

PM Capital Asian Opportunities Fund Limited
ABN 15 168 666 171

Appendix 4E
Final Report
For the period from the date of registration (20 March 2014) to 30 June 2015

Date: 13 August 2015

Results for announcement to the market

Financial Results	June 2015 \$	Change %
Revenue from Ordinary Activities	11,127,205	N/A*
Profit from ordinary activities after tax attributable to members	6,942,804	N/A*
Net profit for the year attributable to members	6,942,804	N/A*

* 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 30 June 2015 is the first available.

Dividends

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

Net Tangible Asset Backing	30 June 2015
Net tangible asset backing per ordinary share (after tax)	\$1.0922

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.

This report is based on the financial report which has been audited.

PM CAPITAL
Asian Opportunities Fund Limited
ACN 168 666 171



ANNUAL REPORT
FOR THE PERIOD FROM THE DATE OF REGISTRATION
(20 MARCH 2014) TO 30 JUNE 2015

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CHAIRMAN'S REPORT

I am pleased to present my first Annual Report as Chairman of PM CAPITAL Asian Opportunities Fund Limited ("the Company") following the Initial Public Offer ("IPO") and subsequent commencement of trading of securities on the Australian Securities Exchange ("ASX") on 22 May 2014.

On behalf of the Board, I am delighted to welcome our shareholders and thank you for your support of the Company and our IPO which raised \$54,203,941. The IPO of shares in the Company included an entitlement to one option for every one share subscribed for. Each option provides its holder the right to make an additional investment in the Company at \$1.00 per share on or before 31 May 2016, when these options expire. Further, option holders can benefit from transacting in the listed market over these options.

INVESTMENT PHILOSOPHY AND PROCESS

Whilst our Company is relatively new, PM Capital Limited ("the Investment Manager") has been managing money and investing in global equities for almost 17 years. The Portfolio Manager, Mr Kevin Bertoli has been investing professionally in Asia for over 7 years. The founder, Chairman and Chief Investment Officer of the Investment Manager, Mr Paul Moore, has been successfully applying a disciplined investment philosophy and process for 30 years. This investment philosophy will be rigorously employed by the Investment Manager and its investment team for the purpose of delivering long-term capital growth to shareholders, through identification and investment in a concentrated portfolio of listed Asian (ex-Japan) securities.

The Investment Manager understands the importance of holding true to core beliefs and remaining patient. It recognises that quality businesses with outstanding attributes usually trade at fair value or a premium and as such only on rare occasions will they trade at a significant discount. It is here that it uses its comprehensive research and peer group review process to decide whether the discount accurately reflects the longer-term inherent value of the business, or if it is indeed mispriced. Only when the Investment Manager is confident that a business is mispriced will it consider investing our shareholders' capital, as this is how it believes that we can generate the greatest return for our shareholders.

FINANCIAL RESULTS

For the period 20 March 2014 ("registration date") to 30 June 2015, the Company reported an after tax profit of \$6.9 million equating to 12.6 cents per share. This result was supported by positive contribution from the majority of stock holdings and a foreign exchange tailwind, due to the weakening of the Australian dollar against the backdrop of the portfolio's predominant US dollar and Hong Kong dollar positions.

As at 30 June 2015, the Company's net tangible asset value per share, before tax on both unrealised and realised capital gains, had grown to \$1.1445 per share. The careful and prudent deployment of the Company's IPO proceeds by the Manager has delivered solid returns.

DIVIDENDS

Consistent with the IPO disclosure, the primary objective of our Company remains to deliver long-term capital growth for our shareholders. As such it is likely that dividends will be low during the Company's initial years. No dividend has been declared or paid for the period ending 30 June 2015.

PORTFOLIO POSITIONING

Since listing in May last year, the Investment Manager has taken a careful and prudent approach to investing the Company's capital. As at the end of June 2015, the portfolio was 80% invested in equity securities and currency contracts and 20% in cash and cash equivalents. The primary currency exposures were to the US dollar (64%) and the pegged Hong Kong dollar (32%).

CHAIRMAN'S REPORT (continued)

The Investment Manager remains of the view that whilst the Australian dollar has moved closer to fair value, as anticipated at the time of the initial listing, the likelihood remains for further weakness in the Australian dollar, hence the continuation of the current foreign exchange positioning.

The Investment Manager's decision not to participate in the Chinese A-Share market has proven to be prudent, given the recent market correction and subsequent intervention by the Chinese government. The Investment Manager continues to hold a favourable view on select Chinese businesses that are listed on the Hong Kong Stock Exchange.

Favoured industries include:

- ❖ Gaming: one of our preferred access points to harness the rise of the consumer in the region. Whilst there have been a number of regulatory headwinds in recent times, they have provided a favourable entry point to what the Investment Manager believes will be a compelling long term investment; and
- ❖ Internet services: this industry provides the opportunity to take advantage of business models that have been proven in Western markets, and which are supported by a significant and growing consumer base, with an attractive earnings trajectory in the medium to longer term.

The remainder of the portfolio takes a stock specific approach, based on the individual business' investment/reward proposition. This includes infrastructure assets, logistics, media, resources and healthcare businesses. In May 2015, the Investment Manager visited Asia, meeting a number of the businesses held within the portfolio and remains confident in the individual investment propositions.

Further comments on the portfolio and the underlying rationale for particular investments are set out in the following Portfolio Manager's Report, which I urge shareholders to read.

OUTLOOK

Whilst the Investment Manager holds a cautious view on the Chinese economy and markets, the recent visit to Asia confirmed the strong conviction in the select businesses that are held within the portfolio. The decision to avoid the Chinese A-share market and the gradual deployment of IPO proceeds is further evidence that a prudent approach is being applied.

We are well positioned to take advantage of the opportunities that lie ahead in Asian markets over the medium to long term and I am confident in the future outlook for the Company.

I would like to take this opportunity to thank the Investment Manager's team for their hard work, efforts and commitment during the year.

I would also like to thank our shareholders for your interest in and support for the Company and confirm that your Board is genuinely committed to the Company's future growth and prosperity.

My fellow Directors and I are looking forward to seeing those of you who are able to join us for the Annual General Meeting on 18 September 2015.



Brett Spork
Chairman
13 August 2015

PORTFOLIO MANAGER'S REPORT

MARKET OVERVIEW

On receipt of the proceeds of the Initial Public Offering (“IPO”) of the Company, we have applied our disciplined and methodical approach to deploying capital. This approach has delivered a pleasing increase in net tangible assets (before tax accrual on both realised and unrealised gains) to \$1.1445 as at 30 June 2015, despite the backdrop of China’s economic challenges and market volatility.

Our stock selection has delivered gains (albeit in the short term) and our currency positions (majority exposure to the US dollar and Hong Kong dollar) have provided a tailwind for the portfolio. We have also been able to take advantage of price entry points that we believe will provide the potential for strong returns in the medium to long term, for the benefit of the Company’s shareholders. In the last few months of the period ending 30 June 2015, the net equity exposure peaked at 83%.

The period since the IPO has presented both challenges and opportunities in the Asian region and has reinforced our view that the Chinese-lead fixed asset boom in Asia has come to an end. Over the last few years we have been clear in our communication regarding our concerns with the Chinese banking and property sectors and this has been reflected in our portfolio positioning for the Company’s portfolio. The broader markets, in our opinion, have always had a misguided trust that the Chinese Government could simply manufacture a simple transition from an excessive period of old fashioned fixed capital investment to a modern society dominated by consumption and services. This theory was strongly challenged over the last 12 months, firstly by the weakness in the Chinese economy, followed by significant share market volatility and finally the seemingly reactive intervention in the Chinese A-share market by the Chinese government. Our decision to avoid exposure to the A-Share market has proven to be a prudent move, preferring the Hong Kong Stock Exchange as our access point to our select Chinese investments. We maintain a cautious approach as we believe risks still remain within the Chinese economy and markets.

Despite this somewhat challenging backdrop we have managed to identify a number of businesses that provide compelling value propositions and offer unique opportunities, particularly relative to the homogenous nature of the Australian market. We continue to view Asia as a group of unique and disparate economic jurisdictions, rather than one ‘region’, which ultimately presents a significant opportunity for our fundamental company-by-company research approach. As stock-pickers, we are simply looking for compelling businesses that are being overlooked and mis-priced by the broader market due to what we perceive to be an incorrect evaluation of their long term prospects.

Whilst we are undoubtedly witnessing the arrival of the consumer across the Asia region, the economic migration being witnessed is going to be a multi-decade transition, that occurs over a 12 month period. This evolution presents a tremendous opportunity for investors, but we believe that a long term approach is vital to success. Several of the businesses held in the portfolio provide access to this consumer dynamic, whether they are an online jobs portal, casino, pay TV business or even an airport.

