

Acorn Capital Investment Fund Limited

**Acorn Capital Investment Fund Limited**

ACN 167 595 897

**Appendix 4D – Half Year Report  
for the half year ended 31 December 2015**

**Results for announcement to the market**

<b>For the reporting period ended</b>	<b>31 December 2015</b>	<b>31 December 2014</b>	<b>Change %</b>
	<b>\$'000</b>	<b>\$'000</b>	
Revenue from ordinary activities	422	500	(16%)
Profit/(Loss) from ordinary activities before tax attributable to members	5,107	(5,845)	187%
Profit/(Loss) from ordinary activities after tax attributable to members	3,690	(4,092)	190%
	<b>Cents per share</b>	<b>Franked amount per share</b>	<b>Tax rate for franking</b>
<b>Dividend Information</b>			
2015 Interim dividend	na	na	na
2015 Final dividend	na	na	na
<b>Final Dividend Dates</b>			
Ex-dividend Date			na
Record Date			na
Payment Date			na
<b>Dividend Reinvestment Plan</b>			
The company does not have a dividend reinvestment plan			
<b>As at</b>		<b>31 December 2015</b>	<b>30 June 2015</b>
		<b>\$/share</b>	<b>\$/share</b>
<b>Net Tangible Asset Backing Per Share (Post Tax)</b>		<b>0.9961</b>	0.9203
<b>Reconciliation of Net Tangible Assets Per Share for Net Tangible Asset Per Share Reporting and Financial Reporting Purposes</b>			
<b>As at</b>		<b>31 December 2015</b>	<b>30 June 2015</b>
		<b>\$/share</b>	<b>\$/share</b>
Net tangible assets for net tangible asset reporting purposes		<b>0.9951</b>	0.9184
<b>Permanent differences</b>			
Provision for transaction costs on disposal of the Portfolio		<b>0.0007</b>	0.0013
Adjustments to deferred tax		<b>0.0003</b>	0.0006
<b>Net Tangible Assets Per Share in the Financial Report</b>		<b>0.9961</b>	0.9203
This report is based on the Half Year Financial Report which has been subject to independent review by the Auditors Ernst & Young. All the documents comprise the information required by the Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2015 Annual Report.			

# **Acorn Capital Investment Fund Limited**

ACN 167 595 897

## **Interim financial report for the half-year ended 31 December 2015**

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This interim financial report does not include all the notes of the type normally included in a set of annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made in respect of Acorn Capital Investment Fund Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001 and Listing Rules*.

This financial report covers Acorn Capital Investment Fund Limited as an individual entity.

The Investment Manager of Acorn Capital Investment Fund Limited is Acorn Capital Limited (ACN 082 694 532). The principal registered office in Australia of Acorn Capital Investment Fund Limited is C/-Acorn Capital Limited, Level 12, 90 Collins Street, Melbourne Victoria 3000.

**Corporate directory**

**Directors**

John Steven (Chairman and Non-Executive director)  
Judith Smith (Non-Executive director)  
David Trude (Non-Executive director)  
Robert Brown (Director)  
Barry Fairley (Director)

**Company secretary**

Matthew Sheehan

**Principal registered office in Australia**

C/- Acorn Capital Limited, ACN 082 694 532, Level 12, 90  
Collins Street, Melbourne Victoria 3000

Telephone: +61 3 9639 0522

**Manager**

Acorn Capital Limited

**Share registry**

Computershare Investor Services Limited, Yarra Falls, 452  
Johnston Street, Abbotsford, Victoria 3067

Telephone: 1300 555 159 (within Australia), +61 3 9415 4062  
(international)

**Auditor**

Ernst & Young, Level 23, 8 Exhibition Street, Melbourne Victoria  
3000

**Legal adviser**

Minter Ellison Lawyers, Rialto Towers, 525 Collins Street,  
Melbourne Victoria 3000

**Stock exchange**

Australian Securities Exchange, ASX Code: ACQ

**Website**

[www.acorncapital.com.au/acq](http://www.acorncapital.com.au/acq)

**Acorn Capital Investment Fund Limited**

ACN 167 595 897

**Directors' report and financial statements for  
the reporting period ended 31 December 2015**

## Directors' report

The directors of Acorn Capital Investment Fund Limited (the "Company"), present their report together with the financial statements of the Company for the half-year ended 31 December 2015 (the "reporting period").

