AROWANA AVOF

Arowana Australasian Value Opportunities Fund Limited

ACN 602 250 644

Annual Report for the year ended 30 June 2017

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Corporate Directory

Directors	Kevin Chin (Chairman) Gary Hui Kien Khan (Kent) Kwan John Moore AO Victoria Guy
Company Secretary	Tom Bloomfield
Principal registered office in Australia	Level 11, 153 Walker Street North Sydney NSW 2060
Investment Manager	AAVOF Management Pty Ltd Level 11, 153 Walker Street North Sydney NSW 2060
Share Registry	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000
Auditor	PKF Hacketts Audit Level 6, 10 Eagle Street Brisbane QLD 4000
Legal Adviser	Watson Mangioni Lawyers Pty Limited Level 13, 50 Carrington Street Sydney NSW 2000
Stock Exchange	Australian Securities Exchange AWQ – Ordinary Shares
Website	www.aavof.com

Chairman's Review

Dear Fellow Shareholders,

On behalf of the Board of Directors, it's my pleasure to present to you the annual report of Arowana Australasian Value Opportunities Fund Limited (**the Company** or **AAVOF**) for the year ended 30 June 2017.

AAVOF was listed in January 2015 to allow investors exposure to the same rigorous screening and forensic research efforts which have delivered historically strong returns for Arowana International Limited and more broadly the Arowana group.

We believe that the investment approach of your Manager is somewhat unique in both the identification of investment candidates and the analysis of their prospects.

The screening process employed is data driven and focused on identifying stocks which are particularly cheap relative to their historical valuations. This information is collated in a form that allows rapid interpretation of variables such as recent sales growth, margins and valuation relative to historical patterns. This allows your Manager to identify potential significant mispricing situations.

The analytical framework is focused on identifying situations where there is large positive asymmetric risk; situations where there is significantly more upside than downside. A key component of this is the evaluation of what is priced into a stock relative to its prospects.

Benjamin Graham, the mentor of Warren Buffett, astutely observed that, "*In the short term the market is a voting machine, but in the long run it is a weighing machine*".

Markets attempt to discount into a share price the future prospects of a company. This process is inherently flawed because it is probabilistic in nature, yet actual outcomes are typically binary. Further, because markets are a collective of individuals, each with imperfect information and inherent biases, there often arise significant expectation gaps between what is popularly priced in, and what is actually likely to transpire based on clinically dispassionate analysis. These situations result in a company's shares being mispriced and they represent significant opportunity.

A key insight here is that on the road to the development of a significant mispricing, the deviation from valuation equilibrium often involves a form of circular or self-reinforcing logic. Popular stocks often become more popular and expensive for irrational reasons. Equally unpopular stocks can become irrationally cheap as hysteria and fear work their magic.

Your Manager is keenly focused on identifying unpopular stocks where expectations are way too low relative to probable outcomes. When a company positively surprises on earnings by a material margin, the share price tends to rise more than the earnings surprise. In effect, the market is correcting its valuation error by ascribing a higher valuation multiple to higher earnings. These situations tend to lead to large investment gains because they are multiplicative in nature.

An outcome of the process employed is that it appears what we are doing is contrarian. We would say that there is nothing stylistic here. The process is, at its heart, analytical and data driven which means it is replicable and arguably scalable.

A key focus of your Manager and Board is the translation of strong investment performance into strong dividends and share price performance which reflects the net tangible asset backing of the fund. To that extent we have great pleasure in announcing a share buyback and final fully franked dividend of 3.5cents, in addition to the interim dividend of 2.0 cents.

The Company continues to have its dividend reinvestment plan available for shareholders who wish to increase their holdings by acquiring more shares from the proceeds of their dividends.

Our Independent Directors are responsible for ensuring adherence to the high governance standards incorporated in both the Management Agreement and Corporate Governance Charter. I am pleased to say that the Independent Directors have affirmed their confidence in the governance policies and procedures being followed by the Investment Manager. AAVOF is run judiciously as if it were our own money and in fact, the members of the board collectively are amongst the largest individual shareholders in AAVOF.

We thank our shareholders for their continued investment in AAVOF and we will continue to strive as a Board and Investment team to remain disciplined and forensic in our investment approach with a goal of delivering absolute performance over the medium term.

Kevin Chin, Chairman

Investment Manager's Review

Dear Fellow Shareholders,

Since inception the Fund has outperformed its benchmark despite high average cash holdings, as the table below shows. However our record of aggregate performance is a tale of two distinct fiscal years; a very good 2016 and a lacklustre 2017.

Financial Year	2017	2016	Since Inception
AWQ[1]	2.4%	17.8%	21.9%
S & P/ASX200 Accumulation Index	14.1%	0.6%	18.3%
Over/(under)performance	(11.7)%	17.2%	3.6%

We have two frustrations we would like to share with you, so that you can better evaluate the potential efficacy of what we plan to do going forward.

1) Poor performance in 2017
2) Fund share price discount to net tangible asset (NTA) backing

Performance in 2017

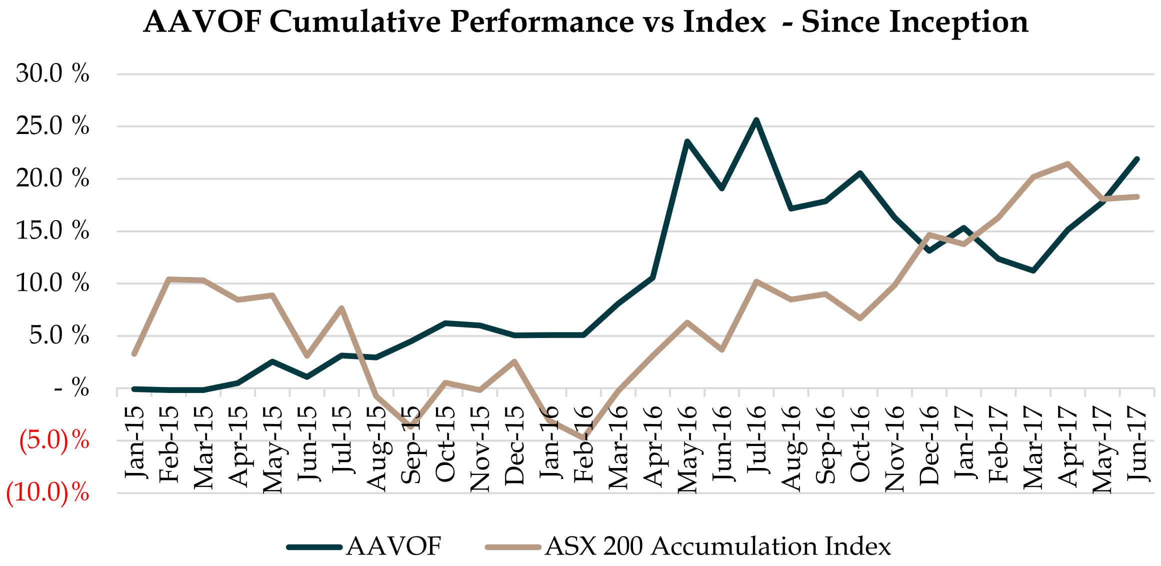
After a very strong first year in 2016 when the Fund posted net performance of 17.8%[1] and significantly outperformed its benchmark, 2017 seems something of a disappointment. In 2017, Fund performance was 2.4% versus an S&P/ASX200 Accumulation index that advanced 14.1%.

There are a few reasons for this. Firstly, high cash holdings in a raging market acted as a substantial drag on performance. Fund cash holdings have since declined as we have found worthy investment candidates and given our bottom up process, we expect this will continue going forward.

Secondly, some of our winners in 2016 gave back performance in 2017. Two of our best stocks contributing to performance in 2016 gave back just over 3% of performance in 2017. The takeaway here is investment performance is not linear, and that is especially the case with a concentrated portfolio.

