

## Appendix 4D

### Half-Year Report

#### **Listing Rule 4.2A.3**

<b>Company</b>	<b>Platinum Asset Management Limited</b>
ASX Code	PTM
Half-Year Ended	31 December 2018
Previous corresponding period Half-Year Ended	31 December 2017
ABN	13 050 064 287

#### **Results for Announcement to the Market**

Announcement to the market for the Platinum Asset Management Limited Consolidated Group should be read in conjunction with the attached 31 December 2018 Interim Financial Report.

	<b>% decrease</b>	<b>\$A'000</b>
Total revenue	28.49%	132,968
Profit from ordinary activities after income tax	37.71%	65,170
Net profit attributable to members	26.72%	74,866
Basic and diluted EPS (cents per share)		12.84

Despite challenging investment markets, overall average FUM for the half-year ended 31 December 2018 was similar relative to the average FUM for the previous corresponding period, with net inflows of \$689m also being received from clients.

The underlying funds management business proved resilient with management fees increasing by 2.5% for the half-year when compared to the previous corresponding period. The profit before income tax expense, excluding performance fees, for the funds management business was \$111m for the half-year ended 31 December 2018, up 6% on the previous corresponding period (see table below). This result was assisted by a positive mix shift in FUM towards retail.

Funds management business segment	<b>Dec 2018</b>	<b>Dec 2017</b>	<b>% Increase</b>
	<b>\$A'000</b>	<b>\$A'000</b>	
Profit before income tax expense*	111,134	125,234	
Performance fees	22	20,795	
Profit before income tax expense, excluding performance fees	111,112	104,439	6.39%

\*Refer to note 10 of the interim financial report.

However, as foreshadowed in the 2018 AGM Chairman's address to shareholders and ASX release of 8 January 2019, the Company experienced a decline in overall profits attributable to owners of 26.7%. This was mainly due to the challenging equity markets experienced in the half-year, which caused the Company to both record an unrealised loss on its seed investments and generate little in the way of absolute return related performance fee income. Whilst both of these items detracted from the half-year profit, they remain important long-term contributors to the Company's profits.

### **Dividends**

Dividend declared	13 cents per share fully-franked
Ex-date	28 February 2019
Record date	1 March 2019
Payment date	18 March 2019

The interim dividend paid for the half-year ended 31 December 2017 was 16 cents per share fully-franked.

Refer to the attached Auditor-reviewed financial statements for financial data on the Consolidated Group.

### **Dividend Reinvestment Plan**

Whilst the Company has a Dividend Reinvestment Plan in place, it has not been activated.

### **Other Information**

Net tangible assets per share was \$0.74 at 31 December 2018 as compared to \$0.70 at 30 June 2018.

Joanne Jefferies  
Company Secretary  
21 February 2019

# **Platinum Asset Management Limited**

**ABN 13 050 064 287**

**Interim Financial Report  
For the half-year ended 31 December 2018**

**Platinum Asset Management Limited**

**Corporate directory**

**31 December 2018**

Directors	Michael Cole Stephen Menzies Anne Loveridge Brigitte Smith Tim Trumper Kerr Neilson Andrew Clifford Elizabeth Norman Andrew Stannard
Shareholder liaison	Elizabeth Norman
Company secretary	Joanne Jefferies
Registered office	Level 8, 7 Macquarie Place Sydney NSW 2000 Phone 1300 726 700 (Australia only) Phone 0800 700 726 (New Zealand only) Phone +61 2 9255 7500 Fax +61 2 9254 5555
Share register	Computershare Investor Services Pty Ltd Level 3, 60 Carrington Street Sydney NSW 2000 Phone 1300 855 080 (Australia only) Phone +61 3 9415 4000 Fax +61 3 9473 2500
Auditor	PricewaterhouseCoopers
Stock exchange listing	Platinum Asset Management Limited shares are listed on the Australian Securities Exchange (ASX code: PTM)
Website	<a href="http://www.platinum.com.au/Shareholder-information/">www.platinum.com.au/Shareholder-information/</a>

## Platinum Asset Management Limited

### Directors' report

31 December 2018

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Platinum Asset Management Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

### Directors

The following persons were Directors of Platinum Asset Management Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Michael Cole	Chairman and Non-Executive Director
Anne Loveridge	Non-Executive Director
Stephen Menzies	Non-Executive Director
Brigitte Smith	Non-Executive Director
Tim Trumper	Non-Executive Director (from 1 August 2018)
Andrew Clifford	Chief Executive Officer/Managing Director
Kerr Neilson	Executive Director
Elizabeth Norman	Executive Director and Director of Investor Services and Communications
Andrew Stannard	Executive Director and Chief Financial Officer

### Principal activities

The Company is the non-operating holding company of Platinum Investment Management Limited (PIML) and its controlled entities. Platinum Investment Management Limited, trading as Platinum Asset Management (Platinum), operates a funds management business.

The key variables that drive the profitability of the consolidated entity are average funds under management (FUM) growth, investment performance, performance fees earned and expense management. FUM for the half-year ending 31 December 2018 is shown in the table below.

### Operating and Financial Review

Funds	Opening Balance (1 Jul 18) \$'M	Flows \$'M	Other \$'M	Investment Performance \$'M	Closing Balance (31 Dec 18) \$'M	% of Total
<b>Retail Funds</b>						
Platinum Trust Funds and Platinum Global Fund ("Funds") <sup>^</sup>	16,927	516	-	(1,509)	15,934	66%
Quoted Managed Funds	313	164	-	(41)	436	2%
Platinum Listed Investment Vehicles	934	-	(58)	(75)	801	3%
MLC Platinum Global Fund	970	(64)	-	(83)	823	3%
<b>Institutional Clients</b>						
Fee Mandates	2,421	56	-	(183)	2,294	10%
Platinum Word Portfolios – UCITS funds	444	(4)	-	(41)	399	2%
'Relative' Performance Fees	3,192	37	-	(269)	2,960	12%
'Absolute' Performance Fee Mandates	498	(16)	-	(40)	442	2%
<b>Total</b>	<b>25,699</b>	<b>689</b>	<b>(58)</b>	<b>(2,241)</b>	<b>24,089</b>	<b>100%</b>

<sup>^</sup> excludes Quoted Managed Funds FUM.

