

Platinum Asset Management Limited

ABN 13 050 064 287

**Interim Financial Report
For the half-year ended 31 December 2020**

Platinum Asset Management Limited

Corporate directory

31 December 2020

Directors	Guy Strapp (appointed on 27 August 2020) Michael Cole (retired on 20 November 2020) 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
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	Ernst & Young
Stock exchange listing	Platinum Asset Management Limited shares are listed on the Australian Securities Exchange (ASX code: PTM)
Website	www.platinum.com.au/Shareholder-information/

Platinum Asset Management Limited

Directors' report

31 December 2020

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 2020.

Directors

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

Guy Strapp	Chairman (from 21 November 2020) and Non-Executive Director (appointed on 27 August 2020)
Michael Cole	Chairman and Non-Executive Director (retired on 20 November 2020)
Anne Loveridge	Non-Executive Director
Stephen Menzies	Non-Executive Director
Brigitte Smith	Non-Executive Director
Tim Trumper	Non-Executive Director
Andrew Clifford	Chief Executive Officer/Managing Director
Kerr Neilson	Executive Director until 31 August 2020 and from 1 September 2020 a Non-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.

Operating and Financial Review

The key variables that drive the profitability of the consolidated entity are average funds under management (FUM) growth, investment performance, including performance of our seed investments, performance fees earned and expense management. FUM for the half-year ending 31 December 2020 is shown in the table below.

Funds	Opening Balance (1 Jul 20) \$'M	Flows \$'M	Investment Performance \$'M	Distribution and Other \$'M	Closing Balance (31 Dec 20) \$'M	% of Total
<u>Retail Offerings</u>						
Platinum Trust Funds (excluding funds fed from PIXX and PAXX) and Platinum Global Fund (mFund)	13,241	(756)	1,994	-	14,479	61%
Platinum Quoted Managed Funds PIXX and PAXX	453	(13)	71	-	511	2%
Platinum Listed Investment Companies PMC and PAI	837	-	140	(29)	948	4%
MLC Platinum Global Fund	656	(56)	101	-	701	3%
<u>Institutional mandates</u>						
Management Fee Mandates	2,144	(117)	323	-	2,350	10%
UCITS Platinum Word Portfolios plc	448	(31)	77	-	494	2%
Platinum Opportunities Funds (Cayman domiciled funds)	30	-	5	-	35	0%
'Relative' Performance Fee Mandates	3,224	(13)	506	-	3,717	16%
'Absolute' Performance Fee Mandates	352	(32)	43	-	363	2%
Total	21,385	(1,018)	3,260	(29)	23,598	100%

FUM at 31 December 2020 was \$23.6 billion and this represented an increase of 10.4% from the 30 June 2020 closing FUM of \$21.4 billion. The increase in FUM was driven by absolute investment returns of \$3.3 billion (equivalent to 15%) during the half-year. Average FUM for the six months to 31 December 2020 was \$22.2 billion which was 10% lower than the average FUM of \$24.8 billion for the previous corresponding half-year. The decrease in average FUM contributed to the 12.2% decline in management fees for the period, with the remainder caused by a change in product mix.

Platinum Asset Management Limited
Directors' report
31 December 2020

Profit after tax increased to \$90.4 million (31 December 2019: \$79.1 million) for the half-year. This represented an increase in profit after tax of 14.3%. Earnings per share was 15.6 cents per share (31 December 2019: 13.6 cents per share).

The main contributor to the increase in profit and earnings per share was the unrealised gains on our seed investments, including share of associates profits and dividend income, which contributed income before tax for the half-year of \$36.2 million, as compared to income before tax of \$7.7 million for the half-year to 31 December 2019.

Total revenue and other income was \$166.6 million for the period ended 31 December 2020, an increase of 8.5% from \$153.6 million in the previous corresponding period. Management fee revenues decreased 12.2% compared to 31 December 2019 period due primarily to the decrease in average FUM over the same period. Performance fee revenues of \$3.7 million (December 2019: \$34,000) were primarily attributable to strong performance by the International, Asia ex-Japan and Health Care strategies. Other income increased from \$8.7 million in the period ended 31 December 2019 to \$35.7 million in the current half-year due primarily to significant returns from seed investments.