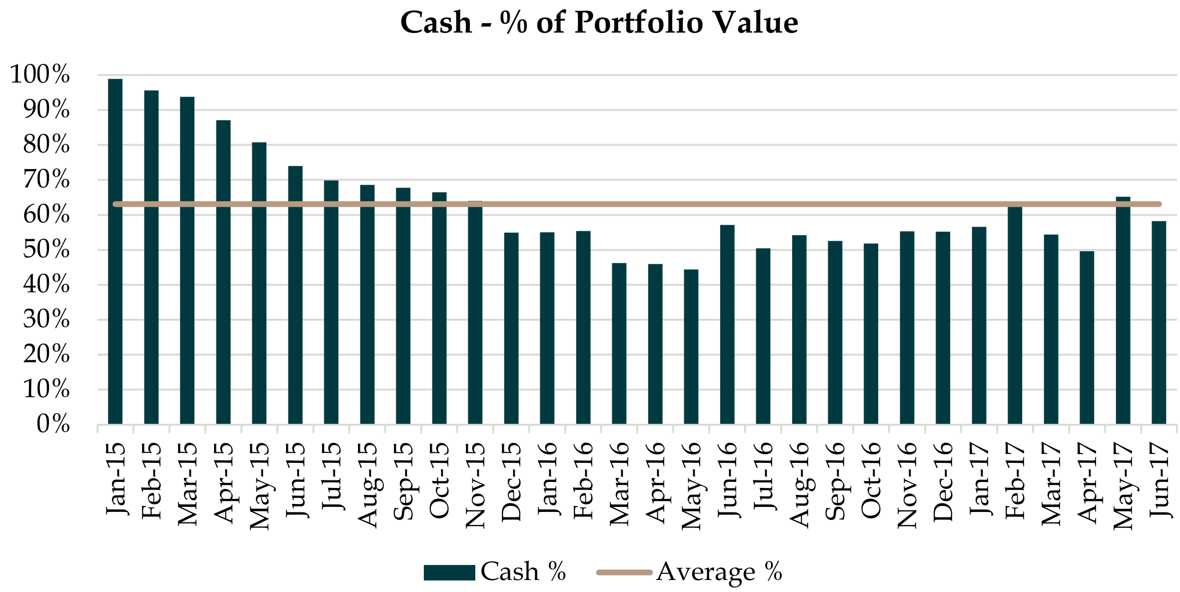
Finally, maybe we just didn't invest in the right companies or in enough of them?

[1] Performance here is quoted net, or after, all costs, fees and charges. Performance includes the value of franking credits generated by the Fund when it pays or provides for tax on gains on disposal. These benefits flow to shareholders on payment of distributions. Performance does not include the value of franking credits on dividends received from portfolio companies.



What we are getting right?

Our investment portfolio, ex cash, has significantly outperformed the market. For our performance net of all costs to have exceeded benchmark despite the drag of extremely high cash holdings, this is the inescapable conclusion.



The key stocks that have predominantly contributed to this outperformance have a few attributes in common:

- They were all unloved and unpopular. As such, expectations were typically very low, manifest in often high interest from short investors
- They had scant or non-existent broker research coverage
- They all posted performance of 100%+ within a reasonable timeframe after we bought in

We think this has important implications. It means the screening process we employ in order to identify investment candidates, which is atypical and data driven, works.

It also means because these stocks weren't on broker buy lists, by implication our returns should be highly uncorrelated to the broader market.

Perhaps more fundamentally, it shows clearly that either in certain areas or at certain times, the market is deeply inefficient. This is extremely heartening because were this not the case, the generation of above market returns over any protracted period would be a near impossibility.

The really crucial conclusion is we need to do a lot more of what we do and resource accordingly.

The three positions which top our returns since inception and which we reference here are Infigen Energy, Weight Watchers International and Elders Limited.

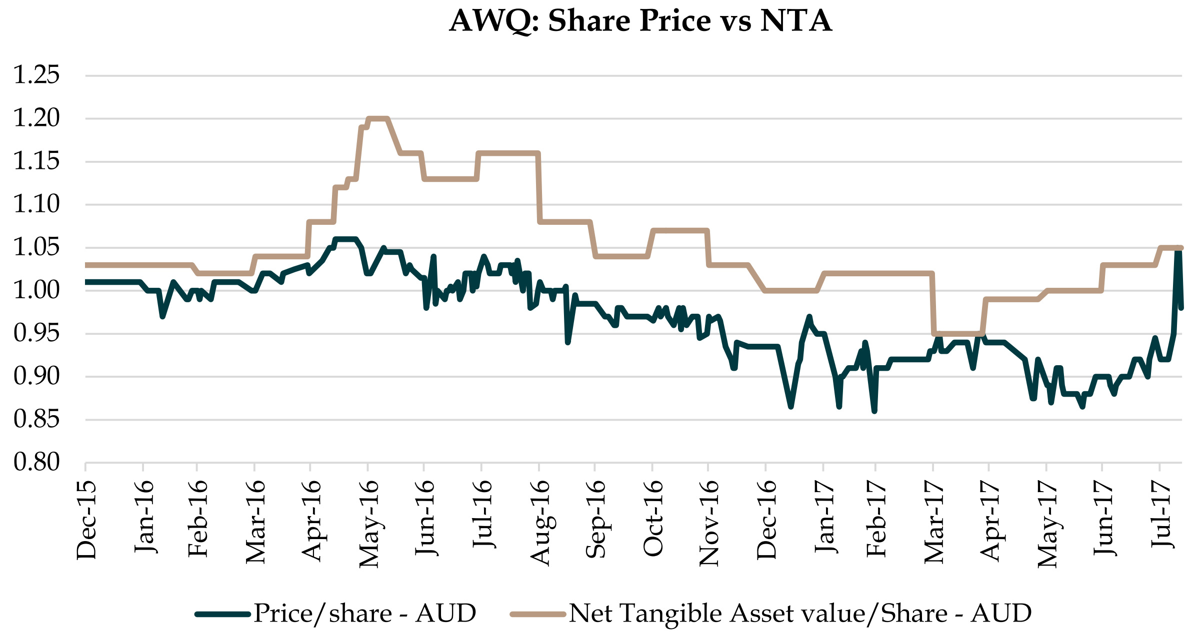
Fund share price discount to NTA backing

Our thinking is that a large discount to NTA impacts investor sentiment in a negative way. Simply, if a potential shareholder observes a frequently large discount, they will be reluctant to become a shareholder for fear that should they ever decide to sell, a wide discount to NTA will result in a punishingly poor financial outcome.

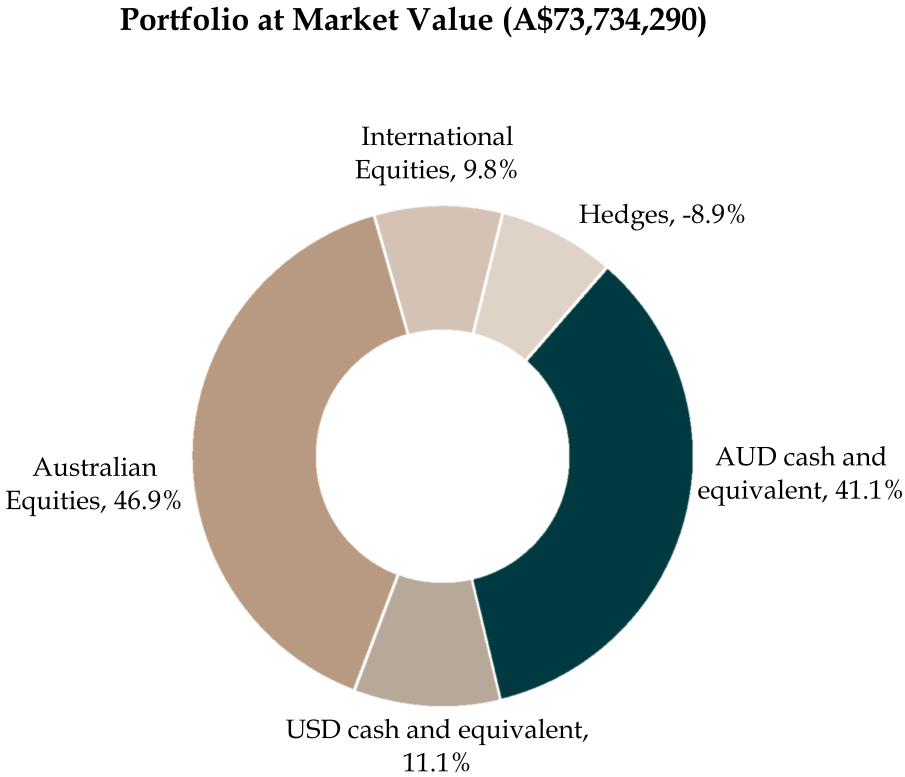
In this situation, investment performance is not reflected in the share price which is itself a great frustration.

We believe that as a management team one of our objectives is to manage the capital of the Fund so as to minimise the incidence and extent of any NTA discount.

As a consequence, on 24 August 2017 the Company announced a share buyback facility which will operate over the next twelve months to repurchase up to 10% of the issued shares of the Fund. We feel confident this will be effective in closing the share price discount to NTA.



Investment Portfolio – as at 30 June 2017



Gary Hui, Portfolio Manager & Lead Analyst

Information about the Investment Manager

AAVOF Management Pty Ltd (ACN 602 230 375) (the **Manager**) is a wholly owned subsidiary of Arowana International Limited (**AWN**). AWN and the Company make available the services of the investment team and other personnel as required by the Manager.

