

Appendix 4D

Half-Year Report

Listing Rule 4.2A.3

Company	Platinum Asset Management Limited
ASX Code	PTM
Half-Year Ended	31 December 2015
Previous corresponding period Half-Year Ended	31 December 2014
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 2015 Interim Financial Report and the 30 June 2015 Annual Report.

	% Mvt	\$A'000
Total revenue	+15.8%	192,722
Profit from ordinary activities after income tax attributable to members	+18.6%	119,693
Net profit for the period attributable to members	+18.6%	119,693
Diluted EPS (cents per share)		20.40cps

The increase in revenue and profit was directly related to the increase in average daily funds under management ("FUM").

Although the Company does not provide profit guidance, the Directors have noted that the full year outlook appears more subdued, due to a combination of volatile markets and expenses generally being higher in the second half of the year.

Dividends

Ordinary dividend declared	16 cents per share fully-franked
Record date for ordinary dividend	3 March 2016
Payable date for ordinary dividend	22 March 2016

An ordinary dividend of 20 cents per share fully-franked for the year ended 30 June 2015 was paid on 22 September 2015.

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 is not activated.

Other Information

Net tangible assets per share was 59.7 cents per share at 31 December 2015, as compared to 59.5 cents per share at 30 June 2015.

Janna Vynokur
Company Secretary
25 February 2016

Platinum Asset Management Limited

ABN 13 050 064 287

Interim Financial Report - 31 December 2015

Directors	Michael Cole Bruce Coleman Margaret Towers Stephen Menzies Kerr Neilson Andrew Clifford Elizabeth Norman Andrew Stannard
Shareholder liaison	Elizabeth Norman
Company secretary	Janna Vynokur
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 Darling Park Tower 2 201 Sussex Street Sydney NSW 2000
Stock exchange listing	Platinum Asset Management Limited shares are listed on the Australian Securities Exchange (ASX code: PTM)
Website	https://www.platinum.com.au/Shareholder-information/

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 2015.

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
Bruce Coleman	Non-Executive Director
Margaret Towers	Non-Executive Director
Stephen Menzies	Non-Executive Director
Kerr Neilson	Managing Director
Andrew Clifford	Executive Director and Chief Investment Officer
Elizabeth Norman	Executive Director and Director of Investor Services and Communications
Andrew Stannard	Executive Director and Chief Financial Officer (appointed 10 August 2015)

Principal activities

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

Operating and Financial Review

The three key variables that drive the profitability of the consolidated entity are average funds under management (FUM) growth, investment performance fees earned and expense growth. FUM for the half-year ending 31 December 2015 is shown in the table below.

Funds	Opening Balance (1 Jul 15) \$'M	Flows \$'M	Investment Performance \$'M	Closing Balance (31 Dec 15) \$'M	% of Total
Retail Funds					
Platinum Trust Funds and Platinum Global Fund	19,117	489	(501)	19,105	71%
Platinum Listed Investment Vehicles	398	263	(5)	656	2%
MLC Platinum Global Fund	1,113	(60)	(8)	1,045	4%
Institutional Clients					
Fee Mandates	1,977	(5)	(4)	1,968	8%
'Relative' Performance Fee Mandates	3,545	(201)	17	3,361	13%
'Absolute' Performance Fee Mandates	709	(59)	-	650	2%
Total	26,859	427	(501)	26,785	100%

FUM remained relatively constant for the 6 months to 31 December 2015, with closing FUM at 31 December 2015 of \$26.8 billion, a decrease of \$74 million or 0.3% from 30 June 2015. Average FUM for the 6 months to 31 December 2015 increased by 12.1% to \$27.2 billion from an average FUM of \$24.3 billion for the previous corresponding period. There was a \$427m increase in net fund inflows, during the period but this was offset by \$501 million decline in investment performance.

This outcome was satisfactory given that the past 6 months were challenging from an investment point of view, characterised by market volatility and a collapse in global commodity prices.

