

PM Capital Asian Opportunities Fund Limited

ABN 15 168 666 171

Appendix 4D Interim Financial Report

For the period from the date of registration (20 March 2014) to 31 December 2014

Date: 26 February 2015

Results for announcement to the market

Financial Results	December 2014 \$	Change %
Revenue from Ordinary Activities	6,021,023	N/A*
Profit (loss) from ordinary activities after tax attributable to members	3,690,691	N/A*
Net profit (loss) for the year attributable to members	3,690,691	N/A*

Dividends

No dividend has been paid or declared to the date of this Appendix 4D.

Net Tangible Asset Backing	31 December 2014
Net tangible asset backing per ordinary security (after tax)	1.0326

Entities over which control has been lost during the period:

None.

Details of any dividend or distribution reinvestment plans in operation:

There is no dividend or distribution reinvestment plan in operation.

Details of associates and joint venture entities

None.

* PM Capital Asian Opportunities Fund Limited was registered on 20 March 2014. This financial result for the period from the registration date (20 March 2014) to 31 December 2014 is the first available.



PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED
ABN 15 168 666 171

INTERIM FINANCIAL REPORT

**FOR THE PERIOD FROM THE DATE OF REGISTRATION
(20 MARCH 2014) TO 31 DECEMBER 2014**

Corporate Directory

Directors:	Brett Spork – Chairman (appointed 20 March 2014) Todd Barlow – Director (appointed 20 March 2014) Andrew Reeve-Parker – Director (appointed 20 March 2014) Chris Donohoe – Director and CEO (appointed 20 March 2014)
Company Secretary:	Ursula Kay (appointed 20 March 2014)
Investment Manager:	PM Capital Limited Suite 27.01, Level 27, 420 George Street Sydney NSW 2000 (AFSL 230222)
Auditor:	HLB MANN JUDD (NSW Partnership) Chartered Accountants
Country of Incorporation:	Australia
Registered Office	Suite 27.01, Level 27, 420 George Street Sydney NSW 2000
Share Registry:	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000
Australian Securities Exchange Codes:	Shares: PAF.AX Options: PAFO.AX

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

DIRECTORS' REPORT

The directors submit the first interim financial report of PM Capital Asian Opportunities Fund Limited ("the Company") for the period from 20 March 2014 (its registration date) to 31 December 2014.

Directors

The following persons were directors of the Company from registration date and up to the date of this report:

Brett Spork – Chairman and Non-executive Director
Todd Barlow – Non-executive Director
Andrew Reeve-Parker – Non-executive Director
Chris Donohoe – Executive Director and Chief Executive Officer

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 in the Asian Region (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 operations of the Company during the period resulted in profit after income tax of \$3,690,691.

	Period from 20 March 2014 to 31 December 2014
	\$
Profit before income tax	5,274,112
Income tax expense	1,583,421
Profit for the period attributable to members	<u>3,690,691</u>

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

During the period ended 31 December 2014, the Company concluded its initial public offering in accordance with the Prospectus dated 7 April 2014. The Company has raised \$54.2 million through the issue of shares and options, before fundraising costs.

The results for the period include non-recurring initial public offering costs that have been capitalised into the balance sheet, and are outlined at Note 6.

Dividends

No dividend was declared or paid during the period.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

DIRECTORS' REPORT (continued)

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001*, given to the Directors by the lead auditor for the audit undertaken by HLB Mann Judd, is included on page 3.

Signed at Sydney this 26th day of February 2015, in accordance with a resolution of the Board of Directors.



Brett Spork
Chairman



Todd Barlow
Director

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

ABN 15 168 666 171

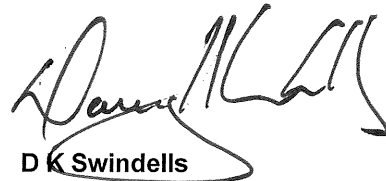
AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of PM Capital Asian Opportunities Fund Limited:

As lead auditor for the audit of PM Capital Asian Opportunities Fund Limited for the period ended 31 December 2014, 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 audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Sydney, NSW
26 February 2015


D K Swindells
Partner

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 March 2014) TO 31 DECEMBER 2014**

	Note	Period from 20 Mar 2014 to 31 Dec 2014 \$
Revenue		
Interest		24,804
Dividends		93,388
Gains on investments held at fair value through profit or loss		1,475,117
Gains on foreign exchange		<u>4,427,714</u>
Total Revenue		<u>6,021,023</u>
Expenses		
Management fees	7	356,103
Audit fee		25,788
Finance costs		4,876
Other costs		<u>360,144</u>
Total Expenses		<u>746,911</u>
Profit before income tax		5,274,112
Income tax expense		<u>1,583,421</u>
Profit after income tax		<u>3,690,691</u>
Other comprehensive income		<u>-</u>
Total Comprehensive income attributable to shareholders of the Company		<u><u>3,690,691</u></u>
Basic earnings per share	8	6.70 cents
Diluted earnings per share	8	6.70 cents

