's key management personnel for the financial year ended 30 June 2014. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of key management personnel
- key terms of employment contracts.

Key management personnel

| Name | Position |
|------------------|---|
| Mr. B. Genser | Chairman – Non-Executive |
| Mr. D.H.A. Craig | Managing Director – Executive, |
| Mr. L. Ding | Director – Non-Executive (resigned on 27 th February 2014) |
| Mr. K.L. Thomas | Director/Company Secretary (resigned on 26 th February 2014) |
| Mr. L.Ni | Director – Non-Executive (resigned on 21 st July 2014) |
| Mr. M.Gordon | Director – Non-Executive (appointed on 12 th May 2014) |
| Ms. Cathy Lin | Company Secretary (appointed on 3 rd March 2014) |

Remuneration Policy

The remuneration policy of Authorised Investment Fund Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based upon key performance areas affecting the economic entity's financial results. The board of Authorised Investment Fund Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the economic entity, as well as create goal congruence between director and shareholders.

The board's policy for determining the nature and amount of remuneration for board members of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the board.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- The board reviews executive packages annually by reference to the economic entity's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the economic entity's profits and shareholders' value. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

Where applicable, executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Remuneration Report (continued)

Company performance, shareholder wealth and director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth in future years.

Details of Remuneration for the Year Ended 30 June 2014

The remuneration for each director and executive officers of the consolidated entity receiving the highest remuneration during the year was:

| | Short-term Benefits | | Post Employment | Share based Payments | Total | Performance related % |
|------------------|---------------------|------------------------|-----------------|----------------------|-------|-----------------------|
| | Salary & fees \$ | Super. Contribution \$ | Super. \$ | \$ | | |
| Directors | | | | | | |
| Mr. B. Genser | | | | | - | |
| Mr. D.H.A.Craig | | | | | - | |
| Mr.D.Ling | | | | | - | |
| Mr.K.L.Thomas | | | | | - | |
| Mr.L.Ni | | | | | - | |
| Mr. M.Gordon | | | | | - | |

Key management personnel equity holdings

| | Balance 01/07/13 | Received as compensation* | Option Exercised | Net change* | Balance 30/06/14 |
|----------------|-------------------|---------------------------|------------------|------------------|-------------------|
| Mr.B.Genser | 12,040,235 | - | - | - | 12,040,235 |
| Mr.D.H.A.Craig | 19,664,846 | - | - | - | 19,664,846 |
| Mr.D.Ling | 1,000,000 | - | - | - | 1,000,000 |
| Mr.K.L.Thomas | 2,449,999 | - | - | - | 2,449,999 |
| Mr L Ni | 1,000,000 | - | - | - | 1,000,000 |
| Mr M. Gordon | - | 1,000,000* | - | 1,000,000 | 1,000,000 |
| | <u>36,155,080</u> | <u>1,000,000 *</u> | <u>-</u> | <u>1,000,000</u> | <u>37,155,080</u> |

Shares issued as Part of Remuneration for the Year Ended 30 June 2014

There were no shares issued to directors and executives as part of their remuneration during 2014. *Shares issued to Mr M. Gordon were compensation for consulting services provided.

Employment Contracts of Directors and Senior Executive

The directors and executives do not have formalised contracts of employment.

A Directors appointment may be terminated in accordance with the Corporations Act and the Constitution of the Company, and their office will be ipso facto vacated in the circumstances specified in the Corporations Act and the Constitution of the Company. A director may terminate their appointment by giving 3 months' notice in writing to the Company. The Company will pay the Director, by way of remuneration for his services, directors' fees in accordance with the Constitution of the Company.

Signed in accordance with a resolution of the Board of Directors.



Mr. David Craig
Director

Dated this 23rd September 2014

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF AUTHORISED INVESTMENT FUND LIMITED**



MMS Consulting Pty Ltd
Chartered Accountants
ABN 15 131 024 158

P.O. Box 194
Doncaster Vic 3108

The Board of Directors
Authorised Investment Fund Limited
Level 10 406 Collins Street
Melbourne VIC 3000

23 September 2014

Dear Board Members

**Auditor's Independence Declaration
Authorised Investment Fund Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Authorised Investment Fund Limited.