FUM at 31 December 2018 was \$24.1 billion and this represented a decline of 6.3% when compared to the 30 June 2018 FUM of \$25.7 billion. The reduction in FUM was driven by a decline in investment performance of \$2.2 billion. Despite the decline in investment performance, net fund inflows remained resilient with \$0.7 billion in net inflows for the half-year.

The increase in net fund inflows included ongoing growth in our recently created products, with our two ASX quoted managed funds, Platinum International Fund (Quoted Managed Hedge Fund) (ASX code: PIXX) and Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX) benefitting from net fund inflows of \$163.9 million for the six month period to 31 December 2018. At 31 December 2018, total FUM in the quoted managed funds was \$436.2 million.

**Platinum Asset Management Limited**  
**Directors' report**  
**31 December 2018**

The underlying funds management business proved resilient with management fees increasing by 2.5% for the half-year when compared to the previous corresponding period. The profit before income tax expense, excluding performance fees, for the funds management business was \$111m for the half-year ended 31 December 2018, up 6% on the previous corresponding period (see table below). This result was assisted by a positive mix shift in FUM towards retail.

Funds management business segment	Dec 2018	Dec 2017	% Increase
	\$A'000	\$A'000	
Profit before income tax expense*	111,134	125,234	
Performance fees	22	20,795	
Profit before income tax expense, excluding performance fees	111,112	104,439	6.39%

\*Refer to note 10 of the interim financial report.

Investment performance for the half-year ended 31 December 2018 was down for most of our funds and mandates with our portfolio positioning generally being out of step with the market. During the September quarter, equity markets tended to strongly favour high growth sectors such as software, internet and biotech, particularly those companies headquartered in the US. At the same time, companies that were perceived as being more cyclical in nature were sold down. The combination of these two trends caused our funds to underperform their benchmark over the first three months of the review period. However, in contrast, the December quarter saw markets sold off heavily, especially in the very sectors that had done well just few months previously. As a consequence, most of our funds tended to outperform during the December quarter, but not by enough to offset the September quarter falls. The investment manager believes that the portfolios are attractively placed to perform well in the future, albeit that the timing of this outperformance remains uncertain.

As a consequence of the factors noted in the preceding paragraph, performance fee revenue was negligible for the half-year at \$22,000 (2017: \$20.8 million) and our seed investments made an overall unrealised loss for the half-year of \$20.9 million (2017: \$17.6 million gain) and these two highly variable factors, which are dependent on investment performance and market conditions, combined to reduce overall profitability.

It is important to remember just why we make seed investments. Over the course of the last few years, Platinum has greatly expanded the range of investment products thereby growing its investor base and FUM. This strategy often requires PTM to seed these new investment products. Seeding is therefore an important and integral part of our overall growth strategy. It provides new products with some key benefits:

- It demonstrates the manager's commitment to the product and strategy;
- It aligns the interest of the manager with that of investors;
- It provides the additional scale required to effectively construct and manage the portfolio from day one;
- It helps to dilute and manage the impact of cash flows into and/or out of what is initially a small pool of assets, providing stability to the portfolio; and
- It removes the investment and operational risks for initial investors who would otherwise be the first investor.

The investment manager's seeding of its newly created products is not intended to be a long-term commitment. As each product grows to sufficient size and scale, it is the intention of Platinum to reduce or eliminate its level of investment and to recycle that cash into other parts of the business. The decision to invest is driven by the strategic growth needs of the business. The investments are not intended to be held for the purposes of market speculation.

Total expenses decreased by \$3.1 million or 7.5% from the previous corresponding period. The decrease primarily related to a 41% decline in the provision for staff incentive payments (and related on-costs) from \$14.3 million at 31 December 2017 to \$8.4 million at 31 December 2018. This decline was mostly due to investment team remuneration being closely aligned with investment performance although the provision also includes an estimate for discretionary awards under the general employee plan. Other non-staff expenses<sup>1</sup> were well controlled, increasing just 1.9% when compared to the previous corresponding period

<sup>1</sup> Excluding the amortisation of deferred incentive awards.

## Platinum Asset Management Limited

### Directors' report

31 December 2018

For the reasons noted above, profit after tax attributed to members declined to \$74.9 million (2017: \$102.2 million) for the half-year. This represents a decline in profit after tax of 26.7%. Earnings per share was 12.84 cents per share

During the half-year, Platinum incorporated a new wholly-owned subsidiary company in the UK, called Platinum UK Asset Management Limited and appointed a new Head of Distribution for the UK and European market. The intention is that Platinum UK will operate as a European sales and servicing centre for the consolidated entity.

Platinum continues to be positioned for the future:

- the investment team are able to find good value in the market which bodes well for future performance;
- the smooth leadership transition has helped ensure continuity of key people;
- the Company has made significant progress in relation to its future growth plans; and
- Platinum continues to invest in people, processes and technology.

The Company also remains in a strong financial position, with a strong balance sheet. However, the most significant driver of our sustainable future growth is, and will always be, the delivery of superior, long-term, investment returns for our clients.

### Dividends

The Company has consistently paid shareholders over 90% of the Company's profit after tax, as dividends. This is because the Company's capital requirements have been limited. The Board generally expects that most future profits will continue to be distributed by way of dividends, subject to any capital requirements of the Company.

Since the end of the half-year, the Directors have declared a 2019 interim fully-franked dividend of 13 cents per share (\$75,817,000) with a record date of 1 March 2019 and payable to shareholders on 18 March 2019.

A 2019 interim dividend of 13 cents per share represents a distribution of slightly more than 100% of its earnings per share for the half-year ended 31 December 2018.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



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Michael Cole  
Chairman



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Andrew Clifford  
Director

21 February 2019  
Sydney



## *Auditor's Independence Declaration*

As lead auditor for the review of Platinum Asset Management Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Platinum Asset Management Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to be 'R Balding', written over a horizontal line.

R Balding  
Partner  
PricewaterhouseCoopers

Sydney  
21 February 2019



## Platinum Asset Management Limited

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31 December 2018

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#### General information

The financial statements cover Platinum Asset Management Limited as a consolidated entity consisting of Platinum Asset Management Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018. The financial statements are presented in Australian dollars, which is Platinum Asset Management Limited's functional and presentation currency.

