ACORN CAPITAL
INVESTMENT FUND LIMITED

Acorn Capital Investment Fund ('ACIF')

Acorn Capital Investment Fund Limited

ACN 167 595 897

Appendix 4E

ASX Preliminary final statements for the reporting period ended 30 June 2014

Results for announcement to the market

The results in this preliminary final report are for the period from 1 May 2014 to 30 June 2014

	$'000
Revenue from ordinary activities	927
Profit from ordinary activities before tax attributable to members	663
Profit from ordinary activities after tax attributable to members	464

Dividend Information	**Cents per share**	**Franked amount per share**	**Tax rate for franking**
2014 Interim dividend	na	na	na
2014 Final dividend	na	na	na

Final Dividend Dates	
Ex-dividend Date	na
Record Date	na
Payment Date	na

Dividend Reinvestment Plan
The company does not have a dividend reinvestment plan

	30 June 2014
Net Tangible Asset Backing Per Share (Post Tax)	0.9786

Reconciliation of Net assets per share for Net Tangible Asset Reporting and Financial Reporting Purposes

	30 June 2014
Net tangible assets for net tangible asset reporting purposes	0.9778
Permanent differences	
Provision for transaction costs on disposal of the Portfolio	0.0006
Adjustment to deferred tax liabilities	0.0002
Net Tangible Assets Per Share in the Financial Report	**0.9786**

*The Net Tangible Asset per share calculations do not include the impact of the unexercised listed options.

This report is based on the financial report which is in the process of being audited.
All the documents comprise the information required by the Listing Rule 4.3A.

Significant Features of Operating Performance

The Company was formed on 10 February 2014 and listed on ASX on 1 May 2014. During the reporting period the Company has invested funds in accordance with its governing document.

The most appropriate measure of the Company's financial performance is total comprehensive income. Total comprehensive income/(loss) for the reporting period ended 30 June 2014 was $464,203. Total comprehensive income includes the profit/(loss) after tax and both realised and unrealised gains/(losses) on the Company's investments.

The Company's profit/(loss) before income tax for the reporting period was $663,147.

The profit/(loss) after tax for the reporting period was $464,203.

Basic earnings per share after tax were 0.91 cents for the reporting period.

Significant Impacts on Future Performance

The results of the Company's operations may be affected by a number of factors, including the performance of investment markets in which the Company invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Preliminary Statement of comprehensive income

	Note	For the reporting period ended 30 June 2014 $'000
Revenue from ordinary activities		
Interest income		**34**
Dividend/Distribution income	2	**24**
Total revenue		**58**
Net gains on financial instruments held at fair value through profit or loss	5	**863**
Other income		**6**
Total income		**927**
Expenses		
Management fees	13	**80**
Directors' fees	13	**56**
Auditor's remuneration	4(a)	**27**
Transaction costs		**77**
Other expenses		**24**
Total expenses		**264**
Profit before income tax expense/(benefit)		**663**
Income tax expense	3(a)	**199**
Profit after income tax for the reporting period attributable to the owners of the Company		**464**
Other comprehensive income for the reporting period attributable to the owners of the Company		**-**
Total other comprehensive income for the reporting period attributable to the owners of the Company		**464**
Total comprehensive income for the reporting period		**464**
Earnings/(losses) per share for profit/(loss) after income tax attributable to the owners of the ordinary shares of the Company:		
Basic	12	**0.91**
Diluted	12	**0.46**

The above preliminary statement of comprehensive income should be read in conjunction with the accompanying notes.

Preliminary Statement of financial position

	Note	As at 30 June 2014 $'000
Assets		
Current assets		
Cash and cash equivalents	6	**25,457**
Receivables	7	**125**
Financial assets held at fair value through profit or loss	8	**26,262**
Total current assets		**51,844**
Non-current assets		
Deferred tax asset	9	**120**
Total non-current assets		**120**
Total assets		**51,964**
Liabilities		
Current liabilities		
Payables	10	**2,234**
Total current liabilities		**2,234**
Total liabilities		**2,234**
Net assets		**49,730**
Equity		
Contributed equity	11	**50,010**
Retained profits/(accumulated losses)		**464**
Incorporation costs		**(1,063)**
Future tax benefit attributable to incorporation costs		**319**
Total equity attributable to owners of the Company		**49,730**