Total costs were \$37.3 million for the period ended 31 December 2020, a decrease of \$3.3 million from the previous corresponding period. Costs saving in some areas including custody and unit registry fees (down by \$1.2 million), business development expenses (down by \$0.7 million), legal, compliance and other professional expenses (down by \$0.6 million).

COVID-19 has not had a direct impact on the Group's ability to perform its core business activities or on the Group's revenues. Accordingly, the Group has not received any COVID-19 related financial assistance or support.

The Company continues to be well positioned for future opportunities because:

- It maintains a highly differentiated product and maintains a strong position in the Australian retail market;
- Our offshore initiatives provide a platform for growth over the medium-term; and
- Our investment team continues to deliver high research quality and a large idea base.

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

Dividends

The Company has limited capital requirements and generally expects that most, if not all, future profits will continue to be distributed by way of dividends, subject to ongoing capital requirements. Given that the earnings per share for the 2021 interim period was 15.6 cents per share, post 31 December 2020, the Directors declared a 2021 interim fully-franked dividend of 12 cents per share with a record date of 3 March 2021 and payable to shareholders on 18 March 2021.

A 2020 interim fully-franked dividend for the previous corresponding period was 13 cents per share.

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 4.

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



Guy Strapp
Chairman



Andrew Clifford
Director

23 February 2021
Sydney



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Platinum Asset Management Limited

As lead auditor for the review of Platinum Asset Management Limited for the half-year ended 31 December 2020, I declare 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; and
- 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 financial period.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive style.

Rita Da Silva
Partner
Sydney
23 February 2021

Platinum Asset Management Limited

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31 December 2020

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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 2020. 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 23 February 2021.

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 2020 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 2020

	Note	Consolidated Half-year ended	
		31 Dec 2020	31 Dec 2019
		\$'000	\$'000
Revenue			
Management fees		127,271	144,879
Performance fees		3,666	34
Total revenue		<u>130,937</u>	<u>144,913</u>
Other income			
Interest		334	1,061
Distribution and dividend		1,151	600
Share of profit of associates	4	25,798	7,064
Gains on financial asset at fair value through profit or loss		9,235	16
Foreign exchange losses on overseas bank accounts		(848)	(56)
Total revenue and other income		<u>166,607</u>	<u>153,598</u>
Expenses			
Employee expenses			
Salaries and employee related expenses		20,428	20,129
Share-based payments		1,810	2,452
Custody and unit registry		5,058	6,209
Business development		2,602	3,295
Technology, research and data		2,611	2,722
Legal, compliance and other professional		1,631	2,272
Depreciation of right-of-use assets		963	843
Depreciation of fixed assets		634	1,227
Mail house, periodic reporting and share registry		609	628
Insurance		531	317
Rent and other occupancy		252	350
Finance costs on lease liabilities		105	53
Other		104	116
Total expenses		<u>37,338</u>	<u>40,613</u>
Profit before income tax expense		129,269	112,985
Income tax expense		38,849	33,910
Profit after income tax expense		<u>90,420</u>	<u>79,075</u>
Other comprehensive income			
Exchange rate translation impact of foreign subsidiaries and associates		(7,914)	47
Other comprehensive income for the half-year, net of tax		<u>(7,914)</u>	<u>47</u>
Total comprehensive income for the half-year		<u>82,506</u>	<u>79,122</u>
		Cents	Cents
Basic earnings per share		15.60	13.60
Diluted earnings per share		15.50	13.60

