



Market Announcement

3 March 2020

Authorised Investment Fund Limited (ASX: AIY) – Continuation of Suspension from Official Quotation

Description

Attached for the information of the market is ASX's query letter to AIY dated 16 January 2020 and AIY's response to ASX dated 2 March 2020.

ASX's enquiries into a number of issues concerning AIY are ongoing. AIY's securities will remain suspended until further notice.

Issued by

James Gerraty
Senior Manager, Listings Compliance (Melbourne)



Authorised Investment Fund Ltd.

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2 March 2020
James Gerraty
Senior Manager
Listing Compliance (Melbourne)

RESPONSE TO ASX QUERY LETTER

In response to the questions and requests for information set out in your letter dated 16 January 2020, Authorised Investment Fund Limited (ASX:AIY) provides its responses below in this letter and the Annexure.

Question 1

(a)

The table below sets out the following in relation to each unlisted investment:

- i. the carrying (or fair) value (Question 1(a));
- ii. AIY's shareholding at 30 June 2018 and 30 June 2019 (Question 1(b)); and
- iii. details of any movements in fair value between 30 June 2018 and 30 June 2019 (Question 1(e)),

Unlisted Investment	Shareholding (Shares and %)				Value(\$)		Explanation of movements in value
	30 June 2018		30 June 2019		30 June 2018	30 June 2019	
Speedpanel Australia Ltd	Nil		Nil		0	0	No change
Plumbers Federation Ltd	1,000,000	40% equity interest	1,000,000	40% equity interest	119,490	73,200	Decreased due to revaluation based on AIY's last market price at 30 June 2019
Collins Court Corporation Ltd	1,000	25% equity interest	1,000	25% equity interest	8,362	8,362	No change

Unlisted Investment	Shareholding (Shares and %)				Value(\$)		Explanation of movements in value
	30 June 2018		30 June 2019		30 June 2018	30 June 2019	
Wine Development Fund Pty Ltd	2	100% equity interest	2	100% equity interest	2	2	No change
e-Mersion Media Pty Ltd	196	?% equity interest	196	?% equity interest	1,200,000	1,200,000	No change
	Share certificate attached. Current ASIC data base shows Authorised has 181 shares & the issued capital is 2,136 shares. Accordingly this represent a holding of 8.47%						
Asian Integrated Media Pty Ltd	220,000	22% equity interest	250,000	25% equity interest	5,500,000	9,931,714	Please see response to Question 1(c),(d) and Question 3(a),(b)
Strike Marketing Pty Ltd	111	10% equity interest	111	10% equity interest	100,000	100,000	No change
Aenea (Aust) Pty Ltd	2,000,000	20% equity interest	3,000,000	30% equity interest	3,000,000	2,723,333	Maintain at 31 December 2018 valuation.
Precious Minerals Pty Ltd	0		30	30% equity interest	0	74,300	Cost

(b)

Please see response to Question 1

(c)

The table below sets out the valuation methodology which was utilised to measure fair value at 30 June 2019, including any underlying assumptions and inputs, and whether it was categorized within Level 2 or Level 3 of the fair value hierarchy:

Unlisted Investment	Valuation Methodology	Assumptions	Fair Value Hierarchy
Speedpanel Australia Ltd	Written down value at \$NIL	Company under administration	
Plumbers Federation Ltd	AIY's last market price at 30 June 2019		Level 3
Collins Court Corporation Ltd	Historical cost	Inactive company. No change in circumstances since 30 June 2018. Maintain same valuation as 30 June 2018	Level 3
Wine Development Fund Pty Ltd	Historical cost	Inactive company. No change in circumstances since 30 June 2018. Maintain same valuation as 30 June 2018	Level 3
e-Mersion Media Pty Ltd	AIY's last market price at 30 June 2019	Commercial activities ramping up under new management team. Maintain current valuation at initial 30 June 2018 acquisition cost	Level 3
Asian Integrated Media Pty Ltd	Terminal Valuation of AIM HK	Asian Integrated Media Limited (AIM HK) management provided 5 year forecasts of net cash flows which enabled AIY to calculate a range of AIM HK's terminal valuation, and subject to various scenarios of discount. Please refer to Annexure B for detailed valuation analysis (not for release to the market)	Level 3
Strike Marketing Pty Ltd	AIY's last market price at 30 June 2019	Maintain at acquisition cost	Level 3
Aenea (Aust) Pty Ltd	Historical cost	Plus awaiting for confirmation of trade sale negotiations in Middle East	Level 3
Precious Minerals Pty Ltd	Historical cost	Valuation maintained at historical cost as investment was newly acquired and less than 12 months old.	Level 3

(d)

The directors' fair valuations of investee companies were supported by information provided by investee companies (where sufficiently provided), assumptions and methodologies. These were furnished for an independent review by AIY's auditors. Directors and auditors were in constant discussions until signing of the audited accounts, thus ensuring that fair valuation, methodologies and assumptions complied with accounting standards during this audit process.

(e)

Please see response to Question 1

(f)

The table below sets out details of movements in fair value between 31 December 2018 and 30 June 2019, together with an explanation of such movements:

Unlisted Investment	Value(\$)		Explanation of movements in value
	31 Dec 2018	30 June 2019	
Speedpanel Australia Ltd	0	0	No change
Plumbers Federation Ltd	403,910	73,200	Decreased due to revaluation based on AIY's last market price at 30 June 2019
Collins Court Corporation Ltd	97,663	8,362	Decreased due to revaluation based on AIY's last market price at 30 June 2019
Wine Development Fund Pty Ltd	2	2	No change
e-Mersion Media Pty Ltd	1,200,000	1,200,000	No change
Asian Integrated Media Pty Ltd	5,500,000	9,931,714	Please see response to Question 1(c),(d) and Question 3(a),(b)
Strike Marketing Pty Ltd	172,000	100,000	Maintain at acquisition cost
Aenea (Aust) Pty Ltd	2,723,333	2,723,333	No change
Precious Minerals Pty Ltd	0	74,300	Cost

(g)

There were no independent valuations commissioned at this stage.

(h)

Independent valuations were not provided because:

- the following companies were not trading or were dormant:
 - Plumbers Federation Ltd
 - Collins Court Ltd
 - Wine Development Fund P/L
- the following companies were Start-up or early stage companies that were currently in the process of building their business models to demonstrate measurable commercial and financial track record.
 - E-Mersion Media P/L
 - Financial information not provided
 - Ramping up commercial activity over last 12 months and ongoing

- Asian Integrated Media P/L
 - Currently transitioning from traditional media model to digital media and advertising model, operating in the China and Hong Kong markets
 - Rapidly growing and investing for growth

- Strike Marketing P/L
 - Organic growth in activities
 - Unaudited accounts provided.

