

Authorised Investment Fund Limited
Appendix 4D
Half-year report

1. Company details

Name of entity: Authorised Investment Fund Limited
ABN: 51 068 793 322
Reporting period: For the half-year ended 31 December 2019
Previous period: For the half-year ended 31 December 2018

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	100.0% to	1
Loss from ordinary activities after tax attributable to the owners of Authorised Investment Fund Limited	down	13340.5% to	(9,860,764)
Loss for the half-year attributable to the owners of Authorised Investment Fund Limited	down	13340.5% to	(9,860,764)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$9,860,764 (31 December 2018: profit of \$74,474).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.30</u>	<u>3.63</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

Authorised Investment Fund Limited
Appendix 4D
Half-year report

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Authorised Investment Fund Limited for the half-year ended 31 December 2019 is attached.

12. Signed



Signed _____

Date: 28 February 2020

Authorised Investment Fund Limited

ABN 51 068 793 322

Interim Report - 31 December 2019

Authorised Investment Fund Limited

Directors' report

31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Authorised Investment Fund Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The following persons were directors of Authorised Investment Fund Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Benjamin Genser - Chairman

David H.A. Craig – Managing Director

Chris Baring-Gould – Non-Executive Director

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.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$9,860,764 (31 December 2018: profit of \$74,474).

The financial results for the 6 months period to the 31 December 2019 are extremely disappointing. As a passive minority investor AIY is a reflection of the combined performance of its investee companies. While there are some positives to report for the period, in the main the negatives are unfortunately the overwhelming factor in determining the level of write down of the portfolio.

The greatest write down is in the valuation of Asian Integrated Media Pty Ltd. (AIM) Notwithstanding, its recent agreements with TD LINK (An associate co of BLUE FOCUS) & accordingly the potential revenues with the 29 China Airlines carrying over half a billion passengers per annum, the Coronavirus has had a very large detrimental impact on its activities. While these may have a short term effect we have written the value of this investment down to reflect the current uncertainty of a potential pandemic.

The other main write downs include Aenea (Aust) Pty Ltd and E-Mersion Digital Pty Ltd and these write downs principally reflect the lack of relevant required documentation from Aenea (Aust)Pty Ltd and E-Mersion Digital Pty.Ltd. to justify the previous carrying value. These matters have been passed on to the relevant regulatory authorities.

On the positive side AIY has a small indirect investment in Encounter Minerals Pty Ltd (at cost) which is expected to commence drilling on its leases in Western Victoria in the near future. However, there is nothing meaningful that we can report at this stage.

Also, Endless Solar Corporation Ltd has continued to invest in its patents (which are recorded at cost), has subsequent to the half year ending 31st December 2019 repaid the balance of the outstanding short term loan from AIY and is in current negotiations with a view to constructing an operating prototype. However, while the advent of recent new technology may prove of great benefit, there is nothing that can be reported to the market at this time.

It is noted that the company has a short-term working capital deficiency as at 31 December 2019. This working capital deficiency can be satisfied by revenue generation activities such as levying administrative and compliance levies, sale of financial assets or a capital raising in the future.

Significant changes in the state of affairs

On 22 November 2019, the company was suspended from official quotation on the ASX under listing rule 17.3. The company is currently addressing the ASX's queries.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

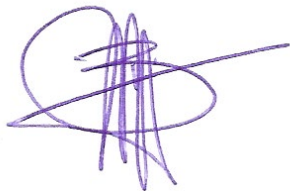
Authorised Investment Fund Limited
Directors' report
31 December 2019

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in purple ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Benjamin Gesner
Chairman

28 February 2020



Suite 2, Level 11
350 Collins Street
Melbourne
VIC3000
03 9592 2357
Web: www.connectaudit.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the review of Authorised Investment Fund Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Authorised Investment Fund Limited and its controlled entities.

A handwritten signature in black ink, appearing to read 'George Georgiou'.

George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date 28 February 2020

Authorised Investment Fund Limited

Contents

31 December 2019

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	11
Independent auditor's review report to the members of Authorised Investment Fund Limited	12

General information

The financial statements cover Authorised Investment Fund Limited as a consolidated entity consisting of Authorised Investment Fund Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Authorised Investment Fund Limited's functional and presentation currency.

Authorised Investment Fund Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 9, 406 Collins Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2020.

Authorised Investment Fund Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Consolidated	
	Dec 19	Dec 18
	\$	\$
Revenue		
Interest revenue calculated using the effective interest method	1	9,441
Other revenue	-	2,108
Change in fair value of investments	-	1,478,175
Expenses		
Administration and other expenses	(447,922)	(1,415,250)
Impairment of investments	(9,412,843)	-
Profit/(loss) before income tax expense	(9,860,764)	74,474
Income tax expense	-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Authorised Investment Fund Limited	(9,860,764)	74,474
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year attributable to the owners of Authorised Investment Fund Limited	<u>(9,860,764)</u>	<u>74,474</u>
	Cents	Cents
Basic earnings per share	(2.337)	0.022
Diluted earnings per share	(2.337)	0.022

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Authorised Investment Fund Limited
Statement of financial position
As at 31 December 2019