The Manager has utilised its access to an experienced investment team, led by seasoned investment professionals that have worked together and invested with each other for more than a decade and abide by the same fundamental value philosophy to investing, in order to build and manage the Portfolio.

The investment philosophy employed by the Manager is the belief that active and ethical fundamental value based management can outperform market returns as markets are often inefficient.

Corporate Governance Statement

Arowana Australasian Value Opportunities Fund Limited (the **Company**) is a listed investment company whose shares and options are traded on the Australian Securities Exchange (**ASX**). The Company has no employees and its day-to-day functions and investment activities are managed by AAVOF Management Pty Ltd (**Manager**) in accordance with the Management Agreement dated 28 November 2014 (**Management Agreement**).

The Board is committed to operating effectively and in the best interests of shareholders. The Company has adopted a Corporate Governance Statement which reports against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations and this can be accessed at www.aavof.com.

Directors’ Report for the year ended 30 June 2017

The Directors of Arowana Australasian Value Opportunities Fund Limited (the **Company**), present their report together with the financial statements of the Company for the year ended 30 June 2017 ('**the reporting period**').

Arowana Australasian Value Opportunities Fund Limited is a company limited by shares and is incorporated in Australia.

The Company is an “investment entity” under AASB 10 Consolidated Financial Statements, with the objective of investing in a portfolio of listed securities for the purpose of achieving long term capital growth. All investments are reported at fair value pursuant to Australian Accounting Standards.

Directors and Company Secretary

The following persons were non-executive directors of the Company during the reporting period and up to the date of this report: Kevin Chin (Chairman), John Moore AO (Non-Executive director), Victoria Guy (Non-Executive director), Gary Hui (Director) and Kien Khan (Kent) Kwan (Director). The company secretary is Tom Bloomfield.

Principal activities

The principal activity of the Company is to invest predominantly in a portfolio of listed securities. The investment manager is AAVOF Management Pty Ltd (the **Manager**), a wholly owned subsidiary of Arowana International Limited.

Review and results of operations

During the reporting period, the Company continued investment of its funds in accordance with its governing documents.

The most appropriate measure of the Company's financial performance is Profit/(Loss) after income tax. Profit/(Loss) after income tax includes the profit after tax and after recognising net fair value gains/(losses) on the Company's investments.

The Company's profit before income tax for the reporting period was $1,121,314 (2016: $8,605,590). The profit after income tax for the reporting period was $965,574 ($6,023,913).

Refer to the Investment Manager’s review for further information on the results of operations

Basic earnings per share after income tax was 1.40 cents (2016: 12.46 cents) (refer note 14).

	For the reporting period ended 30 June 2017
	$
Profit before income tax expense	1,121,314
Income tax expense	(155,740)
Profit after income tax attributable to the owners of the Company	965,574
Weighted average number of shares	**68,801,434**

Net Tangible Assets Backing (NTA) per share	As at 30 June 2017	
	Chapter 19 NTA reporting $/share	IFRS NTA Reporting $/share
NTA per share, before providing for estimated tax associated with unrealised portfolio positions ($/share)	1.0347	1.0357
NTA per share, after providing for estimated tax associated with unrealised portfolio positions ($/share)	1.0210	1.0220

The NTA per ordinary share for monthly NTA reporting as required by ASX Listing Rule 4.12 is calculated in accordance with the definitions in Chapter 19 of the ASX Listing Rules. Refer to note 19 for details on the Net Assets used to calculate the NTA per ordinary share.

Dividends

Dividends		Amount per security	Franked per security
		$	$
Final Dividend – 2016, paid 29 Sep 2016		0.040	Nil
Cash	$ 2,091,068		
Dividend Reinvestment Plan	$ 643,094		
Interim Dividend – 2017, paid 30 Mar 2017		0.020	Nil
Cash	$ 1,044,703		
Dividend Reinvestment Plan	$ 335,339		
Final Dividend – 2017, payable on 29 Sep 2017		0.035	0.035

At the date of this report the Company has declared a 3.5 cent per share (100% franked) and payable on 29 September 2017.

Significant changes in state of affairs

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

Events occurring after the reporting period

On 24 August 2017 a dividend was declared of 3.5 cents per share (100% franked) payable on 29 September 2017.

Also on 24 August 2017, the Company announced its intention to undertake an on-market buyback of up to 10% of the issued capital of the Company in circumstances where the board considers it is beneficial for shareholders to do so.

No other matters or circumstances have arisen since 30 June 2017 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 period; or
c) the Company's state of affairs in future reporting periods.

Business strategies, prospects and likely developments

The Chairman's Review sets out information on the Company's business strategies.

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

Information in the Chairman's Letter and this Directors' Report is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Company. Information that could give rise to likely material detriment to the Company, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Other than the information set out in the Chairman's Letter and this Directors' Report, information about other likely developments in the Company's operations and the expected results of these operations in future financial years has not been included.

Environmental regulations

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

Information on directors and company secretary

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

Name	Title	Appointment Date
Kevin Chin	Chairman	9 Oct 2014
Gary Hui	Non-Executive Director	13 Nov 2014
Kien Khan (Kent) Kwan	Non-Executive Director	9 Oct 2014
John Moore AO	Non-Executive Director	9 Oct 2014
Victoria Guy	Non-Executive Director	13 Nov 2014
Tom Bloomfield	Company Secretary	9 Oct 2014

Kevin Chin

Kevin is the founder and Executive Chairman of Arowana, which comprises Arowana International Limited, Arowana Partners Group and Arowana Capital (where he was a co-founder).

He has over 15 years' experience as a "hands on" strategic and operational leader in CEO, CFO and COO roles for listed and unlisted companies where he has taken a significant shareholding position.

Kevin has also had over 15 years of funds management experience encompassing private equity, listed equities, fund of funds and venture capital.

Kevin has led the Arowana team to delivering annualised returns exceeding 30% on investments (both realised and unrealised) across both operating companies and funds since 2007.

These include Arowana International Limited, Evolution Group Holdings Limited, Intueri Education Group, the Arowana Australasian Special Situations Fund I and the Arowana Microcap Australasian Private Equity Fund I.

He also led the IPO of the listed investment company, Asian Masters Fund Limited in December 2007 and during his 2 year tenure as its defacto Chief Investment Officer, the Asian Masters Fund Limited beat its benchmark index by 29% and delivered a positive absolute return notwithstanding the Global Financial Crisis.

Prior to founding Arowana, Kevin led the $12m privatisation and management buyout of ASX listed software company, SoftLaw Corporation Limited (which was renamed to RuleBurst Limited) in November 2004 and became its hands-on CFOO. Together with the rest of the management team, they executed a rapid turnaround in the business and subsequently scaled it up globally. RuleBurst was acquired by Oracle Corporation in November 2008 for $150m.

His prior professional experience includes working for the Lowy Family Group, J.P.Morgan, Ord Minnett, Price Waterhouse and Deloitte. Kevin holds a Bachelor of Commerce degree from the University of New South Wales where he was one of the inaugural University Co-Op Scholars with the School of Banking and Finance. Kevin is a Fellow of FINSIA (Financial Services Institute of Australasia) where he also lectured for the FINSIA Masters Degree course, Advanced Industrial Equity Analysis. He is also a qualified Chartered Accountant.

Kevin brings to AAVOF a unique strategic and operational perspective to equities investing, given his experience in running, turning around and scaling up operating businesses.

Other current directorships in listed companies:

- Arowana International Limited
- VivoPower International PLC
- Arowana Inc. (in voluntary liquidation)

Former directorships of listed companies in the last 3 years

None

Special responsibilities

Kevin is the Chairman of the Company and also participates in all key decisions regarding the acquisition and disposal of investments on behalf of the Manager. Kevin works with Gary Hui and Kent Kwan to monitor the overall investment strategy and refine the investment focus in response to changing market and economic conditions.

Interest in shares and options of the Company

Details of Kevin's interests in the Company are included later in this report.

Gary Hui

Gary joined Arowana International in 2014, prior to which he was a Managing Director at Indus Capital, a hedge fund founded by former Soros Fund Management partners from 2007 to 2014.

Gary joined Indus Capital as a senior analyst, before becoming Managing Director and Chief Representative of Indus' Singapore office in December 2011, prior to relocating to San Francisco in July 2013. From 1999 to 2007, Mr. Hui was with J.P. Morgan, including as an equity capital and derivatives banker responsible for the origination, structuring and execution of mandates in the Asian region. Prior to this, he worked at Deloitte in audit, business consulting and corporate finance.

Gary qualified as a Chartered Accountant and completed the Securities Institute of Australia (now FINSIA) program, placing first nationally in Mergers & Acquisitions. He is a graduate of the University of New South Wales, holding a Bachelor of Commerce Degree.