The half-year saw positive net investment inflows of \$427 million, up \$159 million (59%) on the previous corresponding period. Net flows comprised inflows into the Platinum Listed Investment Vehicles of \$263 million, which was comprised of inflows into the new Platinum Asia Investments Limited (PAIL) Listed Investment Company (LIC) of \$292.9 million, (less IPO costs and other tax and dividend payments of \$30 million), and investment inflows into the Platinum Trust Funds/Platinum Global Fund of \$489 million. Outflows were both modest and concentrated, with one large institutional client rebalancing their portfolio and partially drawing-down their account. No accounts were lost in the period.

It was pleasing to see that, despite the decline in equity markets, Platinum was able to increase inflows and attract new investors. This may be partly attributable to the increase in resources allocated to the development and promotion of Platinum's Funds.

As the Australian equities market continues to face challenges that are mostly linked to the decline in commodity prices and the Australian Dollar, Australian investors appear more willing to allocate a larger portion of their portfolio to international equities. Platinum is well placed to take advantage of this.

The increase in average FUM of 12.1% from the previous corresponding period resulted in revenue of \$178.1 million (2014: \$157.3 million), which represents an increase of 13.2%. Performance fees were \$2.5 million (2014: \$0.4 million). Other income also increased due to gains made on the investment in the new Asian LIC, PAIL of \$4.9 million.

Costs have remained relatively consistent with the prior comparative period and are closely monitored.

Profit before income tax expense was \$167.9 million (2014: \$141.5 million) which represents an increase of 18.6% on the previous corresponding period. The profit after tax for the half-year was \$119.7 million (2014: \$100.9 million) which represents an increase of the same percentage.

On 17 November 2015, the new offshore investment vehicle, Platinum World Portfolios Plc., incorporated in the Republic of Ireland commenced trading. The Company seeded the offshore vehicle with an investment of US\$25m across three sub-funds (International, Asia and Japan).

The new offshore vehicle is now beginning to be marketed globally and showcase Platinum's strong long-term record of out-performance which sets us apart from the majority of fund managers in the industry, and has already begun to attract overseas client interest, although they will likely still take some years to grow.

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

Our FUM will likely also grow over time through the increasing trend for Australian investors to increase their exposure to world stock markets, the strengthening of our relationship with the professional investor community and accessing the continuing growth of self-managed superannuation fund (SMSF) sector.

Dividends

The Directors have determined to pay an ordinary dividend of 16 cents per share, fully-franked (31 December 2014: ordinary dividend of 17 cents per share). The amount of the proposed ordinary dividend expected to be paid on 22 March 2016, but not recognised as a liability as at 31 December 2015, is \$93,869,000 (31 December 2014: \$99,735,000 paid).

Rounding of amounts

The consolidated entity is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

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

Michael Cole
Chairman

Kerr Neilson
Director

25 February 2016
Sydney



Auditor's Independence Declaration

As lead auditor for the review of Platinum Asset Management Limited for the half-year ended 31 December 2015, 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; 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 period.

SJ Smith
Partner
PricewaterhouseCoopers

Sydney
25 February 2016

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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. 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 25 February 2016.

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 2015 and any public pronouncements 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 2015



	Note	Consolidated	Consolidated
		31 Dec 2015	31 Dec 2014
		\$'000	\$'000
Revenue			
Management fees		167,276	149,374
Performance fees		2,495	398
Administration fees		8,346	7,577
		<u>178,117</u>	<u>157,349</u>
Other income			
Interest		2,154	4,014
Dividends		13	211
Net gains/(losses) on financial assets at fair value through profit or loss		4,815	(4,684)
Net gains on forward currency contracts		77	235
Net foreign exchange gains on overseas bank accounts		7,546	9,356
Total revenue and other income		<u>192,722</u>	<u>166,481</u>
Expenses			
Staff		(9,043)	(8,826)
Custody, administration, trustee and unit registry		(7,360)	(8,457)
Business development		(3,017)	(2,612)
Research		(1,173)	(889)
Technology		(836)	(775)
Rent and other occupancy		(799)	(915)
Legal and compliance		(432)	(608)
Other professional		(508)	(471)
Depreciation		(471)	(341)
Share registry		(374)	(219)
Audit fee		(211)	(263)
Mail house and periodic reporting		(336)	(334)
Insurance		(240)	(201)
Other		(66)	(85)
Total expenses		<u>(24,866)</u>	<u>(24,996)</u>
Profit before income tax expense		167,856	141,485
Income tax expense		<u>(48,163)</u>	<u>(40,575)</u>
Profit after income tax expense for the half-year attributable to the owners of Platinum Asset Management Limited		119,693	100,910
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Reclassification to profit and loss on the disposal of Platinum World Funds Plc.		-	1,158
Exchange rate translation impact of foreign subsidiaries		<u>(919)</u>	<u>4,330</u>
Other comprehensive income for the half-year, net of tax		<u>(919)</u>	<u>5,488</u>
Total comprehensive income for the half-year attributable to the owners of Platinum Asset Management Limited		<u><u>118,774</u></u>	<u><u>106,398</u></u>
		Cents	Cents
Basic earnings per share	12	20.40	17.38
Diluted earnings per share	12	20.40	17.24

