

## Appendix 4D

### Half-Year Report

For the half-year ended 31 December 2018

Date: 21 February 2019

#### Results for announcement to the market

FINANCIAL RESULTS	HALF-YEAR ENDED DEC 2018 \$	HALF-YEAR ENDED DEC 2017 \$	CHANGE* %
(Loss)/ Revenue from Ordinary Activities	(8,790,388)	7,636,288	n/a
(Loss) / Profit from ordinary activities after tax attributable to members	(6,713,315)	5,140,275	n/a
(Loss) / Profit for the year attributable to members	(6,713,315)	5,140,275	n/a

\* Note: In the current year a loss was recorded, whilst revenue from ordinary activities in the prior year was recorded, accordingly no % change is shown.

NET TANGIBLE ASSET ("NTA") BACKING PER SHARE	31 DEC 2018 \$	30 JUN 2018 \$	6 MONTH CHANGE %
NTA before tax accruals + franking credits	1.0648	1.2580	(15%)
NTA before tax accruals + franking credits (31 DEC 2018 adding the October 2018 dividend of 2.0 cents per share)	1.0924	1.2580	(13%)
NTA after tax	1.0430	1.1818	(12%)
NTA after tax (31 DEC 2018 adding the October 2018 dividend of 2.0 cents per share)	1.0630	1.1818	(10%)

#### Dividends

On 21 February 2019, the Directors declared a fully franked interim dividend of 2.0 cents per share which will be paid on 4 April 2019 (2.5 cents per share paid on 5 April 2018). The Ex-Dividend date is 13 March 2019 and the Record Date is 14 March 2019.

The amount of the proposed fully franked dividend, which is not recognised as a liability as at 31 December 2018, is \$1,130,831 (Dec 2017: \$1,406,218).

The Dividend Reinvestment Plan will operate in conjunction with this dividend. The last date for receipt of an election notice in respect of this dividend is 15 March 2019. A 5% discount is offered on the Dividend Reinvestment Plan in respect of this dividend.

**Details of any dividend or distribution reinvestment plans in operation:**

On 18 August 2016, the Company introduced a Dividend Reinvestment Plan ("Plan"). The Plan allows eligible shareholders to re-invest their future dividends (as may be declared from time to time) into the Company's shares.

Participation in the Plan is voluntary. If shareholders elect to participate in the Plan now, they may vary or cancel their participation in the future in accordance with the terms and conditions of the Plan.

Eligible shareholders are shareholders with a registered address in Australia. The Company does not currently intend to extend the Plan to shareholders outside of Australia, given the potential complexity and additional costs involved.

The Dividend Reinvestment Plan application form must be received by the share registry no later than the next business day after the Record Date for that dividend (or a later date approved by the Company).

Details of the Plan can be found on the Company's website as follows:

<http://www.pmcapital.com.au/paf/compliance>

**Entities over which control has been gained or lost during the period:**

None.

**Details of associates and joint venture entities**

None.

To find out more about PM Capital Asian Opportunities Fund Limited, please visit the Company's website:

<http://www.pmcapital.com.au/listed-investment-company/paf>

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
ABN 15 168 666 171

**Financial Report**  
**For the Half-Year Ended 31 December 2018**

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

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**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**CORPORATE DIRECTORY**

Directors:	Brett Spork - Chairman and Independent Non-executive Director Andrew McGill - Independent Non-executive Director Ben Skilbeck - Executive Director Richard Matthews - Alternate Director for Ben Skilbeck
Company Secretary:	Richard Matthews
Investment Manager:	PM Capital Limited Level 27, 420 George Street Sydney NSW 2000 (AFSL 230222)
Auditor:	HLB Mann Judd (NSW Partnership) Chartered Accountants Level 19, 207 Kent Street Sydney NSW 2000
Country of Incorporation:	Australia
Registered Office:	Level 27, 420 George Street Sydney NSW 2000 Telephone: (+612 9290 9600)
Share Registry:	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: (+612 9290 9600)
ASX Code:	Shares: PAF.AX
Website:	<a href="http://www.pmcapital.com.au/listed-investment-company/paf">http://www.pmcapital.com.au/listed-investment-company/paf</a>
Charters and Policies:	<a href="http://www.pmcapital.com.au/paf/compliance">http://www.pmcapital.com.au/paf/compliance</a>

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**DIRECTORS' REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

The directors submit the financial report on PM Capital Asian Opportunities Fund Limited ("the Company") for the half-year ended 31 December 2018.

