

# **Platinum Asset Management Limited**

**ABN 13 050 064 287**

## **Interim Financial Report - 31 December 2017**

**Platinum Asset Management Limited**

**Corporate directory**

**31 December 2017**

Directors	Michael Cole Stephen Menzies Anne Loveridge 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 2017**

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 2017.

**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
Kerr Neilson	Chief Executive Officer/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

**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 three key variables that drive the profitability of the consolidated entity are average funds under management (FUM) growth, investment performance fees earned and expense management. FUM for the half-year ending 31 December 2017 is shown in the table below.

<b>Funds</b>	<b>Opening Balance (1 Jul 17) \$'M</b>	<b>Flows \$'M</b>	<b>Other^^ \$'M</b>	<b>Investment Performance \$'M</b>	<b>Closing Balance (31 Dec 17) \$'M</b>	<b>% of Total</b>
<b>Retail Funds</b>						
Platinum Trust Funds and Platinum Global Fund ("Funds")^	16,249	737	(1,144)	2,287	18,129	66%
Quoted Managed Funds	-	187	-	8	195	1%
Platinum Listed Investment Vehicles	858	-	(38)	146	966	4%
MLC Platinum Global Fund	961	(62)	-	140	1,039	4%
<b>Institutional Clients</b>						
Fee Mandates	2,089	(3)	-	316	2,402	9%
Platinum Word Portfolios – UCITS funds	263	82	-	51	396	1%
'Relative' Performance Fees	1,819	16	1,144	472	3,451	13%
'Absolute' Performance Fee Mandates	474	(19)	-	72	527	2%
<b>Total</b>	<b>22,713</b>	<b>938</b>	<b>(38)</b>	<b>3,492</b>	<b>27,105</b>	<b>100%</b>

^ excludes Quoted Managed Funds FUM.

^^ "Other" is mainly comprised of a small number of large clients switching funds to 'Relative' Performance Fees during the period

The half-year period from 1 July 2017 to 31 December 2017 has been a strong period for the consolidated entity, characterised by increased average FUM as a result of the continuation of excellent investment performance and strong investment net inflows. Furthermore, the consolidated entity earned investment performance fees of \$20.8 million in the half-year predominantly from its "absolute" performance fee mandates.

FUM at 31 December 2017 was \$27.1 billion and this was up 19.3% from the 30 June 2017 FUM of \$22.7 billion. Average FUM for the 6 months to 31 December 2017 increased by 8.9% to \$25.4 billion from an average FUM of \$23.3 billion for the previous corresponding period.

## **Operating and Financial Review (continued)**

The consolidated entity's investment funds have continued to deliver strong investment performance with our flagship fund, Platinum International Fund delivering a 6 month return of 14.3%<sup>1</sup> (after fees, expenses and assuming the reinvestment of dividends), which was well above its benchmark return of 9.1%<sup>1</sup>. Our second largest fund, Platinum Asia Fund delivered a 6 month return of 18.2%<sup>1</sup>, which was also well above its benchmark return of 13.2%<sup>1</sup>.

In September 2017, Platinum Investment Management Limited ('PIML') successfully launched two new ASX quoted managed funds, called Platinum International Fund (Quoted Managed Hedge Fund) (ASX code: PIXX) and Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX).

PIXX and PAXX feed directly into PIML's existing flagship funds, the Platinum International Fund and the Platinum Asia Fund, respectively, thus giving investors access to the portfolio composition of these flagship funds, its portfolio managers and investment strategies.

We have been delighted with the level of investor support for these new funds. At 31 December 2017, total FUM in these quoted managed funds was \$195 million.

Our offshore UCITS funds, Platinum World Portfolios PLC, continue to perform strongly with FUM at 31 December 2017 increasing to \$396 million.

Out of the \$938 million in net inflows for the period, some \$269 million or 28.7% was derived from our recently launched products - the offshore UCITS funds and the ASX quoted managed funds.

The increase in average FUM from the previous corresponding period and the increase in performance fees resulted in revenue of \$166.0 million (2016: \$155.2 million), which represents an increase of 6.9% from the previous corresponding period. Achieving increased revenue is particularly pleasing, considering that effective from 3 July 2017, PIML reduced its total fees and charges for the standard fee option for each of the Platinum Trust Funds and the Platinum Global Fund.

Other investment income increased to \$20.0 million (2016: \$6.6 million) which was largely explained by gains derived from PIML's investments in Platinum Asia Investments Limited (\$7.3 million), Platinum World Portfolios Plc (\$6.0 million) and PIXX and PAXX (\$4.3 million).

