



26 April 2016

ASX Limited
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000
Attention: Company Announcements

AURORA ABSOLUTE RETURN FUND

ASX CODE: ABW

Aurora Funds Management Limited (“Aurora”) the Responsible Entity of the Aurora Absolute Return Fund (“the Fund”) hereby lodges its Interim Report for the half-year ended 31 December 2015.

The Fund wholly invests in the Aurora Fortitude Absolute Return Fund (“Master Fund”). The Master Fund holds Antares Energy Limited Convertible Notes (“Convertible Notes”) which has been suspended from trading on the ASX.

As part of the half-year financial report of the Fund, the directors of the Responsible Entity are required to make an assessment of the fair value of the Fund’s holding in the Master Fund.

The Australian Accounting Standards require that in circumstances where financial instruments (such as the Antares Energy Limited Convertible Notes) are not traded in an active market, fair value is established based on a valuation technique or number of techniques.

The Responsible Entity has valued the Antares Energy Limited Convertible Notes at \$1.87 per note in the Master Fund for the half-year financial statements, and has relied on the following information to form this view:

- The last public statement by Antares Energy Limited (“the Company”) on 28 March 2016 is that they are still negotiating the sale of assets of Northern Star and Big Star.
- The last public statement by the Company on 28 March 2016 advised that they have made contact with 250 other potential purchasers.
- The Company has been working with its second largest shareholder (Equity Group Investments) to refinance the Convertible Notes for up to US\$45m with maturity on 30 September 2017.
- The Company has proposed a resolution to:
 - Appoint a Noteholder nominee to the Company’s Board;
 - Subject to receipt of sufficient funds, ability for Noteholders to redeem following completion of disposal of assets;
 - Subject to receipt of sufficient funds, additional exit payment to be paid to Noteholders; and
 - Provide a mechanism for the Notes to become secured.

- The ordinary shares of the Company have continued to trade infrequently on the NYSE (AZZEF:US). As at 11 September 2015, AZZEF:US were trading at USD \$0.30,(outstanding shares of 240M) implies USD 72m (approximately AUD \$50m) of equity value above convertible note value. The value of AZZEF:US has subsequently declined to USD \$0.15 as at 31 December 2015 which implies \$10m equity value above convertible note value. However, AZZEF:US appears to be quite volatile as the price on 2 March 2016 was USD \$0.35. In normal circumstances, the convertible note would be priced according to the head stock, but in circumstances where there is large volatility and on thinly traded securities on both the NYSE and ASX exchanges , more discretion can be applied. It is Aurora's view that there is no valid reason to discount the Antares Energy Limited Convertible Notes in line with the head stock movements of the NYSE.;
- Aurora engaged an external valuer (South Texas Reservoir Alliance; <http://www.stxra.com>) to perform an independent valuation of Northern Star and Big Star which indicated:
 - the range of valuations to be within the ranges USD\$1,020 to USD\$3,699 per acre, which equates to USD\$21.42m to USD\$77.68m (AUD\$30.5m to AUD\$110.34). This range is based on recent sales in the area.
 - the 'probable' range of valuations to be within the ranges USD\$2,000 to USD\$3,000 per acre, which equates to USD\$42m to USD\$63m (AUD\$59.6m to AUD\$89.5m). This range is based on what South Texas Reservoir Alliance believes the Company can sell the asset for in the current market conditions.

Yours faithfully

Aurora Funds Management Limited

as responsible entity for Aurora Absolute Return Fund



Betty Poon

Company Secretary

Aurora Absolute Return Fund

ARSN 110 303 430

Interim financial report

For the half-year ended 31 December 2015

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made in respect of Aurora Absolute Return Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements cover the Aurora Absolute Return Fund as an individual entity.

The Responsible Entity of Aurora Absolute Return Fund is Aurora Funds Management Limited (ABN 69 092 626 885).
The Responsible Entity's registered office is:

Level 4, 1 Alfred Street
Sydney, NSW 2000

Directors' Report

The directors of Aurora Funds Management Limited (ABN 69 092 626 885), the Responsible Entity of Aurora Absolute Return Fund ("the Fund"), present their interim report together with the condensed financial statements of the Fund for the financial half-year ended 31 December 2015, and the auditor's report thereon.

The condensed financial report has been prepared for the Fund as it is a disclosing entity under the *Corporations Act 2001*.