**Directors**

The following persons were directors of the Company during the whole of the half-year, and up to the date of this report (unless otherwise stated):

Brett Spork	Chairman and Independent Non-executive Director
Andrew McGill	Independent Non-executive Director
Ben Skilbeck	Executive Director
Richard Matthews	Alternate Director for Ben Skilbeck

**Principal Activities of the Company**

The Company is a listed investment company established to invest predominantly in a concentrated portfolio of listed securities from Asian equity markets (ex-Japan) or companies whose business is predominantly conducted in this region, with the objective of providing long-term capital growth.

**Review of Operations**

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

	<b>Half-year ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
(Loss)/profit before income tax	(9,345,154)	7,059,244
Income tax expense	2,631,839	(1,918,969)
(Loss)/profit for the period attributable to shareholders	<b>(6,713,315)</b>	<b>5,140,275</b>

Please refer to the Statement of Profit or Loss and Other Comprehensive Income for further details.

**Dividends**

On 23 August 2018, the directors declared a fully franked final dividend of 2.0 cents per ordinary share which amounted to \$1,126,278 and was paid on 4 October 2018.

On 21 February 2019, the directors declared a fully franked interim dividend of 2.0 cents per ordinary share which will be paid on 4 April 2019 (2.5 cents per share paid on 5 April 2018). The ex-dividend date is 13 March and the record date is 14 March 2019.

The amount of the proposed fully franked dividend, which is not recognised as a liability as at 31 December 2018, is \$1,130,831 (December 2017: \$1,406,218).

The Dividend Reinvestment Plan will operate in conjunction with this dividend. The last date for receipt of an election notice in respect of this dividend is 15 March 2019. A 5% discount is offered on the Dividend Reinvestment Plan in respect of this dividend.

Details of the Plan can be found on the Company's website (dividend reinvestment plan):

<http://www.pmcapital.com.au/paf/compliance>

**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 3.

Signed at Sydney this 21<sup>st</sup> day of February 2019, in accordance with a resolution of the Board of Directors by:



Brett Spork  
Chairman

### Auditor's Independence Declaration

As lead auditor for the review of the financial report of PM Capital Asian Opportunities Fund Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Sydney, NSW  
21 February 2019



**S Grivas**  
Partner

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

		<b>Half-year ended 31 December</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Interest		18,252	-
Dividends		866,348	981,969
(Losses)/gains on investments held at fair value through profit or loss		(10,266,136)	7,156,099
Gains/(losses) on foreign exchange		591,148	(510,092)
Other income		-	8,312
<b>Total (loss)/revenue</b>		<b>(8,790,388)</b>	<b>7,636,288</b>
<b>Expenses</b>			
Management fees		323,646	353,139
Finance costs		-	6,809
Audit fees		15,688	20,150
Directors' fees		32,500	32,500
ASX fees		52,109	49,471
Insurance		47,748	27,321
Legal and tax advice		5,271	3,588
Brokerage fees		29,135	18,113
Other operating expenses		48,669	65,953
<b>Total expenses</b>		<b>554,766</b>	<b>577,044</b>
<b>(Loss)/profit before income tax</b>		<b>(9,345,154)</b>	<b>7,059,244</b>
Income tax benefit / (expense)		2,631,839	(1,918,969)
<b>(Loss)/profit after income tax</b>		<b>(6,713,315)</b>	<b>5,140,275</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss)/income attributable to shareholders</b>		<b>(6,713,315)</b>	<b>5,140,275</b>
<b>Basic (loss)/earnings per share</b>	6	<b>(11.90) cents</b>	<b>9.17 cents</b>
<b>Diluted (loss)/earnings per share</b>	6	<b>(11.90) cents</b>	<b>9.17 cents</b>