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 21 February 2019.

The Directors have the power to amend and re-issue the interim financial report.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Platinum Asset Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**Platinum Asset Management Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2018**

	Note	Consolidated Half-year ended	
		31 Dec 2018 \$'000	31 Dec 2017 \$'000
<b>Revenue</b>			
Management fees		148,843	145,175
Performance fees		22	20,795
Total revenue		148,865	165,970
<b>Other income</b>			
Interest		1,747	1,914
Dividends		1,800	500
(Losses)/gains on investments in associates	3(b)	(9,302)	12,816
(Losses)/gains on financial assets at fair value through profit or loss		(11,565)	4,792
Net foreign exchange gains/(losses) on overseas bank accounts		1,423	(44)
Total of other income		(15,897)	19,978
Total revenue and other income		132,968	185,948
<b>Expenses</b>			
Staff		(20,288)	(24,726)
Custody and unit registry		(6,356)	(6,456)
Business development		(3,457)	(3,223)
Legal, compliance and other professional		(1,362)	(1,614)
Research		(1,177)	(1,017)
Technology		(1,081)	(948)
Share-based payments		(1,794)	(730)
Rent and other occupancy		(830)	(711)
Mail house, periodic reporting and share registry		(589)	(553)
Depreciation		(380)	(379)
Insurance		(304)	(269)
Audit fee		(289)	(266)
Other		(62)	(152)
Total expenses		(37,969)	(41,044)
<b>Profit before income tax expense</b>		94,999	144,904
Income tax expense		(29,840)	(40,282)
<b>Other comprehensive income</b>			
Exchange rate translation impact of foreign subsidiaries	12	11	-
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year</b>		65,170	104,622
<b>Profit after income tax expense for the half-year is attributable to:</b>			
Owners of Platinum Asset Management Limited		74,866	102,169
Non-controlling interests		(9,696)	2,453
		65,170	104,622
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	9	12.84	17.46
Diluted earnings per share	9	12.84	17.46

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

**Platinum Asset Management Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2018**

		<b>Consolidated</b>	
		<b>As at</b>	
	<b>Note</b>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		83,545	164,337
Term deposits		115,876	27,876
Trade and other receivables	6	27,360	52,557
Income tax receivable		-	3,333
<b>Total current assets</b>		<u>226,781</u>	<u>248,103</u>
<b>Non-current assets</b>			
Equity investments in associates	3	86,618	95,920
Financial assets at fair value through profit or loss	5	139,726	98,796
Fixed assets		3,704	2,986
Net deferred tax assets		577	-
<b>Total non-current assets</b>		<u>230,625</u>	<u>197,702</u>
<b>Total assets</b>		<u>457,406</u>	<u>445,805</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	6,836	24,082
Employee benefits	8	11,769	3,249
Income tax payable		4,995	-
<b>Total current liabilities</b>		<u>23,600</u>	<u>27,331</u>
<b>Non-current liabilities</b>			
Provisions	8	1,145	1,145
Net deferred tax liabilities		-	6,214
<b>Total non-current liabilities</b>		<u>1,145</u>	<u>7,359</u>
<b>Total liabilities</b>		<u>24,745</u>	<u>34,690</u>
<b>Net assets</b>		<u>432,661</u>	<u>411,115</u>
<b>Equity</b>			
Issued capital	11	731,245	731,245
Reserves	12	(580,090)	(582,006)
Retained profits		167,482	185,940
<b>Total equity attributable to the owners of Platinum Asset Management Limited</b>		<u>318,637</u>	<u>335,179</u>
<b>Total equity attributable to non-controlling interests:</b>			
Non-controlling interests	4	114,024	75,936
<b>Total equity</b>		<u>432,661</u>	<u>411,115</u>

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

**Platinum Asset Management Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2018**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Non-controlling Interests \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2017	742,933	(588,818)	177,959	-	335,074
Profit after income tax expense for the half-year	-	-	102,169	2,453	104,622
<i>Other comprehensive income</i>					
Total comprehensive income for the half-year	-	-	102,169	2,453	104,622
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments reserve (Note 12)	-	787	-	-	787
Dividends paid (Note 13)	-	-	(87,758)	-	(87,758)
Transactions with non-controlling interests (Note 4)	-	-	-	43,787	43,787
Balance at 31 December 2017	742,933	(585,031)	192,370	46,240	396,512

<b>Consolidated</b>	<b>Issued Capital \$'000</b>	<b>Reserves \$'000</b>	<b>Retained profits \$'000</b>	<b>Non-controlling Interests \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2018	731,245	(582,006)	185,940	75,936	411,115
Profit after income tax expense for the half-year	-	-	74,855	(9,696)	65,159
<i>Other comprehensive income</i>					
Exchange rate translation impact of foreign subsidiaries	-	11	-	-	11
Total comprehensive income for the half-year	-	11	74,855	(9,696)	65,170
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments reserve (Note 12)	-	1,905	-	-	1,905
Dividends paid (Note 13)	-	-	(93,313)	-	(93,313)
Transactions with non-controlling interests (Note 4)	-	-	-	47,784	47,784
Balance at 31 December 2018	731,245	(580,090)	167,482	114,024	432,661

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

**Platinum Asset Management Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2018**

	<b>Consolidated</b>	
	<b>Half-year ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from operating activities	152,987	144,768
Payments for operating activities	(28,170)	(27,128)
Income taxes paid	(28,190)	(37,566)
	<u>96,627</u>	<u>80,074</u>
<b>Net cash from operating activities</b>		
<b>Cash flows from investing activities</b>		
Interest received	1,637	1,847
Proceeds on maturity of term deposits	103,876	248,518
Purchase of term deposits	(191,876)	(305,518)
Payments for purchases of financial assets (held directly by PAXX)	(62,497)	(66,037)
Payments for purchases of fixed assets	(1,094)	(418)
Distribution received by PAXX from Platinum Asia Fund	21,551	-
Dividends and distribution received from seed investments	1,821	500
Receipts from sale of financial assets and investments in associates	-	30,613
Payments for purchases of financial assets	-	(33,789)
	<u>(126,582)</u>	<u>(124,284)</u>
<b>Net cash (used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Dividends paid	(93,222)	(87,773)
Distribution paid by PAXX to external unitholders	(13,683)	-
Proceeds from units issued (net applications into PAXX and other non-controlling interests)	54,629	66,037
	<u>(52,276)</u>	<u>(21,736)</u>
<b>Net cash (used in) financing activities</b>		
Net decrease in cash and cash equivalents	(82,231)	(65,946)
Cash and cash equivalents at the beginning of the half-year	164,337	154,263
Effects of exchange rate changes on cash and cash equivalents	1,439	(27)
	<u>83,545</u>	<u>88,290</u>
<b>Cash and cash equivalents at the end of the half-year</b>		