Principal activities

The Fund invests in the unlisted Aurora Fortitude Absolute Return Fund (ARSN 145 894 800) (the "Master Fund"), in accordance with the provision of the Fund Constitution and the current Product Disclosure Statement.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year.

The Fund is currently listed on the Australian Security Exchange (ASX).

Directors

The following persons held office as directors of Aurora Funds Management Limited during the half-year or since the end of the half-year and up to the date of this report:

John Corr
Simon Lindsay
Steuart Roe (resigned 7 September 2015)
Betty Poon (appointed 7 September 2015)
Antony Sormann (appointed 25 February 2016)
James Schwarz (appointed 25 February 2016)

Units on Issue

Units on issue in the Fund at half-year are set out below:

	31 December 2015	30 June 2015
	No.	No.
Units on issue	17,141,122	21,443,405

Review and results of operations

During the half-year, the Fund continued to invest in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The investment policy of the Fund continues to be that detailed in the current Product Disclosure Statement and in accordance with the provisions of the governing documents of the Fund.

Financial Position

Net Tangible Assets (NTA) per unit as disclosed to the Australia Securities Exchange was as follows:

	31 December 2015	30 June 2015
	\$	\$
At reporting period	0.950	0.967
High during period	0.990	1.060
Low during period	0.945	0.960

Directors' Report (continued)

Financial results for the year

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2015	31 December 2014
	\$	\$
Net operating profit/(loss)	164,249	(657,947)
Distributions paid and payable	443,877	900,244
Distribution (cents per unit) 31 December	0.98	1.53
Distribution (cents per unit) 30 September	1.45	1.54

Information on Underlying Performance

The performance of the Fund is available through the recent performance reports available on the Responsible Entity's website. Consistent with the statements in the governing documents of the Fund, future performance is not guaranteed. Investors should exercise care in using past performance as a predictor of future performance.

Significant changes in state of affairs

In the opinion of the directors, other than the matters already referred to in this report, there were no significant changes in the state of affairs of the Fund that occurred during the financial half-year.

Matters subsequent to the end of the financial half-year

Antony Sormann and James Schwarz were appointed as directors of Aurora Funds Management Limited on 25 February 2016.

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

- (i) the operations of the Fund in future financial periods, or
- (ii) the results of those operations in future financial periods, or
- (iii) the state of affairs of the Fund in future financial periods.

Strategy and future outlook

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund 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.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

Indemnity and insurance of Aurora Funds Management Limited

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of Aurora Funds Management Limited or the auditor of the Fund. So long as the officers of the Aurora Funds Management Limited act in accordance with the Fund Constitution and the Law, the officers remain indemnified out of the assets of the Fund against any losses incurred while acting on behalf of the Fund.

Indemnity of auditors

The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Directors' Report (continued)

Fees paid and interests held in the Fund by the Responsible Entity or its associates

The movement in units on issue in the Fund during the year is disclosed in Note 6 of the financial statements.

The value of the Fund's assets and liabilities are disclosed on the Statement of Financial Position and derived using the basis set out in Note 4 of the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Proceedings on behalf of the Fund

No person has applied for leave of Court to bring proceedings on behalf of the Fund or intervene in any proceedings to which the Fund is a party for the purpose of taking responsibility on behalf of the Fund for all or any part of those proceedings. The Fund was not a party to any such proceedings during the year.

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 6.

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



Simon Lindsay
Director
Sydney
22 April 2016

The Directors
Aurora Funds Management Limited
Level 4, 1 Alfred Street
Sydney NSW 2000

22 April 2016

Dear Directors

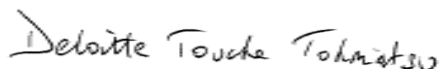
Independence Declaration – Aurora Absolute Return Fund

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Aurora Funds Management Limited, the Responsible Entity of Aurora Absolute Return Fund.