*This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.*



**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	As at 31 December 2018 \$	As at 30 June 2018 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	6,541,830	9,474,654
Financial assets held at fair value through profit or loss	2 (c)	52,057,956	61,879,435
Receivables		305,215	350,762
<b>Total current assets</b>		<b>58,905,001</b>	<b>71,704,851</b>
<b>Non-current assets</b>			
Deferred tax assets		3,805,301	80,496
<b>Total non-current assets</b>		<b>3,805,301</b>	<b>80,496</b>
<b>TOTAL ASSETS</b>		<b>62,710,302</b>	<b>71,785,347</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Interest bearing liabilities	3	2,105,333	2,877,691
Financial liabilities held at fair value through profit or loss	2 (c)	463,595	-
Payables		217,615	209,167
Income tax payable		858,170	2,051,839
<b>Total current liabilities</b>		<b>3,644,713</b>	<b>5,138,697</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		90,115	95,822
<b>Total non-current liabilities</b>		<b>90,115</b>	<b>95,822</b>
<b>TOTAL LIABILITIES</b>		<b>3,734,828</b>	<b>5,234,519</b>
<b>NET ASSETS</b>		<b>58,975,474</b>	<b>66,550,828</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	4	54,953,815	54,689,576
Retained profits		4,021,659	11,861,252
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>58,975,474</b>	<b>66,550,828</b>

*This Statement of Financial Position should be read in conjunction with  
the Notes to the Financial Statements which follow.*

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Share Capital	Retained Profits	Total Equity
	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>54,180,273</b>	<b>10,218,391</b>	<b>64,398,664</b>
Total comprehensive income for the period	-	5,140,275	5,140,275
<b>Subtotal</b>	<b>-</b>	<b>5,140,275</b>	<b>5,140,275</b>
<b>Transactions with owners in their capacity as owners</b>			
Dividends paid	-	(1,396,548)	(1,396,548)
Shares issued under the Company's dividend reinvestment plan	422,965	-	422,965
<b>Subtotal</b>	<b>422,965</b>	<b>(1,396,548)</b>	<b>(973,583)</b>
<b>Balance at 31 December 2017</b>	<b>54,603,238</b>	<b>13,962,118</b>	<b>68,565,356</b>
<b>Balance at 1 July 2018</b>	<b>54,689,576</b>	<b>11,861,252</b>	<b>66,550,828</b>
Total comprehensive loss for the period	-	(6,713,315)	(6,713,315)
<b>Subtotal</b>	<b>-</b>	<b>(6,713,315)</b>	<b>(6,713,315)</b>
<b>Transactions with owners in their capacity as owners</b>			
Dividends paid	-	(1,126,278)	(1,126,278)
Shares issued under the Company's dividend reinvestment plan	264,239	-	264,239
<b>Subtotal</b>	<b>264,239</b>	<b>(1,126,278)</b>	<b>(862,039)</b>
<b>Balance at 31 December 2018</b>	<b>54,953,815</b>	<b>4,021,659</b>	<b>58,975,474</b>

*This Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.*

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Note	Half-year ended 31 December 2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Dividends received		914,412	1,074,639
Interest received		18,927	-
Other income received		-	8,312
Income tax paid		(2,292,342)	(411,185)
Management fees paid		(353,086)	(335,493)
Interest paid		-	(3,594)
Other operating expenses		(193,819)	(194,033)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(1,905,908)</b>	<b>138,646</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		(7,982,738)	(7,615,892)
Proceeds from sale of investments		8,471,462	6,912,458
<b>Net cash inflow/(outflow) from investing activities</b>		<b>488,724</b>	<b>(703,434)</b>
<b>Cash flows from financing activities</b>			
Dividend paid (net of Dividend reinvestment plan)		(862,039)	(973,583)
<b>Net cash outflow from financing activities</b>		<b>(862,039)</b>	<b>(973,583)</b>
Impact of exchange rate changes on cash and cash equivalents		118,757	(80,781)
<b>Net decrease in cash and cash equivalents</b>		<b>(2,160,466)</b>	<b>(1,619,152)</b>
Cash and cash equivalents at the beginning of the financial period		6,596,963	7,686,713
<b>Cash and cash equivalents at the end of the financial period</b>	3	<b>4,436,497</b>	<b>6,067,561</b>

*This Statement of Cash Flows should be read in conjunction with  
the Notes to the Financial Statements which follow.*

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**1. Summary of significant accounting policies**

PM Capital Asian Opportunities Fund Limited ("the Company") is a listed investment company incorporated in Australia.