As the auditor of the financial statements of Authorised Investment Fund Limited for the financial year ended 30 June 2014, I declare that, to the best of my knowledge and belief, during the financial year ended 30 June 2014 there has been no contraventions of:

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Salter', is written over a light blue horizontal line.

Margaret M Salter FCA

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2014

| | Note | 2014 \$ | 2013 \$ |
|---|------|-----------------------|----------------|
| Revenue from ordinary activities | | | |
| Bank interest | | 28 | 6,954 |
| Gain on revaluation of investments | 5 | 1,301,584 | 290,438 |
| | | <u>1,301,612</u> | <u>297,392</u> |
| Administration and other expenses | 5 | (107,091) | (102,034) |
| Depreciation and amortisation expenses | | - | (98) |
| Impairment of financial assets | 6 | (591,112) | (147,012) |
| Loss from sale of investment assets | | (74,827) | - |
| Profit(Loss) before income tax expense | | <u>528,582</u> | <u>48,248</u> |
| Income tax (expense) benefit | 7 | - | - |
| Net profit/(loss) | | <u>528,582</u> | <u>48,248</u> |
| Other comprehensive income/ (loss) for year | | - | - |
| Total comprehensive income/(loss) for the year | | <u>528,582</u> | <u>48,248</u> |
| Profit/(loss) attributable: | | | |
| Owners of the parent | | 528,582 | 48,248 |
| Non-controlling interest | | - | - |
| | | <u>528,582</u> | <u>48,248</u> |
| Earnings per share: | | | |
| Basic earnings profit(loss) per share (cents per share) | | 0.38 | 0.04 |
| Diluted earnings profit(loss) per share (cents per share) | | 0.38 | 0.04 |
| There were no discontinued operations during the year. | | | |
| Dividends per share | | Nil | Nil |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ |
|-------------------------------|------|------------------|------------------|
| Current Assets | | | |
| Cash and cash equivalents | 12 | 141,908 | 6,289 |
| Trade and other receivables | | - | 36,728 |
| Other current assets | | 15,136 | 13,903 |
| Total current Assets | | <u>157,044</u> | <u>56,920</u> |
| Non-current Assets | | | |
| Financial assets | 14 | <u>2,322,583</u> | <u>1,899,427</u> |
| Total non-current Assets | | <u>2,322,583</u> | <u>1,899,427</u> |
| Total Assets | | <u>2,479,627</u> | <u>1,956,347</u> |
| Current Liabilities | | | |
| Trade and other payables | | <u>13,736</u> | <u>45,038</u> |
| Total Current Liabilities | | <u>13,736</u> | <u>45,038</u> |
| Non-current Liabilities | | - | - |
| Total non-current Liabilities | | - | - |
| Total Liabilities | | <u>13,736</u> | <u>45,038</u> |
| Net Assets | | <u>2,465,891</u> | <u>1,911,309</u> |
| Equity | | | |
| Issued capital | | 10,434,348 | 10,408,348 |
| Accumulated Losses | | (7,968,457) | (8,497,039) |
| Total Equity | | <u>2,465,891</u> | <u>1,911,309</u> |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

| | Issued Capital \$ | Accumulated Losses \$ | Total \$ |
|--|----------------------|-----------------------------|------------------|
| Balance as at 1 July 2012 | 10,112,208 | (8,545,287) | 1,566,993 |
| Shares issued during the year | 307,305 | | 307,305 |
| Transaction costs | (11,237) | | (11,237) |
| Profit(Loss) attributable to members of the parent entity | | 48,248 | 48,248 |
| Balance at 30 June 2013 | <u>10,408,348</u> | <u>(8,497,039)</u> | <u>1,911,309</u> |
| Shares issued during the year | 26,000 | | 26,000 |
| Unrealised gains | | 528,582 | 528,582 |
| Profit(Loss) attributable to members of the parent entity | | | |
| Balance at 30 June 2014 | <u>10,434,348</u> | <u>(7,968,457)</u> | <u>2,465,891</u> |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