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

Preliminary Statement of changes in equity

	Contributed equity $'000	Retained profits/ accumulated losses $'000	Total equity $'000
Balance at 1 May 2014	-	-	-
Contributed equity	**50,010**	**-**	**50,010**
Profit after tax for the reporting period attributable to the owners of the Company	**-**	**464**	**464**
Other comprehensive income	-	-	-
Total other comprehensive income	**-**	**464**	**464**
Total comprehensive income for the reporting period attributable to the owners of the Company	**-**	**464**	**464**
Transactions with owners in their capacity as owners:			
Incorporation costs	**(1,063)**	**-**	**(1,063)**
Future tax benefit attributable to incorporation costs	**319**	**-**	**319**
Balance at 30 June 2014	**49,266**	**464**	**49,730**

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

Preliminary Statement of cash flows

	Note	For the reporting period ended 30 June 2014 $'000
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through profit or loss		**145**
Purchase of financial instruments held at fair value through profit or loss		**(23,478)**
Transaction costs on financial instruments held at fair value through profit or loss		**(76)**
Interest received		**33**
Other income received		**6**
Custody fees paid		**(9)**
Payment of other expenses		**(111)**
Net cash (outflow) from operating activities	14(a)	**(23,490)**
Cash flows from financing activities		
Proceeds from share applications		**50,010**
Payment of incorporation costs		**(1,063)**
Net cash inflow from financing activities		**48,947**
Net increase in cash and cash equivalents		**25,457**
Cash and cash equivalents at the beginning of the reporting period		**-**
Effects of foreign currency exchange rate changes on cash and cash equivalents		**-**
Cash and cash equivalents at the end of the reporting period	6,14(b)	**25,457**

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

1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these preliminary financial statements are set out below.

(a) Basis of preparation

The Company is a for-profit entity for the purposes of preparing the preliminary financial statements.

These preliminary financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The preliminary statement of financial position presents assets and liabilities on the basis of current and non-current items.

(b) Financial instruments

(i) Classification

- *Financial assets and liabilities held at fair value through profit or loss*

  The Company's investments are categorised as held at fair value through profit or loss.

  Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Manager to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

  The information on the fair value basis is provided internally to the Company's key management personnel. In addition, the designation of financial assets and financial liabilities at fair value through profit or loss will reduce any measurement or recognition inconsistencies and any accounting mismatch that would otherwise arise.

- *Loans and receivables/payables*

  Loans and receivables/payables are non derivative financial assets/liabilities with fixed or determinable payments that are not quoted in an active market. This category includes short term receivables/payables.

(ii) Recognition/de-recognition

The Company recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' agreement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(iii) Measurement

- *Financial assets and liabilities held at fair value through profit or loss*

  Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

1 Summary of significant accounting policies (continued)

(b) Financial Instruments (continued)

- *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

A financial instrument is regarded as quoted in active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Company's financial instruments that are valued based on active markets generally include listed instruments, ranging from listed equity and/or debt securities to listed derivatives, where applicable.

- *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions in the asset being valued or comparable assets, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is the market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period.

There may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Company recognises the difference in the statement of comprehensive income to reflect a change in factors, including time, that market participants would consider in setting a price. The fair value of an option contract is determined by applying the most appropriate option valuation model.

The Company's financial instruments that are valued based on inactive or unquoted markets generally include unlisted instruments such as unlisted equity and/or debt securities.

- *Loans and receivables/payables*

Loans and receivables/payables are measured initially at fair value plus transaction costs.

Subsequently, loans are carried at amortised cost using the effective interest method, less impairment losses, if any. Short-term receivables/payables are carried at their initial fair values.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the preliminary statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within current liabilities on the preliminary statement of financial position.

For the purposes of the preliminary statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above and net of bank overdrafts.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Company's main income generating activity.

1 Summary of significant accounting policies (continued)

(d) Revenue/income recognition

Interest income and interest expenses are recognised in the statement of comprehensive income for all financial instruments on an accrual basis. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

Dividend income is recognised on the ex-dividend date.

Trust distributions are recognised on an entitlements basis.

Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the reporting period and the fair value at the previous valuation point. Net gains/(losses) do not include interest or dividend/distribution income. Realised and unrealised gains/(losses) are shown in the notes to the preliminary financial statements.

(e) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the Australian corporate income tax rate (30%) adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the preliminary financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the preliminary financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates applicable to the Company. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company may incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the statement of comprehensive income.

Current and deferred tax balances are recognised in the preliminary statement of comprehensive income.

