

Acorn Capital Investment Fund Limited

ACN 167 595 897

Appendix 4D – Half Year Report for the half year ended 31 December 2016

Results for announcement to the market

For the reporting period ended	31 December 2016 \$'000	31 December 2015 \$'000	Change %
Revenue from ordinary activities	7,379	5,490	34%
Profit/(Loss) from ordinary activities before tax attributable to members	6,538	5,107	28%
Profit/(Loss) from ordinary activities after tax attributable to members	4,691	3,690	27%
Dividend Information	Cents per share	Franked amount per share	Tax rate for franking
2017 Interim Dividend	1.5c	100%	30%
Interim Dividend Dates			
Ex-dividend Date		13 March 2017	
Record Date		14 March 2017	
Payment Date		31 March 2017	
Dividend Reinvestment Plan	Acorn Investment Fund Limited adopted a Dividend Reinvestment Plan (“DRP”) which was lodged with the Australian Securities Exchange (“ASX”) on 30 August 2016. The DRP will apply to this Interim Dividend.		
As at	31 December 2016 \$/share	30 June 2016 \$/share	
Net Tangible Asset Backing Per Share (Post Tax)	1.1275	1.0500	
Reconciliation of Net Tangible Assets Per Share for Net Tangible Asset Per Share Reporting and Financial Reporting Purposes			
As at	31 December 2016 \$/share	30 June 2016 \$/share	
Net tangible assets for net tangible asset reporting purposes	1.1275	1.0500	
Permanent differences			
Provision for transaction costs on disposal of the Portfolio	0.0008	0.0008	
Adjustments to deferred tax	0.0004	0.0003	
Net Tangible Assets Per Share in the Financial Report	1.1287	1.0511	
This report is based on the Half Year Financial Report which has been subject to independent review by the Auditor, 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 2016 Annual Report.			

Acorn Capital Investment Fund Limited

ACN 167 595 897

Interim financial report for the half-year ended 31 December 2016

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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 2016 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 850 505 (within Australia), +61 3 9415 4000 (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

Acorn Capital Investment Fund Limited

ACN 167 595 897

Directors' report and interim financial statements for the reporting period ended 31 December 2016

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 2016 (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 includes the profit after tax and both realised and unrealised gains on the Company's investments.

Total comprehensive income for the reporting period ended 31 December 2016 was \$4,690,461 (2015: \$3,690,591).

The Company's profit before income tax for the reporting period was \$6,537,777 (2015: \$5,107,207).

The profit after income tax for the reporting period was \$4,690,461 (2015: \$3,690,591).

Basic earnings per share after income tax were 9.549 cents for the reporting period (2015: 7.38 cents).

	For the reporting period ended	
	31 December	31 December
	2016	2015
	\$'000	\$'000
Profit before income tax expense	6,538	5,107
Income tax expense	1,847	1,417
Profit after income tax attributable to the owners of the Company	4,691	3,690
Equity	55,442	49,794

Directors' report (continued)

Review and results of operations (continued)

Net Tangible Asset Backing (NTA) per share	As at 31 December 2016 (non-IFRS)	
	For monthly NTA Reporting \$/share	For Financial Reporting \$/share
NTA per share before income tax (\$/share)	1.1850	1.1858
NTA after income tax excluding tax on unrealised gains (\$/share)	1.1719	1.1728
NTA per share after income tax (\$/share)	1.1279	1.1287

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 2016 (non-IFRS)	
	For monthly NTA Reporting \$/share	For Financial Reporting \$/share
NTA per share before income tax (\$/share)	1.0695	1.0707
NTA after income tax excluding tax on unrealised gains (\$/share)	1.0785	1.0796
NTA per share after income tax (\$/share)	1.0500	1.0511

Dividends

2016 Special dividend	Paid 21 October 2016	\$0.0030
2016 Final dividend	Paid 21 October 2016	\$0.0150

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 2016 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.

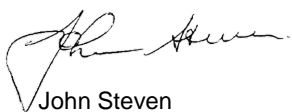
Rounding of amounts

The Company is an entity of the kind referred to in Australian Securities and Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (formerly Class Order 98/0100 (as amended)), 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 ASIC Instrument 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.