| | Note | 2014 \$ | 2013 \$ |
|---|------|------------|------------|
| Cash Flows from Operating Activities | | | |
| Cash receipts in the course of operations | | 36,728 | 5,037 |
| Cash payments in the course of operations | | (113,624) | (307,427) |
| Interest received | | 28 | 1,737 |
| Net cash used in operating activities | 17 | (76,868) | (300,653) |
| Cash Flows from Investing Activities | | | |
| Payments for investments | | (56,000) | - |
| Proceeds from sale of investments | | 268,487 | - |
| Payment for plant and equipment | | - | - |
| Net cash used in investing activities | | 212,487 | - |
| Cash Flows from Financing Activities | | | |
| Proceeds from rights issue | | - | 290,068 |
| Proceeds from issue of shares | | - | - |
| Net cash provided by financing activities | | - | 290,068 |
| Net increase (decrease) in cash | | 135,619 | (10,585) |
| Cash at the beginning of the year | | 6,289 | 16,874 |
| Cash at the end of the year | 12 | 141,908 | 6,289 |

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. GENERAL INFORMATION

Authorised Investment Fund Limited is a listed public company, incorporated and domiciled in Australia. The address of its registered office and principal place of business is:
Level 10, 406 Collins Street, Melbourne VIC 3000 Australia

The principal activities of the entity during the financial year was the provision of passive equity capital to certain eligible small and medium-sized Australian companies in accordance with the provisions of the Pooled Development Funds Act 1992 (Commonwealth).

2. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

2.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013.

| | |
|--|---|
| AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' | This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures'. As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 (note 45.2.1 and 45.3.2 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013. |
| AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities' | The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements. |
| AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009- 2011 Cycle' | The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The adoption of this amending standard does not have any material impact on the consolidated financial statements. |
| AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039' | This standard makes amendment to AASB 1048 'Interpretation of Standards' following the withdrawal of Australian Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'. The adoption of this amending standard does not have any material impact on the consolidated financial statements. |
| AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework) | This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements. |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In August 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising AASB 10 'Consolidated Financial Statements', AASB 11 'Joint Arrangements', AASB 12 'Disclosure of Interests in Other Entities', AASB 127 (as revised in 2011) 'Separate Financial Statements' and AASB 128 (as revised in 2011) 'Investments in Associates and Joint Ventures'. Subsequent to the issue of these standards, amendments to AASB 10, AASB 11 and AASB 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In the current year, the Group has applied for the first time AASB 10, AASB 11, AASB 12 and AASB 128 (as revised in 2011) together with the amendments to AASB 10, AASB 11 and AASB 12 regarding the transitional guidance. AASB 127 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

| | |
|---|--|
| AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards' | AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. The adoption of this amending standard does not have any material impact on the consolidated financial statements. |
| AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards' | AASB 11 replaces AASB 131 'Interests in Joint Ventures', and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). The adoption of this amending standard does not have any material impact on the consolidated financial statements. |
| AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards' | AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The adoption of this amending standard does not have any material impact on the consolidated financial statements. |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)

| | |
|--|--|
| <p>AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'</p> | <p>The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).</p> <p>AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.</p> <p>AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.</p> |
| <p>AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'</p> | <p>This standard amends AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards. This standard also clarifies the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p> |
| <p>AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'</p> | <p>AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets.</p> <p>The adoption of this amending standard does not have any material impact on the consolidated financial statements.</p> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2.2 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', and the relevant amending standards | 1 January 2017 | 30 June 2018 |
| 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 |

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretation, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

This financial report has been authorised to issue per the director's declaration.