- Aenea (Aust) P/L
 - Director based in UK, and operates in the UK, Europe, US and middle East markets for his products.
 - Director has not provided financial information at this stage, due to sensitive commercial discussions .

- Precious Minerals P/L
 - Financial information not provided.

 - Independent valuations would be appropriate once there is sufficient information to suggest taking this step should surface sampling/drilling to ascertain extent of mineralization in the region is commercially viable.

(i)

The Company has responded to ASX on a confidential basis.

Question 2

Current accounting standards do not require each individual unlisted investment to be disclosed for their movements and fair values.

Note 8 in the audited FY2019 accounts provides disclosure of the portfolio of investments fair valued through Profit & Loss. This is in accordance with accounting standard *AASB 7 Financial Instruments Disclosures*, with extracts below of:

- Paragraph 6 - disclosure by way of note, classes of assets or instruments to enable reconciliation to the Balance Sheet
- Paragraph 7 – information to enable evaluation of exposure and performance.

Classes of Financial Instruments and Level of Disclosure

6 When this Standard requires disclosures by class of financial instrument, an entity shall group financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. An entity shall provide sufficient information to permit reconciliation to the line items presented in the statement of financial position.

Significance of Financial Instruments for Financial Position and Performance

7 An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance.

The audited accounts were signed on 30 September 2019, with:

- The fair value of investments reported at \$14,971,633, a decrease of \$300,000 from Appendix 4E's \$15,271,633.
- Net fair value gain to Profit and Loss of \$4,434,679, an increase of \$1,252,211 over Appendix 4E's \$3,182,468.

From the summary table above, the difference in fair value of investments between Appendix 4E and the signed audited accounts was a decrease of \$300,000 or 1.96%. This \$300,000 difference can be explained as follows:

- a \$350,000 increase in impairment costs, resulting from a \$350,000 loan to an investee company AENEA Pty Ltd, subsequently written off as expenses (i.e. not recoverable)
- a \$50,000 net increase in Revaluation increment, resulting from:
 - \$1,252,211 increase in Revaluation increments, offset against
 - \$1,202,211 decrease in Additions (Revaluation amounts incorrectly classified as Additions)

Drilling down further, a significant amount of the \$300,000 variance can predominantly be explained by movements in one investee company AIM Pty Ltd as shown in the table below:

AIM Pty Ltd	2019 Audited	Variance	App 4E
Op bal	5,500,000	-	5,500,000
Additions	750,000	- 1,500,000	2,250,000
Book Value	6,250,000	- 1,500,000	7,750,000
Increment	3,681,714	1,252,211	2,429,503
AIM Fair Value	9,931,714	- 247,789	10,179,503
Other invests FV	5,039,919	- 52,211	5,092,130
Consol FV	14,971,633	- 300,000	15,271,633
Total Additions & Impairments		- 1,552,211	

- AIM's fair value was reduced from \$10,179,503 reported in Appendix 4E to \$9,931,714 in the audited accounts. This \$247,789 reduction in fair value comprised AIM's:
 - Book Value in Appendix 4E reduced by \$1,500,000, to reflect a correct Addition share placement of \$750,000 in the final audited accounts, resulting in
 - Fair Value in Appendix 4E increased by \$1,252,211 to balance with its fair value of \$9,931,714 reflected in its audited accounts.

- The balance of \$52,211 represents the residual net result of Additions, Revaluation Increments and Impairments belonging to other investee companies.

Q3 c) The differences between Appendix 4E and audited accounts explained above are further illustrated in in the Profit & Loss and Balance Sheets in the following tables.

On the Balance Sheets, the differences can be explained:

- Net Assets difference of \$300,000 of revaluation increments, additions of investee companies' shares satisfied via AIY share issues, netting off against impairments. These is explained in Q 3 a) and b) above.
- **Equating to:**
 - **Accumulated losses reduction of \$376,906, being the after tax result of the Net Assets movement explained above,**
 - **Thus, yielding the balance of \$676,906 being the movement in Issued Capital, representing:**
 - **Issue of AIY shares pursuant to the rights issue prospectus to new investors**
 - **Issue of AIY shares to investee companies, in exchange for accepting their shares**
 - **Options exercised into AIY shares**
 - **Issue of AIY shares to AIY office holders issued in lieu of their professional fees pursuant to taking up their rights under the prospectus.**

Authorised Investment Fund Limited				
Statement of profit or loss and other comprehensive income				
For the year ended 30 June 2019				
	Audited	App 4E	Differences	
	Consolidated	Consolidated		
	2019	2019		
Revenue				
Other income	4,434,679	3,182,468	1,252,211	Q 3a)
Interest revenue calculated using the effective interest method	32,584	32,584	0	
Expenses				
Administration and other expenses	-1,687,852	-1,162,547	-525,305	Q 3c)
Impairment of investments	-424,400	-74,400	-350,000	Q 3b)
Profit(loss) before income tax expense	2,355,011	1,978,105	376,906	
Income tax expense	0	0	0	
Profit(loss) after income tax expense for the year attributable to the owners of Authorised Investment Fund Limited	2,355,011	1,978,105	376,906	
Other comprehensive income for the year, net of tax	0	0	0	
Total comprehensive income for the year attributable to the owners of Authorised Investment Fund Limited	2,355,011	1,978,105	376,906	

Authorised Investment Fund Limited			
Statement of financial position			
As at 30 June 2019	Audited	App 4E	Differences
	Consolidated	Consolidated	
	2019	2019	
	\$		
Assets			
Current assets			
Cash and cash equivalents	7,805	7,805	0
Trade and other receivables	360,141	360,141	0
Total current assets	367,946	367,946	0
Non-current assets			
Financial assets at fair value through profit and loss	14,971,633	15,271,633	-300,000 Q 3a)
Other	39,600	39,600	0
Total non-current assets	15,011,233	15,311,233	-300,000
Total assets	15,379,179	15,679,179	-300,000
Liabilities			
Current liabilities			
Trade and other payables	41,816	41,816	0
Total current liabilities	41,816	41,816	0
Total liabilities	41,816	41,816	0
Net assets	15,337,363	15,637,363	-300,000
Equity			
Issued capital	24,154,497	24,831,403	-676,906 Q 3 c)
Accumulated losses	-8,817,134	-9,194,040	376,906
Total equity	15,337,363	15,637,363	-300,000

Question 4

Under the terms of the 2018 Rights Issue as disclosed in the prospectus dated 5 June 2018, the Directors reserved the right to issue shortfall shares under the Shortfall Offer and Placement Offer. AENEA (as a shareholder) applied for shortfall shares under the Rights Issue for the price of \$0.03 per share (being the issue price of new shares under the Rights Issue), with the price for the shares issued to AENEA being satisfied by AENEA issuing a further 10% of its capital to AIY.