Gary is primarily responsible for the management of the Portfolio on a day-to-day basis.

Other current directorships in listed companies:

- VivoPower International PLC
- Arowana Inc. (in voluntary liquidation)

Former directorships of listed companies in the last 3 years

None

Special responsibilities

Gary is primarily responsible for the management of the Portfolio on a day-to-day basis.

Interest in shares and options of the Company

Details of Gary's interests in the Company are included later in this report.

Kien Khan (Kent) Kwan

Kent was an executive with Arowana International from 2012 to 2014 and now serves as a Non-Executive Director of the Company.

Prior to joining Arowana, Kent worked for over 10 years in various funds management, investment banking and corporate advisory roles in Sydney, Perth and London including 6 years at J.P. Morgan and 2 years at Macquarie. He has extensive experience in listed equities fund management, equity capital markets and corporate finance in particular.

Of particular relevance, Kent was a listed equities portfolio manager at J.P. Morgan Asset Management with direct responsibility for over $1bn in funds under management. In this role, he helped enhance a big data research platform.

Kent holds a Bachelor of Commerce (majoring in Accounting and Finance) and a Bachelor of Laws from the University of Western Australia. Kent is not an executive of the Manager or of any other member of the Arowana group.

Other current directorships in listed companies:

- Arowana Inc. (in voluntary liquidation)

Former directorships of listed companies in the last 3 years

None

Special responsibilities

Kent provides strategic advice regarding the composition of the Portfolio and works with Kevin Chin and Gary Hui to monitor the overall investment strategy and refine the investment focus in response to changing market and economic conditions.

Interest in shares and options of the Company

Details of Kent's interests in the Company are included later in this report.

John Moore AO

John was a member of the Brisbane Stock Exchange between 1962 and 1975. He is currently serving as a Non-Executive Director of Arowana International Limited.

John was the former Federal Minister for Industry, Science and Tourism in 1996 and held that portfolio until 1998, also holding the position of Vice President of the Executive Council. In 1998, John assumed the role of Federal Minister of Defence and held that portfolio until his retirement from politics in 2001.

John holds a Bachelor of Commerce and Associate in Accountancy from the University of Queensland.

John has also held director or board memberships in a number of Australian companies, including Brandt Limited (Australia), P.F.C.B. Limited and Agricultural Investments Limited, and was a board member of Merrill Lynch Australia and Citinational Australia.

Other current directorships in listed companies:

- Arowana International Limited
- Herencia Resources Limited
- Arowana Inc. (in voluntary liquidation)

Former directorships of listed companies in the last 3 years

None

Special responsibilities

None

Interest in shares and options of the Company

Details of John's interests in the Company are included later in this report.

Victoria Guy

Most recently, Victoria has been living in the UK working for the British Government as Programme Manager of the UK Research & Innovation Programme, the establishment of the UK's largest innovation and research funding body, sponsored by the Department for Business, Energy and Industrial Strategy.

Before temporarily relocating to the UK, Victoria was a Research Analyst with Ruminator Pty Ltd, a Melbourne based family office led by retired stockbroker and fund manager Peter Guy. Ruminator practices a rigorous value based investment strategy. Victoria still maintains an advisory role within Ruminator.

Prior to joining Ruminator in 2012 Victoria was a management consultant with Deloitte Strategy and Operations, where she was involved in a range of projects focused on finance function productivity improvements, business transformation, multi-channel strategy and merger integration.

Victoria holds a Masters of Commerce from The University of Sydney (Merit) where she majored in Finance. Prior to this Victoria received a Bachelor of Arts, Media & Communications from the University of Melbourne.

Other current directorships in listed companies:

None

Former directorships of listed companies in the last 3 years

None

Special responsibilities

None

Interest in shares and options of the Company

Details of Victoria's interests in the Company are included later in this report.

Tom Bloomfield

Tom is an experienced Chartered Company Secretary and has acted for numerous ASX-listed and unlisted companies. He has experience working with and consulting to a range of international and domestic clients. Tom is currently General Manager of Corporate Secretarial Services at Boardroom Pty Limited. He was appointed Company Secretary on 9 October 2014.

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2017 and the numbers of meetings attended by each director were:

	Board Meetings	
	A	**B**
Kevin Chin	6	6
Gary Hui	6	6
Kien Khan (Kent) Kwan	6	6
John Moore AO	6	6
Victoria Guy	5	6

A = number of meetings attended

B = number of meetings held during the time the director held office during the reporting period.

Indemnification and insurance of officers and auditors

The Company maintains directors' deeds of indemnity, insurance and access for each director. During the reporting period, the Company paid insurance premiums for liability incurred by a person as a director while acting in that capacity, except where the liability arises out of conduct involving lack of good faith. Due to confidentiality obligations and undertakings of the insurance policy, no further details in respect of the premium or the policy are disclosed.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The directors are satisfied that the provision of non-audit services by the auditor or its network firms, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Manager to ensure they do not impact the impartiality and objectivity of the auditor, and;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Details of the amounts paid or payable to the auditor (PKF Hacketts Audit) or its network firms for non-audit services provided during the reporting period are set out below.

For the year ended 30 June	2017	2016
Non-audit services		
Taxation services – PKF Lawler Sydney	2,000	4,500
Total remuneration for non-audit services	**2,000**	**4,500**

Fees paid to and interests held in the Company by the Manager or its associates

Fees paid to the Manager out of Company property during the reporting period are disclosed in note 16(d) to the financial statements. No fees were paid out of Company property to the directors of the Manager during the reporting period.

The number of interests in the Company held by the Manager or its associates as at the end of the reporting period are disclosed in note 16(e) to the financial statements.

Interests in the Company

The movements in shares on issue in the Company during the reporting period are disclosed in note 12 to the financial statements.

The value of the Company's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 to the financial statements.

The Company does not provide Shares or Options to the Directors as remuneration, however, the Directors have purchased interests in the Company and hold the following interests in the Company at the date of this report, 24 August 2017:

Name	Ordinary Shares
Kevin Chin	2,000,002
Gary Hui	228,500
Kien Khan (Kent) Kwan	200,000
John Moore AO	200,000
Victoria Guy	212,588

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 23.

Remuneration report (Audited)

There is no remuneration paid to executives by the Company as their services are provided pursuant to an agreement with the Manager as disclosed below. The Company has no employees other than Non-Executive Directors and therefore does not have a remuneration policy for employees. Accordingly, this remuneration report outlines the remuneration policy and arrangements that are in place for Directors of the Company only.

For the reporting period ended 30 June 2017			Short-term employee benefits	Post-employment benefits	
Name	**Position**	**Appointment Date**	**Cash salary and fees**	**Superannuation**	**Total**
Kevin Chin	Chairman	9 Oct 2014	Nil	Nil	Nil
Gary Hui	Non-Executive Director	13 Nov 2014	Nil	Nil	Nil
Kent Kwan	Non-Executive Director	9 Oct 2014	$30,000	Nil	$30,000
John Moore AO	Non-Executive Director	9 Oct 2014	$27,397	$2,603	$30,000
Victoria Guy	Non-Executive Director	13 Nov 2014	$27,397	$2,603	$30,000

For the reporting period ended 30 June 2017			Short-term employee benefits	Post-employment benefits	
Name	**Position**	**Appointment Date**	**Cash salary and fees**	**Superannuation**	**Total**
Kevin Chin	Chairman	9 Oct 2014	Nil	Nil	Nil
Gary Hui	Non-Executive Director	13 Nov 2014	Nil	Nil	Nil
Kent Kwan	Non-Executive Director	9 Oct 2014	$30,000	Nil	$30,000
John Moore AO	Non-Executive Director	9 Oct 2014	$27,397	$2,603	$30,000
Victoria Guy	Non-Executive Director	13 Nov 2014	$27,397	$2,603	$30,000

Remuneration policy

The Board of Directors' policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required, subject to the Board's approval.

Relationship between remuneration policy and the Company performance

Remuneration of the directors is not linked to the performance of the Company.

Remuneration arrangements

Under the terms of their appointment the Independent Directors receive the following amounts, inclusive of superannuation, for each full year of service as a Director:

- Kien Khan (Kent) Kwan – $30,000
- John Moore, AO – $30,000
- Victoria Guy – $30,000

Kevin Chin is a Director of the Company and the Manager. He is remunerated by the Manager and will not receive Directors' fees or any other direct form of remuneration from the Company for his services.

Gary Hui is a Director of the Company. He is remunerated by the Manager and will not receive Directors' fees or any other direct form of remuneration from the Company for his services.