(b) Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of Consolidation

A controlled entity is any entity Authorised Investment Fund Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(d) Going Concern

The directors have prepared a cash flow which indicates that the company has sufficient funds to continue in the foreseeable future. These assumptions are based on certain economic and operating assumptions about future events and actions that have not yet occurred, and may not necessarily occur. Directors are confident that if necessary they will be able to raise sufficient capital to enable the continuation of operations until investment returns reach a volume to ensure a return to profitability and positive cash flows.

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The Company is a registered Pooled Development Fund ("PDF"), and as such is entitled to certain tax concessions. With the exception of these tax concessions, PDF's are taxed in the same way as other companies. The taxable income of a PDF is to be divided into two components and taxed at different rates. The two components of a PDF's taxable income are as follows:

- (i) the small and medium enterprises income component (taxed at 15%), and
- (ii) the unregulated investment component (taxed at 25%).

Whilst PDF's are taxed at either 15% or 25%, depending on the composition of their taxable income, any franked dividends paid by a PDF are franked at the prevailing general corporate tax rate, currently 30%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

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

Fair value

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

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. This reversal of impairment loss is in line with the requirement of AASB 136 para 109.

(h) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised group's share of post-acquisition reserves of its associates.

(i) Equity-settled compensation

The group operates a share-based compensation plans comprising a share option arrangement. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(k) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(m) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(n) Comparative Figures

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

| | | |
|-------------------------------------|-----------|--------------|
| 4. Interest Income | 2014 | 2013 |
| | \$ | \$ |
| Interest received | 28 | 1,737 |
| Other Income | - | 1,917 |
| Rent and administration charged to: | | |
| Other | - | 3,300 |
| Total Interest Income | <u>28</u> | <u>6,954</u> |

5. Profit/(Loss) from Ordinary Activities

Profit/(Loss) from ordinary activities before related income tax expense has been determined after charging (crediting) the following items:

| | | |
|---|-----------|--------|
| Rental expense on operating leases | 12,000 | 19,600 |
| Gain on revaluation of investments | 1,301,584 | - |
| Investment Written off – Mornington Winery Group | - | 97,052 |
| Loss from sale of investment – Freudenberg Tech P/L | (74,827) | - |

6. Individually Significant Items of Expense

| | | |
|--|----------------|---------------|
| Impairment of investment | - | - |
| Investment Written off – Mornington Winery Group | - | 97,052 |
| Impairment of loan | <u>591,112</u> | <u>49,960</u> |

| | | |
|-------|---------|---------|
| Total | 591,112 | 147,012 |
|-------|---------|---------|

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

7. INCOME TAX

(a) Income Tax Expense

| | 2014 | 2013 |
|---|-----------|----------|
| | \$ | \$ |
| The prima facie tax expense (benefit) on the loss from ordinary activities before income tax at PDF (Pooled Development Fund) rate of 25% | 132,145 | 12,062 |
| Add (less) tax effect of: | | |
| - non deductible expenses | - | - |
| - Future income tax benefits not brought to account | 15,632 | 60,548 |
| - Write-back for impairment of investments | (147,778) | (72,610) |
| - Write-back for doubtful debts | | |
| Income tax expense | - | - |

(b) Deferred tax assets not brought to account

Deferred tax assets not brought to account, the deductible temporary differences of which will only be realised if the conditions of deductibility set out in Note 1 occur:

| | | |
|------------------------------|----------------|----------------|
| - Timing differences @ 25% | 142,627 | 297,737 |
| - Tax losses- income @ 25% | 560,519 | 515,047 |
| - Tax losses – capital @ 25% | 50,291 | 50,291 |
| | <u>753,437</u> | <u>863,075</u> |

The deferred tax assets will only be obtained if:

- (i) The economic entity derives future assessable income of a nature and an amount sufficient to enable the asset to be realised;
- (ii) The economic entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) No changes in legislation adversely affect the relevant company in realising the asset.

8. DIVIDENDS

(a) No dividends were paid or declared during the financial year or during the comparative financial year.