**(a) Basis of preparation**

These half-year financial statements are general purpose financial statements prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial statements. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act*.

**(b) Accounting policies**

Except as disclosed below, the accounting policies in these interim financial statements are the same as those applied in the Company's financial statements for the year ended 30 June 2018.

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts*. These new standards are effective for the Company from 1 July 2018. The Company has performed an assessment and concluded that no transitional adjustments were required as a result of complying with the new requirements.

There are no other new accounting standards and interpretations that have been published and have been early adopted for the 31 December 2018 reporting period that are material to the financial statements.

**(c) New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period ended 31 December 2018. The assessment of the Directors of the Company is that these new standards and interpretations will have no material impact on future financial reports of the Company.

**2. Fair value measurements**

The Company measures and recognises financial assets and liabilities held at fair value through profit or loss on a recurring basis. There are no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**2. Fair value measurements (continued)**

**(a) Fair value in an active market (Level 1)**

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

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

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**(b) Fair value in an inactive or unquoted market (Level 2 and Level 3)**

The fair value of financial assets and liabilities that are not traded in an active market are valued with reference to external third party pricing information. These assets and liabilities include: Currency forward contracts and Options.

**(c) Recognised fair value measurements**

The table below presents the Company's financial assets and liabilities measured and recognised at fair value as at 31 December 2018 and 30 June 2018:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At 31 December 2018</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets at fair value through profit or loss:</b>				
Listed securities	52,057,956	-	-	52,057,956
	<b>52,057,956</b>	<b>-</b>	<b>-</b>	<b>52,057,956</b>
<b>Financial liabilities at fair value through profit or loss:</b>				
Currency forward contracts	-	379,397	-	379,397
Options	-	84,198	-	84,198
	<b>-</b>	<b>463,595</b>	<b>-</b>	<b>463,595</b>
<b>At 30 June 2018</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed securities	61,362,232	-	-	61,362,232
Currency forward contracts	-	111,807	-	111,807
Options	-	405,396	-	405,396
	<b>61,362,232</b>	<b>517,203</b>	<b>-</b>	<b>61,879,435</b>

**(d) Transfer between levels**

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels in the fair value hierarchy at the end of the reporting period.

**(e) Fair value of financial instruments not carried at fair value**

The carrying value of trade receivables and trade payables are assumed to approximate their fair values.

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	<b>As at 31 December 2018 \$</b>	<b>As at 30 June 2018 \$</b>
<b>3. Cash and cash equivalents and interest bearing liabilities</b>		
<i>Cash and cash equivalents</i>		
Cash at bank (Custodian) - AUD	3,303,862	4,237,715
Cash at bank (Custodian) - USD	1,213,318	2,267,068
Cash at bank (Custodian) - other currencies	2,024,650	2,969,871
	<u>6,541,830</u>	<u>9,474,654</u>
<i>Interest bearing liabilities</i>		
Overdraft at Custodian	(2,105,333)	(2,877,691)
	<u><b>4,436,497</b></u>	<u><b>6,596,963</b></u>

Overdraft at Custodian is a cash facility offered by the Custodian. The Custodian in its role as Prime Broker has been granted a floating charge over the assets of the Company to secure any liabilities to the Prime Broker.

**4. Share capital**

Movements in share capital during the period are set out below:

	<b>Half-year ended 31 December 2018 Number of shares</b>	<b>Year ended 30 June 2018 Number of shares</b>	<b>Half-year ended 31 December 2018 \$</b>	<b>Year ended 30 June 2018 \$</b>
Shares on issue at the beginning of the period	56,313,902	55,861,921	54,689,576	54,180,273
Shares issued under the Company's dividend reinvestment plan	227,639	451,981	264,239	509,303
Shares on issue at the end of the period	<u><b>56,541,541</b></u>	<u><b>56,313,902</b></u>	<u><b>54,953,815</b></u>	<u><b>54,689,576</b></u>

**5. Segment information**

The Company has only one reportable segment and one industry. It operates predominantly in Australia and in the securities industry (though most investments are in foreign jurisdictions). It earns revenue from dividend income, interest income and other returns from the investment portfolio. The Company invests in different types of securities, as detailed at Note 2 Fair value measurements.