The headline expense figure increased materially from the previous corresponding period (up \$17.6 million to \$41 million), but this was primarily due to the recognition of a provision for estimated staff incentive payments, and related on-costs, of \$14.3 million. It should be noted that, in accordance with the plan rules, actual staff incentive awards will not be made until at least June 2018 and they may vary substantially from the half-year provision amount, when the final performance periods are complete.

Further information on the incentive plans can be found in the 2017 Remuneration Report in the 2017 Annual Report.

Taking into account the staff incentive payment provision of \$14.3 million and an increase in non-staff expenses<sup>2</sup>, primarily related to the pursuit of growth opportunities, profit after tax for the half-year was \$104.6 million (2016: \$97.5 million) which represented an increase of 7.3%.

The Company is 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.

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<sup>1</sup> You should be aware that historical performance is not a reliable indicator of future performance. The returns for Platinum International Fund and Platinum Asia Fund are calculated using the Fund's Net Asset Value (NAV) unit price (ie excluding a buy/sell spread) for C Class, and represent the combined income and capital returns in the specified period. All returns are pre-tax, net of fees and costs and assume the reinvestment of dividends. The benchmark for the Platinum International Fund is the MSCI All Country World Net Index (\$A) and for the Platinum Asia Fund is the MSCI All Country Asia ex Japan Net Index (\$A).

Source: Platinum Investment Management Limited (fund returns) and RIMES Technologies (MSCI returns). All data where MSCI is referenced is the property of MSCI. No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data.

<sup>2</sup> Increased FUM related expenses (custody), increased business-development expenses as a result of website enhancement and deferral of a significant amount of the advertising spend from FY17 and increased expenses relating to the launch of PIXX and PAXX.

**Operating and Financial Review (continued)**

Improved investment returns, if sustained, generally pave the way for increased profits and dividends for the Company, but only after a period of time has elapsed, as investors take time to recognise and reward performance with increased funds.

**Appointment of new Chief Executive Officer (CEO)**

On 22 February 2018, the Company announced that effective 1 July 2018, Andrew Clifford, co-founder and Chief Investment Officer of the Platinum group, will be appointed as its new Chief Executive Officer/Managing Director. He will assume this new role in addition to his existing role as the group's Chief Investment Officer. From this date, Andrew Clifford, along with Clay Smolinski, will also assume full portfolio management responsibility for the flagship fund, the Platinum International Fund. Kerr Neilson's portfolio management responsibilities for Platinum's other global equity funds and mandates, will be allocated between Andrew Clifford and Clay Smolinski.

Kerr Neilson will continue as a full-time Executive Director of the Platinum group and member of the Platinum investment team, continuing to work on the generation of investment ideas and company research. Kerr Neilson will also provide additional support to Platinum's client diversification initiatives in Europe and the US.

**Dividends**

The Directors have determined to pay an ordinary dividend of 16 cents per share, fully-franked (31 December 2016: ordinary dividend of 15 cents per share). The amount of the proposed ordinary dividend expected to be paid on 19 March 2018, but not recognised as a liability as at 31 December 2017, is \$93,608,000 (31 December 2016: \$87,913,000 paid).

**Rounding of amounts**

The Company is of a kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2017/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument 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

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Michael Cole  
Chairman

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Kerr Neilson  
Director

22 February 2018  
Sydney



## Auditor's Independence Declaration

As lead auditor for the review of Platinum Asset Management Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, the only contravention of the auditor independence requirements of the *Corporations Act 2001* in relation to the review and any applicable code of professional conduct in relation to the review is set out below.

A partner in the lead audit engagement office held an immaterial investment for a very short period in one of the entities that Platinum Asset Management Limited controls, Platinum Asia Fund (Quoted Managed Hedge Fund). The partner did not provide any services to Platinum Asset Management Limited, the responsible entity or the fund. The investment was immediately disposed when the issue was identified.

I do not believe this matter has impacted the objectivity of PricewaterhouseCoopers in relation to the review.

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

R Balding  
Partner  
PricewaterhouseCoopers

Sydney  
22 February 2018

## Platinum Asset Management Limited

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31 December 2017

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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 2017. 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 22 February 2018.