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

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Platinum Investment Management Limited (PIML) seeded or invested in many of the products it offers to investors and this impacted on the accounting treatment adopted in the consolidated financial statements. The accounting treatment adopted in these consolidated financial statements with respect to the seed investments was similar to the accounting treatment adopted in the 30 June 2018 financial statements. Nonetheless, we have taken the opportunity to outline the applicable accounting treatment and the reason(s) for the adoption.

<b>Entity</b>	<b>PIML ownership interest at 31 December 2018</b>	<b>Accounting treatment adopted in these accounts</b>
Platinum Trust Fund investments	Interest is less than 1% in each Fund.	Fair value accounting applied (see Note 14).
Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX)	16.0%	Subsidiary. Consolidation accounting applied (see Note 2). <sup>^</sup>
Platinum World Portfolios (PWP)	13.9%	Investment in associate. Equity accounting applied (see Note 3).*
Platinum Asia Investments Limited (PAI)	8.3%	Investment in associate. Equity accounting applied (see Note 3).*

<sup>^</sup>PIML has been assessed as exerting control over PAXX, predominantly on the basis of its ownership interest in PAXX, in conjunction with its role as investment manager, responsible entity and role in the marketing of PAXX and its ability to influence the variability and extent of returns. As a result, the consolidated statement of profit or loss and other comprehensive income includes PAXX's investment income and expenses for the 6 month period to 31 December 2018 and the consolidated statement of financial position includes PAXX's assets, liabilities and equity as at 31 December 2018. A breakdown of the external (non-PIML/non-controlling) investment in PAXX is disclosed in Note 4.

\*At 31 December 2018, PIML (and the consolidated entity) was assessed as having significant influence over Platinum Asia Investments Limited (PAI) and Platinum World Portfolios Plc (PWP) (Refer to Note 3 for further details).

As a direct result of the different accounting treatment adopted in these consolidated financial statements (as presented in the table above), the notes presented in these accounts are in three parts:

<p><b>PART A – Notes 2 to 4: Notes that explain the accounting treatment of the entities that form part of the Platinum consolidated group or investments in associates</b></p> <p><b>PART B – Notes 5 to 14: Operations – Notes that explain the operations of the consolidated entity</b></p> <p><b>PART C – Notes 15 to 19: Miscellaneous Notes that are required by the accounting standards</b></p>
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**PART A – Notes 2 to 4**

**Notes that explain the accounting treatment of the entities that form part of the Platinum consolidated group or investments in associates**

Notes 2 to 4 focus on the accounting treatment adopted in these accounts and contains key information relating to the parent entity, subsidiaries, controlled entities and associates.

**Note 2. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following entities:

Name	Principal place of business / Country of incorporation	Ownership interest As at	
		31 Dec 2018 %	30 Jun 2018 %
McRae Pty Limited	Australia	100.0	100.0
Platinum Asset Pty Limited	Australia	100.0	100.0
Platinum Investment Management Limited	Australia	100.0	100.0
Platinum Employee Share Trust	Australia	100.0	100.0
Platinum Investment Management Australia Corp.	United States	100.0	100.0
Platinum GP Pty Limited	Australia	100.0	100.0
Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX)^	Australia	16.0	19.9
Platinum UK Asset Management Limited^^	United Kingdom	100.0	-

^ The decrease in PIML's ownership of PAXX at 31 December 2018 relative to 30 June 2018 was because of additional external investment into PAXX.

^^ During the interim period (on 17 September 2018), Platinum UK Asset Management Limited was incorporated. Its primary purpose is to act as a European sales and servicing centre for the consolidated entity, predominantly with the objective of generating additional fund inflows into the UCITS funds.

**Note 3. Equity investments in associates**

At 31 December 2018, the consolidated entity's investment(s) in Platinum Asia Investments Limited (PAI) and Platinum World Portfolios Plc (PWP) represent interests in associates which are accounted for using the equity method of accounting. Information relating to this is shown in the table on the following page:

**Platinum Asset Management Limited**  
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**a. Interests in associates**

Entity	Equity interest %		Fair Value \$'000		Carrying amount \$'000		Reason for assessment of significant influence
	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018	
PAI	8.3	8.3	32,100	37,800	30,965	34,972	Level of ownership interest was 8.3% at 31 December 2018; PIML acts as Investment Manager (IM) in accordance with the Investment Management Agreement; PIML provides performance and exposure reports to the PAI Board.
PWP	13.9	13.7	57,692	63,409	55,653	60,948	Level of ownership interest was 13.9% at 31 December 2018; PIML acts as Investment Manager (IM) in accordance with the Investment Management Agreement; PIML provides performance and exposure reports to the PWP Board and Stephen Menzies is a Director of PWP and a Director of Platinum Asset Management Limited.
			<b>89,792</b>	<b>101,209</b>	<b>86,618</b>	<b>95,920</b>	

The fair value of Platinum Asia Investments Limited reflects the 30 million shares held multiplied by the closing price at 31 December 2018 of \$1.07.

The carrying amount reflects the consolidated entity's share of PAI's net assets.

The fair value of PWP reflects the shares held in the sub-funds multiplied by their respective closing prices at 31 December 2018.

We have conducted an impairment assessment of the carrying amounts including a look-through of each of the underlying assets and liabilities of PAI and PWP. Based on this analysis, no impairment exists at 31 December 2018 or 30 June 2018.