Question 5

(a)

AIY issued 1,820,000 @3cents (\$54,600) with attached options for 30% of Precious Minerals Pty Ltd. In order to ensure Precious Minerals (and thus AIY) maintained its existing interest in its investment in Encounter Minerals (due to the latter undertaking a rights issue), AIY provided \$19,700 to its investee Precious Minerals for it to participate in the rights issue of Encounter Minerals. Thus the total cost of \$74,300.

(b)

At cost \$74,300.

Question 6

(a)

AIY's fully owned subsidiary "SKYPAC INTERNATIONAL PTY LTD" acquired 20% of CATS on 28.11.2016 for \$2.00

(b)

\$2.00 for 2 ordinary shares

(c)

\$2.00 for 2 ordinary shares

Question 7

(a)

As stated from IAS 32: Financial Instruments: Presentation - The costs of an IPO that involves both issuing new shares and a stock market listing should be accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares should be deducted from equity (net of any income tax benefit) - IAS 32.37; and
- Costs that relate to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, should be recorded as an expense in the statement of comprehensive income.

Costs that relate to both share issuance and listing should be allocated between those functions on a rational and consistent basis (IAS 32.38). In the absence of a more specific basis for apportionment, an allocation of common costs based on the proportion of new shares issued to the total number of (new and existing) shares listed is an acceptable approach.

Both Ms Lin and the Auditor had reviewed the accounting standards and none of the standards specifically set out the costs related to a rights issue. As a result it was agreed that the IAS 32 for an IPO was the most relevant standard to refer to with regard to the rights issue.

After discussion with the Auditor, we believed that amount is the reasonable basis to allocate against the costs of Rights Issue capital raising.

(b)

\$500,000 related to shares placed with Asia Integrated Media Pty Ltd plus \$100,000 less related expenses to acquire 10% equity of Strike Marketing Pty Ltd

Question 8

(a)

Yes, the valuation was reclassified from Level 1 to Level 3 in the 30 June 2019 audited accounts.

(b)

The fair valuation of AIY's investment was premised on ESC's holding of AIY shares valued at market (Level 1 inputs) and adjusted to reflect impairment recognised at 30 June 2018 (Level 3 input), to derive a carrying value of \$860,722 (Level 3).

The Directors were of the view a carrying value of \$860,722 (Level 3) reflected more appropriately, the remaining time of 14 years available on its patent portfolio to exploit commercialization options.

The liquidity for trading on ESC shares have been very thin historically and there can be no trading activity for substantial periods of time. Under these circumstances, the Directors were of the view that ESC shares can be mispriced if using a Level 1 input price for valuing ESC shares.

Please refer to **Annexure A**

(c)

The Directors of AIY are satisfied that the carrying value of ESC based on its 31 December 2018 valuation based on cost is appropriate and reflects the time of 14 years remaining on its patent portfolio to exploit commercialization options.

There are no specific accounting standards relating to valuing patents or Intellectual Property. Guidance can be obtained from:

- *AASB138: Intangible Assets*
- *AASB136: Impairment of Assets*

This Australian Government website on Intellectual Property provides useful contextual background to this valuation question: <https://www.ipaustralia.gov.au/understanding->

[ip/getting-started-ip/auditing-your-ip](#)

The following is an extract of Directors minutes of ESC at 30 June 2019 pertaining to the patents:

- The carrying values of Solar Heating Technology and Patents are capitalised at \$424,813 at 30 June 2019, at historical cost.
- These capitalised costs are supported by the 14 patents maintained on ESC Group's behalf by patent attorneys Griffith Hack. The ESC patent register comprise applications lodged with patent offices in Australia and internationally to protect The Group's Intellectual Property
- Of the 14 applications, one has been "accepted" in Australia, and one is "granted". 12 patents remain "pending".
- Patent applications are comparable to real options in nature.
- Whilst ESC has not valued its patent application portfolio using real options methodology, it has not impaired the historical cost of acquiring and maintain these patents.
- This is because in ESC's patent application portfolio there is time value left to expiry date:
 - for patent offices to make their decisions regarding patent applications.
 - For patents to be commercialised.
- Until then, the patent offices in various countries considering our patent applications can come back to advise ESC at any time. Worldwide patents are time consuming to search for, and patent offices need to confirm with each other that patent applications are unique and cannot be duplicated. During this "search and verification period", patents are classified "pending" in status. It is not uncommon for patents to take years to be approved.
- Consequently, until ESC receives information to the contrary from the patent offices via our patent attorney Griffith Hack, i.e., these patent applications are unsuccessful and therefore rejected, the Directors cannot write down the value of these patents without proof of rejection from patent offices, whilst the patent due diligence process is ongoing.

(d)

At 30 June 2018, the ESC valuation was \$201,600 (Level 1) at 30 June 2018, based on 3,360,001 shares and the quoted share price of \$0.06.

At 30 June 2019, the ESC valuation was \$860,722 (Level 3).

The difference in valuation between Level 1 and Level 3 of \$659,121 was because the directors of ESC were of the view that the Level 1 valuation of ESC did not reflect the 14 years remaining and available for ESC's patents to achieve commercialisation. The commercialisation process is still ongoing.

(e)

An independent valuation was not undertaken at 30 June 2019.

(f)

Independent valuations were not provided because the patents in the NSX listed Endless Solar Corporation Limited were maintained at historical cost given that:

- 14 out of 15 patents had 14 years remaining to expiry, out of the original 20 years
- Assessments are currently under way to evaluate commercialization of these patents. In the view of the Directors, it was deemed prudent that the process of commercialization has a high probability of success before adopting appropriate valuation methodologies that require inputs other than historical cost (e.g. cash flows forecasts and market penetration of products using DCF valuations, real options valuation). At such point then, independent valuations can be commercially considered appropriate, particularly when entering into joint ventures or contracts with other parties.