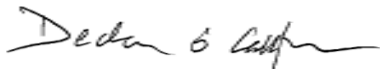
As lead audit partner for the review of the financial statements of Aurora Absolute Return Fund for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants

Financial Statements

Condensed Statement of Profit or Loss and Other Comprehensive income for the half-year ended 31 December 2015

		Half-year ended	
	Notes	31 December 2015 \$	31 December 2014 \$
Income			
Interest income		2,466	6,407
Dividend and distribution income		353,661	880,055
Net losses on financial instruments held at fair value through profit or loss	5	(189,599)	(1,542,641)
Total net investment income		166,528	(656,179)
Expenses			
Other operating expenses		2,279	1,768
Total operating expenses		2,279	1,768
Operating profit for the half-year		164,249	(657,947)
Finance costs attributable to unitholders			
Distributions to unitholders	7	(443,877)	(900,244)
Decrease in net assets attributable to unitholders	6	279,628	1,558,191
Profit/(loss) for the half-year		-	-
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		-	-

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Financial Statements

Condensed Statement of Financial Position

as at 31 December 2015

	Notes	As at 31 December 2015 \$	30 June 2015 \$
Assets			
Cash and cash equivalents	8	237,856	922,772
Receivables		166,817	205,711
Financial assets held at fair value through profit or loss	9	16,183,516	20,225,568
Total assets		16,588,189	21,354,051
Distribution payable		180,017	219,542
Other liabilities		150,208	398,308
Total liabilities (excluding net assets attributable to unitholders)		330,225	617,850
Net assets attributable to unitholders - liability	6	16,257,964	20,736,201
Liabilities attributable to unitholders		(16,257,964)	(20,736,201)
Net assets		-	-

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

Financial Statements

Condensed Statement of Changes in Equity

for the half-year ended 31 December 2015

	As at	
	31 December 2015	31 December 2014
	\$	\$
Total equity at the beginning of the half-year	-	-
Profit/(loss) for the half-year	-	-
Other comprehensive income for the half-year	-	-
Total comprehensive income for the half-year	-	-
Transactions with equity holders in their capacity as equity holders	-	-
Total equity at the end of the financial half-year	-	-

Under Australian Accounting Standards, "Net assets attributable to unitholders" are classified as a liability rather than equity. As a result there was no equity at the start or end of the half-year.

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Financial Statements

Condensed Statement of Cash Flows for the half-year ended 31 December 2015

		Half-year ended	
		31 December 2015	31 December 2014
	Notes	\$	\$
Cash flows from operating activities			
Proceeds from sale of financial instruments		4,394,352	176,220
Purchase of financial instruments		(391,899)	(7,241,114)
Dividends and distributions received		391,899	789,394
Interest received		2,883	7,564
GST recovered		239	39
Payment of other expenses		(6,687)	(1,766)
Net cash inflow/(outflow) from operating activities		4,390,787	(6,269,663)
Cash flows from financing activities			
Proceeds from applications by unitholders	6	400	6,515,132
Payments for redemptions by unit holders	6	(3,886,539)	(236,004)
Payments from share buy-back	6	(761,752)	(425,157)
Distributions paid		(427,812)	(736,958)
Net cash (inflow)/outflow from financing activities		(5,075,703)	5,117,013
Net decrease in cash and cash equivalents		(684,916)	(1,152,650)
Cash and cash equivalents at the beginning of the half-year		922,772	1,278,550
Cash and cash equivalents at the end of the half-year		237,856	125,900
Non-cash financing activities		55,590	139,253

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Financial Statements

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4. Use of estimates and judgements
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8. Cash and cash equivalents
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12. Contingent assets and liabilities and commitments
13. Events occurring after the reporting period

Notes to the Condensed Financial Statements

1. General information

Aurora Absolute Return Fund ("the Fund") is an Australian registered managed investment scheme under the Corporations Act 2001. The Fund commenced operations on 4 July 2006 and was admitted to the Australian Stock Exchange ("ASX") on 10 July 2006.

Aurora Funds Management Limited ("AFML"), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The Responsible Entity's registered office is Level 4, 1 Alfred Street, Sydney, NSW 2000. The interim financial report of the Fund is for the six months ended 31 December 2015 and is presented in the Australian currency ("AUD").

It is recommended that these condensed interim financial statements are considered together with the current product disclosure document and in accordance with the provisions of the governing documents of the Fund, and any public announcements made by the Fund during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The principal activities of the Fund during the half-year were establishing its investment strategy in accordance with the provision of the Fund's Constitution and the Product Disclosure Statement.

2. Significant accounting policies

The principal accounting policies applied in the preparation of this condensed interim financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The accounting policies applied by the Trust in this condensed interim financial report are the same as those applied by the Trust in its Financial Report as at and for the year ended 30 June 2015.