Management agreement

The Company and the Manager have entered into the Management Agreement whereby, subject to the provisions set out below, the Company has exclusively appointed the Manager to invest and manage all of the assets of the Company (including any controlled entity of the Company) from time to time, for and on behalf of the Company, for an initial term of 10 years commencing on 28 November 2014.

At any time after the date on which the Company's securities first commence trading on ASX, the Manager may request that the Company call and arrange to hold a meeting of the Company's shareholders to consider and, if appropriate, approve a resolution renewing the term of the Management Agreement for a further period of 5 years, with such 5 year period to commence on the date of the resolution (such resolution being the Renewal Resolution). If the Renewal Resolution is approved by the Company's shareholders, the term of the Management Agreement will be automatically renewed such that the Management Agreement will continue until the date that is 5 years after the date of the relevant approved Renewal Resolution. Once a Renewal Resolution has been passed the Manager is not entitled to any further renewal of the term.

After the end of the 'Term' (defined in the Management Agreement as the initial 10 year term or any renewed term), the Management Agreement will continue until terminated in accordance with the Management Agreement.

End of remuneration Report.

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

Kevin Chin, Chairman

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
AROWANA AUSTRALASIAN VALUE OPPORTUNITIES FUND LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF HACKETTS AUDIT

Shaun Lindemann
Partner

Brisbane, 24 August 2017

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Arowana Australasian Value Opportunities Fund Limited

For the year ended 30 June 2017

Statement of Profit or Loss and Other Comprehensive Income

For the reporting period ended 30 June	Note	2017 $	2016 $
Revenue from ordinary activities			
Interest income		360,726	394,546
Dividend/Distribution income	3	357,937	282,562
Net fair value gains on financial assets held at fair value through profit or loss	6	1,646,164	9,647,942
Total revenue		**2,364,827**	**10,325,050**
Other (Expenses) – (Loss) on foreign exchange		**(85,935)**	**-**
Expenses			
Management fees	16(d)	(718,030)	(1,375,642)
Directors' fees	16(a)	(90,000)	(90,000)
Professional fees		(59,648)	(55,259)
Compliance and governance expenses		(200,476)	(165,347)
Other expenses		(89,424)	(33,212)
Total expenses		**(1,157,578)**	**(1,719,460)**
Profit before income tax expense		1,121,314	8,605,590
Income tax expense	4(a)	(155,740)	(2,581,677)
Profit after income tax attributable to the owners of the Company		**965,574**	**6,023,913**
Other comprehensive income attributable to the owners of the Company		-	-
Total comprehensive income attributable to the owners of the Company		**965,574**	**6,023,913**
Earnings per share for profit after income tax attributable to the owners of the ordinary shares of the Company			
Basic (cents per share)	14	**1.40**	**12.46**
Diluted (cents per share)	14	**1.40**	**12.43**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June		2017	2016
Assets	Note	$	$
Current assets			
Cash and cash equivalents	7	38,819,563	33,238,442
Receivables	8	27,170	88,792
Total current assets		38,846,733	33,327,234
Non-current assets			
Financial assets held at fair value through profit or loss	9(a)	43,441,643	33,022,131
Total non-current assets		43,441,643	33,022,131
Total assets		**82,288,376**	**66,349,365**
Liabilities			
Current liabilities			
Payables	11	498,726	1,210,616
Financial liabilities held at fair value through profit or loss	9(b)	8,210,352	-
Income tax payable	4(d)	1,734,744	13,441
Total current liabilities		10,443,822	1,224,057
Non-current liabilities			
Deferred tax assets and liabilities – net	10	715,117	2,285,962
Total non-current liabilities		715,117	2,285,962
Total liabilities		**11,158,939**	**3,510,019**
Net assets		**71,129,437**	**62,839,346**
Equity			
Contributed equity	12	67,881,687	56,442,967
Retained profits		3,247,750	6,396,380
Total equity		**71,129,437**	**62,839,347**

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

Arowana Australasian Value Opportunities Fund Limited
For the year ended 30 June 2017

Statement of Changes in Equity

	Note	Contributed equity	Retained profits/ accumulated losses	Total equity
		$	$	$
Balance at 30 June 2015		**47,208,894**	**372,467**	**47,581,361**
Profit after tax for the year attributable to the owners of the Company		-	6,023,913	6,023,913
Other comprehensive income		-	-	-
Total comprehensive income for the year attributable to the owners of the Company		**-**	**6,023,913**	**6,023,913**
Transactions with owners in their capacity as owners:				
Contributed equity (net of transaction costs and taxes)	12	9,234,073	-	9,234,073
Balance at 30 June 2016		**56,442,967**	**6,396,380**	**62,839,347**
Balance at 30 June 2016		**56,442,967**	**6,396,380**	**62,839,347**
Profit after tax for the year attributable to the owners of the Company		-	965,574	965,574
Other comprehensive income		-	-	-
Total comprehensive income for the year attributable to the owners of the Company		**-**	**965,574**	**965,574**
Transactions with owners in their capacity as owners:				
Contributed equity (net of transaction costs and taxes)	12	11,438,720	-	11,438,720
Dividend paid	13	-	(4,114,204)	(4,114,204)
Balance at 30 June 2017		**67,881,687**	**3,247,750**	**71,129,437**

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

Statement of Cash Flows

For the reporting period ended 30 June		2017	2016
Cash flows from operating activities	**Note**	**$**	**$**
Proceeds from sale of financial assets held at fair value through profit or loss		42,190,693	9,624,824
Payments for purchase of financial assets held at fair value through profit or loss		(42,410,252)	(20,642,817)
Interest received		360,726	442,175
Dividend received		357,937	279,051
Custody fees paid		(56,590)	(51,338)
Payment of other operating expenses		(1,913,568)	(815,566)
Net cash (outflow) from operating activities	18(a)	**(1,471,054)**	**(11,163,671)**
Cash flows from financing activities			
Proceeds from options exercised		10,475,184	9,360,073
Proceeds from dividend reinvestment plan		978,433	-
Payment of capital raising costs		(201,304)	-
Payment of dividend		(4,114,204)	-
Net cash inflow from financing activities		**7,138,109**	**9,360,073**
Net increase/(decrease) in cash and cash equivalents		***5,667,055***	***(1,803,598)***
Cash and cash equivalents at the beginning of the period		33,238,442	35,042,040
Effect of foreign currency translation		(85,934)	-
Cash and cash equivalents at the end of the period	18(b)	**38,819,563**	**33,238,442**

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

Contents

1. General information

The financial statements cover Arowana Australasian Value Opportunities Fund Limited (the **Company**) as an individual entity.

The Company was admitted to the official list of ASX Limited on 2 January 2015 and official quotation of the Company's securities commenced on 5 January 2015. The amount raised from the initial public offering is invested in listed securities and cash. AAVOF Management Pty Ltd (**Manager**) is the Investment Manager of the Company. The Company has no employees other than Non-Executive Directors.

The Company is incorporated and domiciled in Australia.

The financial statements are presented in Australian currency.

The financial statements were authorised for issue by the directors on 24 August 2017. The directors of the Company have the power to amend and reissue the financial statements.

2. Summary of significant accounting policies

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

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The Company is a for-profit entity for the purposes of preparing the financial statements under Australian Accounting Standards.

Except for the cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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

Compliance with Australian Accounting Standards and International Financial Reporting Standards (IFRS)

The financial statements of the Company comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

New and amended standards adopted by the Company

There are no new accounting standards and amendments that are applicable for the first time in the current reporting period.

(b) Financial instruments

(i) Classification

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

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

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

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

Loans and receivables/payables

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

(ii) Recognition/de-recognition

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

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

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

(iii) Measurement

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

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

Fair value in an active market

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

A financial asset 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.

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

Loans and receivables/payables

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

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

(iv) Offsetting financial instruments

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

(c) Short Selling

Short selling is undertaken as part of the investment strategy to benefit from falling securities prices. The Company engages in short selling by borrowing securities from a Broker in anticipation of a decline in the fair value of that security and providing collateral to that Broker. A gain, limited to the price at which the Company sold the security short, or a loss, unlimited in amount, will be recognised upon the termination of a short sale. The fair value of short sales is calculated at the 'ask' price on the reporting date.

(d) Cash and cash equivalents

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

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

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

(e) Revenue/income recognition

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

Trust distributions are recognised on an entitlements basis.

(i) Net gains/(losses) on financial assets and financial liabilities held at fair value through profit or loss arising on a change in fair value are calculated as the difference between the fair value at the end of the reporting period and the fair value at the previous valuation point.

(ii) Net gains/(losses) do not include interest or dividend/distribution income. Realised and unrealised gains/(losses) are recognised in the profit or loss.

(f) Expenses

All expenses are recognised in the profit or loss on an accruals basis when incurred.