1 Summary of significant accounting policies (continued)

(g) Contributed equity

Ordinary shares are classified as equity. Issued and paid up equity is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options (that vest immediately) are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(h) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(i) Foreign currency translation

(i) Functional and presentation currency

Items included in the Company's preliminary financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Company is regulated. The Australian dollar is also the Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Company does not isolate that portion of unrealised gains or losses on securities and derivative financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(j) Receivables

Receivables may include such items as Reduced Input Tax Credits (RITC), amounts for dividends, interest and securities sold where settlement has not yet occurred. Dividends are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note 2(d) above.

(k) Payables

Payables include liabilities and accrued expenses owing by the Company which are unpaid as at the end of the reporting period.

Trades are recorded on trade date, and normally settled within three business days. Purchases of financial instruments that are unsettled at the end of each reporting period are included in payables.

1 Summary of significant accounting policies (continued)

(l) Goods and Services Tax (GST)

Expenses of various services provided to the Company by third parties such as custodial services and investment management fees etc are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the expense in the statement of comprehensive income.

Accounts payable and receivable are stated inclusive of the GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included in receivables or payables in the statement of financial position.

(m) Operating segment information

The Company operates in Australia only and the principal activity is investment.

(n) Use of judgments and estimates

The preparation of the Company's preliminary financial statements requires it to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. However, estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company's financial instruments are valued primarily based on the prices provided by independent pricing services.

When the fair values of the reported financial instruments cannot be derived from active markets, they are determined using prices obtained from inactive or unquoted markets and/or other valuation techniques. The inputs to these valuation techniques (if applicable) are taken from observable markets to the extent practicable. Where observable inputs are not available, the inputs may be estimated based on a degree of judgments and assumptions in establishing fair values.

Where appropriate, the outcomes of the valuation techniques that are used in establishing fair values are validated using prices from observable current market transactions for similar instruments (without modification or repackaging) or based on relevant available observable market data.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

In addition, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates and judgments. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other financial instruments, including amounts due from/to brokers, accounts payable and accounts receivable, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period and have not yet been applied in the preliminary financial statements. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

(i) AASB 9 *Financial Instruments* (2009 or 2010 version), AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9*, AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures*, AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments,* and AASB 2014-1 *Amendments to Australian Accounting Standards,* Part E *Financial Instruments* (effective from 1 January 2018)

AASB 9 *Financial Instrument*s addresses the classification, measurement, recognition and derecognition of financial assets and financial liabilities. It has now introduced revised rules around hedge accounting. The Standard is not

1 Summary of significant accounting policies (continued)

(o) New accounting standards and interpretations (continued)

applicable until 1 January 2018 but is available for early adoption. The Company does not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Company does not apply hedge accounting. The Company does not intend to early adopt AASB 9.

(ii) AASB 2012-3 *Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities* (effective 1 January 2014)

In June 2012, the AASB approved amendments to the application guidance in AASB 132 *Financial Instruments: Presentation*, to clarify some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position. These amendments are effective from 1 January 2014. The adoption of the amendments will not have a significant impact on the preliminary financial statements of the Company. The Company does not intend to early adopt the amendments.

(iii) AASB 1031 *Materiality*, AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments*, Part B *Materiality* (effective 1 January 2014), and AASB 2014-1 *Amendments to Australian Accounting Standards*, Part C *Materiality* (effective 1 July 2014)

The AASB decided to withdraw AASB 1031. Part B of AASB 2013-9 deletes references to AASB 1031 in various Australian Accounting Standards (including Interpretations). Part C of AASB 2014-1 deletes references to AASB 1031 in various other Australian Accounting Standards. Once all references to AASB 1031 have been deleted from all Australian Accounting Standards, AASB 1031 will be withdrawn. The adoption of the new rules will not impact the financial statements of the Company. Early adoption is not permitted.

(iv) AASB 2014-1 *Amendments to Australian Accounting Standards,* Part A *Annual Improvements 2010-2012 and 2011-2013 Cycles* (effective 1 July 2014)

Part A of AASB 2014-1 makes various amendments and editorial corrections to various Australian Accounting Standards, particularly in relation to the meaning of effective IFRSs and in relation to the clarification of the definition of a related party. The adoption of the amendments will not impact the preliminary financial statements of the Company.

(v) IFRS 15 *Revenue from Contracts with Customers* (effective 1 January 2017)

The IASB issued IFRS 15 in May 2014. The AASB is expected to issue an equivalent Australian standard shortly. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognised. The AASB's version of IFRS 15 is expected to supersede (to the extent relevant to the Company) AASB 18 *Revenue*. The adoption of the new replacement standard is not expected to have a significant impact on the preliminary financial statements of the Company.