Question 9

Although the directors did not expressly consider each of the items in ASIC Regulatory Guide 76, the directors considered member approval was not required for the loan given this is a short term loan arrangement (less than 12 months) at an interest rate that the Board considered to be at or above market rates, and thus determined the loan was on no more favourable terms to Endless Solar than arm's length commercial terms for such short term loans.

Question 10

AIY provided a short term loan (less than 12 months in duration as per agreement) The reference to the loan being "reduced" was a reference to a partial repayment. As at the date of this letter, this loan has now been fully paid off by ESC.

Question 11

There was no "loan variation", the loan was repaid.

Question 12

The Board considered that given the loan was a short term loan at market (or above market interest rates), there was no need for the loan to be secured.

Question 13

The Company has responded to ASX on a confidential basis.

Question 14

(a)

During the period under review all the component costs were considered and supported by necessary operational documentation, included the time sheets for apportioning of staff costs, and apportionment of usage of the offices for weekly meetings.

(b)

The Company has responded to ASX on a confidential basis.

Question 15

Ms Salter resigned as Auditor after being auditor for AIY for 4 years. As per the information provided by Ms Salter in her application to ASIC for consent to resign as auditor (Form 342), the reason provided for her resignation was that Ms Salter was in the process of completing her Doctor of Philosophy degree and wished to focus on pursuing academic prospects instead. On 12 February 2018, ASIC provided its consent for Ms Salter to resign as auditor of AIY subject to certain disclosures being made by AIY.

Question 16

There was a request from a shareholder to include a motion to remove the Auditor at the 2018 AGM. This resolution was included and the result was that the motion was voted on and passed at the AGM.

There were a number of reasons that led to a request to remove SWON as auditor. We are not prepared to publically state anything further other than the fact that the relevant process was taken to effect the removal.

Question 17

The Company has responded to ASX on a confidential basis.

Question 18

331,822 shares as part of the 2,151,822 shares referred to were disclosed in an appendix 3Y Change of directors Interest Notice lodged with the ASX on the 22/3/2019.

The balance being 1,820,000 shares (at 3c / share = \$54,600) plus 1,820,000 options (at no cost) were transferred to a private individual in consideration for beneficial ownership interests in a private company.

The above transfers were facilitated with the assistance AIY's Company Secretary and was assumed that as such all necessary notifications (ie required 3Y notifications) would follow.

It appears this was not the case and appears to have been an unfortunate oversight.

Question 19

The Company has responded to ASX on a confidential basis. AIY has already provided this information to the ASX for their internal review and this should arguably be sufficient.

Question 20

AIY did not release a review of operations prior to the AGM as it considered that (other than information already disclosed to the market) remaining information that would otherwise relate to AIY's operations was confidential.

Question 21

AIY 's board believes AIY complies with PDF Act 1992

Question 22

AIY 's board believes AIY complies with Listing Rule 3.1

Question 23

AIY confirms that its board has authorised and approved the contents of this letter as AIY's formal response to ASX's queries.

Yours sincerely

Authorised Investment Fund Limited

A handwritten signature in black ink, appearing to read 'David Craig', with a stylized flourish at the end.

David Craig

Director

ANNEXURE A – Response to Question 8(b)

Valuation of investment in ESC as at 30 June 2019

The valuation of AIY's investment in ESC as at 30 June 2019 was \$860,722 (Level 3).

The valuation methodology adopted by AIY was the fair valuation of AIY shares held by ESC as at half year 31 December 2018. This valuation can be outlined as follows:

Shares held by ESC in AIY @ 31 December 2018	12,889,013
AIY share price @ 31 December 2018	\$0.086
Market Value of ESC (Level 1)	\$1,108,455
Less impairment @ 30 June 2018	(247,733)
= Fair Value at 30 June 2018 (Level 3)	\$860,722
Market Value of ESC in AIY @ 30 June 2019 at \$0.03	\$386,670 (Level 1)
Fair Value adopted (Level 3)	\$860,722
Difference in valuation between Levels 1 and 3	\$474,052

The reason for adopting a higher Level 3 valuation was because the directors of AIY were of the view that the Level 1 valuation of ESC at \$386,670 did not reflect the 14 years remaining and available for ESC's patents to achieve commercialisation. The commercialisation process is still ongoing.

The following is an extract of Directors minutes of ESC at 30 June 2019 pertaining to the patents:

- The carrying values of Solar Heating Technology and Patents are capitalised at \$424,813 at 30 June 2019, at historical cost.
- These capitalised costs are supported by the 14 patents maintained on ESC Group's behalf by patent attorneys Griffith Hack. The ESC patent register comprise applications lodged with patent offices in Australia and internationally to protect The Group's Intellectual Property
- Of the 14 applications, one has been "accepted" in Australia, and one is "granted". 12 patents remain "pending".
- Patent applications are comparable to real options in nature.
- Whilst ESC has not valued its patent application portfolio using real options methodology, it has not impaired the historical cost of acquiring and maintain these patents.
- This is because in ESC's patent application portfolio there is time value left to expiry date:

- for patent offices to make their decisions regarding patent applications.
 - For patents to be commercialised.
- Until then, the patent offices in various countries considering our patent applications can come back to advise ESC at any time. Worldwide patents are time consuming to search for, and patent offices need to confirm with each other that patent applications are unique and cannot be duplicated. During this “search and verification period”, patents are classified “pending” in status. It is not uncommon for patents to take years to be approved.
- Consequently, until ESC receives information to the contrary from the patent offices via our patent attorney Griffith Hack, i.e., these patent applications are unsuccessful and therefore rejected, the Directors cannot write down the value of these patents without proof of rejection from patent offices, whilst the patent due diligence process is ongoing.

SHARE CERTIFICATE

BOX DIGITAL MEDIA PTY LTD
A.C.N 605 098 539

Certificate No. 2

This is to certify that

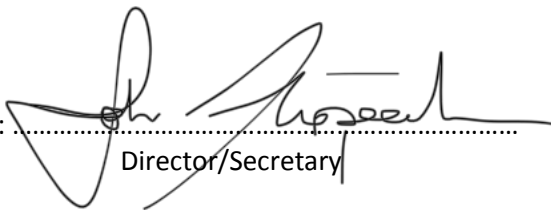
AUTHORIED INVESTMENT FUND LIMITED

Of LEVEL 9, 406 COLLINS STREET, MELBOURNE VIC 3000

Is the registered holder of the below mentioned number of shares of the class shown in the abovenamed company subject to the Memorandum and Articles of Association.

Number	Class	Value	Paid
196	ORD		

Signed:



Director/Secretary

Name:.....**JOHN ILIOPOULOS**.....