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 2015



		Consolidated	
	Note	31 Dec 2015	30 Jun 2015
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		115,386	127,679
Financial assets at fair value through profit or loss	2	75,670	119
Term deposits		148,268	199,268
Trade and other receivables		35,830	40,707
Total current assets		<u>375,154</u>	<u>367,773</u>
Non-current assets			
Fixed assets		2,803	3,130
Total non-current assets		<u>2,803</u>	<u>3,130</u>
Total assets		<u>377,957</u>	<u>370,903</u>
Liabilities			
Current liabilities			
Trade and other payables		8,159	7,557
Financial liabilities at fair value through profit or loss	3	52	-
Income tax payable		13,191	9,142
Employee benefits		2,759	2,770
Total current liabilities		<u>24,161</u>	<u>19,469</u>
Non-current liabilities			
Net deferred tax liabilities		3,178	2,254
Total non-current liabilities		<u>3,178</u>	<u>2,254</u>
Total liabilities		<u>27,339</u>	<u>21,723</u>
Net assets		<u>350,618</u>	<u>349,180</u>
Equity			
Issued capital	4	751,355	751,355
Reserves	5	(588,933)	(588,014)
Retained profits		188,196	185,839
Total equity		<u>350,618</u>	<u>349,180</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 2015



Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2014	722,812	(593,549)	245,993	375,256
Profit after income tax expense for the half-year	-	-	100,910	100,910
<i>Other comprehensive income</i>	-	-	-	-
Reclassification to profit or loss on disposal of Platinum World Funds Plc.	-	1,158	-	1,158
Exchange rate translation impact of foreign subsidiaries	-	4,330	-	4,330
Total comprehensive income for the half-year	-	5,488	100,910	106,398
<i>Transactions with owners in their capacity as owners:</i>				
Exercise of options	7,017	-	-	7,017
Dividends paid (note 6)	-	-	(116,067)	(116,067)
Balance at 31 December 2014	<u>729,829</u>	<u>(588,061)</u>	<u>230,836</u>	<u>372,604</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2015	751,355	(588,014)	185,839	349,180
Profit after income tax expense for the half-year	-	-	119,693	119,693
<i>Other comprehensive income</i>	-	-	-	-
Exchange rate translation impact of foreign subsidiaries (note 5)	-	(919)	-	(919)
Total comprehensive income for the half-year	-	(919)	119,693	118,774
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 6)	-	-	(117,336)	(117,336)
Balance at 31 December 2015	<u>751,355</u>	<u>(588,933)</u>	<u>188,196</u>	<u>350,618</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 2015



	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Cash flows from operating activities		
Receipts from operating activities	183,302	158,971
Payments for operating activities	(26,336)	(25,022)
Income taxes paid	(43,189)	(38,387)
	<u>113,777</u>	<u>95,562</u>
Net cash from operating activities		
Cash flows from investing activities		
Interest received	2,135	4,401
Proceeds on maturity of term deposits	257,268	326,813
Purchase of term deposits	(206,268)	(305,813)
Receipts from sale of financial assets	23,321	130,556
Payments for purchases of financial assets	(89,413)	(61,953)
Purchase of fixed assets	(144)	(1,043)
Dividends received	2	303
Distributions received	11	4
	<u>(13,088)</u>	<u>93,268</u>
Net cash from investing activities		
Cash flows from financing activities		
Dividends paid	(117,303)	(115,959)
Proceeds from the issue of shares	-	7,017
	<u>(117,303)</u>	<u>(108,942)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(16,614)	79,888
Cash and cash equivalents at the beginning of the half-year	127,679	24,854
Effects of exchange rate changes on cash and cash equivalents	4,321	6,985
	<u>115,386</u>	<u>111,727</u>
Cash and cash equivalents at the end of the half-year		