(g) Income tax

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

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

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

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

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

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

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

(h) Contributed equity

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

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

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

(i) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(j) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(k) Receivables

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

(l) Payables

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

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

(m) Goods and Services Tax (GST)

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

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

(n) Operating segment information

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

(o) Use of judgments and estimates

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

(p) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period and have not yet been applied in the financial statements. The directors' assessment of the impact of these new standards (to the extent relevant to the Company) and interpretations is set out below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2016-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

  This Standard is not expected to significantly impact the Company's financial statements.

- AASB 16: Leases (applicable for annual reporting periods beginning on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  This Standard is not expected to significantly impact the Company's financial statements.

3. Dividend/Distribution income

For the reporting period ended 30 June	2017	2016
	$	$
Dividends received	357,937	282,562

4. Income tax expense/(benefit)

For the reporting period ended 30 June	2017	2016
	$	$
(a) Income tax expense/(benefit) recognised in profit or loss		
Current income tax expenses	1,734,744	13,441
Deferred tax (benefit)/expense	(1,565,563)	2,568,236
(Over)Provision in respect of prior year	(13,441)	-
	155,740	2,581,677
(b) Income tax expense is attributable to		
Profit from continuing operations	155,740	2,581,677
Profit from discontinuing operations	-	-
	155,740	2,581,677
(c) Deferred income tax (benefit)/expense included in the income tax expenses comprises:		
Decrease in deferred tax assets	59,013	140,803
(Decrease)/Increase in deferred tax liabilities	(1,624,576)	2,427,433
	(1,565,563)	2,568,236
Deferred income tax recognised directly in Equity	5,282	54,000
(d) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follow:		
Profit from continuing operations before income tax expense	1,121,314	8,605,590
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2016: 30%)	336,394	2,581,677

For the reporting period ended 30 June	2017	2016
	$	$
Add:		
Tax effect of - Non-deductible expenditure	25	-
- Other assessable items	45,559	-
Less:		
Tax effect of		
- Other allowable items	-	-
- Under/(over) provision for income tax in prior year	(10,177)	-
Franking credits	(151,863)	-
Losses not previously recognised	(64,199)	-
Income tax attributable to entity	155,739	2,581,677
Effective rate of income tax	14%	30%
Current income Tax Payable	**1,734,744**	**13,441**

5. Auditor's remuneration

During the reporting period the following fees were paid or payable to PKF Hacketts Audit, or its network firms for:

For the reporting period ended 30 June	2017	2016
	$	$
(a) Audit and other assurance services		
Audit and review of financial statements and other audit related work under the *Corporations Act 2001*	49,500	41,000
Review of the monthly Net Assets Value calculations	-	2,000
Total remuneration for audit and assurance services	49,500	43,000
(b) Other non-audit services		
Taxation services – PKF Lawler Sydney	2,000	4,500
Total remuneration for other non-audit services	2,000	4,500
Total remuneration for PKF	**51,500**	**47,500**

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

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

For the reporting period ended 30 June	2017	2016
	$	**$**
Fair value gains on financial instruments held at fair value through profit or loss	1,646,164	9,647,942

7. Cash and cash equivalents

As at 30 June	2017	2016
	$	**$**
Cash at bank – AU$ account	16,795,269	33,238,442
Cash at bank – US$ account	8,214,294	-
Cash at bank – collateral for borrowed securities (refer note 2(c))	13,810,000	-
Total Cash and cash equivalents	**38,819,563**	**33,238,442**

8. Receivables

As at 30 June	2017	2016
	$	**$**
Prepayments	18,864	19,204
GST claimable	8,306	69,588
	27,170	**88,792**

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

(a) Financial assets held at fair value through profit or loss

As at 30 June	2017	2016
	$	**$**
Designated at fair value through profit or loss		
Investment in listed securities at fair value through profit or loss	43,441,643	33,022,131

(b) Financial liabilities held at fair value through profit or loss

As at 30 June	2017	2016
	$	$
Designated at fair value through profit or loss		
Financial liabilities on borrowed securities held at fair value through profit or loss	8,210,352	-

The Company may engage in limited short selling of securities as outlined in note 2(c). An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 15.

10. Deferred tax assets and liabilities – net

As at 30 June	2017	2016
	$	$
Deferred tax assets – net consist of:		
Deferred tax assets (a)	236,840	290,571
Deferred tax liabilities (b)	(951,957)	(2,576,533)
Deferred tax assets/(liabilities) - net	**(715,117)**	**(2,285,962)**

(a) Deferred tax assets

As at 30 June	2017	2016
	$	$
The balance comprises temporary differences attributable to:		
Capital raising cost	192,250	279,171
Other timing differences	44,590	11,400
Total deferred tax assets	236,840	290,571
Movements		
Opening balance	290,571	377,374
Credited to equity	5,282	54,000
Charged to profit or loss	(59,013)	(140,803)
Closing balance at 30 June	**236,840**	**290,571**

(b) Deferred tax liabilities

As at 30 June	2017	2016
	$	$
The balance comprises temporary differences attributable to:		
Unrealised gain on financial assets held at fair value through profit or loss	951,957	2,576,533
Total deferred tax liabilities	951,957	2,576,533
Movements		
Opening balance	2,576,533	149,100
Charged to profit or loss	(1,624,576)	2,427,433
Closing balance at 30 June	**951,957**	**2,576,533**

11. Payables

As at 30 June	2017	2016
	$	$
Trade payables (note 15(e))	428,271	979,236
Accrued expenses	70,455	231,380
	498,726	**1,210,616**

Trade payables are unsettled purchases of investments and are generally payable within two business days.

12. Contributed equity and movements in total equity

	As at 30 June 2016	As at 30 June 2016
	$	No.
(a) Contributed equity		
Share capital - fully paid ordinary shares	57,474,073	57,665,097
Capital raising costs	(1,031,106)	-
Balance at 30 June 2016	**56,442,967**	**57,665,097**
(b) Movements in shares on issue		
Opening balance	47,208,894	48,114,002
Options exercised (net of transaction costs and taxes)(see note (b) below)	9,234,073	9,551,095
Closing balance	**56,442,967**	**57,665,097**

	As at 30 June 2017	As at 30 June 2017
	$	No.
(c) Contributed equity		
Share capital - fully paid ordinary shares	68,927,690	69,366,895
Capital raising costs	(1,046,003)	-
Balance at 30 June 2017	**67,881,687**	**69,366,895**
(d) Movements in shares on issue		
	$	No.
Opening balance	56,442,967	57,665,097
Allotment on 7 Jul 2016 from balance option exercises in Jun 2016 (net of transaction costs and taxes)(see note (b) below)	3,419,184	3,488,963
Allotment on 7 Jul 2016 from stock placement (net of transaction costs and taxes)(see note (b) below)	7,056,000	7,200,000
Dividend Reinvestment Plan	978,433	1,012,835
Capital raising costs	(14,897)	-
Closing balance	**67,881,687**	**69,366,895**

(a) 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.

(b) Share options

The Company issued one attaching Option for nil consideration with each share as part of the IPO. The options were exercisable at $0.98 each until 30 June 2016. No options were exercised during the period to 30 June 2015 and 13,040,058 options were exercised during the year ended 30 June 2016, in respect of which 9,551,095 new shares had been issued at 30 June 2016 with net proceeds of $9,234,073 (net of transaction cost). The remaining 3,488,963 shares were issued on 7 July 2016 with proceeds of $3,419,184 (net of transaction costs). A placement on the same date, resulted in the issue of a further 7,200,000 shares and contributed equity of $7,056,000 (net of transaction costs).

(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.

13. Dividends paid

For the reporting period ended 30 June		2017	2016
		$	$
Final Dividend 2016	- Cash paid 29 Sep 2016	2,091,068	-
	- Dividend Reinvestment Plan 29 Sep 2016	643,094	-
Interim Dividend 2017	- Cash paid 30 Mar 2017	1,044,703	-
	- Dividend Reinvestment Plan 30 Mar 2017	335,339	-
Total dividend paid		**4,114,204**	-

14. Earnings per share

For the reporting period ended 30 June	2017	2016
	$	$
(a) Earnings		
Profit/(loss) after income tax attributable to the owners of the Company	965,574	6,023,913
Earnings/(losses) used in calculating basic and diluted earnings per share	965,574	6,023,913
(b) Earnings per share		
Basic earnings/(losses) per share (cents)	1.40	12.46
Diluted earnings/(losses) per share (cents)	1.40	12.43
(c) Number of shares		
Weighted average number of shares used in the calculation of basic earnings per share	68,801,434	48,357,708
Weighted average number of shares used in the calculation of diluted earnings per share	68,801,434	48,478,044

15. Financial risk management

(a) Objectives, strategies, policies and processes

The Company's activities may expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's overall risk management program focuses on ensuring compliance with the Company's governance and investment mandate and seeks to maximise the returns derived for the level of risk to which the Company is exposed. Financial risk management is carried out by the Manager under policies approved by the Board.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk. Market risk is managed via portfolio diversification, and minimised through ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The market risk disclosures are prepared on the basis of the Company's direct investments and not on a look-through basis.