Statement of compliance

The condensed interim financial statements are a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the annual financial report as at and for the year ended 30 June 2015.

The condensed interim financial statements comply with IAS 34 Interim Financial Reporting.

The condensed interim financial statements were authorised for issue by the directors as at the date of the directors' report. The Directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

3. Use of estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2015.

The Fund solely invests into the Aurora Fortitude Absolute Return Fund ("AFARF"). For the half-year ended 31 December 2015, AFARF has adopted significant judgements and estimates to fair value one of its underlying investments in the convertible notes of Antares Energy Limited (ASX: AZZG). The key sources of estimation uncertainty and fair value measurement in relations to AZZG are outlined in Notes 3 and 4 of AFARF's Interim Financial Report for the half-year ended 31 December 2015.

Notes to the Condensed Financial Statements

4. Fair Value Measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis through profit or loss (FVTPL).

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

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.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Fund is the current bid price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an 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.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, 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 best estimates and the discount rate used is a 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. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

Recognised fair value measurements

The Fund solely invests into the Aurora Fortitude Absolute Return Fund ("AFARF"). For the half-year ended 31 December 2015, AFARF has adopted significant judgements and estimates to fair value one of its underlying investments in the convertible notes of Antares Energy Limited (ASX: AZZG). The key sources of estimation uncertainty and fair value measurement in relations to AZZG are outlined in Notes 3 and 4 of AFARF's Interim Financial Report for the half-year ended 31 December 2015.

Notes to the Condensed Financial Statements

4. Fair Value Measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3) (continued)

Recognised fair value measurements (continued)

The following table presents the Fund's assets and liabilities measured and recognised as at the half-year ended 31 December 2015 and 30 June 2015:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 31 December 2015				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted unit trusts	-	16,183,516	-	16,183,516
Total	-	16,183,516	-	16,183,516
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2015				
Financial assets				
Financial assets designated at fair value through profit or loss:				
Unlisted unit trusts	-	20,225,568	-	20,225,568
Total	-	20,225,568	-	20,225,568

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

Transfers between levels

There have been no transfers between levels for the half-year ended 31 December 2015 and 30 June 2015.

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:

	Half-year ended	
	31 December 2015 \$	31 December 2014 \$
Financial assets		
Net realised gain/(loss) on financial assets held at fair value through profit or loss	(405,926)	(1,522,601)
Net unrealised loss on financial assets held at fair value through profit or loss	216,327	(20,040)
Total net losses on financial instruments held at fair value through profit or loss	(189,599)	(1,542,641)

The net realised losses of \$405,926 (2014 loss: \$1,522,601) is recognized on disposal of financial assets and liabilities against their fair value upon initial recognition. The unrealised gains of \$216,327 (2014: loss of \$20,040) is the market movement of financial assets and liabilities held during the financial half-year ended 31 December 2015.

Notes to the Condensed Financial Statements

6. Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the half-year were as follows:

	31 December 2015	Half-year ended 30 June 2015	31 December 2015	30 June 2015
	Number of units	Number of units	\$	\$
Opening balance - excluding treasury units	21,443,405	23,739,563		
Applications	411	12,067,892		
Redemptions	(3,568,515)	(11,845,687)		
Buy-backs	(791,168)	(2,656,837)		
Units issued upon reinvestment of distributions	56,989	138,474		
Closing balance - excluding treasury units	17,141,122	21,443,405		
Opening balance - treasury units	-	1,136,121		
Applications	-	514,627		
Redemptions	-	(6,175,146)		
Creation of treasury units	-	4,800,000		
Cancellation of treasury units	-	(275,602)		
Closing balance - treasury units	-	-		
Opening balance - including treasury units	21,443,405	24,875,684	20,736,201	24,410,256
Applications	411	12,582,519	400	6,765,134
Redemptions	(3,568,515)	(18,020,833)	(3,492,847)	(3,715,815)
Buy-backs	(791,168)	(2,656,837)	(761,752)	(5,148,653)
Units issued upon reinvestment of distributions	56,989	138,474	55,590	139,253
Creation of treasury units	-	4,800,000	-	-
Cancellation of treasury units	-	(275,602)	-	-
Decrease in net assets attributable to unitholders	-	-	(279,628)	(1,713,974)
Closing balance - including treasury units	17,141,122	21,443,405	16,257,964	20,736,201

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of Fund.