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

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	31 Dec 2014
		\$
Assets		
<u>Current assets</u>		
Cash and cash equivalents	2	16,106,724
Financial assets held at fair value through profit or loss	3	42,445,018
Receivables	4	33,991
Total Current assets		<u>58,585,733</u>
TOTAL ASSETS		<u>58,585,733</u>
Liabilities		
<u>Current liabilities</u>		
Interest bearing liabilities	2	181
Payables	5	177,776
Current tax liabilities		<u>865,322</u>
Total Current liabilities		<u>1,043,279</u>
<u>Non-current liabilities</u>		
Deferred tax liabilities		<u>399,789</u>
Total Non-current liabilities		<u>399,789</u>
TOTAL LIABILITIES		<u>1,443,068</u>
NET ASSETS		<u><u>57,142,665</u></u>
SHAREHOLDERS' EQUITY		
Share capital	6(a)	50,879,017
Share option reserve	6(b)	2,572,957
Retained profits		<u>3,690,691</u>
TOTAL SHAREHOLDERS' EQUITY		<u><u>57,142,665</u></u>

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014**

	Note	Period from 20 Mar 2014 to 31 Dec 2014 \$
Cash flows from operating activities		
Interest received		24,804
Dividends received		66,985
Interest paid		(4,876)
Management fees paid		(301,488)
Other operating expenses		<u>(270,358)</u>
Net cash flows used in operating activities		<u>(484,933)</u>
Cash flows from investing activities		
Proceeds from sale of investments		3,094,380
Purchase of investments		<u>(42,975,739)</u>
Net cash flows used in investing activities		<u>(39,881,359)</u>
Cash flows from financing activities		
Initial public offering costs		(1,070,277)
Proceeds from share issue		<u>54,203,941</u>
Net cash flows from financing activities		<u>53,133,664</u>
Impact of exchange rate changes on cash and cash equivalents		<u>3,339,171</u>
Net increase in cash and cash equivalents		16,106,543
Cash and cash equivalents at the beginning of the period		<u>-</u>
Cash and cash equivalents at the end of the period	2	<u><u>16,106,543</u></u>

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014**

	Note	Share Capital \$	Share Option Reserve \$	Retained Profits \$	Total \$
Balance on date of registration (20 March 2014)		<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Total comprehensive income for the period		<u>-</u>	<u>-</u>	<u>3,690,691</u>	<u>3,690,691</u>
Subtotal		<u>1</u>	<u>-</u>	<u>3,690,691</u>	<u>3,690,692</u>
Transaction with equity holders in their capacity as equity holders:					
Shares and options issued during the period	6(a)(b)	51,594,788	2,609,153	-	54,203,941
Initial public offering costs net of deferred tax impact	6(a)(b)	<u>(715,772)</u>	<u>(36,196)</u>	<u>-</u>	<u>(751,968)</u>
Subtotal		<u>50,879,016</u>	<u>2,572,957</u>	<u>-</u>	<u>53,451,973</u>
Balance at 31 December 2014		<u>50,879,017</u>	<u>2,572,957</u>	<u>3,690,691</u>	<u>57,142,665</u>

The above Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The PM Capital Asian Opportunities Fund Limited ("the Company") is a listed investment company incorporated in Australia. The Company was registered on 20 March 2014. These general purpose financial statements are for the period from 20 March 2014 to 31 December 2014. A summary of the material accounting policies adopted by the Company in the preparation of the interim financial statements is set out as follows:

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standard AASB134 Interim Financial Reporting and the *Corporations Act 2001*.

(b) Investments

Investments held at fair value through profit or loss are initially recognised at fair value including any transaction costs related to their acquisition. Subsequent to initial recognition, all financial instruments held at fair value through profit or loss are accounted for at fair value, with changes to such values recognised in profit or loss.

Fair value in an active market

The Company values listed investments at last quoted sale price. However, at balance date it assesses the difference between that price and the last bid/(ask) price for each long/(short) quoted investment, to determine whether another price within the bid/(ask) price spread is more representative of fair value.

Fair value in an inactive or unquoted market

The fair value of investments that are not traded in an active market are determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Investments are recognised on a trade date basis.

(c) 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 competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances

Transactions during the period denominated in foreign currency are translated at the exchange rate prevailing at the transaction date. Overseas investments and currency, together with any accrued income, are translated at the exchange rate prevailing at the balance date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss. Net exchange gains and losses arising on the revaluation of investments are included in gains/(losses) on investments.