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 2020

		Consolidated	
		As at	
	Note	31 Dec 2020	30 Jun 2020
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		107,542	105,333
Term deposits		49,876	49,876
Trade and other receivables		30,003	34,682
Total current assets		<u>187,421</u>	<u>189,891</u>
Non-current assets			
Equity investments in associates	4	140,483	125,019
Financial assets at fair value through profit or loss	8	42,429	27,626
Fixed assets		3,373	4,007
Right-of-use assets		7,705	8,669
Total non-current assets		<u>193,990</u>	<u>165,321</u>
Total assets		<u>381,411</u>	<u>355,212</u>
Liabilities			
Current liabilities			
Trade and other payables		5,216	5,575
Employee benefits		11,201	3,757
Lease liabilities		1,804	1,744
Income tax payable		9,009	10,825
Total current liabilities		<u>27,230</u>	<u>21,901</u>
Non-current liabilities			
Provisions		883	1,009
Employee benefits		671	628
Lease liabilities		6,178	7,085
Net deferred tax liabilities		10,667	5,628
Total non-current liabilities		<u>18,399</u>	<u>14,350</u>
Total liabilities		<u>45,629</u>	<u>36,251</u>
Net assets		<u>335,782</u>	<u>318,961</u>
Equity			
Issued capital	6	718,804	717,998
Reserves		(582,688)	(572,082)
Retained profits	7	199,666	173,045
Total equity		<u>335,782</u>	<u>318,961</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 2020

Consolidated	Issued Capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2020	717,998	(572,082)	173,045	318,961
Profit after income tax expense for the half-year	-	-	90,420	90,420
<i>Other comprehensive income</i>				
Exchange rate translation impact of foreign subsidiaries and associates	-	(7,914)	-	(7,914)
Total comprehensive income for the half-year	-	(7,914)	90,420	82,506
<i>Transactions with owners in their capacity as owners:</i>				
Net treasury shares acquired	806	-	-	806
Share-based payments reserve	-	(2,692)	-	(2,692)
Dividends paid	-	-	(63,799)	(63,799)
Balance at 31 December 2020	<u>718,804</u>	<u>(582,688)</u>	<u>199,666</u>	<u>335,782</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2019	723,490	(576,863)	174,461	321,088
Impact of adoption of leasing standard	-	-	(159)	(159)
Profit after income tax expense for the half-year	-	-	79,075	79,075
<i>Other comprehensive income</i>				
Exchange rate translation impact of foreign subsidiaries	-	47	-	47
Total comprehensive income for the half-year	-	47	79,075	79,122
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments reserve	-	2,599	-	2,599
Dividends paid	-	-	(81,422)	(81,422)
Balance at 31 December 2019	<u>723,490</u>	<u>(574,217)</u>	<u>171,955</u>	<u>321,228</u>

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 2020

	Note	Consolidated Half-year ended	
		31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities			
Receipts from operating activities		135,005	140,171
Payments for operating activities		(26,730)	(26,487)
Finance costs paid		(105)	-
Income taxes paid		(33,254)	(28,973)
Net cash from operating activities		<u>74,916</u>	<u>84,711</u>
Cash flows from investing activities			
Interest received		295	1,084
Proceeds on maturity of term deposits		67,876	206,877
Purchase of term deposits		(67,876)	(241,877)
Payments for purchases of fixed assets		(11)	(2,146)
Receipts from sale of financial assets		20,039	-
Proceeds from sale of equity investments in associates		2,568	-
Payments of purchases of financial assets		(28,920)	-
Dividends and distribution received from seed investments		1,708	1,914
Net cash provided by (used in) investing activities		<u>(4,321)</u>	<u>(34,148)</u>
Cash flows from financing activities			
Dividends paid		(63,799)	(81,422)
Payments for purchase of treasury shares		(2,681)	(3,918)
Payment of lease liability principal		(963)	-
Net cash (used in) financing activities		<u>(67,443)</u>	<u>(85,340)</u>
Net decrease in cash and cash equivalents		3,152	(34,777)
Cash and cash equivalents at the beginning of the half-year		105,333	112,947
Effects of exchange rate changes on cash and cash equivalents		(943)	(32)
Cash and cash equivalents at the end of the half-year		<u>107,542</u>	<u>78,138</u>

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 2020 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit 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 2020 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*.

Accounting Standards and Interpretations not yet mandatory or early adopted during the half-year

There are no 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.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Accounting Standards adopted during the half-year

There are no standards that are effective for the first time in the current period that have a material impact on the consolidated entity.