Date:.....**21/05/2018**.....



16 January 2020

Reference: 12555

Ms Cathy Lin
Company Secretary
Authorised Investment Fund Limited
Level 40
140 William Street
Melbourne VIC 3000

By email

Dear Ms Lin

Authorised Investment Fund Limited ('AIY'): Query Letter

ASX Limited ('ASX') refers to the following:

- A. ASX's query letter dated 19 November 2019 ('Query Letter') and AIY's response dated 17 December 2019, released together on the ASX market announcements platform ('MAP') on 17 December 2019, which included the following questions (in bold) and answers:

5. 'Please provide full details of the following:

- a) Current receivables from related party of \$242,689 at 30 June 2019 (per Note 18 to the 2019 Annual Report).**

The current related party receivable noted above is a loan to Endless Solar Corporation Ltd (ESC), an entity in which the Company is a shareholder. By agreement between the Company and ESC, the loan balance has now been reduced to \$92,065.08.

- b) Rent and management fees from other related party of \$306,000 in FY2019 (per Note 18 to the 2019 Annual Report).**

As announced on ASX on 1 May 2019, the Company relocated to its new office on Level 40, 140 William Street. Previous to the new office, the Company operated out of an office that it shared with ESC (since circa 2009).

The arrangement between ESC and AIY, ESC paid for all outgoings and rental expenses (such as telephone, administrative staff, and office facilities) which would be reimbursed from the Company. The annual rent for the premises is \$156,000 per year (as of the 2019 year) which has been paid by ESC.

Historically, ESC only apportioned the Company 30% of the total rent incurred by ESC. However, in the 2019 financial year the Company was apportioned 50% of the total rent incurred by ESC due to increasing usage of office and facilities.

Furthermore, prior to April 2019, although ESC apportioned the Company for use of the premises and facilities, ESC did not require payment for most of the apportionment costs due to the ongoing support of the Directors. In April 2019, ESC requested the Company to compensate the costs of sharing the premises for the 2019 financial year.

The Company provides the following itemised list of related party expenses paid to ESC for the 2019 financial year:

Rent: (50% of total rent)	\$78,000
Internet & IT support: (1 full time staff)	\$52,000
Secretarial service: (1 full time staff plus 1 casual staff)	\$68,996
Office equipment, Stationery, postage, Printing, office supplies etc	\$52,212
Telephone:	\$7,200
Utilities (power):	\$9,960
Parking fees:	\$21,600
Cleaning:	\$7,160
Other miscellaneous (travel, waste removal):	\$8,872
Total:	\$306,000

c) Payments to related parties of \$434,335 for FY2019 disclosed in the cashflow statement in the 2019 Annual Report

The payments relate to the following:

(a) *Repayment of related party loans by the Company for a total amount of \$191,646.25 (as at the balance date), being:*

i. *a loan from ESC for \$100,806.69; ...*

The loans to the Company were made in FY 2018 and intended to be short terms loans (ie: repayable within 12 months), and for the purpose of providing working capital support to the Company to allow it to pay expenses such as legal fees, rent, ASX listing fees, audit fees, share registry fees etc.

(b) *A loan advanced by the Company to ESC for \$242,698 (per response to 5(a) above)*

The loan from the Company was for the purpose of providing working capital support to ESC in particular in relation to ESC's solar R&D projects. As noted in the response to 5(a) above, by agreement between the Company and ESC, the loan balance has now been reduced to \$92,065.08.'

6. 'Please explain the following: ...

(i) ***The substantial increase in administration and other expenses from \$374,373 in FY2018 to \$1,687,852 for FY2019 disclosed in the statement of profit or loss in the 2019 Annual Report.***

'... The Company provides a break down of the profit and loss statement below: ...

<i>Audit adjustment as advised by AK</i>	<i>525,305.00</i>	<i>Investment valuation accounting method adjustment advised by Auditors</i>
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B. AIY's statutory accounts for the financial year ended 30 June 2017 released on MAP on 28 August 2017, which were audited by Ms Margaret Salter of MMS Consulting Pty Ltd, and disclosed financial assets of \$96,492 at 30 June 2017 (in Note 14 on page 28) which comprised:

- i) \$50,400 for its 9% shareholding in Endless Solar Corporation Limited ('Endless Solar'), a solar energy products company listed on the National Stock Exchange of Australia ('NSX'), which was measured at fair value based on Level 1 inputs, namely quoted prices on NSX (see Note 22.8 on page 31);
- ii) \$46,092 for its 40% shareholding in Plumbers Federation Limited, an unlisted funding company; and

- iii) \$1,000 for its 25% shareholding in Collins Court Corporation Limited, an unlisted investment company.

The unlisted investments were measured at fair value based on Level 3 inputs and AIY noted that they were *'in the process of commencing trade. The fair value reflects share of listed investments held by these entities'* (see Note 22.8 on page 31).

- C. AIY's announcement titled 'Amended Announcement about Change of Auditor' released on MAP on 23 February 2018, which disclosed that Mr David Szeppfalusy of Shepard Webster & O'Neill Audit Pty Ltd had been appointed as auditor of AIY replacing Ms Margaret Salter.
- D. AIY's statutory accounts for the financial year ended 30 June 2018 released on MAP on 31 August 2018, which disclosed the following:
 - i) In the Directors' Report on page 7:

'Financial Position

The net assets of the company have increased by \$8,848,588 at 30 June 2018 to \$8,885,203. This has largely resulted from the acquisition of shares in a number of new investee companies in FY 2018. These new acquisitions are % holding of equity in each of the following companies:

- *(14%) Box Digital Media Pty Ltd for \$1,200,000*
- *(22%) Asian Integrated Media Pty Ltd for \$5,500,000*
- *(10%) Strike Marketing Pty Ltd for \$100,000*
- *(20%) AENEA (Aust) Pty Ltd for \$2,000,000*

The acquisition of shares in these new investee companies has been achieved through the AIY placement of shares.

As at balance date, the Directors have fair valued its investee companies, taking into account factors such as current financial performance, and future prospects for earnings, profitability and growth. As a result of this assessment, the Directors have:

- *Maintained fair value of Asian Integrated Media and*
- *AENEA, Box Digital Media and Strike Marketing at acquisition cost*

Subsequent to balance date, the increased share price of the company has provided support for the Directors' fair value assessment of its investee companies.'