The Company is a public company limited by shares, is incorporated in Australia and listed on the ASX.

### Directors

The following persons were directors of the Company during the reporting period and up to the date of this report:

John Steven (Chairman and Non-Executive director)  
 Judith Smith (Non-Executive director)  
 David Trude (Non-Executive director)  
 Robert Brown (Director)  
 Barry Fairley (Director)

### Principal activities

The principal activity of the Company is to invest predominantly in a portfolio of listed and unlisted microcap companies. The investment manager is Acorn Capital Limited (the "Manager"), an established boutique asset manager with a long track record of successfully investing in microcap companies.

### Review and results of operations

During the reporting period, the Company continued to invest funds in accordance with its governing documents.

The most appropriate measure of the Company's financial performance is total comprehensive income. Total comprehensive income/(loss) includes the profit/(loss) after tax and both realised and unrealised gains/(losses) on the Company's investments.

Total comprehensive income/(loss) for the reporting period ended 31 December 2015 was \$3,690,591 (2014: (\$4,092,135)).

The Company's profit/(loss) before income tax for the reporting period was \$5,107,207 (2014: (\$5,845,907)).

The profit/(loss) after income tax for the reporting period was \$3,690,591 (2014: (\$4,092,135)).

Basic earnings/(losses) per share after income tax were 7.38 cents for the reporting period (2014: (8.04 cents)).

	<b>For the reporting period ended</b>	
	<b>31 December</b>	31 December
	<b>2015</b>	2014
	<b>\$'000</b>	\$'000
Profit/(loss) before income tax expense	<b>5,107</b>	(5,845)
Income tax expense/(benefit)	<b>1,417</b>	(1,753)
Profit/(loss) after income tax attributable to the owners of the Company	<b>3,690</b>	(4,092)
Equity	<b>49,794</b>	45,638

**Directors' report (continued)**

**Review and results of operations (continued)**

Net Tangible Asset Backing (NTA) per share	As at 31 December 2015 (non-IFRS)	
	For monthly NTA Reporting \$/share	For Financial Reporting \$/share
NTA per share before income tax (\$/share)	0.9956	0.9967
NTA after income tax excluding tax on unrealised gains (\$/share)	1.0221	1.0231
NTA per share after income tax (\$/share)	0.9951	0.9961

The NTA per ordinary share for monthly NTA reporting, as required by ASX Listing Rule 4.12, is calculated in accordance with the definition of "net tangible asset backing" contained in Chapter 19 of the ASX Listing Rules.

Net Tangible Asset Backing (NTA) per share	As at 30 June 2015 (non-IFRS)	
	For monthly NTA Reporting \$/share	For Financial Reporting \$/share
NTA per share before income tax (\$/share)	0.8921	0.8930
NTA after income tax excluding tax on unrealised gains (\$/share)	0.9051	0.9060
NTA per share after income tax (\$/share)	0.9184	0.9203

**Dividends**

No dividend was declared nor paid during the reporting period.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs during the reporting period.

**Events occurring after the reporting period**

No matter or circumstances have arisen since 31 December 2015 that have significantly affected, or may significantly affect:

- (a) the Company's operations in future reporting periods; or
- (b) the results of those operations in future reporting periods; or
- (c) the Company's state of affairs in future reporting periods.

**Rounding of amounts**

The Company is of a 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 Directors' Report. Amounts in the Directors' Report have been rounded to the nearest thousand dollars in accordance with that Class Order unless otherwise indicated.

**Auditor's independence declaration**

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

The directors' report is signed in accordance with a resolution of the Board of Directors.



John Steven  
 Chairman and Non-Executive director  
 Melbourne

24 February 2016



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## Auditor's Independence Declaration to the Directors of Acorn Capital Investment Fund Limited

In relation to our review of the interim financial report of Acorn Capital Investment Fund Limited for the half-year ended 31 December 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

*Ernst & Young*

Ernst & Young

*Luke Slater*

Luke Slater  
Partner  
Melbourne  
Date: 24 February 2016

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## Condensed statement of comprehensive income