(b) Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.

| | | | |
|---------|---------|---------|---------|
| 118,582 | 118,582 | 118,582 | 118,582 |
|---------|---------|---------|---------|

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

9. Earnings per Share

| | | 2014 ¢ per share | 2013 ¢ per share |
|----------------------------|---|---------------------|---------------------|
| Basic earnings per share | a | 0.38¢ | 0.04¢ |
| Diluted earnings per share | b | 0.38¢ | 0.04¢ |

(a) Basic earnings per share

Earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| | 2014 \$ | 2013 \$ |
|--|-----------------------------|--------------------|
| Earnings | <u>528,582</u> | <u>48,248</u> |
| | Parent entity shares | |
| | 2014 No. | 2013 No. |
| Weighted average number of ordinary shares | <u>137,927,312</u> | <u>133,637,702</u> |

10. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the company and the Group is set out below:

| | 2014 \$ | 2013 \$ |
|----------------------|------------|--------------|
| Share-based payments | - | 6,000 |
| Total payments | <u>-</u> | <u>6,000</u> |

11. AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:

| | | |
|--------------------------------------|---------------|---------------|
| - auditing or reviewing the accounts | 10,000 | 20,000 |
| - other services | - | - |
| | <u>10,000</u> | <u>20,000</u> |

12. CASH AND CASH EQUIVALENTS

| | | |
|--------------------------|----------------|--------------|
| Cash at bank and on hand | <u>141,908</u> | <u>6,289</u> |
|--------------------------|----------------|--------------|

13. ASSOCIATED COMPANIES

Details of associates and joint venture entities

| Name of associate or joint venture entity: | Reporting entity Percentage holding: | | Contribution to net profit from ordinary activities during the period: | |
|---|---|-----------|--|------------|
| | 2014 % | 2013 % | 2014 \$ | 2013 \$ |
| | Pizzey WIF Pty Ltd | 30.0% | 30.0% | <u>-</u> |
| | | | <u>-</u> | <u>-</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

14. FINANCIAL ASSETS

| | Economic Entity | |
|---|-----------------|-----------|
| | 2014 | 2013 |
| | \$ | \$ |
| Financial assets at fair value | 2,322,583 | 1,899,427 |
| <u>(a) Financial assets at fair value comprise:</u> | | |
| Listed investment | 449,333 | 15,530 |
| Unlisted investments, at recoverable amount | | |
| - shares in other corporations | 1,632,250 | 1,032,250 |
| - less provision for impairment | - | - |
| Unlisted investments, at recoverable amount | | |
| - shares in other corporations, at cost | 241,000 | 977,647 |
| - less provision for impairment Percentage | - | (126,000) |
| | 2,322,583 | 1,899,427 |

Financial assets at fair value comprise investments in the ordinary issued capital of various entities. Consistent with Australian Accounting Standard AASB 139 *Financial Instruments: Recognition and Measurement*, upon initial recognition it was designated by the entity as at fair value through profit or loss. There are no fixed returns or fixed maturity date attached to these investments.

Listed financial assets at fair value are based on Level 1 and 2 inputs to the fair value measurements as described below. Unlisted financial assets are based on Level 2 and 3 inputs to the fair value measurements which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

| | Economic Entity | |
|--|-----------------|-----------|
| | 2014 | 2013 |
| | \$ | \$ |
| <u>(b) Shares in other corporations include:</u> | | |
| Shareholding in Freudenberg Technologies Pty Ltd, an exhaust filter manufacturer. Percentage owned 2% (2013 2%) | | |
| Investment at valuation | | 343,314 |
| | - | 343,314 |
| Shareholding in Speedpanels Australia Ltd, a manufacturer of fire and acoustic rated walls. Percentage owned 11% (2013 13%) | | |
| Investment at valuation | 1,632,250 | 1,032,250 |
| | 1,632,250 | 1,032,250 |
| Shareholding in Collins Court Corporation Limited, an investment company. Percentage owned 25% (2013 25%) | | |
| Investment at cost | 1,000 | 1,000 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