(p) Rounding of amounts

The Company is of the kind referred to in Class Order 98/0100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the preliminary financial statements. Amounts in the preliminary financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

(q) Comparative information

There is no comparative information for the Company since these preliminary financial statements are its first preliminary financial statements.

2 Dividend/Distribution income

	For the reporting period ended 30 June 2014 $'000
Dividends	24
	24

3 Income tax expense/(benefit)

	For the reporting period ended 30 June 2014 $'000
(a) Income tax expense/(benefit) recognised in profit or loss	
Current income tax expenses/(benefit)	(62)
Deferred tax expense	261
	199
Deferred income tax (revenue)/expense included in tax expense/(income) comprises:	
Decrease/(increase) in deferred tax assets	261
(Decrease)/increase in deferred tax liabilities	-
	261
(b) Numerical reconciliation of tax expense/(income) to prima facie tax payable	
Profit/(loss) before income tax expense/(benefit)	663
Tax at the Australian tax rate of 30%	199
	199
(c) Tax losses	
Unused income tax losses for which no deferred tax asset has been recognised	-
(d) Unrecognised temporary differences	
Temporary differences for which deferred tax liabilities have not been recognised	-
Unrecognised deferred tax liabilities relating to the above temporary differences	-

(e) Taxation of financial arrangements (TOFA)

The TOFA legislation provides a comprehensive framework for taxing 'financial arrangements' which alters both the character and the timing of income and deductions for taxation purposes. The TOFA tax methods applied are the 'default' method, that is, the compounding accrual method for interest bearing financial arrangements and the 'realisation' method for non interest bearing financial arrangements.

No material change to the Company's overall tax position as at 30 June 2014 was noted upon adoption of the TOFA rules.

4 Auditor's remuneration

During the reporting period the following fees were paid or payable for services provided by the auditor to the Company, its related parties and non-related audit firms:

	For the reporting period ended 30 June 2014 $
(a) *Audit services*	
Audit and review of financial statements and other audit work under the *Corporations Act 2001* including tax review fees	26,500
Total remuneration for audit services	26,500
(b) Other services	
Investigating accountant services for prospectus	43,054
Total remuneration for other services	43,054
Total auditor's remuneration	**69,554**

5 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets and financial liabilities held at fair value through profit or loss:

	For the reporting period ended 30 June 2014 $'000
Net unrealised gains/(losses) on financial instruments held for trading	869
Net realised gains/(losses) on financial instruments held for trading	(6)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	**863**

6 Cash and cash equivalents

	As at 30 June 2014 $'000
Cash at bank	25,457
	25,457

7 Receivables

	As at 30 June 2014 $'000
Trade receivables	5
Distribution receivables	24
GST claimable	51
Other receivables	45
	125

Trade receivables are unsettled sales of investments and are generally receivable within three business days.

8 Financial assets held at fair value through profit or loss

	As at 30 June 2014 $'000
Held for trading	
Warrants	35
Total held for trading	35
Designated at fair value through profit or loss	
Listed equities	23,270
Listed property trusts	1,801
Unlisted equities	1,156
Total designated at fair value through profit or loss	26,227
Total financial assets held at fair value through profit or loss	26,262

9 Deferred tax assets

	As at 30 June 2014 $'000
The balance comprises temporary differences attributable to:	
Amount recognised in profit or loss	
Tax losses	126
Unclaimed incorporation expenses carried forward	255
Total deferred tax assets	381
Set off of deferred tax liabilities pursuant to set-off provisions	(261)
Net deferred tax assets	120
Movements	
Opening balance	-
Credited/(charged) to profit or loss	(199)
Credited/(charged) to equity	319
Closing balance at 30 June	120
Gross up for deferred tax liabilities netted off	261
Gross deferred tax assets	381
Deferred tax assets to be settled after more than 12 months	190
Deferred tax assets to be settled within 12 months	191
	381

The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

10 Payables

	As at 30 June 2014 $'000
Trade payables	2,078
Accrued expenses	156
	2,234

11 Contributed equity and movements in total equity

	As at	
	30 June 2014 $'000	30 June 2014 No.'000
(a) Share capital		
Ordinary shares		
Fully paid	**50,010**	50,820

(b) Movements in shares on issue:		
Opening balance	**-**	-
IPO placement	**50,010**	50,820
Options	**-**	-
Closing balance	**50,010**	50,820

(c) Terms and conditions of contributed equity:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Share options

The Company issued one attaching Option for nil consideration with each share as part of the IPO. The options are exercisable at $1.00 each until 24 October 2015. At 30 June 2014 50,820,000 Options are exercisable.