We believe that our investment approach of fundamental stock picking, along with the consumer dynamic in many Asian countries, provides a significant comparative advantage for our portfolio and the Company, in the years ahead.

INVESTMENT THEMES

There are three key themes that dominate the portfolio, namely:

- ❖ Internet/ eCommerce
- ❖ Regional Gaming
- ❖ Consumer Franchises

PORTFOLIO MANAGER'S REPORT (continued)

INTERNET/ ECOMMERCE

Globally we are seeing an evolution in the way consumers view content and how businesses spend their advertising budgets in a bid to attract consumers. We believe that the opportunity in Asia today resembles developed markets a decade ago. In an attempt to capture this structural shift we have taken a targeted approach, choosing to focus on the classifieds and search categories, where businesses with defensible business models and proven earnings streams exist. All of our holdings are profitable and we have seen businesses of a similar nature work extremely well in a global context.

These businesses are highly scalable, without the need for significant capital reinvestment, which leads to superior returns over the longer term. Current revenue and earnings growth is being driven by volumes as the large addressable markets shift advertising spend online. The addition of new customers will drive growth over the short to medium term while longer term there is the opportunity to leverage strong market positions and an increase in pricing.

Two recent additions in this sector are iProperty Group and Astro Malaysia. iProperty operates market leading online real estate portals in Malaysia, Hong Kong and Indonesia, while Astro Malaysia is the dominant PayTV operator in Malaysia.

REGIONAL GAMING

Wagering has been a favourite pastime in Asian culture for centuries (many common wagering games can trace their origins to Asia) but the legalised casino industry is very much a new phenomenon, with the major gaming jurisdictions only opening in the last decade (Macau, Singapore and the Philippines). Development across the region continues at a rapid pace as more markets gradually open up, which is creating new opportunities for investors.

With legalised gaming still very much in its infancy, it is flawed logic to assume that this evolution will occur without any teething problems along the way. We expect the region to develop in a similar fashion to that of the US market over the last fifty years, the only difference being that the industry is developing country by country rather than State by State. Las Vegas, a market Macau aspires to be, highlights the ups and downs that can occur throughout its history.

Donaco, one of our largest portfolio positions, completed the acquisition of the Star Vegas casino in Poipet, Vietnam on July 1 2015. The pending completion drove the company's strong quarterly performance. We visited the property in May 2015 and after visiting all of the casinos in the area, it is clear Star Vegas is the best quality asset in Poipet. Despite operating for 15 years, the property has been well maintained and requires minimal investment, unlike some of its peers. There is also ample vacant floor space where capacity can be added, if and when demand dictates. Poipet is a relatively mature casino market, targeting mass market day trippers from Thailand. It is hard to see how the wider market will significantly increase patronage without a meaningful investment back into some of the other properties. That being said, there is scope to grow visitation when border crossing hours are eventually extended to 24 hours a day and Star Vegas should be the biggest beneficiary. The completion of the Star Vegas acquisition has been a significant overhang for Donaco's share price over the past six months. Now that this is complete, the market should refocus on the underlying operations and earnings growth potential, which we believe will lead to a valuation rerating over time.

CONSUMER FRANCHISES

Our consumer franchise holdings are well placed to benefit from the growth in affluence of the populaces across the region. We perceive our holdings to be amongst the strongest consumer franchises in their markets, ones which we believe will maintain, if not strengthen, their positions over time, and therefore benefit from strong underlying structural aspects of the industries in which they operate. All of our holdings operate in either monopoly or duopoly categories, where pricing power has been proven over a long period of time. They have also displayed innovative leadership over time and possess visible advantages in distribution, which should help them maintain their dominant position going forward.

Tingyi Holdings is a good example of the attributes we look for in a business. Their manufacturing and distribution footprint is amongst the strongest in China, from a consumer goods perspective. This has led numerous multinationals to partner with them, including Pepsi and Starbucks. The company was also chosen as the beverage supplier to the new Shanghai Disney opening in 2016, marking the first time Coca-Cola was not selected as the exclusive supplier to a Disney World Resort.

PORTFOLIO MANAGER'S REPORT (continued)

CURRENCY

Our approach to currency management has allowed us to take advantage of the recent falls in the Australian dollar. At 30 June 2015 our primary currency exposures were to the US dollar (64%) and the pegged Hong Kong dollar (32%). It is important to highlight that the declines witnessed in the Australian dollar have not been in isolation rather most free floating Asian currencies have suffered the same fate over the past year. This highlights the importance of managing underlying equity positions and currency exposures separately and not simply making the decision to hedge a currency exposure back to Australian dollars or leave it in the local currency where the underlying security is denominated. We have been clear in our communication regarding our outlook for the Australian dollar and whilst it has declined in line with these forecasts, we believe that there may be further weakness ahead.

RESEARCH TOUR

We recently conducted a research tour in Asia, which included Vietnam, Cambodia, Macau and China. During the trip we met (among many others) the management teams of 9 of the current 22 portfolio holdings including all of the companies with Chinese exposure. Whilst it is clear that the Chinese economy continued to slow in the first half of the 2015 calendar year, we took great comfort in the outlook and value proposition for these holdings as a result of these research meetings.

INVESTMENT REPORTS

We encourage you to subscribe to our monthly and quarterly investment reports, as they will keep you updated with the ongoing changes to the portfolio and investments. We look forward to an exciting year ahead.



Kevin Bertoli
Portfolio Manager of PM Capital Asian Opportunities Fund Limited
PM Capital Limited
13 August 2015

LIST OF INVESTMENTS HELD AS AT 30 JUNE 2015

Investment	Market Value \$
51Jobs Inc	5,208,724
AAC Technologies Holdings Inc	1,771,330
Astro Malaysia Holdings Berhad	2,435,703
Baidu Inc	2,046,230
Beijing Capital International Airport Company Limited	1,978,737
China Yuchai International Limited	1,553,396
Donaco International Limited	5,929,749
Genting Malaysia Berhad	2,782,496
HSBC Holdings plc	3,024,418
iProperty Group Limited	1,748,566
Lotte Confectionery Co Limited	1,927,368
MGM China Holding Limited	1,732,841
Mindray Medical International Limited	4,227,537
Sinopec Kanton Holdings Limited	3,133,637
SJM Holding Limited	1,663,475
Tingyi (Cayman Islands) Holding Corporation	2,716,822
Turquoise Hill Resources Limited	3,205,178
Wumart Stores, Inc.	710,970
Zhaopin Ltd	2,344,540
AUD / USD Hedge	131,163
MYR / USD Hedge	59,560
KRW / USD Hedge	14,883
Total cash assets (per note 3)	14,396,654
Total interest bearing liabilities (per note 6)	(1,810,995)
Total	62,932,982

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of PM Capital Asian Opportunities Fund Limited (“the Company”) are responsible for the overall governance of the Company. The Company has adopted the ASX Governance Principles and Recommendations (3rd Edition) for the 2015 financial period, where the Board has considered the recommendation to be appropriate for its corporate governance practices. Where a recommendation has not been followed, the reasons are disclosed below.

Principle 1 – Lay Solid Foundations for Management and Oversight

The roles and responsibilities of the Board are set down in the Company’s Board Charter. A copy of the Company’s Board Charter is available at http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.

The role of the Board is to set strategic direction of the Company, driving its performance and the management and operations of the Company. Additionally, it is responsible for the overall corporate governance of the Company.

Whilst the Company has a Board, it has no full time employees, and uses the services of an investment manager, PM Capital Limited (“the Investment Manager”). The services of the Executive Director and Company Secretary are provided by the Investment Manager and these roles are not remunerated at present. Under the Management Agreement between the Company and the Investment Manager, the Investment Manager has discretion to acquire and dispose of investments on behalf of the Company in line with the investment strategy. In the case where a proposed investment falls outside the investment strategy, the Investment Manager would need to seek approval from the Board for the investment. The Board has full discretion to approve or deny the proposal. Given the role of the Investment Manager, there is no need to delegate functions to management under Recommendation 1.1(b).

The Company has a Nominations & Corporate Governance Committee which is responsible for reviewing and advising the Board on the composition of the Board and its committees, as well as establishing criteria for Board membership, establishing with each candidate for non-executive directorship their commitments outside the Company, and ensuring that all available information (including, but not limited to, biographical details, qualifications, the director’s independence, other directorships held by the relevant candidate, and a statement from the Board as to whether it supports the nomination) regarding a candidate who is proposed to be elected as a director of the Company is provided to shareholders to allow them to make an informed decision.

Security holders are provided with all material information in the Company’s possession relevant to a decision on whether or not to elect or re-elect a director in the Notice of Meeting for a General Meeting.