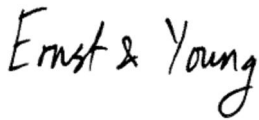


John Steven
 Chairman and Non-Executive director Melbourne
 23 February 2017

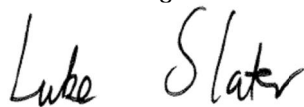
Auditor's Independence Declaration to the Directors of Acorn Capital Investment Fund Limited

As lead auditor for the review of Acorn Capital Investment Fund Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

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



Ernst & Young



Luke Slater
Partner
Melbourne
23 February 2017

Condensed statement of comprehensive income

For the reporting period ended	31 December 2016 \$'000	31 December 2015 \$'000
Revenue from ordinary activities		
Interest income	42	13
Dividend/Distribution income	324	409
Net Gains/(losses) on financial instruments held at fair value through profit or loss	6,985	5,006
Other income	28	62
Total income/(loss)	7,379	5,490
Expenses		
Management fees	307	227
Performance fees	208	-
Directors' fees	70	70
Auditor's remuneration	26	24
Transaction costs	97	70
Reversal of doubtful debts provision	-	(124)
Other expenses	133	116
Total expenses	841	383
Profit/(loss) before income tax expense/(benefit)	6,538	5,107
Income tax expense/(benefit)	1,847	1,417
Profit/(loss) after income tax for the reporting period attributable to the owners of the Company	4,691	3,690
Other comprehensive income for the reporting period attributable to the owners of the Company	-	-
Total other comprehensive income/(loss) for the reporting period attributable to the owners of the Company	4,691	3,690
Total comprehensive income/(loss) for the reporting period	4,691	3,690
Transferred to Dividend Reserve	4,691	3,690
Earnings/(losses) per share for profit/(loss) after income tax attributable to the owners of the ordinary shares of the Company:		
Basic	9.5490	7.3832
Diluted	9.5490	7.3832

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 2016	30 June 2016
	Note	\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		1,190	2,264
Receivables/Prepayments		365	669
Financial assets held at fair value through profit or loss	2	57,351	51,674
Total current assets		<u>58,906</u>	54,607
Total assets		58,906	54,607
Liabilities			
Current liabilities			
Payables		659	2,179
Income tax payable		501	-
Total current liabilities		<u>1,160</u>	2,179
Non-current liabilities			
Deferred tax liabilities		2,304	958
Total non-current liability		<u>2,304</u>	958
Total liabilities		3,464	3,137
Net assets		55,442	51,470
Equity			
Contributed equity	3	47,909	47,747
Accumulated gains/(losses)		(2,494)	(2,494)
Dividend reserve		10,027	6,217
Total equity attributable to owners of the Company		<u>55,442</u>	<u>51,470</u>

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 2016	Contributed equity	Retained profits/ accumulated losses	Dividend reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	47,747	(2,494)	6,217	51,470
Profit/(loss) after tax for the reporting period attributable to owners of the company	-	-	4,691	4,691
Total comprehensive income for the reporting period attributable to the owners of the Company	47,747	(2,494)	10,908	56,161
Transactions with owners in their capacity as owners:				
Share buyback	(28)	-	-	(28)
Dividends paid	-	-	(881)	(881)
Dividends reinvested	190	-	-	190
Balance at 31 December 2016	47,909	(2,494)	10,027	55,442

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

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 2016	31 December 2015
	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Proceeds from sale of financial instruments held at fair value through profit or loss	24,506	16,849
Purchase of financial instruments held at fair value through profit or loss	(24,587)	(16,015)
Dividend/trust distributions received	324	411
Interest received	41	136
Custody fees paid	(25)	(16)
Other revenue received	33	77
Payment of other expenses	(647)	(416)
Net cash flows from/(used) in operating activities	(355)	1,026
<i>Cash flows from financing activities</i>		
Dividends paid	(691)	-
Share buyback	(28)	(716)
Net cash flows from/(used) in financing activities	(719)	(716)
<i>Net increase (decrease) in cash and cash equivalents</i>		
Cash and cash equivalents at the beginning of the reporting period	2,264	1,403
Cash and cash equivalents at the end of the reporting period	1,190	1,713

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 2016 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 thousand dollars 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 2016.