**Platinum Asset Management Limited**  
**Notes to the financial statements**  
**31 December 2018**

**Note 3. Equity investments in associates (continued)**

**b. Carrying amount of investment using the equity method**

	As at	
	31 Dec 2018	30 Jun 2018
	\$'000	\$'000
Opening balance	95,920	91,692
Partial disposal of PAI	-	(21,252)
Acquisition of additional PWP units	-	19,149
Share of associates' (loss)/profit (see below)	(7,502)	8,031
Dividends paid (PAI)	(1,800)	(1,700)
Closing balance	<u>86,618</u>	<u>95,920</u>

**c. Share of associates' statement of financial position**

	Platinum Asia Investments Limited \$'000	Group's share of associate \$'000	Platinum World Portfolios \$'000	Group's share of associate \$'000
<b>31 December 2018</b>				
Total assets	378,139	31,376	402,277	56,037
Total liabilities	4,951	411	2,756	384
Net assets	<u>373,188</u>	<u>30,965</u>	<u>399,521</u>	<u>55,653</u>

Total group's share of associates' statement of financial position (share of PAI's net assets of \$30,965,000 and PWP's net assets of \$55,653,000) = \$86,618,000.

	Platinum Asia Investments Limited \$'000	Group's share of associate \$'000	Platinum World Portfolios \$'000	Group's share of associate \$'000
<b>30 June 2018</b>				
Total assets	432,464	36,038	446,975	61,235
Total liabilities	12,788	1,066	2,098	287
Net assets	<u>419,676</u>	<u>34,972</u>	<u>447,877</u>	<u>60,948</u>

Total group's share of associates' statement of financial position (share of PAI's net assets of \$34,972,000 and PWP's net assets of \$60,948,000) = \$95,920,000.

**Note 3. Equity investments in associates (continued)**

**d. Associate's net income**

**31 December 2018**

	Platinum Asia Investments Limited \$'000	Group's share of associate \$'000	Platinum World Portfolios \$'000	Group's share of associate \$'000
Total investment loss	(35,325)	(2,932)	(59,019)	(8,221)
Total expenses	(2,900)	(240)	(2,798)	(390)
Loss before tax	(38,225)	(3,172)	(61,817)	(8,611)
Income tax benefit	11,506	955	-	-
Loss after tax	(26,719)	(2,217)	(61,817)	(8,611)
Dilution of unitholding throughout the period, foreign currency translation impact and dividends received		(1,790)		3,316
Realised and unrealised loss on investment in associate		(4,007)		(5,295)

	Group's share of associates (total) \$'000
Total investment loss	(11,153)
Total expenses	(630)
Loss before tax	(11,783)
Income tax benefit	955
Loss after tax	(10,828)
Dilution of unitholding throughout the period, foreign currency translation impact and dividends received	1,526
Realised and unrealised loss on investment in associates	(9,302)

**30 June 2018**

	Platinum Asia Investments Limited \$'000	Group's share of associate \$'000	Platinum World Portfolios \$'000	Group's share of associate \$'000
Total investment income	79,884	6,679	37,276	5,107
Total expenses	(6,940)	(578)	(6,454)	(884)
Profit before tax	72,944	6,101	30,822	4,223
Income tax expense	(21,466)	(1,789)	-	-
Profit after tax	51,478	4,312	30,822	4,223
Realised equity accounting gain on partial disposal of PAI shares, dividends received and dilution of unitholding throughout the year and foreign currency translation impact		1,180		(504)
Realised and unrealised gain on investment in associate		5,492		3,719

	Group's share of associates (total) \$'000
Total investment income	11,786
Total expenses	(1,462)
Profit before tax	10,324
Income tax expense	(1,789)
Profit after tax	8,535
Realised equity accounting gain on partial disposal of PAI shares, dividends received and dilution of unitholding throughout the year and foreign currency translation impact	676
Realised and unrealised gain on investment in associates	9,211

**Note 4. Equity attributable to non-controlling interests**

The consolidated statement of financial position includes the assets, liabilities and equity of Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX) at 31 December 2018, including its external investment. The external (non-related party) investment in PAXX represents a non-controlling interest in the Platinum consolidated entity. The comparative year also discloses the non-controlling interest of the investment in Platinum International Fund (Quoted Managed Hedge Fund) (PIXX) up until the date of deconsolidation from the Platinum group, on 18 October 2017. PIML originally invested or seeded both PIXX and PAXX, but redeemed its investment in PIXX in the 2018 financial year, as a result of encouraging net inflows. The relevant non-controlling interests are as follows:

	<b>As at</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	75,936	-
Profit after income tax attributable to non-controlling interests - PIXX	-	1,357
Loss/(profit) after income tax attributable to non-controlling interests – PAXX	(9,696)	1,016
Additional external investment into PAXX	47,784	91,765
Deconsolidation of PIXX	-	(1,357)
Distribution paid to external unitholders of PAXX	-	(16,845)
	<u>114,024</u>	<u>75,936</u>

**External equity – PAXX**

External equity represents external investment into PAXX. During the interim period, net external investment into PAXX totalled A\$47,784,000 (period from 14 September 2017 to 30 June 2018: \$91,765,000).

**PART B – Notes 5 to 14**

**Operations – Notes that explain the operations of the consolidated entity**

**Note 5. Non-current assets - financial assets at fair value through profit or loss**

	<b>Consolidated</b>	
	<b>As at</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Unit trust – held directly by Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX) ^	139,548	98,602
Platinum Trust Fund investments	178	194
	<u>139,726</u>	<u>98,796</u>

^ As discussed on Note 1, at 31 December 2018, the financial assets of PAXX continue to be consolidated into the Platinum consolidated entity, predominantly because PIML had an ownership interest of 16.0%, in conjunction with its role as the Investment Manager of PAXX.

**Note 6. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>As at</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Management fees receivable	24,992	27,959
Performance fees receivable	25	1,180
Interest receivable	247	138
Prepayments	1,802	1,693
Sundry debtors^	294	36
30 June distribution receivable – PAXX investment in Platinum Asia Fund	-	21,551
	<u>27,360</u>	<u>52,557</u>

^ includes a one-off amount due to the consolidated entity of \$217,248 from an offshore US bank, which was received in January 2019.