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 2015 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 2015 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*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

During the half-year, Platinum Investment Management Limited seeded the offshore vehicle, Platinum World Portfolios Plc. ("PWP"), with an investment of US\$25 million. As Platinum Investment Management Limited is the sole investor at 31 December 2015, the consolidated entity is considered to control Platinum World Portfolios Plc. and its results have been consolidated in these financial statements.

New Accounting Standards and Interpretations

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Interpretation 4 Determining whether an Arrangement contains a Lease

The Interpretation applies for annual periods commencing on or after 1 January 2016. The Interpretation addresses how to determine whether an arrangement is, or contains a lease as defined in AASB 117 *Leases*, when the assessment or a reassessment should be made and how payments under the arrangement should be treated. A determination on whether an arrangement is, or contains, a lease takes place at the inception of the arrangement and is based on the substance of the arrangement. This requires an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset and if the arrangement conveys a right to use the asset. This interpretation was assessed as not having a significant impact on the consolidated entity.

Interpretation 115 Operating Leases - Incentives

The Interpretation applies for annual periods commencing on or after 1 January 2016. The Interpretation addresses that a lessor may provide incentives for a lessee to enter into an operating lease and how such incentives should be recognised in the financial statements. The lessee recognises an incentive as a reduction of rental expense over the term of the lease. This is ordinarily calculated on a straight-line basis unless an alternative basis is more representative of the lessee's benefit from the use of the leased asset. This interpretation was assessed as not having a significant impact on the consolidated entity.

Interpretation 132 Intangible Assets - Web Site Costs

The Interpretation applies for annual periods commencing on or after 1 January 2017. The Interpretation addresses whether a web site is an internally generated intangible asset that is subject to the requirements of AASB 138 *Intangible Assets* and the appropriate accounting treatment of such expenditure. The Interpretation concludes that any development or expenditure that is internally generated shall be accounted for under AASB 138 and recognised as an intangible asset. This interpretation was assessed as not having a significant impact on the consolidated entity.

Note 2. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Equity investment in Platinum Asia Investments Limited	51,500	-
Options in Platinum Asia Investments Limited	3,400	-
Unlisted unit trust investments	108	119
Equity securities – held directly by PWP*	20,490	-
Derivatives – held directly by PWP*	123	-
Forward currency contracts – held directly by PWP*	49	-
	<u>75,670</u>	<u>119</u>

Refer to note 7 for further information on fair value measurement.

*During the half-year, Platinum World Portfolios Plc (“PWP”) commenced investment activities and the direct investments shown above have been consolidated into the Platinum Group.

Note 3. Current liabilities - financial liabilities at fair value through profit or loss

	Consolidated	
	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Derivatives – held directly by PWP*	32	-
Forward currency contracts – held directly by PWP*	20	-
	<u>52</u>	<u>-</u>

Refer to note 7 for further information on fair value measurement.

*During the half-year, PWP commenced investment activities and the direct investments shown above have been consolidated into the Platinum Group.

Note 4. Equity - issued capital

	Consolidated			
	31 Dec 2015 Shares	30 Jun 2015 Shares	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Ordinary shares - fully paid	<u>586,678,900</u>	<u>586,678,900</u>	<u>751,355</u>	<u>751,355</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.

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.

Note 5. Equity - reserves

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Foreign currency translation reserve	(789)	130
Capital reserve	(588,144)	(588,144)
	<u>(588,933)</u>	<u>(588,014)</u>

Foreign currency translation reserve

Exchange 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 \$789,000 at 31 December 2015 and was comprised of a foreign currency gain on the PIMA Corp (US) investment of \$130,000 (31 Dec 2014: \$83,000) and a foreign currency loss on the Platinum World Portfolios Plc. investment of \$919,000 (31 Dec 2014: Platinum World Funds Plc. \$4,247,000 gain).