Note 2. 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 Platinum World Portfolios Plc. ("PWP") and associated costs including those of the London office; and
- investments and other: through the consolidated entity's investment in the (a) ASX listed, Platinum Asia Investments Limited (b) PWP (c) unlisted Platinum Trust Funds (d) the ASX quoted managed fund PAXX (e) Platinum Arrow Trust and (f) the Cayman domiciled Platinum Opportunities funds. Also included in this category are Australian dollar term deposits as well as associated interest derived from these.

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Note 2. Segment information (continued)

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

	Funds Management \$'000	Investments and Other \$'000	Total \$'000
Current period - 31 December 2020			
Revenue			
Management and performance fees	130,937	-	130,937
Interest	150	184	334
Net gains on financial assets and equity in associates	-	35,033	35,033
Dividend and distributions	-	1,151	1,151
Net foreign exchange gains on overseas bank accounts	-	(848)	(848)
Total revenue and other income	131,087	35,520	166,607
Expenses	37,168	170	37,338
Profit before income tax expense	93,919	35,350	129,269
Income tax expense	27,456	11,393	38,849
Profit after income tax expense	66,463	23,957	90,420
Other comprehensive income	(13)	(7,901)	(7,914)
Total comprehensive income	66,450	16,056	82,506
Assets			
Total assets	86,779	294,632	381,411
Liabilities			
Total liabilities	34,795	10,834	45,629
Net assets	51,984	283,798	335,782
Comparative period - 31 December 2019			
Revenue			
Management and performance fees	144,913	-	144,913
Interest	296	765	1,061
Net losses on financial assets and equity in associates	-	7,080	7,080
Dividends and distributions	-	600	600
Net foreign exchange gains on overseas bank accounts and dividends	-	(56)	(56)
Total revenue and other income	145,209	8,389	153,598
Expenses	40,493	120	40,613
Profit before income tax	104,716	8,269	112,985
Income tax expense	31,609	2,301	33,910
Profit after income tax	73,107	5,968	79,075
Other comprehensive income	47	-	47
Total comprehensive income	73,154	5,968	79,122
Comparative period – 30 June 2020			
Assets			
Total assets	47,900	307,312	355,212
Liabilities			
Total liabilities	33,180	3,071	36,251
Net assets	14,720	304,241	318,961

Platinum Asset Management Limited
Notes to the financial statements
31 December 2020

Note 3. Earnings per share

	Consolidated	
	Half-year ended	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Profit after income tax attributable to the owners of Platinum Asset Management Limited	<u>90,420</u>	<u>79,075</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	579,660,816	581,583,682
Adjustment for deferred rights	3,592,263	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>583,253,079</u>	<u>581,583,682</u>
	Cents	Cents
Basic earnings per share	15.60	13.60
Diluted earnings per share	<u>15.50</u>	<u>13.60</u>

Note 4. Equity investments in associates

At 31 December 2020, the consolidated entity's investments in Platinum Asia Investments Limited (PAI), Platinum World Portfolios Plc (PWP), and Platinum Asia Fund (Quoted Managed Hedge Fund) (PAXX) represent interests in associates which are accounted for using the equity method of accounting. Information relating to interests in associates is shown in the table below:

a. Interests in associates

Entity	Country of incorporation	Equity interest %		Fair Value \$'000		Carrying amount \$'000		Reason for assessment of significant influence
		31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	
PAI	Australia	8.2	8.2	37,350	30,300	38,429	34,549	Ownership interest was 8.2% at 31 December 2020; PIML acts as Investment Manager (IM) in accordance with the Investment Management Agreement; PIML provides performance and exposure reports to the PAI Board.
PWP	Ireland	16.0	14.8	73,181	64,265	73,180	64,265	Ownership interest was 16% at 31 December 2020; PIML acts as IM in accordance with the Investment Management Agreement; the Company 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.
PAXX	Australia	15.8	18.3	28,807	26,205	28,874	26,205	Ownership interest was 15.8% at 31 December 2020; PIML acts as IM for PAXX and its underlying fund, Platinum Asia Fund.
				139,338	120,770	140,483	125,019	

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Note 4. Equity investments in associates (continued)

The fair value of Platinum Asia Investments Limited reflects the 30 million shares held multiplied by the closing price at 31 December 2020 of \$1.25 (30 June 2020: \$1.01).