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 2017 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 2017**

	Note	Consolidated 31 Dec 2017 \$'000	31 Dec 2016 \$'000
<b>Revenue</b>			
Management fees		145,175	147,229
Performance fees		20,795	949
Administration fees		-	7,007
Total revenue		<u>165,970</u>	<u>155,185</u>
<b>Other income</b>			
Interest		1,914	1,844
Gains on investments in associates		12,816	1,749
Gains on financial assets at fair value through profit or loss		4,792	2,895
Net foreign exchange gains/(losses) on overseas bank accounts		(44)	216
Net gains/(losses) on forward currency contracts, dividends and distributions		500	(82)
Total of other income		<u>19,978</u>	<u>6,622</u>
Total revenue and other income		<u>185,948</u>	<u>161,807</u>
<b>Expenses</b>			
Staff		(24,726)	(9,766)
Custody, administration, trustee and unit registry		(6,456)	(5,936)
Business development		(3,223)	(2,002)
Legal, compliance and other professional		(1,614)	(1,130)
Research		(1,017)	(869)
Technology		(948)	(795)
Share-based payments		(730)	(320)
Rent and other occupancy		(711)	(847)
Mail house, periodic reporting and share registry		(553)	(779)
Depreciation		(379)	(433)
Insurance		(269)	(228)
Audit fee		(266)	(286)
Other		(152)	(90)
Total expenses		<u>(41,044)</u>	<u>(23,481)</u>
<b>Profit before income tax expense</b>		144,904	138,326
Income tax expense		<u>(40,282)</u>	<u>(40,805)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange rate translation impact of foreign subsidiaries		-	2,555
Other comprehensive income for the half-year, net of tax		-	2,555
<b>Total comprehensive income for the half-year</b>		<u>104,622</u>	<u>100,076</u>
<b>Profit after income tax expense for the half-year is attributable to:</b>			
Owners of Platinum Asset Management Limited		102,169	95,410
Non-controlling interests		2,453	2,111
		<u>104,622</u>	<u>97,521</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	13	17.46	16.26
Diluted earnings per share	13	17.46	16.26

*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 2017**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		88,290	154,263
Equity investments in associates	14	80,376	91,692
Financial assets at fair value through profit or loss	2	75,993	107
Term deposits		131,876	74,876
Trade and other receivables	3	52,376	30,199
<b>Total current assets</b>		<u>428,911</u>	<u>351,137</u>
<b>Non-current assets</b>			
Fixed assets		2,867	2,829
<b>Total non-current assets</b>		<u>2,867</u>	<u>2,829</u>
<b>Total assets</b>		<u>431,778</u>	<u>353,966</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	4	5,692	6,255
Income tax payable		10,172	7,866
Employee benefits	5	17,520	3,261
<b>Total current liabilities</b>		<u>33,384</u>	<u>17,382</u>
<b>Non-current liabilities</b>			
Provisions	5	461	461
Net deferred tax liabilities		1,421	1,049
<b>Total non-current liabilities</b>		<u>1,882</u>	<u>1,510</u>
<b>Total liabilities</b>		<u>35,266</u>	<u>18,892</u>
<b>Net assets</b>		<u>396,512</u>	<u>335,074</u>
<b>Equity</b>			
Issued capital	6	742,933	742,933
Reserves	7	(585,031)	(585,818)
Retained profits		192,370	177,959
<b>Total equity attributable to the owners of Platinum Asset Management Limited</b>		<u>350,272</u>	<u>335,074</u>
<b>Total equity attributable to non-controlling interests:</b>			
Non-controlling interests	15	46,240	-
<b>Total equity</b>		<u>396,512</u>	<u>335,074</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 2017**

<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 2016	747,717	(587,764)	175,522	28,736	364,211
Profit after income tax expense for the half-year	-	-	95,410	2,111	97,521
<i>Other comprehensive income</i>					
Exchange rate translation impact of foreign subsidiaries (Note 7)	-	2,555	-	-	2,555
Total comprehensive income for the half-year	-	2,555	95,410	2,111	100,076
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments reserve (Note 7)	-	339	-	-	339
Dividends paid (Note 8)	-	-	(93,774)	-	(93,774)
Transactions with non-controlling interests (Note 15)	-	-	-	7,439	7,439
Balance at 31 December 2016	747,717	(584,870)	177,158	38,286	378,291

<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	(585,818)	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 7)	-	787	-	-	787
Dividends paid (Note 8)	-	-	(87,758)	-	(87,758)
Transactions with non-controlling interests (Note 15)	-	-	-	43,787	43,787
Balance at 31 December 2017	742,933	(585,031)	192,370	46,240	396,512