The sensitivity of the Company's total equity and profit/(loss) to price risk, foreign exchange risk and interest rate risk is measured by the reasonably possible movements approach. This approach is determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of the Company's investments with the relevant benchmarks and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which the Company invests. As a result, historic variations in the risk variables are not a definitive indicator of future variations in the risk variables.

The overall market exposures were as follows:

As at 30 June	2017	2016
	$	$
Financial Assets - securities at fair value through profit or loss*	43,441,643	33,022,131
Financial Liabilities – borrowed securities at fair value through profit or loss*	(8,210,352)	-
Cash and cash equivalents	38,819,563	33,238,442

** Where securities have been borrowed in anticipation of a short sell and at the balance date that sale has not yet taken place, the liability for the borrowing and the asset held for sale are offset and excluded from the portfolio positions in the balance sheet. At 30 June 2017 securities totalling $4,155,748 (2016: Nil) were borrowed and not sold.*

(i) Price risk

Price risk is the risk that the fair value or future cash flows of equities will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

Price risk exposure arises from the Company's investment portfolio. The investments are classified on the statement of financial position as held at fair value through profit or loss. All securities investments present a risk of loss of capital. Except for equities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from equities sold short can be unlimited, however the Company’s short selling activity is strictly managed and limited to 25% of the portfolio value.

The Manager mitigates this price risk through diversification and a careful selection of securities and other financial instruments within specified limits set by the Board.

The Company's overall market positions are monitored on a regular basis by the Company's Manager. This information is reported to the relevant parties on a regular basis and ultimately the Board.

At 30 June 2017, if the equity prices had increased/(decreased) by the percentage indicated below, with all other variables held constant, the total equity and profit/(loss) would have changed by the following amounts, approximately and respectively:

As at 30 June 2017	**Increased by 10%**	**Decreased by 10%**
	$	**$**
Increase/(decrease) in total equity (and profit/(loss) for the reporting period attributable to the owners of the Company)	3,523,129	(3,523,129)

(ii) Foreign exchange risk

The foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The summary of quantitative data about the Company's exposure to currency risk as at 30 June 2017.

	USD
Cash	6,306,557
Securities	5,522,312
Liabilities	-
Net Asset	**11,828,869**

The following significant exchange rates applied during the current year ended 30 June 2017

	Average rate	**Reporting date spot rate**
USD/AUD	0.7678	0.7545

(iii) Interest rate risk

There were no significant direct interest rate risks in the Company as at 30 June 2017.

The Company's cash and cash equivalent financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. The risk is closely monitored and mitigated by adherence to strict portfolio strategies and guidelines set by the Board.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk primarily arises from investments in debt securities. Other credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions.

With respect to credit risk arising from the financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these investments as disclosed in the statement of financial position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Counterparty credit limits and the list of authorised brokers are reviewed by the relevant parties within the Company on a regular basis as deemed appropriate.

In accordance with the Company's policy, the Investment Manager monitors the Company's credit position on a regular basis. This information and the compliance with the Company's policy are reported to the relevant parties on a regular basis and ultimately the Board.

There were no significant credit risks in the Company as at 30 June 2017.

(d) Concentrations of risk

Concentrations of risk arise when a number of financial instruments are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic conditions. These similarities would cause the counterparties' liabilities to meet the contractual obligations to be similarly affected by certain changes in the risk variables.

The concentrations of risk are monitored by the Manager to ensure they are within acceptable limits by reducing the exposures or by other means as deemed appropriate.

Based on the concentrations of risk that are managed by industry sector and/or counterparty, the following investments can be analysed by the industry sector and/or counterparty:

As at 30 June	2017	2016
	$	$
Consumer discretionary	1,774,798	-
Consumer staples	8,065,238	4,912,844
Energy	1,670,885	13,343,802
Financials	1,498,086	11,115,130
Industrials	9,254,710	-
Information Technology	9,676,080	2,625,555
Others	3,291,495	1,024,800

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. This risk is controlled through the Company's investment in financial instruments that under normal market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Company's investments include listed securities that are considered readily realisable, as they are listed on recognised stock exchanges.

In accordance with the Company's policy, the Manager monitors the Company's liquidity position on a regular basis. This information and the compliance with the Company's policy are reported to the relevant parties on a regular basis as deemed appropriate and ultimately the Board.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

As at 30 June	Less than 1 month	1-3 months	3-12 months	More than 12 months
	$	$	$	$
Payables	428,271	-	-	-
Total financial liabilities – contractual cash flows	**428,271**	**-**	**-**	**-**

(f) Estimation of fair values of financial assets and liabilities

The carrying amounts of all the Company's financial assets and financial liabilities at the end of the reporting period approximated their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's accounting policy on fair value measurement is set out in note 2(b). The methods and assumptions used in the determination of the fair value of each class of financial instruments is also set out in note 2(b).

Note 2(o) outlines further the nature of management's judgments, estimates and assumptions that might have been used in the determination of the fair values of these financial instruments.

(g) 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 30 June	Level 1	Level 2	Level 3
	$	$	$
Financial assets held at fair value through profit or loss			
Listed equities	43,441,643	-	-
Total	**43,441,643**	**-**	**-**
Financial liabilities held at fair value through profit or loss			
Borrowed securities	8,210,352		
Total	**8,210,352**	**-**	**-**

The pricing for the majority of the Company's investments is generally sourced from independent pricing sources, the relevant Investment Manager's 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.

Valuation technique

Listed investment in equity securities

When fair values of publicly traded equity securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Company values these investments at bid price for long positions and ask price for short positions. Disclosure for shares with restrictions will be classified as Level 3.

16. Related party transactions

(a) Key management personnel compensation

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

For details of remuneration disclosures relating to key management personnel, refer to the table below and also the remuneration report (audited) in the directors' report.

At 30 June	Short term benefits	Post-employment benefits	Total
2016	**$**	**$**	**$**
Directors	84,795	5,205	90,000

At 30 June	Short term benefits	Post-employment benefits	Total
2017	**$**	**$**	**$**
Directors	84,795	5,205	90,000

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

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

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

(c) Loans transactions and balances

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

(d) AAVOF Management Pty Limited

The Company has entered into a management agreement with AAVOF Management Pty Limited. Under the Management Agreement, AAVOF Management Pty Limited receives monthly fees in connection with the provision of management services.

The management fee paid and payable by the Company for the reporting period ended 30 June 2017 to AAVOF Management Pty Limited was $718,030 (exclusive of GST) pursuant to the management agreement. At 30 June 2017, of the total 2017 fee, $66,567 (inclusive of GST) remains payable by the Company.

The performance fee included in the above amounts and payable by the Company for the reporting period ended 30 June 2017 to AAVOF Management Pty Limited was $Nil.

(e) Related party equity security holdings

Parties related to the Company (including AAVOF Management Pty Limited and its related parties), held securities in the Company as follows:

Securities in the Company as at 30 June 2017	Number of shares held opening	Number of shares held closing	Fair value of investment	Interest held	Number of options held closing	Distributions paid/ payable by the company
Shareholders	**(units)**	**(units)**	**$**	**%**	**(units)**	**$**
The Octagon Foundation Pty Ltd (a)	1,180,000	1,180,000	1,062,000	1.70	-	78,800
CF Foundation Group Pty Ltd (a)	820,000	-	-	-	-	24,800
181 Foundation Group Pty Ltd (a)	-	820,000	738,000	1.18	-	16,400
Kevin Tser Fah Chin	2	2	2	0.00	-	0
Gary Hui	228,500	228,500	205,650	0.33	-	13,710
Alnilum Pty Limited (b)	150,000	150,000	135,000	0.22	-	9,000
K2 Horizon Pty Ltd (b)	50,000	50,000	45,000	0.07	-	3,000
Ralsten Pty Ltd (c)	100,000	200,000	180,000	0.29	-	12,000
Penseur Pty Ltd (d)	200,000	212,588	191,329	0.31	-	12,161
Total	**2,728,502**	**2,841,090**	**2,556,981**	**4.10**	**-**	**169,871**

(a) Entity related to Mr Kevin Chin

(b) Entity related to Mr Kent Kwan

(c) Entity related to Mr John Moore

(d) Entity related to Ms Victoria Guy

17. Operating segment information

The Company operates only in the investment industry in Australia and has no reportable business or geographic segments.