14. FINANCIAL ASSETS (continued)

| | Economic Entity | |
|---|-----------------|------------|
| | 2014 \$ | 2013 \$ |
| Shareholding in Endless Solar Corporation Limited, a solar energy products company Percentage owned 9% (2013 9%) Investment at cost | 449,333 | 393,333 |
| | 449,333 | 393,333 |
| Shareholding in E Tube Finance Limited, a funding company Percentage owned 50% (2013 50%) Investment at cost | 240,000 | 240,000 |
| Less impairment | - | (126,000) |
| | 240,000 | 114,000 |

15. CONTROLLED ENTITIES

Controlled Entities Consolidated

| | Country of Incorporation | Percentage Owned (%) | |
|--|--------------------------|----------------------|------|
| | | 2014 | 2013 |
| <i>Parent Entity:</i> | | | |
| Authorised Investment Fund Ltd | Australia | - | - |
| <i>Subsidiaries of Authorised Investment Fund Ltd:</i> | | | |
| Wine Development Pty Ltd | Australia | 100 | 100 |
| Yarra Valley Corporation Pty Ltd | Australia | 100 | 100 |
| Skypac International Pty Ltd | Australia | 100 | 100 |

16. ISSUED CAPITAL

138,427,312 (2013: 137,427,312) fully paid ordinary shares 10,434,348 10,408,348

(a) Ordinary shares

| | 2014 | 2013 |
|--|-------------|-------------|
| | Number | Number |
| At the beginning of the reporting period | 137,427,312 | 90,713,483 |
| Shares issued during the year | 1,000,000 | 46,713,829 |
| At reporting date | 138,427,312 | 137,427,312 |

1,000,000 ordinary voting share was issued to Gordon Capital Pty Ltd as the compensation for the service provided in April 2014.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

16. ISSUED CAPITAL (continued)

(b) Options

At the date of this report, the unissued ordinary shares of Authorised Investment Fund Limited under option are as follows:

| Grant Date | Date of expiry | Exercise Price | No. under option |
|-------------------|-----------------------|-----------------------|-------------------------|
| 9 May 2011 | 20 May 2016 | \$0.15 | 16,000,000 |
| 10 February 2013 | 10 February 2015 | \$0.10 | 357,088 |
| 12 May 2014 | 30 June 2019 | \$0.055 | 1,000,000 |
| | | | 17,357,088 |

For information relating to the Authorised Investment Fund Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 10 Share-based Payments. For information relating to share options issued to key management personnel during the financial year, refer to Note 10 Share-based Payments.

17. NOTE TO THE STATEMENT OF CASH FLOW

Reconciliation of profit ordinary activities after related income tax to net cash flows from operating activities

| | 2014 | 2013 |
|--|-------------|-------------|
| | \$ | \$ |
| Profit/(loss) from ordinary activities after related income tax | 528,582 | 48,248 |
| Depreciation of property, plant and equipment | - | 98 |
| Provision for impairment of investments | 591,112 | - |
| Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses: | | |
| - (increase) / decrease in valuation of investment | (1,301,584) | (290,438) |
| - (increase) / decrease in trade and other receivables | 35,496 | 20,582 |
| - increase / (decrease) in trade and other payables | (28,937) | (182,195) |
| - Loss from sale of investment | 74,827 | 97,052 |
| - Share issued in lieu of consulting fees | 23,636 | 6,000 |
| Net cash from operating activities | (76,868) | (300,653) |

18. CONTINGENT LIABILITIES

There were no contingent liabilities outstanding against the Company at the end of the current or previous financial year.