**Note 6. Current assets - trade and other receivables (continued)**

Management and performance fees receivable(s) were received between three to 30 days after balance date.

Interest receivable comprised accrued interest on term deposits and cash accounts. Interest on term deposits is received on maturity.

Distributions are only paid at 30 June, and this is the reason why the distribution receivable above (and distribution payable below) were both \$nil at 31 December 2018.

**Note 7. Current Liabilities – Trade and other payables**

	<b>Consolidated</b>	
	<b>As at</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	4,056	4,326
Unclaimed dividends payable to shareholders	629	538
Sundry payables – PAXX	76	-
GST payable	2,075	2,373
30 June distribution payable – PAXX to unitholders (excluding PIML's share)	-	16,845
	<u>6,836</u>	<u>24,082</u>

**Note 8. Current and non-current liabilities – Employee-related provisions**

	<b>Consolidated</b>	
	<b>As at</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current liabilities</b>		
Variable remuneration accrual and associated on-costs <sup>^</sup>	8,370	-
Annual leave	1,353	1,337
Long service leave	2,046	1,912
	<u>11,769</u>	<u>3,249</u>
<b>Non-current liabilities</b>		
Payroll tax accrual for Deferred Remuneration Plan awards	1,145	1,145
	<u>1,145</u>	<u>1,145</u>

<sup>^</sup> Variable remuneration is determined with reference to investment and staff performance for the period to 31 March of each year and is paid in June.

The variable remuneration accrual is therefore an estimate, on a pro-rata basis, for the period to 31 December 2018. Actual variable remuneration awards for the year may vary substantially from the accrual reflected in these financial statements.

Further information on variable remuneration can be found in the 2018 Remuneration Report, which appears in the 2018 Annual Report.

**Platinum Asset Management Limited**  
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**Note 9. Earnings per share**

	<b>Consolidated Half-year ended</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax attributable to the owners of Platinum Asset Management Limited	<u>74,866</u>	<u>102,169</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	<u>583,207,034</u>	<u>585,052,874</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	12.84	17.46
Diluted earnings per share	<u>12.84</u>	<u>17.46</u>

**Note 10. Segment information**

The consolidated entity is organised into two main operating segments being:

- funds management: through the generation of management and performance fees from Australian investment vehicles, its US-based investment mandates and its offshore European-based fund, Platinum World Portfolios Plc. (PWP); and
- investments and other: through the consolidated entity's investment in the (a) ASX quoted, Platinum Asia Investments Limited (b) PWP (c) unlisted Platinum Trust Funds and (d) the quoted managed fund, PAXX. Also included in this category are Australian dollar term deposits as well as associated interest derived from these.

The segment financial results, segment assets and liabilities are disclosed on the following page(s):

Platinum Asset Management Limited  
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Note 10. Segment information (continued)

Current period - 31 December 2018

	Funds Management \$'000	Investments and Other \$'000	Total \$'000
<b>Revenue</b>			
Management and performance fees	148,865	-	148,865
Interest	148	1,599	1,747
Net losses on financial assets and equity in associates	-	(20,867)	(20,867)
Net foreign exchange gains on overseas bank accounts and dividends	-	3,223	3,223
<b>Total revenue and other income</b>	<b>149,013</b>	<b>(16,045)</b>	<b>132,968</b>
<b>Expenses</b>			
	37,879	90	37,969
<b>Profit before income tax expense</b>	<b>111,134</b>	<b>(16,135)</b>	<b>94,999</b>
Income tax (expense)/benefit	(35,221)	5,381	(29,840)
<b>Profit after income tax expense</b>	<b>75,913</b>	<b>(10,754)</b>	<b>65,159</b>
Other comprehensive income	-	11	11
<b>Total comprehensive income</b>	<b>75,913</b>	<b>(10,743)</b>	<b>65,170</b>
<b>Assets</b>			
Cash and cash equivalents	6,150	77,395	83,545
Financial assets and equity in associates	-	226,344	226,344
Term deposits	-	115,876	115,876
Receivables and other assets	32,407	(766)	31,641
<b>Total assets</b>	<b>38,557</b>	<b>418,849</b>	<b>457,406</b>
<b>Liabilities</b>			
Payables and provisions	19,674	76	19,750
Tax liabilities	4,995	-	4,995
<b>Total liabilities</b>	<b>24,669</b>	<b>76</b>	<b>24,745</b>
<b>Net assets</b>	<b>13,888</b>	<b>418,773</b>	<b>432,661</b>

**Platinum Asset Management Limited**  
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**Note 10. Segment information (continued)**

	Funds Management \$'000	Investments and Other \$'000	Total \$'000
<b>Comparative period - 31 December 2017</b>			
<b>Revenue</b>			
Management and performance fees	165,970	-	165,970
Interest	203	1,711	1,914
Net gains on financial assets and equity in associates	-	17,608	17,608
Net foreign exchange losses on overseas bank accounts and dividends	-	456	456
<b>Total revenue and other income</b>	<b>166,173</b>	<b>19,775</b>	<b>185,948</b>
Expenses	40,939	105	41,044
<b>Profit before income tax expense</b>	<b>125,234</b>	<b>19,670</b>	<b>144,904</b>
Income tax expense	(34,535)	(5,747)	(40,282)
<b>Profit after income tax expense</b>	<b>90,699</b>	<b>13,923</b>	<b>104,622</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>90,699</b>	<b>13,923</b>	<b>104,622</b>

**Comparative period – 30 June 2018**

<b>Assets</b>			
Cash and cash equivalents	4,837	159,500	164,337
Financial assets and equity in associates	-	194,716	194,716
Term deposits	-	27,876	27,876
Receivables and other assets	37,187	21,689	58,876
<b>Total assets</b>	<b>42,024</b>	<b>403,781</b>	<b>445,805</b>
<b>Liabilities</b>			
Payables and provisions	11,631	16,845	28,476
Tax liabilities	1,496	4,718	6,214
<b>Total liabilities</b>	<b>13,127</b>	<b>21,563</b>	<b>34,690</b>
<b>Net assets</b>	<b>28,897</b>	<b>382,218</b>	<b>411,115</b>

**Note 11. Equity - issued capital**

	31 Dec 2018 Shares	30 June 2018 Shares	31 Dec 2018 \$'000	30 June 2018 \$'000
Ordinary shares - fully paid	586,678,900	586,678,900	751,355	751,355
Treasury shares purchased	(3,471,866)	(3,471,866)	(20,110)	(20,110)
<b>Total issued capital</b>	<b>583,207,034</b>	<b>583,207,034</b>	<b>731,245</b>	<b>731,245</b>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

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

On 12 September 2018, the Company announced the extension of the on-market share buy-back program, in which shares will be bought-back if the PTM shares trade at a discount to its underlying value. No shares have been bought-back.