Hedging may be undertaken in order to minimise possible adverse financial effects of movements in exchange rates. Hedging gains or losses are included as part of gains/(losses) on investments.

(d) Income tax

Under current legislation, the Company is subject to income tax at 30% on taxable income. A capital gains tax concession may be available to investors where certain requirements are met.

The Company incurs withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in profit or loss.

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 the corporate tax rate. The relevant tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit 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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Goods and services tax ("GST")

The Company is registered for GST and under current regulations can claim up to 75% of the GST incurred depending on the nature of the expense. The un-claimable portion is written off as an expense.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue and expenses

Revenue and expenses are brought to account on the accrual basis.

Changes in the fair value of investments are recognised in profit or loss and are determined as the difference between the net fair value at period end or consideration received (if sold during the period) and the carrying value of the investment.

(g) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, 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 Interest bearing liabilities in the Statement of Financial Position.

(h) Receivables

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

(i) Payables

These amounts represent liabilities for amounts owing by the Company at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Derivative financial instruments

The Company may invest in financial derivatives. Derivative financial instruments are accounted for on the same basis as the underlying investment exposure. Gains and losses relating to financial derivatives are included in profit or loss as part of gains/(losses) on investments.

(k) Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Share option reserve

Amounts received on issue of options are credited to the Share Option Reserve, and costs of issuing options are debited to the reserve. Amounts in this reserve are transferred to share capital on exercise of the Options. At the expiration of the option period, the portion of the reserve relating to unexercised Options is transferred to a capital reserve.

(m) Earnings per share

Undiluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding for the period from the date of listing to balance date.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares and potential ordinary shares (options) outstanding for the same period.

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the interim reporting period ending 31 December 2014. The assessment of the Directors of the Company is that these new standards and interpretations will have no material impact on the financial report of the Company.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014**

	31 Dec 2014
	\$
2. Cash for the purposes of the Statement of Cash Flows	
Cash at bank (custodian) – USD	15,564,881
Cash at bank (custodian) – AUD	184,505
Cash at bank (custodian) – other currencies	357,338
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Cash and cash equivalents	16,106,724
Overdraft at custodian	(181)
	<hr/>
	16,106,543
	<hr/>
Cash 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.	
3. Financial assets held at fair value through profit or loss	
Listed securities	40,932,400
Futures & Options	438,515
Currency contracts	1,074,103
	<hr/>
	42,445,018
	<hr/>
4. Receivables	
Dividends receivable	26,403
GST receivable	7,588
	<hr/>
	33,991
	<hr/>
5. Payables	
Trade creditors and accruals	177,776
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PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014**

6. Share capital and share option reserve

During the period ended 31 December 2014, the Company concluded its initial public offering in accordance with the Prospectus dated 7 April 2014. An amount of \$54.2 million was raised through the issue of shares and options, before fundraising costs. A total of \$751,968 (net of any tax effects) of fundraising costs which are directly attributable to the issue of ordinary shares and options are recognised as a deduction from equity. The allocation between share capital and the option reserve was determined by allocating proportionately funds received and fundraising costs using the volume-weighted average price of the shares and options on the first trading day.

(a) Movements in share capital during the period are set out as below:

		\$
Opening Balance, on registration at 20 Mar 2014		<u>1</u>
55,087,500 Ordinary shares issued during the period		51,594,788
Less costs directly attributable to the issue of ordinary shares:		
	Gross (net of RITC)\$	Deferred Tax Asset \$
Initial public offering costs :		Net \$
Joint lead manager fees	(657,681)	197,304
Legal fees	(107,667)	32,300
ASX fees	(139,260)	40,581
Other expenses	(114,152)	32,803
	<u>(1,018,760)</u>	<u>302,988</u>
Closing Balance at 31 Dec 2014		<u><u>50,879,017</u></u>

(b) Movements in share option reserve during the period are set out as below:

		\$
Opening Balance, on registration at 20 Mar 2014		<u>-</u>
55,087,500 options issued during the period		2,609,153
Less costs directly attributable to the issue of options:		
	Gross (net of RITC)\$	Deferred Tax Asset \$
Initial public offering costs :		Net \$
Joint lead manager fees	(33,258)	9,978
Legal fees	(5,445)	1,633
ASX fees	(7,042)	2,052
Other expenses	(5,773)	1,659
	<u>(51,518)</u>	<u>15,322</u>
Closing Balance at 31 Dec 2014		<u><u>2,572,957</u></u>

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014

7. Fees paid to the Investment Manager

The Company has outsourced its investment management function to PM Capital Limited. A summary of the fees (GST exclusive) charged by the Investment Manager is set out below.