19. SEGMENT INFORMATION

The Company operates as a registered Pooled Development Fund under the Pooled Development Funds Act 1992 (Cth) ("PDF Act"), solely within Australia. The principal activity of the Company during the financial year ended 30 June 2014, was the provision of passive equity capital to certain eligible small or medium-sized Australian companies in accordance with the provisions of the PDF Act.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

| | | |
|---------------------------------------|--------|---------|
| 20. RELATED PARTY TRANSACTIONS | 2014 | 2013 |
| | \$ | \$ |
| Interest Paid | 12,000 | 5,482 |
| Rent Paid | - | 12,000 |
| Interest Received | | (1,599) |

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

21. FINANCIAL INSTRUMENTS

(a) Credit Risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure.

The Group's maximum exposure to credit risk at the reporting date was:

Economic entity

| | Carrying amount | |
|----------------------------|------------------------|------------------|
| | 2014 | 2013 |
| | \$ | \$ |
| Trade and other receivable | - | 36,728 |
| Cash and cash equivalents | 141,908 | 6,289 |
| Other Current assets | 15,136 | 13,903 |
| Financial assets | 2,322,583 | 1,899,427 |
| | <u>2,479,627</u> | <u>1,956,347</u> |

The Company's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was \$0 (2013: \$36,728)

(a) Credit Risk

The Group's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

| Carrying amount | |
|------------------------|-------------|
| 2014 | 2013 |

| | |
|---|---|
| - | - |
|---|---|

(b) Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting:

30 June 2014

| | Carrying Amount | Contractual cash flow | 6 months or less | 6-12 months |
|------------------------------|------------------------|------------------------------|-------------------------|--------------------|
| Financial liabilities | | | | |
| Trade and other payables | 13,736 | 13,736 | 13,736 | - |
| | <u>13,736</u> | <u>13,736</u> | <u>13,736</u> | <u>-</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

21. FINANCIAL INSTRUMENTS (Continued)

30 June 2013

| | Carrying Amount | Contractual cash flow | 6 months or less | 6-12 months |
|------------------------------|----------------------------|----------------------------------|-----------------------------|------------------------|
| Financial liabilities | | | | |
| Trade and other payables | 45,038 | 45,038 | 45,038 | - |
| | <u>45,038</u> | <u>45,038</u> | <u>45,038</u> | <u>-</u> |

(c) Currency Risk

The Group is not exposed to foreign currency risk at balance date.

(d) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value.

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Economic Entity

| | 30 June 2014 | | 30 June 2013 | |
|----------------------------|----------------------------|----------------------------|----------------------------|-------------------|
| | Carrying amount | Carrying amount | Carrying amount | Fair Value |
| Trade and other receivable | - | - | 36,728 | 36,728 |
| Cash and cash equivalents | 141,908 | 141,908 | 6,289 | 6,289 |
| Other Current assets | 15,136 | 15,136 | 13,903 | 13,903 |
| Financial assets | 2,322,583 | 2,322,583 | 1,899,427 | 1,899,427 |
| Trade and other payables | (13,736) | (13,736) | (45,038) | (45,038) |
| | <u>2,465,891</u> | <u>2,465,891</u> | <u>1,911,309</u> | <u>1,911,309</u> |

The basis for determining fair values is disclosed in note 3.

22. EVENTS SUBSEQUENT TO BALANCE DATE

There are no events subsequent to balance date (2013: nil).

DIRECTORS' DECLARATION

The directors of Authorised Investment Fund Limited declare that:

1. the financial statements and notes, as set out on pages 17 to 41, are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and performance for the financial year ended on that date of the company and the economic entity;
2. the Managing Director and Chief Financial Officer have declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as an when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



David Craig
Director

Dated this 23rd day of September 2014



MMS Consulting Pty Ltd
Chartered Accountants
ABN 15 131 024 158

P.O. Box 194
Doncaster Vic 3108

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUTHORISED INVESTMENT FUND LIMITED**

Report on the financial report

I have audited the accompanying financial report of Authorised Investment Fund Limited which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Authorised Investment Fund Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In my opinion the financial report of Authorised Investment Fund Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.