For the reporting period ended	31 December 2015 \$'000	31 December 2014 \$'000
<b>Revenue from ordinary activities</b>		
Interest income	13	73
Dividend/Distribution income	409	427
<b>Total revenue</b>	422	500
Net Gains/(losses) on financial instruments held at fair value through profit or loss	5,006	(5,779)
Other income	62	12
<b>Total income/(loss)</b>	5,490	(5,267)
<b>Expenses</b>		
Management fees	227	233
Directors' fees	70	70
Auditor's remuneration	24	23
Transaction costs	70	80
Reversal of doubtful debts provision	(124)	-
Other expenses	116	172
<b>Total expenses</b>	383	578
<b>Profit/(loss) before income tax expense/(benefit)</b>	5,107	(5,845)
Income tax expense/(benefit)	1,417	(1,753)
<b>Profit/(loss) after income tax for the reporting period attributable to the owners of the Company</b>	3,690	(4,092)
Other comprehensive income for the reporting period attributable to the owners of the Company	-	-
<b>Total other comprehensive income/(loss) for the reporting period attributable to the owners of the Company</b>	3,690	(4,092)
<b>Total comprehensive income/(loss) for the reporting period</b>	3,690	(4,092)
Transferred to Dividend Reserve	3,690	-
<b>Earnings/(losses) per share for profit/(loss) after income tax attributable to the owners of the ordinary shares of the Company:</b>		
Basic	7.3832	(8.0522)
Diluted	7.3832	(8.0522)

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

**Condensed statement of financial position**

As at		31 December 2015	30 June 2015
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,713	1,403
Receivables/Prepayments		308	983
Financial assets held at fair value through profit or loss	2	48,215	43,736
<b>Total current assets</b>		<b>50,236</b>	<b>46,122</b>
<b>Non-current assets</b>			
Deferred tax assets		-	1,388
<b>Total non-current assets</b>		<b>-</b>	<b>1,388</b>
<b>Total assets</b>		<b>50,236</b>	<b>47,510</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables		414	614
Doubtful debts provision		-	124
Deferred tax liabilities		28	-
<b>Total current liabilities</b>		<b>442</b>	<b>738</b>
<b>Total liabilities</b>		<b>442</b>	<b>738</b>
<b>Net assets</b>		<b>49,794</b>	<b>46,772</b>
<b>Equity</b>			
Contributed equity	3	48,598	49,266
Accumulated losses		(2,494)	(2,494)
Dividend reserve		3,690	-
<b>Total equity attributable to owners of the Company</b>		<b>49,794</b>	<b>46,772</b>

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

**Condensed statement of changes in equity**

For the reporting period ended 31 December 2015	Contributed equity	Retained profits/ accumulated losses	Dividend reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2015</b>	49,266	(2,494)	-	46,772
Profit/(loss) after tax for the reporting period attributable to owners of the company	-	-	3,690	3,690
<b>Total comprehensive income for the reporting period attributable to the owners of the Company</b>	49,266	(2,494)	3,690	50,462
<b>Transactions with owners in their capacity as owners:</b>				
	(668)	-	-	(668)
<b>Balance at 31 December 2015</b>	48,598	(2,494)	3,690	49,794

For the reporting period ended 31 December 2014	Contributed equity	Retained profits/ accumulated losses	Dividend reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2014</b>	49,266	464	-	49,730
Profit/(loss) after tax for the reporting period attributable to owners of the Company	-	(4,092)	-	(4,092)
<b>Total comprehensive income for the reporting period attributable to the owners of the Company</b>	49,266	(3,628)	-	45,638
<b>Transactions with owners in their capacity as owners:</b>				
	-	-	-	-
<b>Balance at 31 December 2014</b>	49,266	(3,628)	-	45,638

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

**Condensed statement of cash flows**

For the reporting period ended	31 December 2015 \$'000	31 December 2014 \$'000
<b>Cash flows from operating activities</b>		
Proceeds from sale of financial instruments held at fair value through profit or loss	16,849	7,015
Purchase of financial instruments held at fair value through profit or loss	(16,015)	(31,288)
Dividend/trust distributions received	411	348
Interest received	136	16
Custody fees paid	(16)	(19)
Other revenue received	77	-
Payment of other expenses	(416)	(264)
<b>Net cash flows used in operating activities</b>	<b>1,026</b>	<b>(24,192)</b>
<b>Cash flows from financing activities</b>		
Share Buyback	(716)	-
<b>Net cash flows used in financing activities</b>	<b>(716)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>310</b>	<b>(24,192)</b>
Cash and cash equivalents at the beginning of the reporting period	1,403	25,457
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,713</b>	<b>1,265</b>

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

## 1 Basis of preparation and accounting policies

### (a) Basis of preparation

This interim financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. The interim financial report has also been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The financial statements are presented in Australian Dollars and all values are rounded to the nearest \$'000 except where otherwise indicated.