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 2017**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from operating activities	144,768	154,926
Payments for operating activities	(27,128)	(23,566)
Income taxes paid	(37,566)	(42,183)
	<u>80,074</u>	<u>89,177</u>
Net cash from operating activities		
<b>Cash flows from investing activities</b>		
Interest received	1,847	1,580
Proceeds on maturity of term deposits	248,518	138,518
Purchase of term deposits	(305,518)	(234,518)
Receipts from sale of financial assets and investments in associates	30,613	14,419
Payments for purchases of financial assets	(33,789)	(22,471)
Purchase of financial assets (held directly by PAXX)	(66,037)	-
Purchase of fixed assets	(418)	(239)
Dividends received	500	467
Distributions received	-	7
	<u>(124,284)</u>	<u>(102,237)</u>
Net cash used in investing activities		
<b>Cash flows from financing activities</b>		
Dividends paid	(87,773)	(93,716)
Proceeds from units issued (net applications into PAXX)	66,037	-
Proceeds from investment by non-controlling interests	-	4,525
	<u>(21,736)</u>	<u>(89,191)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(65,946)	(102,251)
Cash and cash equivalents at the beginning of the half-year	154,263	119,079
Effects of exchange rate changes on cash and cash equivalents	(27)	2,035
	<u>88,290</u>	<u>18,863</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 2017 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 2017 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*.

On 14 September 2017, Platinum Investment Management Limited (PIML) successfully launched 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). PIML assisted in the seeding of these quoted managed funds, with an investment of \$11.4 million in PIXX and \$22.3 million in PAXX, but as a result of encouraging net fund inflows, PIML commenced the process of redeeming its investment in PIXX towards the end of the half-year. By 31 December 2017, PIML had sold 1,191,559 units in PIXX and reduced its holding to 4.7%.

PIML has seeded or invested in many of the products it offers to investors and this has impacted on the accounting treatment adopted in these accounts for these investments, which can be summarised as follows:

<b>Entity</b>	<b>PIML ownership level at 31 December 2017</b>	<b>Accounting treatment adopted in these accounts</b>
Platinum Trust Fund investments	Ranges between 0.0003% and 0.0311%	Fair value accounting (see Note 2) and see Note 9 for a discussion on fair value measurement.
Platinum International Fund (Quoted Managed Hedge Fund) (ASX code: PIXX)	4.7%	Fair value accounting (see Note 2) and see Note 9 for a discussion on fair value measurement.
Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX)	35.4%	Consolidation accounting applied.^
Platinum World Portfolios (PWP)	11.1%	Equity accounting applied (see Note 14).
Platinum Asia Investments Limited (PAI)	8.4%	Equity accounting applied (see Note 14).

^PIML's investment in PAXX is significantly higher than its investment in PIXX, PIML has been assessed as exerting control over PAXX, and as a result, the consolidated statement of profit or loss and other comprehensive income includes PAXX's investment income and expenses for the period from 14 September 2017 to 31 December 2017 and the consolidated statement of financial position includes PAXX's assets, liabilities and equity at 31 December 2017. A breakdown of the external (non-PIML) investment in PAXX is disclosed in Note 15.

The accounting policies adopted in these accounts are consistent with the accounting policies adopted at 30 June 2017 and for the previous corresponding period.

**Accounting Standards and Interpretations not yet mandatory or early adopted**

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 2017, 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 below.

**Note 1. Significant accounting policies (continued)**

*AASB 16: Leases*

AASB 16 will apply for annual reporting periods beginning on or after 1 January 2019. The new 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 present value of future lease payments. In addition, depreciation of the lease assets and interest on 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 was assessed as not having a material impact on the consolidated entity, but the consolidated entity anticipates that the adoption of the standard from 1 January 2019 will result in increased disclosure.

*AASB 15: Revenue from contracts with customers and associated amendments*

AASB 15 will apply for annual reporting periods beginning on or after 1 January 2018. AASB 15 will replace AASB 111 and AASB 118. The main objective of the new standard is to provide 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 will 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. The consolidated entity anticipates that this standard will not have a material impact on the consolidated entity, based on work done to date. The impact of this standard will be subject to ongoing assessment.

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

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Platinum Trust Fund investments	208	107
Platinum International Fund (Quoted Managed Hedge Fund) (ASX code: PIXX)	5,896	-
Unit trust – held directly by Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX) ^	69,889	-
	<u>75,993</u>	<u>107</u>

^ At 31 December 2017, the financial assets of PAXX have been consolidated into the Platinum consolidated entity.