The Company has a written agreement with each director setting out the terms of their appointment. Details about the remuneration structure and remuneration of directors during the reporting period are set out in the Directors’ Report. The Company doesn’t have written agreements with senior executives where the senior executive function is provided to the Company by the Investment Manager.

The Company Secretary is accountable to the Board through the Chairman for all matters to do with the proper functioning of the board under the Board Charter.

The Company has a Diversity Policy which can be found at http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.

The Diversity Policy sets out the Company’s objectives for achieving diversity amongst its board, management and employees, including diversity in experiences, perspectives, gender and age. The Board considers the Diversity Policy on an ongoing basis, and the Policy is considered in determining the structure of the Board and officers of the Company. In particular, the Board met its objectives for meeting gender diversity and assessed annually this objective and the Company’s progress in achieving this objective. There is one woman in a senior position in the company, the Company Secretary, Ursula Kay, who has been appointed due to her experience as company secretary for the Investment Manager, as well as her financial, accounting and financial reporting experience. The Board has a continuing objective of meeting gender diversity of the directors and senior executives of the Company, and intends to meet this by considering candidates of both genders where positions in the Company become available.

CORPORATE GOVERNANCE STATEMENT (continued)

The following table shows the number of men and women in the Company as at 30 June 2015.

	Total	No. of Men	% Men	No. of women	% Women
Board	4	4	100%	0	0%
Senior Executive (Company Secretary)	1	0	0	1	100%
Employees	0	0	0	0	0

The Nomination and Corporate Governance Committee is responsible for recommending measurable objectives to the Board in the light of the Company's general selection policy for directors, officers and employees, and reporting to the Board on the effectiveness of the Company's diversity objectives each year.

Performance evaluation of the Board, its committees and individual directors were undertaken in the reporting period, according to the process detailed in the Board Charter, Audit Committee Charter, Nomination and Corporate Governance Committee Charter, at

http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.

Senior executives whose functions are provided by the Investment Manager are not subject to performance evaluation.

Principle 2 – Structure the Board to Add Value

A Nominations and Corporate Governance Committee has been established. The Nominations and Corporate Governance Committee is comprised of three independent Directors with an independent Director Chair, and meets at least three times per year in accordance with the Nominations and Corporate Governance Committee charter. Details of the Directors' attendance at meetings during the year can be found in the Directors' Report. This Charter is available at

http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.

The skills, experience and expertise relevant to the position and term of office of each Director who is in office at the date of the Annual Report are detailed in the Directors' Report. The Board believes that the current mix of skills is appropriate for the Board.

The Board has three independent Directors and one non-independent Director. Brett Spork, Todd Barlow and Andrew Reeve-Parker are considered to be independent as they have no direct involvement in the management of the portfolio and are free from any business or other relationship which could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgement. Brett Spork, an independent Director, is also the Chairman.

Information on the Directors, including their terms of service, can be found in the Directors' Report.

In accordance with the company's constitution, on an annual basis one third of the Directors are required to retire by rotation and, being eligible, may stand for re-election.

Details of the qualifications and experience of the members of the Board are set out in the Directors' Report. The Board is of the view that the current Directors possess an appropriate mix of skills and experience to enable the Board to discharge its responsibilities.

New directors are appointed through a written agreement with the Company that sets out their duties, rights and responsibilities. The Nomination and Corporate Governance Committee is responsible for establishing and facilitating an induction program for new directors with all such information and advice which may be considered necessary or desirable for the director to commence their appointment to the Board. New directors have the opportunity to request professional development opportunities to further develop and maintain the skills and knowledge needed to perform effectively their role as directors.

CORPORATE GOVERNANCE STATEMENT (continued)

It is the Board's policy that any committee established by the Board should be entitled to obtain independent professional or other advice at the cost of the Company unless the Board determines otherwise.

Principle 3 – Act Ethically and Responsibly

The Company has adopted a formal Code of Conduct which can be found at http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.

The Code of Conduct requires that all Directors and senior executives maintain a high standard of corporate and individual behaviour in the context of their service to the Company, acting in an ethical and professional manner in all dealings with one another or any other stakeholder, and in accordance with the values and practices of the Company.

Principle 4 – Safeguard Integrity in Corporate Reporting

An Audit Committee has been established and is comprised of three members, all independent Directors. The Audit Committee Charter is available at

http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.

The Chairman of the Audit Committee is not the Chairman of the Board. The Audit Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. The Audit Committee responsibilities include yearly and half-yearly review of financial statements, review of the Company's net tangible asset backing disclosure, review of the effectiveness of the Company's internal controls with regard to financial performance and reporting, involvement in the external audit, compliance and risk management. The qualifications and experience of the Audit Committee members, and their attendance at meetings during the period, can be found in the Directors' Report.

The Board, before approving the Company's financial statements for the financial period, receives from the Chief Executive Officer and Chief Financial Officer (or equivalent) a declaration in accordance with section 295A of the *Corporations Act 2001*, declaring that, in their opinion, the financial records of the Company have been properly maintained and the financial statements and notes present a true and fair view and are prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Chief Executive Officer and Chief Financial Officer (or equivalent) also certify that there is a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.

The Board also ensures that the Company's external auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit.

Principle 5 – Make Timely and Balanced Disclosure

The Company operates under the continuous disclosure requirements of the ASX Listing Rules as set out in the Company's Continuous Disclosure Policy, which can be found at http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.

The Policy outlines the set of procedures and guidelines to ensure that the Company complies with its disclosure obligations in accordance with all applicable legal and regulatory requirements, including the Listing Rules of the ASX. The Company's Board bears the primary responsibility for the Company's compliance with its disclosure obligations and is therefore responsible for overseeing and implementing the Policy. The Company has appointed the Company Secretary to serve as its ASX liaison officer, and has also put in place arrangements with the Investment Manager to ensure that it promptly informs the Board of any matter concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company will post Company announcements on the Company's website after they are released to the ASX to ensure accessibility to the widest audience.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 6 – Respect the Rights of Security Holders

The Company is committed to regularly communicating with its shareholders in a timely, accessible and clear manner with respect to both procedural matters and major issues affecting the Company. The Company seeks to recognise numerous modes of communication, including electronic communication and through the Company's website. All Shareholders are invited to attend the Company's Annual General Meeting, either in person or by representative. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors. Shareholders are entitled to vote on significant matters impacting the business, such as the election and remuneration of the directors, and changes to the constitution, and to have access to the annual and interim financial statements. The Company has adopted a Shareholder Communications Policy, a copy of which can be found at

http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.

Principle 7 – Recognise and Manage Risk

The responsibility for the effectiveness of risk management and internal compliance and control rests with the Board. The Board has delegated responsibility for reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee. The Audit Committee has three independent Directors and is chaired by an independent Director, and the details of these Directors, and their attendance at meetings during the period, can be found in the Directors' Report. The Audit Committee is governed by the Audit Committee Charter, a copy of which can be found at

http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.

The Audit Committee liaises with and oversees the application by the Investment Manager of the risk management protocols, to ensure the design and implementation of a risk management and internal control system to manage the Company's material risks and report on the management of those risks. The Investment Manager has a robust risk management framework, including a dedicated Head of Operational Risk and Compliance, to actively recognise and manage risk. The Investment Manager reports to the Audit Committee and the Board on an ongoing basis in relation to risk related matters and the management of material business risks. The risk management framework is reviewed at least annually by the Audit Committee and has been reviewed for the period ended 30 June 2015.

The Company has no material exposure to environmental and social sustainability risks. Due to its nature the Company does have exposure to economic risk indirectly as a result of the following risks:

- Market related risk – the Company carries investment risk due to its nature as a listed investment company and this risk is regularly monitored and managed where appropriate. The Investment Manager must act in accordance with the Management Agreement and reports to the Board regularly. A copy of the Company's Risk Management Policy is available at http://pmcapital.com.au/site/listed_companies/pm_capital_asian_opportunities_fund_limited/Compliance_and_policies.aspx.
- Administrative risk – the Company has outsourced custody, accounting, administrative and investment management functions to service providers; accordingly these risks are handled in accordance with the service providers' policies and procedures.

The Company does not have an internal audit function. The Audit Committee continues to monitor, evaluate and liaise with the Investment Manager in improving the effectiveness of risk management and internal control processes as outlined above.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 8 – Remunerate Fairly and Responsibly

Although the Company has a Board, it has no remunerated employees. The roles of the Executive Director and Company Secretary, as provided for in the Management Agreement, are remunerated by the Investment Manager. On this basis the Company has not established a remuneration committee. The Board will ensure that it performs the functions recommended in the ASX Corporate Governance Principles to be performed by a Board remuneration committee (to the extent that these functions are relevant to the Company's business). The Company will provide disclosure of its Directors' and executives' remuneration in its Annual Report. The Directors' remuneration is capped at \$250,000 per annum in accordance with the Company's Constitution, and any payments over \$250,000 must be approved by a resolution of the holders of ordinary shares in accordance with the ASX Listing Rules.