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Capital	Foreign	Total
	\$'000	Currency	\$'000
	\$'000	\$'000	\$'000
Consolidated - 31 Dec 2015			
Balance at 1 July 2015	(588,144)	130	(588,014)
Exchange rate translation impact of foreign subsidiaries	-	(919)	(919)
Balance at 31 December 2015	<u>(588,144)</u>	<u>(789)</u>	<u>(588,933)</u>

Consolidated - 30 Jun 2015

Balance at 1 July 2014	(588,144)	(5,405)	(593,549)
Reclassification to profit and loss on the disposal of Platinum World Funds Plc.	-	1,158	1,158
Exchange rate translation impact of foreign subsidiaries	-	4,377	4,377
Balance at 30 June 2015	<u>(588,144)</u>	<u>130</u>	<u>(588,014)</u>

Note 6. Equity - dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Dividend paid on 22 September 2015 (2014: 23 September 2014) of 20 cents (2014: 20 cents) per ordinary share	<u>117,336</u>	<u>116,067</u>

Since the period end, the Directors have determined to pay an ordinary fully-franked dividend of 16 cents per share (2014: ordinary dividend of 17 cents per share) payable out of profits for 6 months ended 31 December 2015.

This dividend has not been provided for at 31 December 2015, as it was declared after period end.

Note 7. 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 2015).

- (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 consolidated entity recognises the following financial assets and liabilities at fair value, pursuant to AASB 13, on a recurring basis:

- (i) Equity securities, long equity swaps and long futures;
- (ii) Short equity swaps and short futures;
- (iii) Forward currency contracts;
- (iv) Listed options; and
- (v) Unlisted unit trust investments.

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using the three level hierarchy model at 31 December 2015 and 30 June 2015. The consolidated entity has no assets or liabilities that are classified as level 3.

Consolidated - 31 Dec 2015	Level 1 \$'000	Level 2 \$'000	Total \$'000
<i>Assets</i>			
Equity investment in Platinum Asia Investments Limited	51,500	-	51,500
Options in Platinum Asia Investments Limited	3,400	-	3,400
Unlisted unit trust investments	108	-	108
Equity securities – held directly by PWP	18,745	1,745	20,490
Derivatives – held directly by PWP	-	123	123
Forward currency contracts – held directly by PWP	-	49	49
Total assets	73,753	1,917	75,670
<i>Liabilities</i>			
Derivatives – held directly by PWP	5	27	32
Forward currency contracts – held directly by PWP	-	20	20
Total liabilities	5	47	52

Consolidated - 30 Jun 2015

<i>Assets</i>			
Unlisted unit trust investments	119	-	119
Total assets	119	-	119

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. There were no transfers between levels 1 and 2 for any assets or liabilities measured at fair value during the half-year.

Valuation techniques used to classify assets and liabilities as level 1

As at 31 December 2015, the majority of the investments held by the consolidated entity were valued based on quoted prices in active markets. Accordingly, the majority of investments are classified as Level 1 in the fair-value hierarchy model. The equity investment and attached options associated with the Platinum Asia Investments Limited investment has been classified as level 1, because both the securities and attached options are ASX-listed and these investments are valued at quoted prices in an active market on a daily basis.

Note 7. Fair value measurement (continued)

Valuation techniques used to classify assets and liabilities as level 2

At 31 December 2015, there were certain financial instruments that were classified as level 2, because there was a degree of adjustment made to the quoted price i.e., whilst all significant inputs required for fair value measurement were observable and quoted on an active market, there was some degree of estimation or adjustment involved in deriving the fair value. Examples include:

- (i) foreign exchange contracts were classified as level 2 even though forward points were quoted in an active and liquid market. The forward points themselves were based on interest rate differentials;
- (ii) P-Notes/warrants were classified as level 2 because they were traded over-the counter and were often priced in a different currency to the underlying security;
- (iii) Over-The Counter (OTC) derivatives/options were classified as level 2 because, the prices were sourced from the relevant counterparty, even though the prices (and in the case of options, the relevant delta) could be verified from Bloomberg; and;
- (iv) certain index derivatives were classified as level 2 because the consolidated entity may agree with the counterparty to include or exclude one or more securities that make up the “basket” of securities that comprise the index derivative. Hence, the quoted price of the index derivative would be very similar, but not identical to the index derivative that the consolidated entity holds.