**Note 3. Current assets – Trade and other receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	49,794	28,762
Interest receivables	333	268
Prepayments	1,833	1,158
Amounts receivable to PAXX for unitholder applications ^	221	-
Sundry debtors	195	11
	<u>52,376</u>	<u>30,199</u>

^ At 31 December 2017, the amounts receivable to PAXX have been consolidated into the Platinum consolidated entity.

**Note 4. Current Liabilities – Trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	2,981	3,219
Amounts payable by PAXX (to Platinum Asia Fund) ^	221	-
Unclaimed dividends payable to shareholders	555	545
GST payable	1,935	2,491
	<u>5,692</u>	<u>6,255</u>

^ At 31 December 2017, the amounts payable by PAXX have been consolidated into the Platinum consolidated entity.

**Note 5. Current and non-current liabilities – Employee-related provisions**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current liabilities</b>		
Staff Incentive payments and associated on-costs ^	14,271	-
Annual leave	1,338	1,364
Long service leave	1,911	1,897
	<u>17,520</u>	<u>3,261</u>
<b>Non-current liabilities</b>		
Payroll tax on Deferred Incentive Plan	461	461
	<u>461</u>	<u>461</u>

^ Approximately 81% of the provision relates to the Analyst and Profit Share Plans, 14% to the non-investment team Discretionary Plan and 5% to on-costs. The estimated provision for the Analyst and Profit Share Plans reflect the asset weighted investment performance for the 9 months and 33 months to 31 December 2017 across all funds and mandates that Platinum manages for its clients. The Discretionary Plan provision is estimated on a pro-rata basis for the period to 31 December 2017.

The final staff incentive payments for the period to 30 June 2018 may vary substantially from this amount.

Further information on the content of these incentive plans can be found in the 2017 Remuneration Report which can be found in the 2017 Annual Report.

**Note 6. Equity - issued capital**

	<b>31 Dec 2017</b>	<b>30 June 2017</b>	<b>31 Dec 2017</b>	<b>30 June 2017</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	586,678,900	586,678,900	742,933 <sup>^</sup>	747,717
Treasury shares purchased	-	-	-	(4,784)
<b>Total issued capital</b>	<u>586,678,900</u>	<u>586,678,900</u>	<u>742,933</u>	<u>742,933</u>

<sup>^</sup> net of treasury shares on issue

*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 2017, 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.

**Note 7. Equity - reserves**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency translation reserve	114	114
Capital reserve	(588,144)	(588,144)
Share-based payments reserve	2,999	2,212
	<u>(585,031)</u>	<u>(585,818)</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 \$114,000 at 31 December 2017.

*Share-based payments reserve*

In June 2016, the consolidated entity established and allocated rights to eligible employees under the Deferred Incentive Plan.

The amount in the share-based payments reserve is comprised of the amortisation of the rights granted in 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 FY17 and FY16.

**Platinum Asset Management Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 7. Equity - reserves (continued)**

*Movements in reserves*

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

	Share-based payments \$'000	Foreign Currency \$'000	Capital \$'000	Total \$'000
<b>Consolidated - 31 December 2017</b>				
Balance at 1 July 2017	2,212	114	(588,144)	(585,818)
Movement in share-based payments reserve	787	-	-	787
	<u>2,999</u>	<u>114</u>	<u>(588,144)</u>	<u>(585,031)</u>
<b>Consolidated – 30 June 2017</b>				
Balance at 1 July 2016	672	(292)	(588,144)	(587,764)
Exchange rate translation impact of foreign subsidiaries	-	(595)	-	(595)
Deconsolidation of PWP	-	1,001	-	1,001
Movement in share-based payments reserve	1,540	-	-	1,540
	<u>2,212</u>	<u>114</u>	<u>(588,144)</u>	<u>(585,818)</u>

**Note 8. Equity - dividends**

Dividends paid during the half-year were as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Dividend paid on 22 September 2017 (2016: 22 September 2016) of 15 cents (2016: 16 cents) per ordinary share	<u>87,758</u>	<u>93,774</u>

Since the period end, the Directors have determined to pay an ordinary fully-franked dividend of 16 cents per share (31 December 2016: ordinary dividend of 15 cents per share) payable out of profits for the 6 months ended 31 December 2017.

This dividend has not been provided for at 31 December 2017, as it was declared after period end.