Details of the terms governing the remuneration of the Investment Manager are included in the Shareholder Information (Investment Management Agreement section, page 48).

DIRECTORS' REPORT

The directors submit the first financial report of PM Capital Asian Opportunities Fund Limited ("the Company") for the period from 20 March 2014 ("registration date") to 30 June 2015.

Directors' experience and Other Directorships

The following persons were directors of the Company from registration date and up to the date of this report (unless otherwise indicated):

Brett Spork

Chairman and Non-executive Director

Member of the Nomination and Corporate Governance Committee

Member of the Audit Committee

Mr Spork has over 20 years of experience in the financial markets industry as a trader, advisor and senior manager both within Australia and overseas. He currently provides consulting services to a broad range of financial and academic institutions. Such consulting services comprise the provision of commercial, business development and regulatory advice. Previously, Mr Spork was the Chief Executive Officer of InvestorFirst Limited and BTIG Australia Limited. During the period 2002 to 2006, Mr Spork was the Chief Executive Officer of E*Trade Australia Limited. Before joining E*Trade Australia Limited, he worked at Macquarie Bank for 14 years, the latter part as an Executive Director of Macquarie Financial Services. Mr Spork also serves as a director of PM Capital Global Opportunities Fund Limited and Clime Capital Limited.

Mr Spork holds a Bachelor of Business from the Queensland University of Technology. In 2004, he was recognised by the Australian Stockbrokers Foundation and admitted to its "Hall of Fame".

Todd Barlow

Non-executive Director

Member of the Nomination and Corporate Governance Committee

Chairman of the Audit Committee

Mr Barlow is currently the Chief Executive Officer of Washington H. Soul Pattinson and Company Limited. Mr Barlow was previously Managing Director of Pitt Capital Partners Limited, a Sydney based corporate advisory firm he joined in 2004 where he advised a range of clients on mergers and acquisitions, financial structuring, capital raisings and stock exchange listings across a range of industries. Between 2005 and 2008 Mr Barlow was based in Hong Kong and provided advice on cross-border transactions between Asia and Australia. Mr Barlow previously practiced as a lawyer, specialising in corporate law and mergers and acquisitions. Mr Barlow also serves as a director of New Hope Corporation Limited and a number of unlisted entities. Mr Barlow was formerly a director of BlueNRGY Group Limited and is a director of TPI Enterprises Limited.

Mr Barlow holds a Bachelor of Business and Bachelor of Laws from the University of Technology, Sydney.

DIRECTORS' REPORT (continued)

Directors' experience and Other Directorships (continued)

Andrew Reeve-Parker

Non-executive Director

Chairman of the Nomination and Corporate Governance Committee

Member of the Audit Committee

Mr Reeve-Parker is a representative director and responsible manager of NW Advice Pty Limited (AFSL 241715). Mr Reeve-Parker joined NW Advice Pty Limited (previously Neville Ward Advice Pty Ltd) in 2004 and is responsible for providing financial advice to NW Advice Pty Limited's client base, principally focused on strategy and asset allocation.

Mr Reeve-Parker is a committee member of the Filtered Research Centre, an initiative of the Association of Independent Financial Professionals to provide independent investment research and guidance to subscribers of the service. Mr Reeve-Parker is also a responsible manager for Wealth Focus Pty Ltd (AFSL 314 872) and Personal Choice Management Pty Ltd (AFSL 247324) and is a director of Datacenter Limited. Prior to these roles, Mr Reeve-Parker worked for Deutsche Asset Management (in London, England), the Commonwealth Bank of Australia and the National Australia Bank in roles spanning funds management to custody and settlements.

Mr Reeve-Parker holds a Bachelor of Business majoring in Finance and an Advanced Diploma in Financial Services.

Ben Skilbeck

Executive Director (appointed 15 May 2015)

Mr Skilbeck has over 19 years of experience in financial markets. He joined the Investment Manager of the Company in February 2015 as the Chief Executive Officer ("CEO") and is responsible for implementing and contributing to the determination of the operational and strategic objectives of the Investment Manager's business. Mr Skilbeck has an Investment Banking background, having worked in both Australia and the US with Merrill Lynch and Credit Suisse where he focused on mergers and acquisitions and corporate finance advisory. Before joining the Investment Manager he was most recently the CEO of Rismark, a provider of quantitative research solutions and synthetic equity exposures over the Australian residential property sector. Mr Skilbeck is also a director of PM Capital Global Opportunities Fund Limited.

Mr Skilbeck attended the University of Melbourne and holds a Bachelor of Engineering (with Honours) and a Bachelor of Commerce.

Ursula Kay

Alternate Director for Ben Skilbeck (appointed 15 May 2015)

Ms Kay has over 14 years of experience in professional services and financial markets. She has served as the Financial Controller of the Investment Manager of the Company since December 2012. Prior to this role Ms Kay was Finance Manager at Crescent Capital Partners ("Crescent"), an independent mid-market private equity firm. Prior to joining Crescent Ms Kay held various roles at professional services firms PricewaterhouseCoopers and Ernst & Young. Ms Kay is also the alternate director for Ben Skilbeck for PM Capital Global Opportunities Fund Limited, and a director of MAPP Pty Limited, a company related to the Investment Manager of the Company.

Ms Kay is a Graduate of the Australian Institute of Company Directors. She holds a Masters of Taxation from University of Sydney, a Graduate Diploma of Chartered Accounting and a Bachelor of Business from the University of Technology, Sydney.

DIRECTORS' REPORT (continued)

Directors' experience and Other Directorships (continued)

Chris Donohoe

Former Executive Director and Chief Executive Officer (resigned 15 May 2015)

Mr Donohoe has over 20 years of experience in financial markets. He served with the Investment Manager of the Company, PM Capital Limited, from early 2001 to 16 February 2015 and during this time held various roles including Chief Executive Officer ("CEO"). He was responsible for implementing the Investment Manager's overall business strategy. Prior to joining the Investment Manager he gained several years' experience in the derivatives market initially being employed at the Societe Generale Group in 1993 as a trader. Mr Donohoe moved to Salomon Smith Barney in 1995 as the Senior Futures Trader. Mr Donohoe was also a director of PM Capital Global Opportunities Fund Limited from 1 October 2013 to 15 May 2015.

Mr Donohoe is a Graduate of the Australian Institute of Company Directors. He holds a Masters of Business in Finance, majoring in Funds Management, from the University of Technology, Sydney.

Attendance at Meetings

Board of Directors Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Brett Spork	5	5
Todd Barlow	5	5
Andrew Reeve-Parker	5	5
Ben Skilbeck (appointed 15 May 2015)	0	0
Chris Donohoe (resigned 15 May 2015)	5	4

Nomination and Corporate Governance Committee Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Brett Spork	3	3
Todd Barlow	3	3
Andrew Reeve-Parker	3	3

Audit Committee Meetings

Director	Meetings Held and Entitled to Attend	Meetings Attended
Brett Spork	4	4
Todd Barlow	4	4
Andrew Reeve-Parker	4	4

DIRECTORS' REPORT (continued)

Directors' Interests in Shares and Options

As at 30 June 2015, 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	0	331,000
Todd Barlow	40,000	40,000
Andrew Reeve-Parker	91,800	154,000
Ben Skilbeck (appointed 15 May 2015)	0	0
Ursula Kay (appointed 15 May 2015)	0	0

Options held by directors are under the same terms and conditions as disclosed in Note 8.

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 (ex-Japan) equity markets 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 \$6,942,804.

	Period from 20 March 2014 to 30 June 2015 \$
Profit before Income Tax	9,911,655
Income Tax Expense	(2,968,851)
Profit for the period attributable to members	<u>6,942,804</u>

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

During the period ended 30 June 2015, the Company concluded its initial public offering in accordance with the Prospectus dated 7 April 2014. The Company has raised \$54,203,941 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 8.

The invested position of the Company as at 30 June 2015 is held as to 80% in equity securities and currency contracts and 20% in cash and cash equivalent assets. The invested position is recognised on the balance sheet in cash and cash equivalents, financial assets held at fair value through profit or loss, and interest bearing liabilities.

DIRECTORS' REPORT (continued)

Dividends

No dividend was declared or paid during the period.

Consistent with the Company's Prospectus dated 7 April 2014, the objective of the Company is long term capital growth and it is likely that dividends will be low during the initial years. The amount of the dividend is at the discretion of the Board and will depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Board deem relevant. It is the current Board policy that all dividends paid to Shareholders will be franked to 100% or to the maximum extent possible.