Note 8. 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 and its US-based investment mandates; and
- direct investments, through the consolidated entity’s investment in ASX quoted, Platinum Asia Investments Limited and its immaterial investment in unlisted Platinum Trust Funds. In addition, Platinum Investment Management Limited provided seeding money to its new offshore fund, Platinum World Portfolios Plc and is deemed to have control over that vehicle at 31 December 2015. As a result, the results, operations and statement of financial position of Platinum World Portfolios Plc, including any direct investments and the income generated from those investments, have been consolidated into the Platinum Group. The prior year comparative figures predominantly include the impact of the now-inoperative, Platinum World Funds Plc.

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

Note 8. Segment information (continued)

	Funds Management \$'000	Direct Investments \$'000	Total \$'000
Current period - 31 Dec 2015			
Revenue			
Management, performance and administration fees	178,117	-	178,117
Interest	2,154	-	2,154
Net foreign exchange gains on overseas bank accounts	7,546	-	7,546
Net gains on financial assets at fair value through profit or loss	-	4,815	4,815
Net gains on forward currency contracts, dividends and other income	-	90	90
Total revenue and other income	187,817	4,905	192,722
Expenses			
	(24,748)	(118)	(24,866)
Profit before income tax expense	163,069	4,787	167,856
Income tax expense	(48,163)	-	(48,163)
Profit after income tax expense	114,906	4,787	119,693
Other comprehensive income	-	(919)	(919)
Total comprehensive income	114,906	3,868	118,774
Assets			
Cash and cash equivalents	99,457	15,929	115,386
Financial assets at fair value through profit or loss	-	75,670	75,670
Term deposits	148,268	-	148,268
Receivables and other assets	38,623	10	38,633
Total assets	286,348	91,609	377,957
Liabilities			
Financial liabilities at fair value through profit or loss	-	52	52
Payables and provisions	8,598	2,320	10,918
Tax liabilities	16,369	-	16,369
Total liabilities	24,967	2,372	27,339
Net assets	261,381	89,237	350,618

Note 8. Segment information (continued)

	Funds Management \$'000	Direct Investments \$'000	Total \$'000
<u>Comparative - 31 Dec 2014</u>			
Revenue			
Management, performance and administration fees	157,349	-	157,349
Interest	3,981	33	4,014
Net foreign exchange gains on overseas bank accounts	9,356	-	9,356
Net (losses) on financial assets at fair value through profit or loss	-	(4,684)	(4,684)
Net gains on forward currency contracts, dividends and other income	-	446	446
Total revenue and other income	170,686	(4,205)	166,481
Expenses	(24,887)	(109)	(24,996)
Profit/(loss) before income tax expense	145,799	(4,314)	141,485
Income tax expense/(benefit)	(42,391)	1,816	(40,575)
Profit/(loss) after income tax expense	103,408	(2,498)	100,910
Other comprehensive income	83	5,405	5,488
Total comprehensive income	103,491	2,907	106,398
<u>Comparative - 30 Jun 2015</u>			
Assets			
Cash and cash equivalents	127,679	-	127,679
Financial assets at fair value through profit or loss	-	119	119
Term deposits	199,268		199,268
Receivables and other assets	43,837		43,837
Total assets	370,784	119	370,903
Liabilities			
Financial liabilities at fair value through profit or loss	-	-	-
Payables and provisions	10,327	-	10,327
Tax liabilities	11,396	-	11,396
Total liabilities	21,723	-	21,723
Net assets	349,061	119	349,180

Note 9. Related party transactions

Parent entity

Platinum Asset Management Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 10.