**Platinum Asset Management Limited**  
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**Note 12. Equity - reserves**

	<b>Consolidated</b>	
	<b>As at</b>	
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency translation reserve	132	121
Capital reserve	(588,144)	(588,144)
Share-based payments reserve	7,922	6,017
	<u>(580,090)</u>	<u>(582,006)</u>

*Foreign currency translation reserve*

Exchange rate differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated as a separate reserve within equity. The balance of the foreign currency translation reserve was \$132,000 at 31 December 2018 (30 June 2018: \$121,000).

*Share-based payments reserve*

In 2016, the consolidated entity established and allocated rights to eligible employees under the Deferred Incentive Plan. Additional rights were granted each year after that.

The amount in the share-based payments reserve is comprised of the amortisation of the rights granted in FY18, FY17 and FY16 and any associated future tax deduction.

No new deferred rights were granted in the current half-year, so the movement in the share-based payments reserve is comprised of the pro-rata (6 month) amortisation of the rights granted in FY18, FY17 and FY16.

*Movements in reserves*

Movements in each class of reserve during the current (and prior) half-year are set out below:

	<b>Share-based payments \$'000</b>	<b>Foreign Currency \$'000</b>	<b>Capital \$'000</b>	<b>Total \$'000</b>
<b>Consolidated - 31 December 2018</b>				
Balance at 1 July 2018	6,017	121	(588,144)	(582,006)
Exchange rate translation impact of foreign subsidiaries	-	11	-	11
Movement in share-based payments reserve	1,905	-	-	1,905
Balance at 31 December 2018	<u>7,922</u>	<u>132</u>	<u>(588,144)</u>	<u>(580,090)</u>
<b>Consolidated – 30 June 2018</b>				
Balance at 1 July 2017	2,212	114	(588,144)	(588,818)
Exchange rate translation impact of foreign subsidiaries	-	7	-	7
Movement in share-based payments reserve	3,805	-	-	3,805
Balance at 30 June 2018	<u>6,017</u>	<u>121</u>	<u>(588,144)</u>	<u>(582,006)</u>



**Platinum Asset Management Limited**  
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**Note 13. Equity - dividends**

Dividends paid during the half-year were as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Dividend paid on 21 September 2018 of 16 cents per ordinary shares	93,313	-
Dividend paid on 22 September 2017 of 15 cents per ordinary shares	-	87,758
	<u>93,313</u>	<u>87,758</u>

Since the period end, the Directors have determined to pay an ordinary fully-franked dividend of 13 cents per share (31 December 2017: ordinary dividend of 16 cents per share) payable out of profits for the 6 months ended 31 December 2018.

This dividend has not been provided for at 31 December 2018, as it was declared after period end.

**Note 14. Fair value measurement**

*Fair value hierarchy*

AASB 13: *Fair Value Measurement* requires the consolidated entity to classify those assets and liabilities measured at fair value using the following fair value hierarchy model (consistent with the hierarchy model applied to financial assets and liabilities at 30 June 2018).

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (ii) 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
- (iii) inputs for the assets or liability that are not based on observable market data (unobservable inputs) (level 3).

The investments in PAI and PWP have not been measured at fair value because they have been classified as equity investments in associates. If they were measured using the hierarchy model, they would be classified as level 1 (PAI) and level 2 (PWP).

The tables below analyse within the fair value hierarchy model the consolidated entity's assets and liabilities, measured or disclosed at fair value, using the three level hierarchy model at 31 December 2018 and 30 June 2018. The consolidated entity has no assets or liabilities that are classified as level 3.

<b>31 December 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Assets</i>			
Unit trust - held directly by Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX)	-	139,548	139,548
Platinum Trust Fund investments	-	178	178
	<u>-</u>	<u>139,726</u>	<u>139,726</u>
<b>30 June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<i>Assets</i>			
Unit trust - held directly by Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX)	-	98,602	98,602
Platinum Trust Fund investments	-	194	194
	<u>-</u>	<u>98,796</u>	<u>98,796</u>

**Note 14. Fair value measurement (continued)**

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

PIML's investments in the Platinum Trust Funds and investment held directly by PAXX are valued based on their respective unit prices at 31 December 2018 (adjusted for the buy-sell spread) of the underlying assets and liabilities. Accordingly, management has assessed the fair value investments as being level 2 investments.

**PART C – Notes 15 to 19 – Miscellaneous Notes that are required by the accounting standards**

**Note 15. Related party transactions**

*Subsidiaries*

Interests in subsidiaries are set out in Note 2.

*Tax consolidation and dividend transactions*

Any tax payable on income and gains from any entity within the tax consolidated group and dividends are sourced from the main operating subsidiary, Platinum Investment Management Limited (PIML), and paid out under the Company. Platinum Asset Management Limited is the head entity of the consolidated tax group and is the parent entity, and consequently, is the entity that ultimately pays out dividends to shareholders. The amounts paid are disclosed in the consolidated statement of cash flows.

Fees received

Platinum Investment Management Limited provides investment management services to:

- (i) its related party unit trusts - the Platinum Trust Funds and Platinum Global Fund;
- (ii) its European-based offshore fund, Platinum World Portfolios Plc;
- (iii) its two ASX-listed investment companies (LICs), Platinum Capital Limited (PMC) and Platinum Asia Investments Limited (PAI); and
- (iv) its two ASX quoted managed funds, Platinum International Fund (Quoted Managed Hedge Fund) (ASX code: PIXX) and Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX).