Net Assets

As at 30 June 2015 the net assets of the Company were \$60,394,778. Please refer to the Statement of Financial Position for further details.

State of Affairs

During the financial period there was no significant change in the state of affairs of the Company, other than the issue by the Company of an initial prospectus which raised \$54,203,941 in equity, and the admission of the Company's securities to the Australian Securities Exchange.

Events Subsequent to Balance Date

No matter or circumstance has arisen since the end of the financial 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.

Likely Developments

The Company will be managed in accordance with the Constitution and investment objectives as detailed in the Prospectus dated 7 April 2014.

Indemnification of Officers

The Company has indemnified directors and officers for any actions that may arise as a result of acting in their capacity as directors and officers of the Company in respect of:

- a) Liability to third parties when acting in good faith; and
- b) Costs and expenses of defending legal proceedings and ancillary matters.

The terms of the policy preclude disclosure of the premium.

Environmental Regulations

The Company's operations are not subject to any significant environmental regulations.

DIRECTORS' REPORT (continued)

Remuneration Report

This remuneration report sets out information about the remuneration of the Company's directors for the period from 20 March 2014 ("registration date") to 30 June 2015, under the requirements of Section 300A(1) of the *Corporations Act 2001*.

Key management personnel

The directors and other key management personnel of the Company during the whole of the period, and up to the date of this report are (unless otherwise indicated):

Brett Spork – Chairman
 Todd Barlow – Non-executive Director
 Andrew Reeve-Parker – Non-executive Director
 Ben Skilbeck – Executive Director (appointed 15 May 2015)
 Chris Donohoe – Former Executive Director and Chief Executive Officer (resigned 15 May 2015)
 Ursula Kay – Alternate Director for Ben Skilbeck (appointed 15 May 2015)

Directors' Remuneration

The Company has a Nomination and Corporate Governance Committee which reviews and advises the Board on the composition of the Board and its committees.

Directors' base fees are set out in the Constitution at a maximum of \$250,000 per annum.

Directors' remuneration received or receivable for the period from the date of registration (20 March 2014) to 30 June 2015 was as follows:

Director	Position	Directors' fees for the period from 20 March 2014 to 30 June 2015 \$	Superannuation for the period from 20 March 2014 to 30 June 2015 \$	Total for the period from 20 March 2014 to 30 June 2015 \$
Brett Spork	Independent Chairman and Non-Executive Director	40,958	3,869	44,827
Todd Barlow	Independent Non-Executive Director	35,107	3,316	38,423
Andrew Reeve-Parker	Independent Non-Executive Director	35,107	3,316	38,423
Ben Skilbeck	Executive Director (appointed 15 May 2015)	-	-	-
Chris Donohoe	Former Executive Director (resigned 15 May 2015)	-	-	-
Ursula Kay	Alternate Director for Ben Skilbeck (appointed 15 May 2015)	-	-	-
		<u>111,172</u>	<u>10,501</u>	<u>121,673</u>

DIRECTORS' REPORT (continued)

Ben Skilbeck is the Chief Executive Officer of the Investment Manager and Ursula Kay is the Financial Controller and Company Secretary of the Investment Manager. They are remunerated by the Investment Manager and are currently not entitled to a director's fee or any other form of remuneration from the Company.

Chris Donohoe is a former director, and has held various roles including Chief Executive Officer of the Investment Manager until 16 February 2015. He was remunerated by the Investment Manager and was not entitled to a director's fee or any other form of remuneration from the Company.

Proceedings on Behalf of the Company

There are no proceedings that the directors have brought, or intervened in, on behalf of the Company.

Non-Audit Services

Details of amount paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 9(c) to the financial statements. The directors are satisfied that the provision of non-audit services during the period by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

ASIC Half-Year Reporting Relief

On 30 July 2014, ASIC granted the Company relief from its reporting requirements under the *Corporations Act 2001* for the half-year ended 19 September 2014. As a result of ASIC relief, the Company prepared an interim report for the period 20 March 2014 to 31 December 2014 per the ASX listing rules.

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 21.

Signed at Sydney this 13th day of August 2015, in accordance with a resolution of the Board of Directors.



Brett Spork
Chairman



Todd Barlow
Executive Director

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

ACN 168 666 171


AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of PM Capital Asian Opportunities Fund Limited:

As lead auditor for the audit of the financial report of PM Capital Asian Opportunities Fund Limited for the period from the date of registration (20 March 2014) to 30 June 2015 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
13 August 2015


D K Swindells
Partner

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

Note		Period from 20 March 2014 to 30 June 2015 \$
Revenue		
Interest		71,057
Dividends		796,789
Gains on investments held at fair value through profit or loss		4,409,893
Gains on foreign exchange		5,849,466
Total Revenue		11,127,205
Expenses		
Management fees	9 (a)	675,117
Finance costs		4,876
Other operating expenses	9 (b)	535,557
Total Expenses		1,215,550
Profit before income tax		9,911,655
Income tax expense	7 (a)	(2,968,851)
Profit after income tax		6,942,804
Other comprehensive income		-
Total Comprehensive Income attributable to shareholders of the Company		6,942,804
Basic earnings per share	10	12.60 cents
Diluted earnings per share	10	12.60 cents

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Note	2015 \$
Assets		
<u>Current assets</u>		
Cash and cash equivalents	3	14,396,654
Financial assets held at fair value through profit or loss	4	50,347,323
Receivables	5	348,691
Total Current assets		65,092,668
<u>Non-current assets</u>		
Deferred tax assets	7 (c)	229,316
Total Non-current assets		229,316
TOTAL ASSETS		65,321,984
Liabilities		
<u>Current liabilities</u>		
Interest bearing liabilities	6	1,810,995
Payables		236,354
Income tax payable		2,305,244
Total Current liabilities		4,352,593
<u>Non-current liabilities</u>		
Deferred tax liabilities	7 (c)	574,613
Total Non-current liabilities		574,613
TOTAL LIABILITIES		4,927,206
NET ASSETS		60,394,778
SHAREHOLDERS' EQUITY		
Share capital	8	50,879,017
Share option reserve	8	2,572,957
Retained profits		6,942,804
TOTAL SHAREHOLDERS' EQUITY		60,394,778

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

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015

Note	Period from 20 March 2014 to 30 June 2015 \$
Cash flows from operating activities	
Interest received	70,313
Dividends received	463,335
Management Fees paid	(500,761)
Interest paid	(4,876)
Other operating expenses	(488,052)
Net cash flows used in operating activities	11 (460,041)
Cash flows from investing activities	
Purchase of investments	(53,291,418)
Proceeds from sale of investments	9,309,894
Net cash flows used in investing activities	(43,981,524)
Cash flows from financing activities	
Initial public offering costs	(1,070,278)
Proceeds from share issues	54,203,942
Net cash flows from financing activities	53,133,664
Net increase in cash and cash equivalents	8,692,099
Impact of exchange rate changes on cash and cash equivalents	3,893,560
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	12,585,659

Cash and cash equivalents at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash at Bank and Custodian	14,396,654
Overdraft at Custodian	(1,810,995)
Total Cash Assets	12,585,659

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

Note	Share Capital	Share Option Reserve	Retained Profits	Total
	\$	\$	\$	\$

**Balance on date of registration
(20 March 2014)**

	1	-	-	1
Total comprehensive income for the period	-	-	6,942,804	6,942,804
Subtotal	1	-	6,942,804	6,942,805

Transaction with shareholders in their capacity as shareholders:

Shares and options issued	8	51,594,788	2,609,153	-	54,203,941
Initial public offering costs net of deferred tax impact	8	(715,772)	(36,196)	-	(751,968)
Subtotal		50,879,016	2,572,957	-	53,451,973
Balance at 30 June 2015		50,879,017	2,572,957	6,942,804	60,394,778

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015

1. General information and summary of significant accounting policies

PM Capital Asian Opportunities Fund Limited (“the Company”) is a listed investment company incorporated in Australia. The Company was registered on 20 March 2014. The registered office and principal place of business of the Company is Level 27, 420 George Street Sydney NSW 2000. The Company’s principal activity is to invest predominantly in a concentrated portfolio of listed securities from Asian (ex-Japan) equity markets or companies whose business is predominantly conducted in this region, with the objective of providing long-term capital growth.

These general purpose financial statements are for the period from 20 March 2014 to 30 June 2015, and were authorised for issue by the Directors on 13 August 2015.

A summary of the material accounting policies adopted by the Company in the preparation of the financial statements is set out as below:

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*. For the purposes of preparing financial statements, the Company is a for-profit entity.

(b) Statement of Compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(c) Reporting Currency

All amounts are presented in Australian dollars as the functional and presentational currency of the Company.