(e) Capital risk management

The Company's policy is to maintain an appropriate level of liquidity in the Company's shares.

To achieve this, the Board of Directors monitor monthly NTA results, investment performance, the Company's management expenses and share price movements.

12 Earnings per share

	For the reporting period ended 30 June 2014 $'000
(a) Earnings	
Profit/(loss) after income tax attributable to the owners of the Company ($'000)	464
Earnings/(losses) used in calculating basic and diluted earnings per share ($'000)	464
(b) Earnings per share	
Basic earnings/(losses) per share (cents)	0.91
Diluted earnings/(losses) per share (cents)	0.46
(c) Number of shares	
Weighted average number of shares used in the calculation of basic earnings per share	50,820,001
Weighted average number of shares used in the calculation of diluted earnings per share	101,640,001

13 Related party transactions

(a) Key management personnel compensation

Any persons with responsibility for planning, directing and controlling the activities of the Company, directly or indirectly during the reporting period are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to the table below.

2014	Short-term benefits $	Post-employment benefits $	Total $
Directors			
John Steven	21,918	2,082	24,000
Judith Smith	14,511	1,379	15,890
David Trude	14,511	1,379	15,890
Total	50,940	4,840	55,780

(b) Other transactions with key management personnel or entities related to them

From time to time directors of Acorn Capital Investment Fund Limited, or their director related entities, may purchase or sell the Company's securities through the Australian Securities Exchange in accordance with the Company's security trading policy.

No director has entered into a material contract with the Company since the last reporting date and there were no material contracts involving directors' interests subsisting at the reporting date.

(c) Loans transactions and balances

The Company has not made, guaranteed or secured, directly or indirectly any loans to key management personnel or their related entities during the reporting period.

13 Related party transactions (continued)

(d) Acorn Capital Limited

The Company has entered into a management agreement with Acorn Capital Limited. Under the management agreement, Acorn Capital Limited receives semi-annual fees in connection with the provision of management services.

The management fee paid and payable by the Company for the reporting period ended 30 June 2014 to Acorn Capital Limited was $80,445. Of this amount, all was payable to Acorn Capital (Manager) Limited, as the Investment Manager, pursuant to the management agreement. At 30 June 2014, of the total 2014 fee, $80,445 remains payable by the Company.

The performance fee payable by the Company for the reporting period ended 30 June 2014 to Acorn Capital Limited was nil.

(e) Related party equity share holdings

Parties related to the Company (including Acorn Capital Limited and its related parties), held units in the Company as follows:

30 June 2014 Shareholder	Number of units held opening (Units)	Number of units held closing (Units)	Fair value of investment $	Interest held %	Number of options held closing (Units)	Distributions paid/payable by the Company $
Acorn Capital Ltd	4,500,001	4,500,001	3,915,001	8.85	4,500,000	-
Australian Unity Balanced Growth Portfolio	1,050,000	1,050,000	913,500	2.07	1,050,000	-
AUFM MANAGED FUND NO 1	150,000	150,000	130,500	0.30	150,000	-
AUFM MANAGED FUND NO 2	100,000	100,000	87,000	0.19	100,000	-
AUFM MANAGED FUND NO 3	200,000	200,000	174,000	0.39	200,000	-
Directors of Acorn Capital Investment Fund Ltd	315,000	315,000	274,050	0.62	315,000	-
Directors / staff of Acorn Capital Ltd	348,500	348,500	303,195	0.69	348,500	-
Total	6,663,501	6,663,501	5,797,246		6,663,500	-

14 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	For the reporting period ended 30 June 2014 $'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	
Profit after income tax expense/(benefit) attributable to the owners of the Company	**464**
Proceeds from sale of financial instruments held at fair value through profit or loss	**145**
Purchase of financial instruments held at fair value through profit or loss	**(23,478)**
Net (gains) on financial instruments held at fair value through profit or loss	**(863)**
Net change in receivables and other assets	**(120)**
Net change in deferred tax assets/(deferred tax liabilities)	**199**
Net change in payables and other liabilities	**163**
Net cash (outflow) from operating activities	**(23,490)**

(b) Components of cash and cash equivalents

Cash as at the end of the reporting period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

Cash and cash equivalents	**25,457**
	25,457

(c) Non-cash financing activities

During the reporting period, the following distribution payments were satisfied by the issue of units under the dividend reinvestment plan	**-**

15 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities as at 30 June 2014.