Platinum Investment Management Limited is entitled to receive a monthly management fee, either directly or indirectly, from each of these entities and a performance fee based on the relative investment performance of the Platinum Trust Funds, Platinum World Portfolios Plc, Platinum Capital Limited (PMC) and Platinum Asia Investments Limited (PAI). The consolidated entity does not derive any management fees or performance fees directly from PIXX and PAXX. Management and performance fees are borne at the Platinum International Fund/Platinum Asia Fund level and are paid directly by these funds to the consolidated entity. The total related party fees recognised in the statement of profit or loss and other comprehensive income for the period ended 31 December 2018 and 31 December 2017 were as follows:

	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
	<b>\$</b>	<b>\$</b>
Related party fees	124,150,091	120,848,677

Included in these figures, is related party fees receivable, disclosed in the statement of financial position for the period ended 31 December 2018 and 30 June 2018 as follows:

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Related party fees receivable	19,752,998	23,317,632

**Note 15. Related party transactions (continued)**

Investment transactions

During the half-year, PIML received the final 2018 fully-franked dividend of \$1,800,000 from its investment in PAI.

PIML also received the 30 June 2018 distribution of \$4,816,109 from PAXX. This amount (subject to rounding) was fully re-invested back into PAXX and 1,105,753 additional units were allotted to PIML on 2 July 2018. At 31 December 2018, PIML held 5,566,753 units in PAXX.

Other related party transactions

Mr Stephen Menzies is PIML's nominee on the Board of PWP. PIML reimburses Stephen Menzies for any incidental travel and accommodation associated with attendance at Board meetings in Ireland. During the half-year, the amount reimbursed was \$17,523 (31 December 2017: \$nil).

In the current period, the consolidated entity paid \$35,000 (31 December 2017: \$20,000) to OneVue Services Pty Limited for the provision of services associated with the enhancement of the Platinum website. OneVue is a related party of the Chairman of Platinum Asset Management Limited, Mr Michael Cole.

During the interim period (on 17 September 2018), Platinum UK Asset Management Limited was incorporated and PIML transferred A\$175,346 as funding for Platinum UKs operations and expenses. The service fee incurred by PIML and payable to Platinum UK Asset Management Limited was \$853,789.

*Loan agreements with related parties*

There were no formal loan agreements executed with related parties during the current and previous reporting period, but there were inter-company receivables and payables.

**Note 16. Contingent Assets, Liabilities and Commitments**

The consolidated entity has no commitments for significant capital expenditure. No contingent assets or liabilities exist at 31 December 2018 and 30 June 2018.

**Note 17. Events after the reporting period**

Apart from the dividend declared on 21 February 2019, as disclosed in Note 13, no other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 18. Accounting Standards and Interpretations not yet mandatory or early adopted during the half-year**

Australian Accounting Standards and Interpretations that are of relevance to the consolidated entity but are not mandatory and have not been early adopted for the interim reporting period ended 31 December 2018, and the consolidated entity's assessment of the impact of these issued or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out on the following page.

**Note 18. Accounting Standards and Interpretations not yet mandatory or early adopted during the half-year (continued)**

*(a) AASB 16: Leases*

AASB 16 will apply for annual reporting periods commencing 1 January 2019. The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and requires lease assets and lease liabilities to be recognised in the statement of financial position, initially measured at the present value of future lease payments. In addition, amortisation of the lease assets and interest on the lease liabilities will be recognised in the statement of profit or loss and other comprehensive income and the statement of cash flows will need to separate the total amount of cash paid into a principal portion and interest. This standard has been assessed as increasing the value of the consolidated entity's gross assets and gross liabilities, however the standard has been assessed as not having a material impact on the consolidated entity's net assets, operations or results. The consolidated entity anticipates that the adoption of the standard for annual reporting periods commencing 1 July 2019 will result in increased disclosure.

There are no other standards that are not yet effective that are expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

**Note 19. Accounting Standards adopted during the half-year**

*(a) Adoption of AASB 15: Revenue from contracts with customers and associated amendments*

The consolidated entity has adopted AASB 15 for reporting periods commencing 1 July 2018. The standard provides a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. Revenue recognised by an asset manager can only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future periods. This means that performance fees will only be recognised once the contractual measurement period is completed. This is consistent with how performance fees are already recognised in the consolidated entity's accounts. AASB 15 has been applied retrospectively by the consolidated entity and did not result in a material change in revenue recognition for the consolidated entity.

*(b) Adoption of AASB 9: Financial Instruments (and applicable amendments) ("AASB 9")*

AASB 9: *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It introduced revised rules around hedging accounting and impairment. The standard was applicable from 1 January 2018.

The Company has adopted AASB 9 for reporting periods commencing 1 July 2018. AASB 9 replaces the classification and measurement model in AASB 139: *Financial Instruments: Recognition and Measurement* with a new model that classifies financial instruments based on the business model within which the financial instruments are managed, and whether the contractual cash flows under the instrument solely represent the payment of principal and interest.

Under the new standard, financial instruments are classified as:

- amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI);
- fair value through other comprehensive income if the objective of the business model is to hold the financial instruments to collect contractual cashflows from SPPI and to sell; or
- all other financial instruments must be recognised at fair value through profit or loss. An entity can, at initial recognition, also irrevocably designate a financial instrument as measured at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

AASB 9 has been applied retrospectively by the Company. Given no debt instruments are held by the Company, which could result in a reclassification of the financial instruments to amortised cost or fair value through other comprehensive income ('FVOCI'), the adoption of AASB 9 did not have a significant impact on the recognition and measurement of the Company's financial instruments.

**Platinum Asset Management Limited**  
**Directors' declaration**  
**31 December 2018**

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



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Michael Cole  
Chairman



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Andrew Clifford  
Director

21 February 2019  
Sydney



## *Independent auditor's review report to the members of Platinum Asset Management Limited*

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Platinum Asset Management Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Platinum Asset Management Limited. The Group comprises the Company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

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

### ***Auditor's responsibility***

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

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

### ***Independence***

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

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### *Conclusion*

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

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

  
PricewaterhouseCoopers

  
R Balding  
Partner

Sydney  
21 February 2019