(d) Going Concern Basis

The financial report has been prepared on a going concern basis.

(e) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

1. General information and summary of significant accounting policies (continued)

(e) Investments (continued)

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.

(f) 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.

(ii) Transactions and balances

Transactions during the period denominated in foreign currency have been 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 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.

(g) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015

1. General information and summary of significant accounting policies (continued)

(g) Income tax (continued)

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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

1. General information and summary of significant accounting policies (continued)

(o) Share option reserve

The share option reserve is measured at the fair value of options at the date of issue net of option issue costs. This reserve is adjusted, with a corresponding entry to share capital, on exercise of options. At the expiration of the option period, the portion of the reserve relating to unexercised options is transferred to share capital.

(p) 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.

(q) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of some assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant, and reasonable under the circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The methods used in the valuation of investments are set out in Note 1(e) to these financial statements.

(r) New accounting standards

Certain new accounting standards have been published that are not mandatory for the 30 June 2015 reporting period. The assessment of the Directors of the Company is that these new standards will have no material impact on the financial report of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015

2. Financial risk management

(a) Objectives, strategies, policies and processes

The Company's investment objective is to provide long-term capital growth over a seven-year plus investment horizon through investment in a concentrated portfolio of Asian equities and other investment securities, with a focus on the Asian Region (ex-Japan), which the Investment Manager considers to be mispriced. It is expected that the Company will have varied outcomes to that of a traditional index-benchmarked investment vehicle. The Company is managed from an Australian investor's perspective with tax and currency exposures forming important considerations in the daily management of the Company, whilst complying with the Company's Prospectus dated 7 April 2014. Financial risk management is carried out by the Investment Manager under the guidance of its Chief Investment Officer.

The Company's activities are exposed to different types of financial risks. These risks include market risk (including currency risk, and price risk) and credit risk. The Company may employ derivative financial instruments to hedge these risk exposures in order to minimise the effects of these risks. The use of derivatives is an essential part of proper portfolio management and is not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset of the Company against a fluctuation in market values or foreign exchange rates or to reduce volatility;
- as a substitute for physical securities;
- adjusting asset exposures within the parameters set in the investment strategy;
- adjusting the duration or the weighted average maturity of fixed interest portfolios.

The use of short selling and derivatives may indirectly leverage the Portfolio on a gross basis.

(b) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate. These fluctuations can be caused by market volatility, interest rates, economic cycles, political events and levels of economic growth, both global and domestic. The Company is materially exposed to two different types of market risks, namely foreign currency risk and price risk. Market risk exposures are assessed and minimised through employing established investment strategies.

The Company has a focused portfolio and, due to the concentrated nature of the Company's investments, considerable short term volatility may be experienced. The Company may also short specific securities that, in the opinion of the Investment Manager, are overvalued. All of the portfolio positions are subject to research and peer group review and if appropriate opportunities cannot be found the Company will hold cash until new opportunities arise.

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Company holds assets denominated in currencies other than the Australian dollar (being the functional currency) and is therefore exposed to foreign currency risk when the value of assets denominated in other currencies fluctuates due to movements in exchange rates.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

2. Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign currency risk (continued)

The Company may enter into foreign exchange forward contracts both to hedge the foreign exchange risk implicit in the value of portfolio securities denominated in foreign currency and to secure a particular exchange rate for a planned purchase or sale of securities. The terms and conditions of these contracts rarely exceed one year and the level of hedging will depend on the Investment Manager's expectation of future currency exchange rate movements.

As the nature of these contracts is to hedge the international investment activities of the Company, they are accounted for by marking to market at balance date in a manner consistent with the valuation of the underlying securities. The currency position of the Company is monitored on an ongoing basis by the Investment Manager.

The Company's portfolio in different currencies at balance date is summarised below.

	Australian Dollars A\$	US Dollars A\$	Hong Kong Dollars A\$	Malaysian Ringgit A\$	Other Currencies A\$	Total A\$
2015						
Assets						
Cash and cash equivalents	4,168,908	7,011,103	2,360,148	-	856,495	14,396,654
Financial assets at fair value through profit or loss:						
Listed securities	7,678,314	18,585,605	16,732,230	5,218,200	1,927,368	50,141,717
Currency contracts	131,163	74,443	-	-	-	205,606
Receivables	348,691	-	-	-	-	348,691
Deferred tax assets	229,316	-	-	-	-	229,316
Total Assets	12,556,392	25,671,151	19,092,378	5,218,200	2,783,863	65,321,984
Liabilities						
Interest bearing liabilities	-	-	-	1,810,897	98	1,810,995
Payables	236,354	-	-	-	-	236,354
Income tax payable	2,305,244	-	-	-	-	2,305,244
Deferred tax liabilities	574,613	-	-	-	-	574,613
Total Liabilities	3,116,211	-	-	1,810,897	98	4,927,206
Net assets	9,440,181	25,671,151	19,092,378	3,407,303	2,783,765	60,394,778

Foreign currency sensitivity

A sensitivity of 5 per cent has been selected to account for the current level of exchange rate volatility observed in the market. As at reporting date, the Australian dollar to United States dollar (AUD/USD) exchange rate was 0.7686 and the Australian dollar to Hong Kong dollar (AUD/HKD) exchange rate was 5.9586. As the Hong Kong dollar is pegged to the US dollar, any movement in the US dollar is likely to result in a movement of a similar proportion in the Hong Kong dollar. As at reporting date, had the Australian dollar weakened/(strengthened) by 5% against the US dollar with all other variables held constant, assuming that the Hong Kong dollar follows the US dollar, the net assets attributable to shareholders would have been \$3,047,711 higher/(\$2,757,453) lower.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

2. Financial risk management (continued)

(b) Market risk (continued)

(ii) Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate, whether those changes are specifically related to an individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is primarily exposed to price risk for its investments in listed securities. The price risk of securities is dependent upon the financial circumstances of the companies in which the securities are purchased, including their profits, earnings and cash flows. The return on a security's investment may also be affected by the quality of company management, the general health of the sector in which it operates and government policy.

In cases where financial instruments are denominated in currencies other than the Australian dollar, future prices will also fluctuate because of changes in foreign exchange rates. Refer to Note 2(b)(i) for the management of foreign currency risk. Some securities present a risk of loss of capital and, except where equities are sold short, the maximum exposure resulting from financial instruments is determined by the fair value of those instruments. Potential losses from equities sold short can be unlimited.

The Investment Manager's stock selection process is fundamental to the management of price risk. Whilst the Morgan Stanley Capital International ('MSCI') AC Asia ex Japan Net Index is used in measuring relative performance of the Company, risk in the view of the Investment Manager is not limited to relative performance versus a benchmark, but more so the prospect of losing money (i.e. absolute returns). The Company seeks a diversified range of investments whose business and growth prospects are being undervalued by the market. As a result, the Company's equity holdings vary considerably from the composition of the index.

The Company's overall market positions are monitored on an ongoing basis by the Investment Manager.

The Company's net equity exposure as at 30 June 2015 is set out below:

Industry Sectors	2015
Gaming	24%
Internet	23%
Consumer	16%
Infrastructure	10%
Healthcare	8%
Commodities	6%
Financials	6%
Other	7%
	<u>100%</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

2. Financial risk management (continued)

(b) Market risk (continued)

(ii) Price risk (continued)

Price sensitivity

The directors of the Company believe that it is difficult to accurately estimate future returns. Equity market returns can be volatile and returns from year to year often have a wide variance. As such, the Company uses a long term performance average, rather than a short term performance number, when estimating sensitivity to price risk. The longer return average takes into consideration the full market cycle, whereas an estimate based solely on last year's performance is likely to be misleading when the market cycle shifts.

As at reporting date, if the listed security prices in the portfolio had increased/(decreased) by 5% with all other variables being constant, this would have increased/(decreased) the net assets attributable to shareholders by approximately +/- \$2,507,086. The impact of price movements in currency contracts is unlikely to have a significant impact on the Company.

(c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations (i.e. default in either whole or part) under a contract causing the Company to make a financial loss.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of assets and liabilities as they are marked to market at balance date.

The total credit risk for assets including equity securities is therefore limited to the amount carried in the Statement of Financial Position.

The Investment Manager minimises the Company's concentrations of credit risk by adopting a number of procedures, including the following:

- Undertaking transactions with a large number of counterparties on recognised and reputable exchanges;
- Ensuring that these counterparties together with the respective credit limits are approved.

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. The Company does not hold any collateral as security or any other credit enhancements. 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 A1 for short term debt.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

2. Financial risk management (continued)

(c) Credit risk (continued)

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 \$3,259,791. 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 \$1,448,796 as at balance date.

The credit position of the Company is monitored on an ongoing basis by the Investment Manager.