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

For the reporting period ended 30 June	2017	2016
	$	$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit after income tax expense/(benefit) attributable to the owners of the Company	965,574	6,023,913
Unrealised foreign exchange loss	85,935	-
Unrealised (gain)/loss on financial assets and liabilities held at fair value through profit or loss	5,415,252	(8,171,311)
Net change in financial assets and liabilities held at fair value through profit or loss	(7,624,412)	(12,523,302)
Net change in receivables and other assets	61,622	(3,368)
Net change in deferred tax assets/(deferred tax liabilities)	(1,570,845)	2,514,236
Net change in payables and other liabilities	1,195,820	996,161
Net cash (outflow) from operating activities	**(1,471,054)**	**(11,163,671)**

(b) Components of cash and cash equivalents		
Cash as at the end of the reporting period as shown in the statement of cash flows is reconciled to the statement of financial position as follows		
Cash and cash equivalents	38,819,563	33,238,442

(c) Non cash financing activities		
During the reporting period, there were no non cash investing and financing activities	-	-

19. Reconciliation of net tangible assets used in calculation of net tangible assets per ordinary share for ASX reporting

As at 30 June	2017	2016
	$	$
Net assets per financial statements	71,129,437	62,839,346
Less net position of deferred tax liabilities/(asset)	715,117	2,285,962
Net tangible assets per financial statement	**71,844,554**	**65,125,308**
Expected costs to be incurred in realising proceeds of asset disposals (non-IFRS)	(70,463)	(66,044)
Net tangible assets before providing for estimated tax associated with unrealised portfolio position	**71,774,091**	**65,059,264**
Provision for estimated tax on unrealised gains (non -IFRS)	(951,957)	(2,576,533)
Net tangible assets for ASX reporting	**70,822,134**	**62,482,731**
Number of ordinary shares on issue at reporting date	**69,366,895**	**57,665,097**

As at 30 June 2017	Chapter 19 NTA reporting	IFRS NTA reporting
	$	$
NTA per share, before providing for estimated tax associated with unrealised portfolio positions ($/share)	1.0347	1.0357
NTA per share, after providing for estimated tax associated with unrealised portfolio positions ($/share))	1.0210	1.0220

20. Events occurring after the reporting period

Dividend

On 24 August 2017 a dividend was declared of 3.5 cents per share (100% franked) payable on 29 September 2017.

Also on 24 August 2017, the Company announced its intention to undertake an on-market buyback of up to 10% of the issued capital of the Company in circumstances where the board considers it is beneficial for shareholders to do so.

21. Contingent assets and liabilities and commitments

Due to short selling activities undertaken (refer note 2(c), the Company is exposed to a contingent fee. As part of the contractual agreement with the securities lender, if a dividend is declared on borrowed securities the Company is liable to repay the same amount of dividend to the securities lender. Therefore the Company's final liability to the securities lender is contingent upon the declaration, or not, of dividends on borrowed securities.

Other than the above, there are no outstanding commitments and contingent assets as at 30 June 2017 and 2016.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 24 to 52 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards, 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 30 June 2017 and of its performance, as represented by the results of its operations and cash flows, for the reporting period 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.

(c) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

While the Company does not have any employees, the directors have been given the declarations required by section 295A of the Corporations Act 2001 by the relevant executives of AAVOF Management Pty Limited in relation to the Company.

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

Kevin Chin

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AROWANA AUSTRALASIAN VALUE OPPORTUNITIES FUND LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Arowana Australasian Value Opportunities Fund Limited (the company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the financial report of Arowana Australasian Value Opportunities Fund Limited is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

1. Fair Value Valuation

Why significant	How our audit addressed the key audit matter
As at 30 June 2017 the Company recorded financial assets held at fair value through profit or loss of $43,441,643 (2016: $33,022,131) representing 53% of total assets of the Company. The company has also recorded financial liabilities at fair value through profit and loss of $8,210,352 (2016: $nil) representing 74% of total liabilities of the Company. As outlined in Note 2(c) and Note 9, the company has designated its investments in listed entities, and its liabilities for borrowed stocks (under short-selling arrangements) as financial assets and liabilities held at fair value through profit and loss, in accordance with AASB 139 'Financial Instruments – Recognition and Measurement'. Further disclosures regarding risk exposures relating to financial assets and liabilities at fair value through profit and loss are disclosed in Note 15. This designation is dependent on how the financial assets and liabilities are managed, and the carrying value relies on the availability of observable market data.	Our work included, but was not limited to, the following procedures: • Discussion with management and the directors to ensure that the designation of the financial assets and liabilities held at fair value through profit or loss is consistent with how the financial assets and liabilities are managed and in accordance with a documented risk management and investment strategy adopted by the Company; • Testing, on a sample basis, the fair value measurement of the financial assets and liabilities at balance date by comparing the fair value to the quoted prices in active market; and • Assessing the appropriateness of the related disclosures in Note 2(c), Note 9 and Note 15 with the disclosures requirements of the Australian Accounting Standards.

Other Information

Other information is financial and non-financial information in the annual report of the Company which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

We have obtained all the Other Information prior to the date of this Auditor's Report which includes the Chairman's Review, Investment Manager Review, Information about the Investment Manager, Corporate Governance Statement, Directors' Report and Additional Information for Listed Companies.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Arowana Australasian Value Opportunities Fund Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

PKF Hacketts

PKF HACKETTS AUDIT

SHAUN LINDEMANN
PARTNER

24 AUGUST 2017
BRISBANE

Additional information for Listed Companies

ASX Additional information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 22 August 2017.

Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Shareholders	Number of shares
Longford Holdings Limited	4,175,498

Voting rights

Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

Distribution of equity security holders

There were no holders of less than a marketable parcel of ordinary shares. There are no securities subject to voluntary escrow.

Holdings Ranges	Number of Shareholders	Total Units	%
1-1,000	6	3,232	0.01
1,001–5,000	57	194,538	0.28
5,001–10,000	134	1,112,385	1.60
10,001-100,000	1,327	44,956,987	64.81
100,001 and over	76	23,099,753	33.30
Total	**1,600**	**69,366,895**	**100.00**

Twenty largest shareholders

Shareholders	Ordinary shares Number	Ordinary shares %
Longford Holdings Limited	4,175,498	6.02
HSBC Custody Nominees (Australia) Limited	3,439,699	4.96
The Octagon Foundation Pty Ltd	1,180,000	1.70
181 Foundation Group Pty Ltd	820,000	1.18
Nandaroo Pty Limited	500,000	0.72
Pang Investments Pty Ltd	500,000	0.72
K Street Folk Pty Ltd	500,000	0.72
L Street Folk Pty Ltd	500,000	0.72
Leanganook Pty Ltd	500,000	0.72
Ohjs Group Pty Limited	425,176	0.61
Struan Pty Ltd	400,000	0.58
Weltran Pty Ltd	300,000	0.43
LIC Investments Pty Ltd	270,000	0.39
TURI2 Pty Ltd	270,000	0.39
Mr William John Earle & Mrs Jane Christine Earle	250,000	0.36
Mr Robin Rowe & Ms Janet Matton	246,900	0.36
RTO Solutions Pty Ltd	232,445	0.34
Aristides Superannuation Fund	228,725	0.33
Gary Hui	228,500	0.33
John Osborn Superannuation Pty Ltd	216,025	0.31
Penseur Pty Ltd	212,588	0.31

Securities exchange listing

The Company is listed on the Australian Securities Exchange.

ASX Code

AWQ

On market Buy Back

On 24 August 2017 the Company announced an on-market buy-back of up to 10% of its issued ordinary shares.

Arowana Australasian Value Opportunities Fund Limited
For the year ended 30 June 2017

Transactions & Brokerage

The company had a total of 234 transactions (115 purchases and 119 sales) in securities during the reporting period and has paid brokerage totalling $205,736 (inclusive of GST).

Investments

At 30 June 2017 the Company held investment exposures to securities of the following issuers:

- Ardent Leisure Group
- Australian Pharmaceutical Industries Ltd
- Afterpay Touch Group Limited
- ARB Corporation Limited
- Bellamys Australia Limited
- Bendigo and Adelaide Bank Ltd
- Crestwood Equity Partners LP
- Chipotle Mexican Grill Inc
- Costco Wholesale Corporation
- Emeco Holdings Limited
- Elders Limited
- Fortescue Metals Group Ltd
- Harvey Norman Holdings Limited
- Interactive Brokers Group, Inc.
- Infigen Energy
- IPH Limited
- Lendlease Group
- Mirvac Group
- Mayne Pharma Group Limited
- Platinum Asset Management Ltd
- REA Group Limited
- Silver Chef Limited
- Betashares Us Dollar EFT
- Whitehaven Coal Limited
- Weight Watchers International Inc