The fair value of PWP reflects the shares held in the sub-funds multiplied by their respective closing prices at 31 December 2020.

The fair value of PAXX reflects units held multiplied by the PAXX's 31 December 2020 redemption price of \$5.64 (30 June 2020: \$4.71).

The carrying value reflects the consolidated entity's share of each associate's net assets, including assessment of any impairment.

b. Share of associates' statement of financial position
31 December 2020

	Total assets \$'000	Total liabilities* \$'000	Net assets \$'000
Associates financial position			
PAI	493,361	26,338	467,023
PWP	545,275	50,810	494,465
PAXX	182,614	2	182,612
Total associates' statement of financial position			<u>1,144,100</u>
Group's share of associate			
PAI	40,502	2,073	38,429
PWP	79,438	6,258	73,180
PAXX	28,874	-	28,874
Total associates' statement of financial position			<u>140,483</u>
30 June 2020	Total assets \$'000	Total liabilities* \$'000	Net assets \$'000
Associates financial position			
PAI	432,120	13,343	418,777
PWP	454,211	5,370	448,841
PAXX	146,220	3,022	143,198
Total associates' statement of financial position			<u>1,010,816</u>
Group's share of associate			
PAI	35,650	1,101	34,549
PWP	65,034	769	64,265
PAXX	26,758	553	26,205
Total associates' statement of financial position			<u>125,019</u>

* Associates total liabilities include non-current liabilities of \$17,967,000 (30 June 2020: \$9,236,000).

c. Carrying amount of investment using the equity method

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Opening balance	125,019	117,593
Sale of PAXX units	(2,575)	-
Share of associates' profit (see Note 4d below)	26,695	9,188
Exchange rate translation impact	(7,759)	-
Dividends and distributions paid (see Note 4d below)	(897)	(1,762)
Closing balance (see Note 4a)	<u>140,483</u>	<u>125,019</u>

Note 4. Equity investments in associates (continued)

d. Associate's net income

31 December 2020	PAI \$'000	PWP \$'000	PAXX \$'000	Total \$'000
Associates' net income				
Total investment income	88,071	132,199	28,684	248,954
Total expenses	5,053	3,336	-	8,389
Profit/(loss) before tax	83,018	128,863	28,684	240,565
Income tax expense	24,819	-	-	24,819
Total profit/(loss) after tax	58,199	128,863	28,684	215,746
Group's share of associate				
Total investment income	7,248	17,208	5,235	29,691
Total expenses	416	534	-	950
Profit/(loss) before tax	6,832	16,674	5,235	28,741
Income tax expense	2,046	-	-	2,046
Total profit/(loss) after tax	4,786	16,674	5,235	26,695
Dividend received and dilution of unitholding	(906)	-	9	(897)
Realised and unrealised gain on investment in associate	3,880	16,674	5,244	25,798
31 December 2019				
Associates' net income				
Total investment income	30,730	33,456	9,805	73,991
Total expenses	3,234	2,743	-	5,977
Profit/(loss) before tax	27,496	30,713	9,805	68,014
Income tax expense	8,272	-	-	8,272
Total profit/(loss) after tax	19,224	30,713	9,805	59,742
Group's share of associate				
Total investment income	2,538	4,908	1,598	9,044
Total expenses	267	402	-	669
Profit/(loss) before tax	2,271	4,506	1,598	8,375
Income tax expense	683	-	-	683
Total profit/(loss) after tax	1,588	4,506	1,598	7,692
Dividend received and dilution of unitholding	(623)	13	(18)	(628)
Realised and unrealised gain on investment in associate	965	4,519	1,580	7,064

Platinum Asset Management Limited
Notes to the financial statements
31 December 2020

Note 5. Equity - dividends

Dividends paid during the half-year were as follows:

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Dividend paid on 20 September 2020 of 11 cents per ordinary shares	63,799	-
Dividend paid on 20 September 2019 of 14 cents per ordinary shares	-	81,422
	<u>63,799</u>	<u>81,422</u>

Post the period-end, the Directors have determined to pay an ordinary fully-franked dividend of 12 cents per share on 18 March 2021 (31 December 2019: ordinary dividend of 13 cents per share) payable out of profits for the 6 months ended 31 December 2020.