(d) Fair Value Measurements

The fair value measurement hierarchy is as follows:

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

The following table presents the Company's assets measured and recognised at fair value at 30 June 2015:

Level 1	Level 2	Level 3	Total
\$	\$	\$	\$

2015

Assets

Financial assets at fair value through profit or loss:

Listed securities	50,141,717	-	-	50,141,717
Currency contracts	-	205,606	-	205,606
	<u>50,141,717</u>	<u>205,606</u>	<u>-</u>	<u>50,347,323</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

2015
\$

3. Cash and cash equivalents

Cash at bank (custodian) – AUD	4,168,908
Cash at bank (custodian) – USD	7,011,103
Cash at bank (custodian) – other currencies	3,216,643
	<u>14,396,654</u>

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

Listed securities	50,141,717
Currency contracts	205,606
	<u>50,347,323</u>

5. Receivables

Interest receivable	744
Dividends receivable	333,453
GST receivable	14,494
	<u>348,691</u>

6. Interest bearing liabilities

Cash overdraft at Custodian	<u>1,810,995</u>
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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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015

7. INCOME TAX

(a) Income Tax Expense

The aggregate amount of income tax attributable to the financial period differs from the amount of income tax that would be payable by the Company if its taxable income for the period were equal to the amount of the profit before income tax. The difference between these amounts is explained as follows:

	Note	2015 \$
Profit for the period before income tax expense		9,911,655
Prima facie income tax expense calculated at 30%		2,973,497
Tax Credits – Current year		(4,645)
Income tax expense		<u>2,968,851</u>
The amount of income tax attributable to the net profit before income tax is comprised of the following amount:		
Transferred from deferred tax assets		88,994
Transferred to deferred tax liabilities		574,613
Current tax on profits for the year		<u>2,305,244</u>
		<u>2,968,851</u>

(b) Tax Effects of Items Credited to Equity

Amounts credited to equity in relation to the income tax effect of amounts recognised in equity:

Share Capital	8	302,988
Option Reserve	8	15,322
		<u>318,310</u>

(c) Deferred tax

Deferred tax assets are represented by the following temporary differences:

Initial public offering corporate fee	117,080
Initial public offering legal fees	19,876
Initial public offering listing fee	23,240
Initial public offering other expenses	30,790
Insurances	30,080
Audit fees	8,250
	<u>229,316</u>

Deferred tax liabilities are represented by the following temporary differences:

Unrealised gains on investments	<u>574,613</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

8. Share capital and share option reserve

Shares

There is a single class of ordinary shares on issue. For all shares issued in accordance with the Prospectus dated 7 April 2014, an option was also issued. The amount paid by each shareholder was allocated between the share and the option based on relative market prices on the first day of trading. Costs of fundraising were allocated between shares and options on the same basis.

Each Share confers on its holder equal voting rights and to share equally in dividends and any surplus on winding up.

Subject to the *Corporations Act 2001* and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

During the period ended 30 June 2015, the Company concluded its initial public offering in accordance with the Prospectus dated 7 April 2014. An amount of \$54,203,941 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.

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

			\$
Opening Balance, on registration at 20 March 2014			1
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 \$	Net \$
Initial public offering costs :			
Joint lead manager fees	(657,681)	197,304	(460,377)
Legal fees	(107,667)	32,300	(75,367)
ASX fees	(139,260)	40,581	(98,679)
Other expenses	(114,152)	32,803	(81,349)
	(1,018,760)	302,988	(715,772)
Closing Balance at 30 Jun 2015			50,879,017

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

8. Share capital and share option reserve (continued)

Options

Under the Offer outlined in the Prospectus dated 7 April 2014, the Company offered one option for every one Share subscribed for, exercisable on or before 31 May 2016. After this date, the options expire.

The terms and conditions of the options are as follows:

- An option may be transferred or transmitted in any manner approved by ASX;
- An option may be exercised by the registered holder of the option, and a share in the Company issued, with payment to the Company of \$1.00 per option being exercised;
- An option may be exercised on any business day from the date of grant to 31 May 2016 (inclusive) but not thereafter.

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

			\$
Opening Balance, on registration at 20 March 2014			-
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 \$	Net \$
Initial public offering costs :			
Joint lead manager fees	(33,258)	9,978	(23,280)
Legal fees	(5,445)	1,633	(3,812)
ASX fees	(7,042)	2,052	(4,990)
Other expenses	(5,773)	1,659	(4,114)
	(51,518)	15,322	(36,196)
Closing Balance at 30 Jun 2015			2,572,957

Capital Management

The Company's objectives for managing capital are to invest the capital in investments meeting the description, risk exposure and expected return as indicated in the Company's Prospectus dated 7 April 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

9. Expenses

(a) 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.

No performance fee was payable for this period.

(b) Other operating expenses

	Period from 20 March 2014 to 30 June 2015 \$
Insurance	174,208
Director fees	121,673
Registry services	44,586
Australian Securities Exchange fees	57,118
Auditor remuneration	Note 9 (c) 45,163
Legal and tax advices	55,026
Research fee	13,325
Marketing	8,536
Others	15,922
	<u>535,557</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015

9. Expenses (continued)

(c) Auditor's Remuneration

	Period from 20 March 2014 to 30 June 2015 \$
Audit and review of the financial statements	45,163
Tax compliance services	5,000
Other assurance services	9,500
	<u>59,663</u>

\$14,500 of the tax compliance and other assurance services fee was included in the initial public offering cost.

10. 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.

11. Cash Flow Statement

Reconciliation of Net Profit after income tax to Cash Flow from Operating Activities

	2015 \$
Net profit after income tax	6,942,804
Net Gains on Investment	(4,409,893)
Net Gains on Foreign Exchange	(5,849,466)
Changes in assets and liabilities:	
Increase in receivables	(348,691)
Increase in income taxes payable	2,968,851
Increase in creditors	236,354
Net Cash flows used in Operating Activities	<u>(460,041)</u>

12. 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 4 Financial assets held at fair value through profit or loss, and Note 2 Financial risk management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM THE DATE OF REGISTRATION (20 MARCH 2014) TO 30 JUNE 2015**

13. Related party transactions

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

- The compensation arrangements with the Directors and Executive Directors (refer to Directors' Remuneration below);
- The interests in the Company held directly or indirectly by the Directors and Executive Directors (refer to remuneration report included in the directors' report); and
- The Management Agreement between the Company and the Investment Manager (refer to Note 9 for details of fees paid to the Investment Manager).

Directors Remuneration

Directors' remuneration received for the period ending 30 June 2015 was as follows:

Director	Position	Directors' fees for the period from 20 March 2014 to 30 June 2015 \$	Superannuation for the period from 20 March 2014 to 30 June 2015 \$	Total for the period from 20 March 2014 to 30 June 2015 \$
Brett Spork	Independent Chairman and Non-Executive Director	40,958	3,869	44,827
Todd Barlow	Independent Non-Executive Director	35,107	3,316	38,423
Andrew Reeve-Parker	Independent Non-Executive Director	35,107	3,316	38,423
Ben Skilbeck	Executive Director (appointed 15 May 2015)	-	-	-
Chris Donohoe	Former Executive Director (resigned 15 May 2015)	-	-	-
Ursula Kay	Alternate Director for Ben Skilbeck (appointed 15 May 2015)	-	-	-
		<u>111,172</u>	<u>10,501</u>	<u>121,673</u>

Ben Skilbeck is the Chief Executive Officer of the Investment Manager and Ursula Kay is the Financial Controller and Company Secretary of the Investment Manager. They are remunerated by the Investment Manager and are currently not entitled to a director's fee or any other form of remuneration from the Company.

Chris Donohoe is a former director, and has held various roles including Chief Executive Officer of the Investment Manager until 16 February 2015. He was remunerated by the Investment Manager and was not entitled to a director's fee or any other form of remuneration from the Company.

DIRECTORS' DECLARATION

1. In the directors' opinion:
 - (a) the financial statements and notes set out on pages 22 to 41 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards and 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 2015 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.
2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.
3. The directors have been given by the Executive Director and Chief Financial Officer the declarations for the period ended 30 June 2015 required by section 295A of the *Corporations Act 2001*.

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



Brett Spork
Chairman



Todd Barlow
Director

Sydney, NSW
13 August 2015

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

ACN 168 666 171

INDEPENDENT AUDITOR'S REPORT

To the members of PM Capital Asian Opportunities Fund Limited:

Report on the Financial Report

We have audited the accompanying financial report of PM Capital Asian Opportunities Fund Limited ("the company"), which comprises the statement of financial position as at 30 June 2015, 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 the date of registration (20 March 2014) to 30 June 2015, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company.

Directors' Responsibility 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(b), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements of PM Capital Asian Opportunities Fund Limited comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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.