	<b>Half-year ended 31 December 2018</b>	<b>2017</b>
<b>6. (Losses) / earnings per share</b>		
Basic (losses)/earnings per share	(11.90) cents	9.17 cents
Diluted (losses)/earnings per share	(11.90) cents	9.17 cents
<b>Reconciliation of (losses)/earnings and weighted average number of shares used in calculating basic and diluted (losses)/earnings per share:</b>		
(Losses)/earnings used in calculating basic (losses)/earnings per share	(\$6,713,315)	\$5,140,275
(Losses)/earnings used in calculating diluted (losses)/earnings per share	(\$6,713,315)	\$5,140,275
Weighted average number of ordinary shares used in the calculation of basic (losses)/earnings per share	56,424,010	56,046,908
Weighted average number of shares used in the calculation of diluted (losses)/earnings per share	56,424,010	56,046,908

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**7. Contingency - registered charge over assets**

The Custodian has a charge over the assets of the Company.

The contractual credit risk of assets is represented by the net payments or receipts that remain outstanding, and the cost of replacing the derivative position in the event of a counterparty default. There are no financial assets that are past due or impaired as at balance date.

The Company has appointed Morgan Stanley & Co. International Plc ("Morgan Stanley") as both Prime Broker and Custodian to the Company. Morgan Stanley is subject to regulatory oversight and capital requirements imposed by the Financial Services Authority (UK) and, where applicable to its Australian operations, the Australian Securities and Investments Commission. As at the date of this report, Morgan Stanley has a credit rating of A+ (S&P) for long term and a rating of A-1 for short term debt.

The terms of the Prime Broker Agreement provide that Morgan Stanley may utilise custodial assets for its own lending and financing purposes (including to borrow, lend, charge, re-hypothecate, and dispose of) up to, but not exceeding, 180% of the value of the Company's outstanding liabilities with Morgan Stanley. These assets are owned by Morgan Stanley in its Prime Broker capacity. Under the terms of the Prime Broker Agreement, Morgan Stanley is obliged to return to the Company the equivalent custodial assets irrespective of what transpires between it and any third party with whom Morgan Stanley has transacted.

Cash holdings with Morgan Stanley are not subject to this arrangement and are always considered to be held by Morgan Stanley in its Prime Broker capacity.

All other custodial assets not subject to the Prime Broking arrangement are held by Morgan Stanley in its capacity as a Custodian in a separate asset pool, as is required by the Financial Services Authority (UK).

As at balance date, the maximum value of the Company's gross assets available to Morgan Stanley for its lending and financing activities is \$4,624,070 (June 2018: \$5,179,844). Under the Prime Broker arrangements in place, the amount does not require disclosure by Morgan Stanley. The maximum net exposure to the Prime Broking activities of Morgan Stanley, after offsetting the Company's outstanding liabilities with Morgan Stanley, approximates \$2,055,142 (June 2018: \$2,302,153) as at balance date. The credit position of the Company is monitored on an ongoing basis by the Investment Manager.

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ABN 15 168 666 171**  
**DIRECTORS' DECLARATION**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and

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



Brett Spork  
Chairman

Sydney, NSW  
21 February 2019



## **Independent Auditor's Report to the members of PM Capital Asian Opportunities Fund Limited**

### **REPORT ON THE HALF-YEAR FINANCIAL REPORT**

We have reviewed the accompanying half-year financial report of PM Capital Asian Opportunities Fund Limited ("the Company"), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

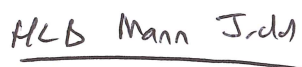
#### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PM Capital Asian Opportunities Fund Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Sydney, NSW**  
**21 February 2019**



**S Grivas**  
**Partner**