(i) *Management fee*

The Investment Manager is entitled to be paid a management fee equal to 1.00% p.a. of the Portfolio Net Asset Value. The management fee is calculated and accrued on the last day of each month and paid at the end of each quarter in arrears.

(ii) *Performance Fee*

At the end of each financial year, the Investment Manager is entitled to receive a performance fee from the Company. The fee is calculated and accrued monthly using the following formula:

$$P = 15\% \times (A - B) \times \text{Portfolio Net Asset Value at the end of the last day of the relevant month}$$

where:

P is the Performance Fee for the relevant month;

A is the Investment Return of the Portfolio for the relevant month; and

B is the Benchmark Return for the relevant month. "Benchmark Return" means, in respect of the relevant month, the percentage by which the Morgan Stanley Capital International ("MSCI") Asia (ex-Japan) Equity Index (Net Dividends Reinvested, AUD) increases or decreases over the course of the relevant month.

The performance fee for each month in a financial year will be aggregated (including any negative amounts carried forward) and paid annually in arrears if the aggregate Performance Fee for that financial year (including any negative amounts carried forward) is a positive amount.

During the period, the Company expensed an amount of \$356,103 as management fees paid and payable to the Investment Manager. No performance fees were recognised for this period.

8. Earnings per share

In the calculation of diluted earnings per share, options are not considered to have a dilutive effect, as the average market price of ordinary shares of the Company during the period did not exceed the exercise price of the options.

9. 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 3 Financial assets held at fair value through profit or loss.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014**

10. Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions, and include:

- (i) The compensation arrangements with the Directors and Executive Directors (refer to Directors Remuneration below);
- (ii) The interests in the Company held directly or indirectly by the Directors and Executive Directors (refer to Directors' interests in Shares and Options below); and
- (iii) The Management Agreement between the Company and the Investment Manager (refer to Note 7 Fees Paid to the Investment Manager).

Directors Remuneration

Directors' remuneration for the period ending 31 December 2014 is as follows:

Director	Position	Directors' fees \$	Superannuation \$	Total \$
Brett Spork	Independent Chairman and Non-Executive Director	15,982	1,518	17,500
Todd Barlow	Independent Non-Executive Director	13,699	1,301	15,000
Andrew Reeve-Parker	Independent Non-Executive Director	13,699	1,301	15,000
Chris Donohoe	Executive Director and CEO	-	-	-
		<u>43,380</u>	<u>4,120</u>	<u>47,500</u>

Chris Donohoe was the Chief Executive Officer of the Investment Manager until 6 February 2015. He was remunerated by the Investment Manager and is currently not entitled to a director's fee or any other form of remuneration from the Company. At the date of this financial report Mr Donohoe holds less than 1% of the equity interests in the Investment Manager.

Directors' interests in Shares and Options

As at 31 December 2014, the relevant interests of the Directors and their related entities in the securities of the Company were:

Director	Number of shares	Number of options
Brett Spork	-	331,000
Todd Barlow	40,000	40,000
Andrew Reeve-Parker	91,800	154,000
Chris Donohoe	220,000	220,000

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 31 DECEMBER 2014

11. Contingency – registered charge over assets

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

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 A1 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 \$325. 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 \$144 as at balance date.

The credit position of the Company is monitored on a daily basis by the Investment Manager under the guidance of its Chief Investment Officer.

12. Events Subsequent to Balance Date

On 17th February 2015 the Company was notified by PM Capital Limited, the Company's Investment Manager, that Chris Donohoe's employment had ceased with PM Capital Limited. Chris Donohoe was appointed as a Director of the Company on 20 March 2014 and remains a Director of the Company.

No other matter or circumstance has arisen since the end of the period that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian 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 2014 and of its performance for the 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.

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

Brett Spork
Chairman



Sydney, NSW
26 February 2015

Todd Barlow
Director



PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED
ABN 15 168 666 171
INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PM Capital Asian Opportunities Fund Limited:

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of PM Capital Asian Opportunities Fund Limited ("the Company"), which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 20 March 2014 to 31 December 2014, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim 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 interim 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 2014 and its performance for the period from 20 March 2014 to 31 December 2014; 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 interim 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*.

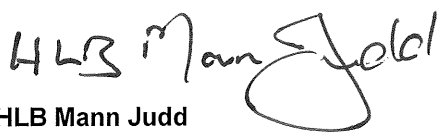



PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED
ABN 15 168 666 171
INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2014 and of its performance for the period from the date of registration (20 March 2014) to 31 December 2014; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


HLB Mann Judd
Chartered Accountants


D K Swindells
Partner

Sydney, NSW
26 February 2015