Note 9. Related party transactions (continued)

Transactions with related parties

Platinum Investment Management Limited provides investment management services to related party unit trusts - the Platinum Trust Funds, the Platinum Global Fund and to the ASX-listed investment companies, Platinum Capital Limited and Platinum Asia Investments Limited. Platinum Investment Management Limited is entitled to receive a monthly management fee from Platinum Capital Limited, Platinum Asia Investments Limited, the Platinum Trust Funds and Platinum Global Fund, a monthly administration fee from the Platinum Trust Funds/Platinum Global Fund and in some instances a performance fee (that is calculated annually) based upon the relevant Fund's, Platinum Capital Limited's and Platinum Asia Investment Limited's investment return over and above a specified benchmark. The table below shows related party fees received and receivable.

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$	\$
Related party fees recognised in the consolidated statement of profit or loss and other comprehensive income	146,965,479	128,966,381

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
Related party fees receivable recognised in the consolidated statement of financial position	24,627,946	27,729,311

Following the successful completion of an Initial Public Offering, the consolidated entity holds 50 million shares and 50 million options in Platinum Asia Investments Limited. The fair value of these investments at 31 December 2015 was \$51.5 million for the shares and \$3.4 million for the options.

Platinum Investment Management Limited holds small investments in the Platinum Trust Funds. At 31 December 2015, the amount of this investment disclosed in the statement of financial position was \$108,331 (30 June 2015: \$118,741).

During the period, the consolidated entity provided seeding of US\$25 million for a new offshore fund, Platinum World Portfolios Plc. ("PWP") In addition, Platinum Investment Management Limited were responsible for any start-up costs associated with PWP (eg: legal fees, tax advice, foreign registration fees, directors fees). The total expenses paid or payable by Platinum Investment Management Limited to third parties for and on behalf of PWP was \$230,535, which is included as part of business development costs. The total expenses paid include the payment of Directors Fees to Stephen Menzies on 6 October 2015 (before PWP commenced operations). Mr Menzies is Platinum Investment Management Limited's nominee on the Board of PWP. The payment made to Stephen Menzies was Euro 10,000 (equivalent to A\$15,728). Ongoing Directors Fees will be paid directly by PWP itself because PWP has now commenced trading.

In addition, with respect to PWP, Platinum Investment Management Limited has undertaken to limit the annual expenses of each of PWP's sub-funds through the use of a voluntary expense cap, where total expenses of each sub-fund does not exceed 1.65% of the Net Asset Value of each class of shares for each sub-fund. At 31 December 2015, the total amount to be reimbursed by Platinum Investment Management Limited to PWP in respect of expenses for the period was US\$31,969 (equivalent to A\$44,198). This entry was eliminated on consolidation and does not appear in the consolidated statement of comprehensive income.

At 31 December 2015, the net assets of PIMA Corp were A\$12,939 (30 June 2015: A\$9,011). From 30 June 2015, PIMA Corp was no longer operational and therefore maintains a minimal cash balance to fund ongoing regulatory requirements.

Loans to/from related parties

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

Note 10. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2015 %	30 Jun 2015 %
McRae Pty Limited	Australia	100%	100%
Platinum Asset Pty Limited	Australia	100%	100%
Platinum Investment Management Limited	Australia	100%	100%
Platinum Investment Management Australia Corp.	United States	100%	100%
Platinum World Portfolios Plc.	Ireland	100%	-%

At 31 December 2015, Platinum Investment Management Limited was the sole investor of Platinum World Portfolios Plc. and has non-voting shares.

Note 11. Events after the reporting period

Apart from the dividend declared as disclosed in note 6, no other matter or circumstance has arisen since 31 December 2015 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 12. Earnings per share

	Consolidated	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Profit after income tax attributable to the owners of Platinum Asset Management Limited	119,693	100,910
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	586,678,900	580,672,691
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	4,783,520
Weighted average number of ordinary shares used in calculating diluted earnings per share	586,678,900	585,456,211
	Cents	Cents
Basic earnings per share	20.40	17.38
Diluted earnings per share	20.40	17.24

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 2015 and of its performance for the financial 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

Michael Cole
Chairman

Kerr Neilson
Director

25 February 2016
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 balance sheet as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Platinum Asset Management Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled from time to time during the 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 (including the Australian Accounting Interpretations) 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 consolidated entity's financial position as at 31 December 2015 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*.

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:

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- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

SJ Smith
Partner

Sydney
25 February 2016