	Note	Consolidated	
		Dec 19	Jun 19
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		15,591	7,805
Trade and other receivables		77,976	360,141
Total current assets		<u>93,567</u>	<u>367,946</u>
Non-current assets			
Financial assets at fair value through profit and loss	3	5,558,790	14,971,633
Other		39,600	39,600
Total non-current assets		<u>5,598,390</u>	<u>15,011,233</u>
Total assets		<u>5,691,957</u>	<u>15,379,179</u>
Liabilities			
Current liabilities			
Trade and other payables		215,358	41,816
Total current liabilities		<u>215,358</u>	<u>41,816</u>
Total liabilities		<u>215,358</u>	<u>41,816</u>
Net assets		<u>5,476,599</u>	<u>15,337,363</u>
Equity			
Issued capital		24,154,497	24,154,497
Accumulated losses		<u>(18,677,898)</u>	<u>(8,817,134)</u>
Total equity		<u>5,476,599</u>	<u>15,337,363</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Authorised Investment Fund Limited
Statement of changes in equity
For the half-year ended 31 December 2019

Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	20,057,348	(11,172,145)	8,885,203
Profit after income tax expense for the half-year	-	74,474	74,474
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	74,474	74,474
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	2,920,507	-	2,920,507
Exercise of options	600	-	600
Balance at 31 December 2018	<u>22,978,455</u>	<u>(11,097,671)</u>	<u>11,880,784</u>
Consolidated	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	24,154,497	(8,817,134)	15,337,363
Loss after income tax expense for the half-year	-	(9,860,764)	(9,860,764)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(9,860,764)	(9,860,764)
Balance at 31 December 2019	<u>24,154,497</u>	<u>(18,677,898)</u>	<u>5,476,599</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Authorised Investment Fund Limited
Statement of cash flows
For the half-year ended 31 December 2019

	Consolidated	
	Dec 19	Dec 18
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	-	2,122
Interest received	1	-
Payments to suppliers and employees (inclusive of GST)	<u>(156,928)</u>	<u>(304,125)</u>
Net cash used in operating activities	<u>(156,927)</u>	<u>(302,003)</u>
Cash flows from investing activities		
Payments for investments	<u>-</u>	<u>(350,000)</u>
Net cash used in investing activities	<u>-</u>	<u>(350,000)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	1,135,899
Proceeds from related parties	<u>164,713</u>	<u>-</u>
Net cash from financing activities	<u>164,713</u>	<u>1,135,899</u>
Net increase in cash and cash equivalents	7,786	483,896
Cash and cash equivalents at the beginning of the financial half-year	<u>7,805</u>	<u>103,208</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>15,591</u></u>	<u><u>587,104</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Authorised Investment Fund Limited
Notes to the financial statements
31 December 2019

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity operates as a registered Pooled Development Fund under the Pooled Development Funds Act 1992 (Cth) ("PDF Act"), solely within Australia.

Note 3. Non-current assets - financial assets at fair value through profit and loss

	Consolidated	
	Dec 19	Jun 19
	\$	\$
Listed investments	860,722	860,722
Unlisted investments	4,698,068	14,110,911
	<u>5,558,790</u>	<u>14,971,633</u>

The impairment to the investment portfolio in the six months to December 2019 pertains to:

- Asian Integrated Media: the detrimental impact of the COVID-19 virus on AIM's airline and advertising clients have significantly reduced forward revenues and cash flows by more than 50%. Consequently, AIM's valuation has been impaired by \$5,439,000 due to these significantly reduced forward revenues and cash flows.
- E-Mersion and AENEA: impairments totalling \$3,973,843 have been recognised in relation to these investments due to significant uncertainty regarding expected cash flows to be generated.

Note 4. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 5. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Authorised Investment Fund Limited
Notes to the financial statements
31 December 2019

Note 6. Working capital management

The company has a net working capital deficiency of \$121,791 at 31 December 2019. The directors are confident that if necessary, they will be able to generate sufficient cash flows to enable continuation of operations through revenue generation activities such as levying administrative and compliance levies, sale of financial assets or a capital raising in the future.

Authorised Investment Fund Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Benjamin Gesner
Chairman

28 February 2020

Independent Auditor's Review Report

To the members of Authorised Investment Fund Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of Authorised Investment Fund Limited (the "Company") and its controlled entities (the "Group").

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of the Group is not in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the Half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

The Half-year Financial Report comprises:

- Condensed consolidated statement of financial position as at 31 December 2019;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 6 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Authorised Investment Fund Limited (the "Company") and the entities it controlled at the half year's end or from time to time during the half year.

Material Uncertainty

We draw attention to Note 6 in the half year financial report, which indicates that the consolidated entity incurred a net loss of \$9,860,764 had a working capital deficiency of \$121,791 as at 31 December 2019 and had net cash outflows from operating activities of \$156,927 during the half year ended 31 December 2019. These events or conditions, along with other matters as set forth in Note 3 and 6 indicate that material uncertainty exists that may cast significant doubt on the consolidated entity's ability to generate expected cash flows. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- The preparation of the Half-year Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and Corporations Act 2001
- For such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Authorised Investment Fund Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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



George Georgiou FCA
Registered Company Auditor
ASIC Registration: 10310
Melbourne, Victoria
Date 28th February 2020