- ii) Details of the relevant interests of Mr David Craig in AIY (in the Directors' Report on page 10) totalling 41,321,845 ordinary shares held through the following entities: David H A Craig, Endless Solar Corporation Ltd, Harvard Nominees Pty Ltd, Plumber Federation Ltd, Regent Fine Wines Pty Ltd, Consolidated Financial Service Ltd, Collins Court Corporation Ltd and Heritage Partners Investments Pty Ltd.
- iii) Financial assets of \$9,129,454 at 30 June 2018 (in Note 14 on page 27) which comprised:
 - (a) \$201,600 for its 9% shareholding in Endless Solar, which was measured at fair value based on Level 1 inputs, namely quoted prices on NSX (see Note 22.8.1 on page 34); and
 - (b) \$8,927,854 for its shareholdings in unlisted entities, which comprised:
 - \$119,490 for its 40% shareholding in Plumbers Federation Limited;

- \$8,362 for its 25% shareholding in Collins Court Corporation Limited;
- \$1,200,000 for its 14% shareholding in Box Digital Media Pty Ltd ('Box Digital');
- \$5,500,000 for its 22% shareholding in Asian Integrated Media Pty Ltd ('AIM');
- \$100,000 for its 10% shareholding in Strike Marketing Pty Ltd; and
- \$2,000,000 for its 20% shareholding in AENEA (Aust) Pty Ltd ('AENEA').

The unlisted investments were measured at fair value based on Level 3 inputs and AIY stated the following:

'As at balance date, the Directors have fair valued its investee companies, taking into account their:

- *Business value - factors such as current financial performance, future prospects for earnings, profitability and growth from signed contracts and the deal pipeline containing potential deals under various stages of negotiation.*
- *Investment Value - the market value of investee companies' holdings of Authorised Investment Fund Limited shares.*

For new investee companies acquired during FY 2018, Asian Integrated Media, AENEA, Box Digital Media and Strike Marketing, the Directors have maintained their fair value at acquisition costs. These companies have only been in the Company's portfolio for less than six months at balance date.

For old investee companies, fair value included the market values of their holdings in Authorised Investment Fund Limited ...' (see Note 22.8.1 on page 34).

- iv) An 'arm's length exchange of agreed value between Authorised Investment Fund Limited and its investee companies' of \$580,000 in Note 18 on page 31.

- E. AIY's announcement titled 'AIY is Increasing Its Equity in Aenea (Aust) Pty Ltd to 30%' released on MAP on 5 October 2018, which included the following statements:

'The consideration for the 10% equity is \$1 million and has been funded in part from funds received under the capital raised from the recent successful AIY rights issue and in part via a placement of AIY shares under the shortfall to the rights issue. The placement sees Aenea (Aust) Pty Ltd being allotted 21.66 million shares and corresponding attaching options at the same issue price as those offered under the rights issue.'

- F. AIY's announcement titled 'AIY Joins Search for Gold and Other Rare Metals' released on MAP on 8 November 2018, which included the following statements:

'... the company has joined the search for gold and other rare metals in Western Victoria through its 30% interest in Precious Metals Pty Ltd.

In turn Precious Metals Pty Ltd has acquired a beneficial 12.36% interest in Encounter Minerals Pty Ltd ...'

- G. AIY's announcement titled 'Results of 2018 Annual General Meeting of AIY' released on MAP on 30 November 2018, which disclosed that the following resolutions had been passed by shareholders:

- i) *'That Mr DAVID A SZEFPALUSY of Shepard Webster & O'Neill Audit Pty Ltd be removed as auditor of the company at completion of the AGM on 30th November 2018'*

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- ii) *‘That the following entity Mr George Georgiou FCA of Connect Audit & Assurance Services as the the [sic] auditor of the company at completion of the AGM on 30th November 2018’*
- H. AIY’s half year accounts for the six months ended 31 December 2018 released on MAP on 1 March 2019 (‘Half Year Report’), which disclosed the following:
- i) AIY held a 20% interest in Consolidated Accounting and Taxation Services Pty Ltd (‘Consolidated Accounting’) at 31 December 2017 and the *‘20% investments [sic] in Consolidated Accounting and Taxation Services Pty Ltd was acquired by Skypac International Pty Ltd, which is 100% subsidiary of Authorised Investment Fund Ltd. That interest was sold in March 2018’* (see Appendix 4D).
- ii) Financial assets of \$10,957,630 at 31 December 2018 (in Note 11) which comprised:
- (a) \$860,722 for its 9% shareholding in Endless Solar, which was measured at fair value based on Level 1 inputs.
- (b) \$10,096,908 for its shareholdings in unlisted entities, which comprised:
- \$403,910 for its 40% shareholding in Plumbers Federation Limited;
 - \$97,663 for its 25% shareholding in Collins Court Corporation Limited;
 - \$1,200,000 for its 14% shareholding in Box Digital;
 - \$5,500,000 for its 22% shareholding in AIM;
 - \$172,000 for its 10% shareholding in Strike Marketing Pty Ltd; and
 - \$2,723,333 for its 30% shareholding in AENEA.
- The unlisted investments in AIM and AENEA were valued using Level 2 inputs (*‘inputs ...that are observable for the asset or liability, either directly or indirectly’*) and all other unlisted investments were valued using Level 3 inputs (*‘unobservable inputs for the asset or liability’*).
- Note 11 also disclosed that the unlisted investments had been valued at 30 June 2018 using either Level 2 inputs (\$1,427,854) or Level 3 inputs (\$7,500,000).
- iii) An increased valuation of investments of \$1,478,175 in the six months to 31 December 2018 (in Note 9 - Changes in the fair value of investments through the P&L), which comprised the following increases:
- (a) \$659,122 for Endless Solar;
- (b) \$284,420 for Plumbers Federation Ltd;
- (c) \$89,300 for Collins Court Corporation Ltd;
- (d) \$72,000 for Strike Marketing Pty Ltd; and
- (e) \$373,333 for AENEA.
- iv) The following description of the assessment of fair value of the investee companies (on page 1 of the Directors’ Report):
- ‘As at balance date, the Directors have fair valued its investee companies, taking into account factors such as current financial performance, and future prospects for earnings, profitability and growth. As a result of this assessment, the Directors have:*

- *Maintained fair value of Asian Integrated Media, AENEA and e-Mersion (formerly Box Digital Media) at acquisition cost, and*
- *Marked-to-market above acquisition costs, the fair value of the other investee companies to their holdings in the company's share price at balance date.*

Subsequent to balance date, the share price of the company has increased further, thus providing support for the Directors' fair value assessment of its investee companies at the half year balance date.'