### (b) Statement of compliance

The financial report complies with Australian Accounting Standards applicable to interim reporting as issued by the Australian Accounting Standards Board ('AASB') and International Financial Reporting Standards ('IFRS') applicable to interim reporting as issued by the International Accounting Standards Board.

The half year financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the most recent annual financial report of the Company.

### (c) Changes in accounting standards

The significant accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the Company financial report for the year ended 30 June 2015, except for the adoption of new standards and interpretations noted below:

#### **AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015)**

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

The adoption of the amendments had no material impact on the financial statements of the Company.

#### **AASB 2015-3 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception (effective from 1 July 2015)**

This makes amendments to AASB 10 *Consolidated Financial Statements*, AASB 12 *Disclosure of Interests in Other Entities* and AASB 128 *Investments in Associates* arising from the IASB's narrow scope amendments associated with Investment Entities.

The adoption of the amendments had no material impact on the financial statements of the Company.

Accounting standards and interpretations that are applicable to the next annual financial statements of the Company have not been applied in this interim financial report.

### (d) Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, 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 periods.

The significant accounting policies have been consistently applied in the current financial period and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

## 2 Financial assets held at fair value through profit or loss

As at	31 December 2015	30 June 2015
	\$'000	\$'000
<b>Held for trading</b>		
Warrants	-	19
Total held for trading	-	19
<b>Designated at fair value through profit or loss</b>		
Listed equities	38,967	35,481
Listed property trusts	1,557	2,073
Listed unit trusts	625	446
Unlisted equities	6,972	4,981
Convertible notes	94	736
Total designated at fair value through profit or loss	48,215	43,717
<b>Total financial assets held at fair value through profit or loss</b>	<b>48,215</b>	<b>43,736</b>

## 3 Contributed equity and movements in total equity

As at	31 December 2015		30 June 2015	
	\$'000	No. '000	\$'000	No. '000
<b>(a) Share capital</b>				
Ordinary shares fully paid	49,342	49,986	50,010	50,820
Incorporation costs	(1,063)		(1,063)	
Future income tax benefit attributable to incorporation costs	319		319	
	<u>48,598</u>		<u>49,266</u>	

### (b) 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.

### (c) Share options

All options issued by the Company expired on 24 October 2015.

### (d) 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.

## 4 Financial risk management

### Fair value hierarchy

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); quoted prices for similar securities in active and/or inactive markets; market-corroborated inputs; inputs that are developed based on available market data and reflect assumptions that markets would use when pricing similar securities.
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be that 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.

All fair value measurements disclosed are recurring fair value measurements.

The table below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at the reporting date.

At 31 December 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Designated at fair value through profit or loss:				
Listed Equities	38,967	-	-	38,967
Listed Unit Trusts	625	-	-	625
Listed Property Trusts	1,557	-	-	1,557
Unlisted Equities	-	-	6,972	6,972
Convertible notes	-	-	94	94
Total	41,149	-	7,066	48,215
At 30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets held at fair value through profit or loss				
Listed Equities	34,813	306	362	35,481
Listed Property Trusts	2,073	-	-	2,073
Unlisted Unit Trusts	446	-	-	446
Unlisted Equities	-	-	4,981	4,981
Convertible notes	-	-	736	736
Warrants	-	-	19	19
Total	37,332	306	6,098	43,736

#### 4 Financial risk management (continued)

##### Fair value hierarchy (continued)

The pricing for the majority of the Company's investments is sourced from independent pricing sources, the relevant investment managers or reliable brokers' quotes.

Investments whose values are based on quoted market prices in active markets, e.g. recognised stock exchange, and therefore classified within level 1 include active listed equities.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The observable inputs include prices and/or those derived from prices. Investments classified within level 3 have significant unobservable inputs, as they are infrequently traded.

Level 2 investments could include those that are not traded in active markets and/or are subject to transfer restrictions.