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 the 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 company'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 company's 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED

ACN 168 666 171

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion:

- (a) the financial report of PM Capital Asian Opportunities Fund Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and its performance for the period from the date of registration (20 March 2014) to 30 June 2015; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 and 20 of the directors' report for the period ended 30 June 2015. 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.

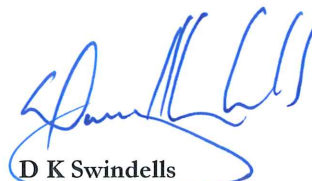
Opinion

In our opinion the Remuneration Report of PM Capital Asian Opportunities Fund Limited for the period ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

Sydney, NSW
13 August 2015

A handwritten signature in blue ink that reads 'D K Swindells'.

D K Swindells
Partner

SHAREHOLDER INFORMATION

Additional Information

The additional information required by the Australian Securities Exchange Limited Listing Rules is set out below.

20 Largest Shareholders

Details of the 20 largest ordinary shareholders and their respective holdings as at 5 August 2015.

Holder Name	Ordinary Shares Held	% of Issued Shares
HSBC Custody Nominees (Australia) Limited - A/C 2	8,250,000	14.98%
Roaring Lion Pty Limited	4,000,000	7.26%
HSBC Custody Nominees (Australia) Limited	2,804,643	5.09%
Forsyth Barr Custodians Ltd	1,683,895	3.06%
UBS Wealth Management Australia Nominees Pty Ltd	730,955	1.33%
Lic Investments Pty Ltd	645,000	1.17%
Coolah Holdings Pty Ltd	500,000	0.91%
Neja Pty Ltd	400,000	0.73%
Mr Paul Andrew Ringrose	375,000	0.68%
TJMW Holdings Pty Ltd	350,000	0.64%
Stephen Lambert & Ruth Lambert	300,000	0.54%
Netwealth Investments Limited	297,240	0.54%
Mr Michael Paul Wedgwood & Mrs Janet Josephine Wedgwood	250,000	0.45%
Piat Corp Pty Ltd	250,000	0.45%
Tyjj Superannuation Pty Ltd	250,000	0.45%
Froth Pty Ltd	220,000	0.40%
Surfside Pty Limited	206,875	0.38%
Mr Willem Lasschuit & Mrs Rhonda Lasschuit	200,000	0.36%
Findon Nominees Pty Ltd	200,000	0.36%
Miss Mary Hotham Howie	200,000	0.36%
Dat Investments Pty Ltd	200,000	0.36%
Total	22,313,608	40.50%

SHAREHOLDER INFORMATION (continued)

20 Largest Optionholders

Details of the 20 largest Optionholders and their respective holdings as at 5 August 2015.

Holder Name	Options Held	% of Issued Options
HSBC Custody Nominees (Australia) Limited - A/C 2	8,250,000	14.98%
Roaring Lion Pty Limited	4,000,000	7.26%
HSBC Custody Nominees (Australia) Limited	2,178,526	3.95%
NSR Investments Pty Ltd	1,500,000	2.72%
UBS Wealth Management Australia Nominees Pty Ltd	1,400,000	2.54%
Forsyth Barr Custodians Ltd	1,175,400	2.13%
Natural Beef Pty Limited	1,000,000	1.82%
Uranus Investments Pty Limited	669,818	1.22%
Neja Pty Ltd	400,000	0.73%
Mr Paul Andrew Ringrose	400,000	0.73%
Super Hero Squad Pty Ltd	400,000	0.73%
ABN Amro Clearing Sydney Nominees Pty Ltd	373,000	0.68%
Mr Raymond Yu Man Chand	370,429	0.67%
Mr Brett Spork & Mrs Carolyn Spork	331,000	0.60%
Mr Hugh Burton Taylor	330,000	0.60%
Mr Anthony Robert Harrison & Mrs Jan Helen Harrison	313,384	0.57%
Coolah Holdings Pty Ltd	300,000	0.54%
Stephen Lambert & Ruth Lambert	300,000	0.54%
Froth Pty Ltd	300,000	0.54%
TJMW Holdings Pty Ltd	250,000	0.45%
Mr Michael Paul Wedgwood & Mrs Janet Josephine Wedgwood	250,000	0.45%
Tyjj Superannuation Pty Ltd	250,000	0.45%
Mr Willem Lasschuit & Mrs Rhonda Lasschuit	250,000	0.45%
Total	24,991,557	45.35%

Substantial Shareholders

Holder Name	Ordinary Shares Held	% of Issued Shares
HSBC Custody Nominees (Australia) Limited - A/C 2	8,250,000	14.98%
Roaring Lion Pty Limited	4,000,000	7.26%
HSBC Custody Nominees (Australia) Limited	2,804,643	5.09%
Total	15,054,643	27.33%

SHAREHOLDER INFORMATION (continued)

Distribution of Shares

Analysis of numbers of equity security holders, by size of holding, as at 5 August 2015.

Holding	Number of Shareholders	Ordinary Shares Held	% of Issued Shares
1 - 1,000	15	8,012	0.01%
1,001 - 5,000	271	962,050	1.75%
5,001 - 10,000	321	2,978,273	5.41%
10,001 - 100,000	750	25,973,096	47.15%
100,001 and over	42	25,166,070	45.68%
	1,399	55,087,501	100.00%

The number of holders possessing less than a marketable parcel of the Company's ordinary shares, based on the closing market price as at 05 August 2015 is 6.

Distribution of Options

Analysis of numbers of Option holders, by size of holding, as at 5 August 2015.

Holding	Number of Optionholders	Options Held	% of Issued Options
1 - 1,000	0	0	0.00%
1,001 - 5,000	239	855,900	1.55%
5,001 - 10,000	224	2,143,341	3.89%
10,001 - 100,000	576	21,605,224	39.22%
100,001 and over	57	30,483,035	55.34%
	1,096	55,087,500	100.00%

Other Stock Exchanges Listing

Quotation has been granted for all Ordinary Shares and Options of the Company on all Member Exchanges of the ASX.

Restricted Securities

There is no issue of restricted securities by the Company currently.

Unquoted Securities

There are no unquoted securities on issue by the Company.

Buy-Back

There is currently no on market buy-back.

Use of Funds

For the purposes of ASX Listing Rule 4.10.19, the Company confirms that it has used its cash and assets in a form readily convertible to cash, that it had at the time of admission, in a manner consistent with its business objectives, for the period from the Company's admission to the Official List of ASX Limited on 21 May 2014 to 30 June 2015.

SHAREHOLDER INFORMATION (continued)

Investment Transactions

The total number of transactions in securities during the reporting period was 82.
The total brokerage paid (net of RITC) on these transactions was \$170,577.

Investment Management Agreement

The Company has appointed PM Capital Limited (“Investment Manager”) to manage the investment portfolio of the Company, and to calculate the value of the portfolio and net tangible assets at least monthly. The Investment Manager must, from time to time and on behalf of the Company, invest portfolio money, including money received on disposal of investments or distributions from investments, to make or hold investments, and realise or dispose of investments.

Additional duties of the Investment Manager include assisting the Company’s auditors as required, keeping proper books of account and records, providing or procuring the provision of administrative support services reasonably required by the Company, and keeping the Company informed in respect of the management of the portfolio.

In consideration for the performance of its duties as Investment Manager of the Company, the Investment Manager is paid a management fee of 1% per annum of the portfolio net asset value, calculated on the last day of each month, and a performance fee of 15% of the investment return above the benchmark return multiplied by the portfolio net asset value. The performance fee for each month for the year will be aggregated and will be payable if it is a positive amount at 30 June of each year.

The Agreement remains in force for 5 years (“Initial Term”) from the IPO allotment date unless terminated earlier by either party in certain circumstances. The Investment Manager may terminate the Agreement at any time after the first anniversary of the Agreement by giving the Company at least 3 months’ written notice. The Company may terminate the Agreement after the Initial Term and on delivery of 3 months’ prior written notice, or with immediate effect in certain cases, including in the case of the Investment Manager’s insolvency, the Investment Manager’s material default or breach under the Agreement or the Investment Manager consistently investing outside of the investment strategy.

CORPORATE INFORMATION

Directors:	Brett Spork – Chairman (appointed 20 March 2014) Todd Barlow – Director (appointed 20 March 2014) Andrew Reeve-Parker – Director (appointed 20 March 2014) Ben Skilbeck – Director (appointed 15 May 2015) Ursula Kay – Alternate Director for Ben Skilbeck (appointed 15 May 2015)
Company Secretary:	Ursula Kay (appointed 20 March 2014)
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) 8243 0888
Share Registry:	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone : (+612) 9290 9600
Australian Securities Exchange Codes:	Shares: PAF.AX Options: PAFO.AX