This dividend has not been provided for at 31 December 2020, as it was declared after period-end.

Note 6. Equity - issued capital

	31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2020
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	586,678,900	586,678,900	751,355	751,355
Treasury shares	<u>(7,196,624)</u>	<u>(6,687,403)</u>	<u>(32,551)</u>	<u>(33,357)</u>
Total issued capital	<u>579,482,276</u>	<u>579,991,497</u>	<u>718,804</u>	<u>717,998</u>

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. Ordinary shares entitle the shareholders to one vote per ordinary share, entitled in person or by proxy, at the meeting of the company's shareholders.

On 16 September 2020, the Company announced the extension of the on-market share buy-back program, to enable the Company to buy back PTM shares should they trade at a significant discount to their underlying value. No target price was set and no shares have been bought-back to date.

Treasury shares: are shares that have been purchased on market for the Employee Share Trust, pursuant to the Deferred Remuneration Plan. Treasury shares are held by the Employee Share Trust for future allocation to employees.

Note 7. Equity – retained profits

	Half year ended	Year ended
	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
Retained profits at the beginning of the period	173,045	174,461
Profit after income tax expense attributable to owners of the Company	90,420	155,611
Dividends paid	<u>(63,799)</u>	<u>(157,027)</u>
Retained profits at the end of the period	<u>199,666</u>	<u>173,045</u>

Platinum Asset Management Limited
Notes to the financial statements
31 December 2020

Note 8. 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 2020).

- 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).

At 31 December 2020, the investments by PIML in PAI, PWP and PAXX have not been measured at fair value because they have been classified as equity investments in associates. If these were to be measured at fair value, they would be classified as level 2.

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 2020 and 30 June 2020. The consolidated entity has no assets or liabilities that are classified as level 3.

	Level 1	Level 2	Total
	\$'000	\$'000	\$'000
31 December 2020			
<i>Assets</i>			
Equity securities held by wholly owned seed funds	42,087	130	42,217
Platinum Trust Fund investments	-	212	212
	<u>42,087</u>	<u>342</u>	<u>42,429</u>
30 June 2020			
<i>Assets</i>			
Equity securities held by wholly owned seed funds	27,442	-	27,442
Platinum Trust Fund investments	-	184	184
	<u>27,442</u>	<u>184</u>	<u>27,626</u>

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.

Valuation techniques used to classify assets and liabilities as level 2

PIML's direct investments in the Platinum Trust Funds are valued using their respective Net Asset Values (adjusted for the buy-sell spread) of the underlying assets and liabilities and includes the impact of the 30 June distribution. Accordingly, management has assessed the fair value investments as being Level 2 investments.

Note 9. Contingent Assets, Liabilities and Commitments

The consolidated entity has no commitments for significant capital expenditure. No contingent assets or liabilities exist at 31 December 2020 and 30 June 2020.

Note 10. Events after the reporting period

Apart from the dividend declared on 23 February 2021, as disclosed in Note 5, no other matter or circumstance has arisen since 31 December 2020 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.

Platinum Asset Management Limited
Directors' declaration
31 December 2020

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 2020 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



Guy Strapp
Chairman



Andrew Clifford
Director

23 February 2021
Sydney



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working world**

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Independent Auditor's Review Report to the Members of Platinum Asset Management Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Platinum Asset Management Limited ("the Company") and its controlled entities (collectively "the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 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, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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.



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Independence

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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Rita Da Silva' in a cursive script.

Rita Da Silva
Partner
Sydney
23 February 2021