There were no new or amended standards and interpretations that became effective for the first time for the reporting period that were relevant to 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 2016	30 June 2016
	\$'000	\$'000
Designated at fair value through profit or loss		
Listed equities	45,379	43,139
Unlisted equities (note 4)	6,832	7,691
Unlisted convertible notes (note 4)	5,140	844
Total financial assets held at fair value through profit or loss	57,351	51,674

3 Contributed equity and movements in total equity

As at	31 December 2016		30 June 2016	
	\$'000	No. '000	\$'000	No. '000
(a) Share capital				
Ordinary shares fully paid	47,747	48,968	49,266	50,820
Share buy back	(28)	(33)	(1,519)	(1,852)
Dividends reinvested	190	185	-	-
	<u>47,909</u>	<u>49,120</u>	<u>47,747</u>	<u>48,968</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) 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.

4 Financial risk management

Fair value hierarchy (continued)

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 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Designated at fair value through profit or loss:				
Listed equities	45,379	-	-	45,379
Unlisted equities	-	-	6,832	6,832
Unlisted convertible notes	-	-	5,140	5,140
Total	45,379	-	11,972	57,351

At 30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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Financial assets held at fair value through profit or loss

Listed equities	43,139	-	-	43,139
Unlisted equities	-	-	7,691	7,691
Unlisted convertible notes	-	-	844	844
Total	43,139	-	8,535	51,674

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 and 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. In determining enterprise values to arrive at share or unit prices for level 3 investments, management uses various valuation techniques to assess the fair value. These include relative valuation metrics, liquidation values, recent third party sales and independent valuations. 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. There were no transfers during the reporting period.

4 Financial risk management (continued)

Fair value hierarchy (continued)

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

As at 31 December 2016	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
Unlisted equities	7,691	5,214	(4,761)	-	-	(1,312)	6,832
Unlisted convertible notes	844	4,390	(94)	-	-	-	5,140
Total	8,535	9,604	(4,855)	-	-	(1,312)	11,972

As at 30 June 2016	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	5,571	(1,000)	-	-	(1,861)	7,691
Unlisted convertible notes	736	750	(960)	-	-	318	844
Warrants	19	-	-	-	-	(19)	-
Total	6,098	6,321	(1,960)	-	-	(1,924)	8,535

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 determine 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 as at 31 December 2016

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

Sector	Valuation Method	Fair Value Equities \$'000	Sector Volatility (past 5 years)	Low \$'000	High \$'000
Financials ex-AREITs	3 rd Party Transaction	630	11.80%	(74)	74
Industrials Capital Goods	3 rd Party Transaction	1,821	21.28%	(387)	387
Industrials ex Capital Goods	3 rd Party Transaction	396	13.22%	(52)	52
Consumer Staples	3 rd Party Transaction	750	14.74%	(111)	111
Healthcare	3 rd Party Transaction	3,235	18.98%	(614)	614
		6,832		(1,238)	1,238

Sector	Valuation Method	Fair Value C/Notes \$'000	Sector Volatility (past 5 years)	Low \$'000	High \$'000
Industrials ex Capital Goods	3 rd Party Transaction	1,500	13.22%	(198)	198
Information Technology	3 rd Party Transaction	3,640	14.28%	(520)	520
		5,140		(718)	718

4 Financial risk management (continued)

Fair value hierarchy (continued)

Sensitivity Analysis as at 31 December 2015

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 \$'000	Sector Volatility (past 5 years)	Low \$'000	High \$'000
Financials ex-AREITs	414	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
	7,066		(1,182)	1,182

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 2016 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

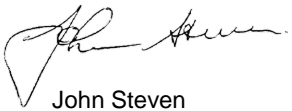
There are no outstanding contingent assets and liabilities as at 31 December 2016 and 30 June 2016.

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 2016 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
23 February 2017

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 2016, 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 2016 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:
 - i giving a true and fair view of the Acorn Capital Investment Fund Limited's financial position as at 31 December 2016 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
23 February 2017