7. Distributions to unitholders

The distributions for the half-year were as follows:

	31 December 2015	Half-year ended 31 December 2015	31 December 2014	
	\$	CPU	\$	CPU
Distributions paid and payable				
September interim	275,894	1.45	448,950	1.54
December interim	167,983	0.98	451,294	1.53
Total distributions	443,877		900,244	

Distributions payable in the Condensed Statement of Financial Position includes distributions payable from prior periods.

Notes to the Condensed Financial Statements

8. Cash and cash equivalents

	31 December 2015 \$	30 June 2015 \$
Cash at bank	237,856	922,772

9. Financial assets held at fair value through profit or loss

	As at 31 December 2015 \$	30 June 2015 \$
Designated at fair value through profit or loss		
Unlisted unit trusts	16,183,516	20,225,568
Total financial assets held at fair value through profit or loss	16,183,516	20,225,568

10. Segment information

The Fund is organised into one main business segment which operates solely in the business of investment management within Australia. While the Fund operates from Australia only (the geographical segment), the Fund may have asset exposures in different countries and across different industries.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

11. Related party transactions

Responsible Entity

The Responsible Entity of Aurora Absolute Return Fund is Aurora Funds Management Limited.

Other transactions within the Fund

The Responsible Entity paid some fees to Registry Direct, who is responsible to the Fund's registry services. Fees were not reimbursed by the Fund. Registry Direct is owned by one of the resigned director, Steuart Roe.

The transactions between Registry Direct and the Responsible Entity are detailed below:

	31 December 2015 \$	31 December 2014 \$
Fees paid to Registry Direct by the Responsible Entity on behalf of ABW	9,695	16,707

Apart from those details disclosed in this note, no other key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interests existing at year end.

Key management personnel compensation

Key management personnel are paid by Aurora Funds Management Limited. Payments made from the Fund to Aurora Funds Management Limited do not include any amounts directly attributable to the compensation of key management personnel.

Notes to the Condensed Financial Statements

11. Related party transactions (continued)

Related party unit holdings

In prior periods, the Fund purchased and sold units in itself as part of its Treasury Unit trading activities. Details of the Fund's investments in itself are set out below:

For the half-year ended 31 December 2015, there were no treasury units held or traded in the Fund.

31 December 2014

	No. units held Opening	No. units held Closing	Fair value of Investments (\$)	Interest held	No of units acquired	No. of units disposed	Distributions paid/payable by the Fund (\$)
Aurora Absolute Return Fund	1,136,121	-	-	0.00%	5,314,627	6,450,748	6,617

Investments

The Fund held investments in the following schemes which are also managed by the Responsible Entity:

	As at	
	31 December 2015	30 June 2015
	\$	\$
Aurora Fortitude Absolute Return Fund	16,183,516	20,225,568

12. Contingent assets, liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2015 (30 June 2015: nil).

13. Events occurring after the reporting period

Antony Sormann and James Schwarz were appointed as directors of Aurora Funds Management Limited on 25 February 2016.

No other significant events have occurred since the end of the reporting period which would impact on the financial position of the Fund disclosed in the Condensed Statement of Financial Position as at 31 December 2015 or on the results and cash flows of the Fund for the half-year ended on that date.

Directors' declaration

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) the condensed financial statements and notes set out on pages 7 to 17 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Fund 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.



Simon Lindsay
Director
Sydney
22 April 2016

Independent Auditor's Review Report to the Unitholders of Aurora Absolute Return Fund

We have reviewed the accompanying half-year financial report of Aurora Absolute Return Fund ("the Fund"), which comprises the condensed statement of financial position as at 31 December 2015, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 7 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity, Aurora Funds Management Limited, 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 for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund'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* and the *Corporations Regulations 2001*. As the auditor of the 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.

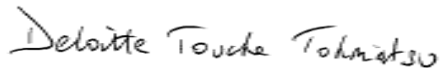
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's review report.

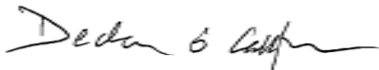
Conclusion

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 the Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Declan O'Callaghan
Partner
Chartered Accountants
Sydney, 22 April 2016