I. AIY's statutory accounts for the financial year ended 30 June 2019 released on MAP on 1 October 2019 ('2019 Accounts'), which disclosed the following:

i) In the Directors' Report on page 2:

'The review of operations will be included in the Chairman's letter presented at the AGM.'

ii) Mr Ben Genser's disposal of 2,151,822 shares during FY2019 (in the Remuneration Report on page 6).

iii) In Note 3 – Differences to preliminary report (on page 20):

'There are a number of differences between the preliminary financial report lodged with the ASX on 30 August 2019, which are detailed below:

- *Net fair value gain on financial assets was originally reported as \$3,182,468 and has changed to \$4,434,679 in the audited accounts. This is due to changes in valuation assumptions that only came to light since the preliminary report was lodged ...*
- *Impairment of investments was originally reported as \$74,400 and has changed to \$424,400 in the audited accounts. This is due to the write off of a loan to an investee company.*
- *Issued capital was originally reported as \$24,831,403 and has changed to \$24,154,497 in the audited accounts. This is due to changes in the valuation attributed to shares issued in lieu of fees and as consideration for investments.'*

iv) Financial assets of \$14,971,633 at 30 June 2019 (in Note 8 on page 22) comprising:

- \$860,722 for its 9% shareholding in Endless Solar, which was measured at fair value based on Level 3 inputs, namely 'unobservable inputs for the asset or liability' (see Note 13 on page 26); and
- \$14,110,911 for its shareholdings in unlisted entities, which were measured at fair value based on Level 3 inputs (see Note 13 on page 26).

Note 13 also states that 'there were no transfers between levels during the financial year.'

v) The reconciliation of the fair value of financial assets (in Note 8 on page 22) comprising:

- opening fair value of \$9,129,454 at 1 July 2018;
- additions of \$1,831,900;
- revaluation increments (net fair value gain on financial assets) of \$4,434,679;
- impairment of investments of \$424,400; and
- closing fair value of \$14,971,633 at 30 June 2019

- vi) Payments for investments of \$350,000 during FY2019 in the Statement of Cash Flows (on page 14).
- vii) The issue of AIY shares for investments (in Note 10 on page 23):
 - (a) on 15 October 2018: 24,396,659 shares at 3 cents per share (notional value of \$731,900); and
 - (b) on 5 April 2019: 7,500,000 shares at 10 cents per share (notional value of \$750,000).
- viii) The following 'Key Audit Matter' identified by the auditor in the Independent Auditor's Report on page 35:

'Fair Value of Investments

... The Company invests in a portfolio of companies, both listed and unlisted. These investments have not yet progressed to a stage where they are able to generate stable and regular cash flows. As a result, the valuation of these investments is significantly affected by management judgement, estimates and assumptions.'

'How our audit addressed the key audit matter

...For listed investments, where there is an active market, agreed market prices used to value investments to prices in the stock exchanges.

Where there is no active market, the valuation will be determined using various available valuation models similar to those used for unlisted investments.

For unlisted investments, we obtained an understanding of the processes undertaken by management to determine the fair value of the investments. We assessed and challenged the management's valuation methodology, assumptions, the cash flow projections and the discount factor used. We evaluated and discussed with management factors such as current financial performance, future prospect for earnings, profitability and growth from signed contracts and potential projects ...'

Endless Solar

- J. Endless Solar's financial statements for the financial year ended 30 June 2019 released on NSX website on 30 September 2019, which disclosed the following:
 - i) Net assets of \$1,033,561 at 30 June 2019.
 - ii) Sales revenue of \$46,402 in FY2019 and \$180,261 in FY2018.
 - iii) Other revenue – rent of \$306,000 in FY2019 and \$43,200 in FY2018 (in Note 5).
 - iv) Administration expenses of \$221,141 in FY2019 and \$302,820 in FY2018.
 - v) Profit after tax of \$111,648 in FY2019 and \$337,164 in FY2018.
 - vi) Unlisted investments of \$111,600 at 30 June 2019 using Level 3 inputs, which was unchanged from \$111,600 at 30 June 2018 (in Note 22).
 - vii) In Note 26 – Related party transactions:
 - (a) *'Transactions with related parties*
There were no transactions with related parties during the current and previous financial year.'
 - (b) A loan from other related party of \$265,902 at 30 June 2019.

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- viii) AIY holds 3,360,001 shares in Endless Solar (8.86%).
- K. The last four Endless Solar share trades recorded on NSX:
- i) 45,600 shares at \$0.025 on 28 October 2019.
 - ii) 45,600 shares at \$0.03 on 14 October 2019.
 - iii) 68,400 shares at \$0.06 on 12 December 2017.
 - iv) 45,600 shares at \$0.06 on 10 February 2015.

Questions and Request for Information

In light of the information above, ASX asks AIY to respond separately to each of the following questions and requests for further information:

Unlisted Investments

1. Please provide the following information for each unlisted investment:
 - a) its carrying (or fair) value at 30 June 2019;
 - b) AIY's shareholding at 30 June 2018 and at 30 June 2019;
 - c) details of the valuation methodology which was utilised to measure fair value at 30 June 2019, including any underlying assumptions and inputs, and whether it was categorised within Level 2 or Level 3 of the fair value hierarchy;
 - d) how the directors satisfied themselves that the carrying value and the basis of the valuation were appropriate and adhered to the current Australian Accounting Standards;
 - e) details of any movements in fair value between 30 June 2018 and 30 June 2019, together with an explanation of any such movements;
 - f) details of any movements in fair value between 31 December 2018 (see sub-paragraph H.ii)(b) above) and 30 June 2019, together with an explanation of any such movements;
 - g) a copy of any independent valuation (not for release to the market);
 - h) if no independent valuation was prepared, please explain why not; and
 - i) a copy of its audited accounts (if available) or unaudited accounts for the financial year ended 30 June 2019 (not for release to the market).
2. Why didn't the 2019 Accounts include details of each unlisted investment, including their respective fair values at 30 June 2019 and any movements in fair value during FY2019?
3. Please provide full details of the following matters set out in Note 3 to the 2019 Accounts (see sub-paragraph I.iii) above), which resulted in differences between the figures in the preliminary final report and the 2019 Accounts:
 - a) the increase in the net fair value gain on financial assets *'due to changes in valuation assumptions that only came to light since the preliminary report was lodged'*;
 - b) the increase in impairment of investments from \$74,400 to \$424,400 due to the write off of a loan to an investee company; and
 - c) the decrease in issued capital *'due to changes in the valuation attributed to shares issued in lieu of fees and as consideration for investments.'*

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4. Why did AIY place the shortfall shares under the rights issue to AENEA as part consideration for the acquisition of an additional 10% interest in AENEA (see paragraph E above)?