MMS Consulting

Report on the Remuneration Report

I have audited the Remuneration Report included in pages 13 and 14 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. My responsibility is to express an opinion on the Remuneration Report, based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Authorised Investment Fund Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Margaret M Salter FCA

Dated at Melbourne this 23rd day of September 2014.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 30 June 2014

Class of Equity Securities Issued by the Company

Total number of fully paid ordinary shares, issued by the Company 138,427,312

A. Distribution of Ordinary Shares

| | |
|---|------------|
| (i) Analysis of number of shareholders, by size of holding | |
| 1 - 1,000 | 21 |
| 1,001 - 5,000 | 144 |
| 5,001 - 10,000 | 148 |
| 10,001 - 100,000 | 158 |
| 100,001 - and over | <u>84</u> |
| Total number of shareholders | <u>555</u> |
| (ii) Number of shareholders holdings less than a marketable parcel. | Nil |

B. Voting Rights

The voting rights attaching to the Company's fully paid ordinary shares are set out below:
On a show of hands, every member present in person, or by proxy, shall have one vote, and upon a poll each share shall have one vote.

C. Substantial Shareholders

The names of the substantial shareholders listed in the holding company's register as at 30 June 2013 are:

| | Holding | % |
|-----------------------------------|------------|------|
| Fisher Graham Group Ltd | 13,569,307 | 9.87 |
| BWG Investments Pty Ltd | 12,040,235 | 8.76 |
| Regent Fine Wines Pty Ltd | 10,816,863 | 7.87 |
| Koay Baring-Gould Superannuation | 9,528,652 | 6.93 |
| Mrs D L Craig | 9,437,025 | 6.87 |
| Endless Solar Corporation Limited | 9,150,000 | 6.66 |

D. Twenty Largest Shareholders

The names of the Company's twenty largest shareholders, and the number of fully paid ordinary shares in which they have an interest is set out below:

| | Holding | % |
|--|-------------------|--------------|
| Fisher Graham Group Ltd | 13,569,307 | 9.87 |
| BWG Investments Pty Ltd | 12,040,235 | 8.76 |
| Regent Fine Wines Pty Ltd | 10,816,863 | 7.95 |
| Koay Baring Gould Superannuation | 9,528,652 | 6.93 |
| Mrs D L Craig | 9,437,025 | 6.87 |
| Endless Solar Corporation Limited | 9,150,000 | 6.66 |
| E Tube Finance Company Limited | 6,000,000 | 4.37 |
| Speedpanel Australia Limited | 4,950,000 | 3.60 |
| Mr D H Craig | 3,634,653 | 2.64 |
| Kingsley Investments (Australia) Pty Ltd | 2,666,667 | 1.94 |
| Sambor Nominees Pty Ltd | 2,500,000 | 1.82 |
| Thomas Superannuation Fund Pty Ltd | 2,449,999 | 1.78 |
| Paribas Pty Ltd – GFSF a/c | 2,424,467 | 1.76 |
| Harvard Nominees Pty Ltd | 2,340,000 | 1.70 |
| Mr T Hay | 2,139,167 | 1.56 |
| Mrs I F Green | 1,880,701 | 1.37 |
| Mr R F Haselgrove | 1,686,001 | 1.23 |
| Mr R R Green | 1,594,730 | 1.16 |
| J P Morgan Nominees Australia Limited | 1,491,106 | 1.09 |
| Ms E M Green | 1,353,154 | 0.98 |
| Consolidated Financial Services Limited | 1,155,555 | 0.84 |
| | <u>89,238,975</u> | <u>74.81</u> |

SHAREHOLDER INFORMATION

E. Company Secretary

The name of the company secretary is:
Ms. Cathy Lin

F. Registered Office

The address of the principal registered office in Australia is Level 10, 406 Collins St.
Melbourne. Vic 3000
Telephone (03) 9600 3242

G. Register of Securities

Register of securities is held at the following address:
Computershare Investor Services, Yarra Falls, 452 Johnston Street Abbotsford 3067

H. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

I. Unquoted Securities

Options over Unissued Shares

A total of 17,357,088 unquoted options are on issue. No options are on issue to Directors.