Level 3 instruments could include debt instruments, certain private equity type investments of which valuations are not based on market inputs, or securities valued using models and internal data. Level 3 investments may be adjusted to reflect illiquidity and/or restrictions. Level 3 instruments also include those that have stale prices, that is, where the pricing for a particular security has remained static for an extended period of time.

Level 3 valuations are reviewed monthly by the relevant management. Management considers the appropriateness of the valuation inputs, methods and techniques used in the valuations. The valuation inputs are generally sourced from independent third party pricing sources without adjustment such as stock exchanges, pricing agencies and/or fund managers. Where the inputs are considered stale, unobservable, proprietary or from an inactive market, they are categorised as level 3.

Transfers between levels of fair value hierarchy are deemed to have occurred at the reporting date.

The following table presents the movement in level 3 instruments as at the reporting date by class of financial instrument.

As at 31 December 2015	Opening balance	Purchases	Sales	Transfers into level 3	Transfers out of level 3	Gains/ (losses) recognised in profit or loss	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equities	362	-	-	-	-	(362)	-
Unlisted equities	4,981	3,983	(2,157)	-	-	165	6,972
Convertible notes	736	-	(960)	-	-	318	94
Warrants	19	-	-	-	-	(19)	-
<b>Total</b>	<b>6,098</b>	<b>3,983</b>	<b>(3,117)</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>7,066</b>

As at 30 June 2015	Opening balance	Purchases	Sales	Transfers into level 3	Transfers out of level 3	Gains/ (losses) recognised in profit or loss	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Listed equities	157	-	-	362	-	(157)	362
Unlisted equities	917	3,127	-	-	-	937	4,981
Convertible notes	-	960	-	-	-	(224)	736
Warrants	35	-	-	28	-	(44)	19
<b>Total</b>	<b>1,109</b>	<b>4,087</b>	<b>-</b>	<b>390</b>	<b>-</b>	<b>512</b>	<b>6,098</b>



#### 4 Financial risk management (continued)

##### Fair value hierarchy (continued)

##### Sensitivity analysis for unlisted investments

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy are the underlying enterprise values which determines share or unit price.

Sensitivity of the unobservable inputs are approximated by reference to the volatility of the relevant sector of the microcap index which the company predominately operates in. These represent the best observable approximation of factors which can influence the operating environment of the unlisted investments given the size and nature of the companies.

##### Sensitivity Analysis

The following table sets out the sensitivity of Level 3 investments to movements in the relevant sector indices over the last 5 years.

Sector	Fair Value (Equities)	Fair Value (C/Notes)	Sector Volatility (past 5 years)	Low \$'000	High \$'000
Financials ex-AREITs	320	94	11.86%	(49)	49
Industrials Capital Goods	1,426	-	19.18%	(274)	274
Consumer Discretionary	3,134	-	13.14%	(412)	412
Healthcare	1,642	-	20.28%	(333)	333
Material Resources	450	-	25.27%	(114)	114
	<b>6,972</b>	<b>94</b>		<b>(1,182)</b>	<b>1,182</b>

#### 5 Events occurring after the reporting period

No significant events have occurred since the reporting period which would impact on the financial position of the Company disclosed in the condensed statement of financial position as at 31 December 2015 or on the results and cash flows of the Company for the reporting period ended on that date.

#### 6 Contingent assets and liabilities and commitments

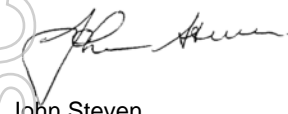
There are no outstanding contingent assets and liabilities as at 31 December 2015 and 30 June 2015.

## Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Australian Accounting Standards as it relates to AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



John Steven  
Chairman and Non-Executive director

Melbourne  
24 February 2016

To the members of Acorn Capital Investment Fund Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Acorn Capital Investment Fund Limited, which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, other information as set out in Appendix 4D to the Australian Stock Exchange (ASX) Listing Rules and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible for such internal controls that the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of Acorn Capital Investment Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Acorn Capital Investment Fund is not in accordance with:

- a. the *Corporations Act 2001*, including:

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- i giving a true and fair view of the Acorn Capital Investment Fund Limited's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
  - ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b. the ASX Listing Rules as they relate to Appendix 4D.

*Ernst & Young*

Ernst & Young

*Luke Slater*

Luke Slater

Partner

Melbourne

Date: 24 February 2016