Please confirm the deemed issue price of the shortfall shares which were issued to AENEA.

5. Please provide the following information in relation to the 30% interest in Precious Metals Pty Ltd (see paragraph F above):

- a) details of the acquisition consideration; and
- b) its carrying value at 30 June 2019.

6. ASX notes that:

- Ms Cathy Lin, AIY's Company Secretary, has been the sole director and secretary of Consolidated Accounting since it was incorporated on 2 November 2016 (based on an ASIC search).
- AIY appears to have acquired the 20% interest in Consolidated Accounting from Ms Lin and subsequently disposed of it to Ms Lin (per ASIC records).

In light of the above:

- a) When did AIY acquire the 20% interest in Consolidated Accounting?
- b) What was the consideration for the acquisition?
- c) What was the consideration for the disposal of the interest in March 2018?

7. Please provide full details of the following:

- a) the audit adjustment of \$525,305 in FY2019, which was noted in the response to question 6(i) of the Query Letter (see paragraph A above); and
- b) the *'arm's length exchange of agreed value between Authorised Investment Fund Limited and its investee companies'* of \$580,000 in FY2018 (see sub-paragraph D.iv) above).

Endless Solar

ASX notes the following:

- Mr David Craig has been a director of AIY since 1 March 1998. Mr Craig has also been a director of Endless Solar since 16 November 2006. Mr Craig has voting power of 73.58% in Endless Solar.
- Mr Chris Baring-Gould has been a director of AIY since 14 August 2015. Mr Baring-Gould has also been a director of Endless Solar since 20 July 2010.
- Ms Cathy Lin has been the company secretary of AIY since 3 March 2014. Ms Lin was a director of Endless Solar from 21 March 2014 to 6 August 2018, and was re-appointed as a director on 31 August 2019.
- Endless Solar only had two directors between 6 June 2019 and 30 August 2019.

8. Please provide the following information in relation to AIY's investment in Endless Solar at 30 June 2019:

- a) Was the valuation based on Level 3 inputs as stated in Note 13 to the 2019 Accounts (see sub-paragraph I.iv)(a) above)?
- b) Details of the valuation methodology which was utilised to measure fair value, including any underlying assumptions and inputs.
- c) How the directors satisfied themselves that the carrying value and the basis of the valuation were appropriate and adhered to the current Australian Accounting Standards;

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- d) An explanation of the \$659,122 increase in fair value between 30 June 2018 and 30 June 2019.
 - e) A copy of any independent valuation (not for release to the market).
 - f) If no independent valuation was prepared, please explain why not.
9. Please outline the factors that AIY took into account when deciding whether to seek member approval for the loan of \$242,698 to Endless Solar ('Loan') (see paragraph A above) or whether the arm's length exception in section 210 of the Corporations Act applied, specifically referencing ASIC Regulatory Guide 76: Related Party Transactions ('RG 76') including paragraph 76.70 therein.
 10. Why did AIY agree to reduce the balance of the Loan from \$242,698 to \$92,065.08 ('Loan Variation')?
 11. Please outline the factors that that AIY took into account when deciding whether to seek member approval for the Loan Variation or whether the arm's length exception in section 210 of the Corporations Act applied, specifically referencing RG 76 including paragraph 76.70 therein.
 12. Why did AIY agree to provide the Loan to Endless Solar on an unsecured basis?
 13. Please provide a copy of the following (not for release to the market):
 - a) the Loan Variation agreement;
 - b) the minutes of the AIY board meetings approving the Loan and the Loan Variation; and
 - c) a copy of any advice AIY received regarding the Loan and/or Loan Variation being in compliance with section 210 of the Corporations Act.
 14. ASX notes that Endless Solar reported:
 - 'other revenue – rent' of \$306,000 in FY2019 (see sub-paragraph J.iii) above), which appears to reflect the allocation of rent (\$78,000) and outgoings/'apportionment costs' (\$228,000) to AIY; and
 - administration expenses of \$221,141 in FY2019 (see sub-paragraph J.iv) above), which were less than the expenses it allocated to AIY for rent and outgoings FY2019.
 - a) Please explain how AIY satisfied itself that the outgoings/'apportionment costs' of \$228,000 requested by Endless Solar (see paragraph A above) accurately reflected its use of the office and facilities during FY2019.
 - b) Please provide a copy of the following (not for release to the market):
 - i) all correspondence with Endless Solar in relation to the rent and outgoings/'apportionment costs' totalling \$306,000 (not for release to the market); and
 - ii) the minutes of any AIY board meeting approving the payment of the rent and outgoings/'apportionment costs' to Endless Solar.

Auditors

15. Please provide a full account of the circumstances in which Mr David Szepfalusy replaced Ms Margaret Salter as auditor, together with the reasons for the change.
16. Please provide a full account of the circumstances in which Mr David Szepfalusy was removed as auditor and replaced by Mr George Georgiou, together with the reasons for Mr Szepfalusy's removal.
17. Please provide a copy of the following (not for release to the market):
 - a) ASIC's consents in relation to the changes in auditor;
 - b) any correspondence between AIY and Ms Salter in relation to her replacement as auditor; and

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- c) any correspondence between AIY and Mr Szeppalussy in relation to his removal as auditor.

Director shareholdings

18. Was Mr Ben Genser's disposal of 2,151,822 shares during FY2019 disclosed in an Appendix 3Y? If the answer to this question is 'no', please provide full details of the disposal.
19. Please provide the dates on which Mr David Craig obtained a relevant interest in AIY through each of the 8 entities listed in sub-paragraph D.ii) above.

Other

20. Why wasn't the review of operations released to the market prior to the AGM on 29 November 2019 (see sub-paragraph I.i) above)?
21. Has AIY complied with the provisions of the *Pooled Development Funds Act 1992* (Cth)?
22. Please confirm that AIY is complying with the Listing Rules and, in particular, Listing Rule 3.1.
23. Please confirm that AIY's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AIY with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30am AEDT on Friday, 31 January 2020**.

ASX reserves the right to release a copy of this letter and your response on MAP under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on MAP.

If you have any queries in relation to this letter, please do not hesitate to contact me.

Yours sincerely

James Gerraty
Senior Manager, Listings Compliance (Melbourne)