**Note 9. 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 2017).

- (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 at fair value, pursuant to AASB 13, on a recurring basis:

- (i) Platinum Trust Fund investments;
- (ii) Platinum International Fund (Quoted Managed Hedge Fund) (ASX code: PIXX) investment; and
- (iii) Unit trust – held directly by Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX).



**Platinum Asset Management Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 9. Fair value measurement (continued)**

The following table analyses 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 2017 and 30 June 2017. The consolidated entity has no assets or liabilities that are classified as level 3.

<b>31 December 2017</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>
<i>Assets</i>			
Platinum Trust Fund investments	-	208	208
Platinum International Fund (Quoted Managed Hedge Fund) (ASX code: PIXX)	-	5,896	5,896
Unit trust – held directly by Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX)	-	69,889	69,889
	-	75,993	75,993
	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>
<b>30 June 2017</b>			
<i>Assets</i>			
Platinum Trust Fund investments	-	107	107
	-	107	107

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, PIXX and unit trust investment held directly by PAXX are valued using their respective Net Asset Values (adjusted for the buy-sell spread) of the underlying assets and liabilities and have been valued as Level 2 investments.

For the previous corresponding period, PIML's investment in the Platinum Trust Funds were valued based on the quoted redemption price of the Funds (ie: the daily unit price) and were classified as Level 1. They have been re-classified as Level 2 investments for comparative purposes.

**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 and its US-based investment mandates; and
- investments and other: through the consolidated entity's investment in ASX quoted, Platinum Asia Investments Limited, its offshore fund, Platinum World Portfolios Plc. (PWP), its investments in the unlisted Platinum Trust Funds and the quoted managed funds, PIXX and PAXX. Also included in this category are Australian dollar term deposits.

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

**Platinum Asset Management Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 10. Segment information (continued)**

<b>Current period - 31 December 2017</b>	<b>Funds Management \$'000</b>	<b>Investments and Other \$'000</b>	<b>Total \$'000</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>
<b>Assets</b>			
Cash and cash equivalents	38,258	50,032	88,290
Financial assets and equity in associates	-	156,369	156,369
Term deposits	-	131,876	131,876
Receivables and other assets	54,504	739	55,243
<b>Total assets</b>	<b>92,762</b>	<b>339,016</b>	<b>431,778</b>
<b>Liabilities</b>			
Payables and provisions	23,452	221	23,673
Tax liabilities	10,029	1,564	11,593
<b>Total liabilities</b>	<b>33,481</b>	<b>1,785</b>	<b>35,266</b>
<b>Net assets</b>	<b>59,281</b>	<b>337,231</b>	<b>396,512</b>

**Platinum Asset Management Limited**  
**Notes to the financial statements**  
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**Note 10. Segment information (continued)**

	<b>Funds Management \$'000</b>	<b>Investments and Other \$'000</b>	<b>Total \$'000</b>
<b>Comparative period - 31 December 2016</b>			
<b>Revenue</b>			
Management, performance and administration fees	155,185	-	155,185
Interest	161	1,683	1,844
Net foreign exchange gains on overseas bank accounts	-	216	216
Net gains on financial assets and equity in associates	-	4,644	4,644
Net gains on forward currency contracts, dividends and other income	-	(82)	(82)
<b>Total revenue and other income</b>	<b>155,346</b>	<b>6,461</b>	<b>161,807</b>
Expenses	(23,222)	(259)	(23,481)
<b>Profit before income tax expense</b>	<b>132,124</b>	<b>6,202</b>	<b>138,326</b>
Income tax expense	(39,058)	(1,747)	(40,805)
<b>Profit after income tax expense</b>	<b>93,066</b>	<b>4,455</b>	<b>97,521</b>
Other comprehensive income	-	2,555	2,555
<b>Total comprehensive income</b>	<b>93,066</b>	<b>7,010</b>	<b>100,076</b>
<b>Comparative - 30 June 2017</b>			
<b>Assets</b>			
Cash and cash equivalents	9,256	145,007	154,263
Financial assets and equity in associates	-	91,799	91,799
Term deposits	-	74,876	74,876
Receivables and other assets	32,769	259	33,028
<b>Total assets</b>	<b>42,025</b>	<b>311,941</b>	<b>353,966</b>
<b>Liabilities</b>			
Payables and provisions	9,977	-	9,977
Tax liabilities	7,368	1,547	8,915
<b>Total liabilities</b>	<b>17,345</b>	<b>1,547</b>	<b>18,892</b>
<b>Net assets</b>	<b>24,680</b>	<b>310,394</b>	<b>355,074</b>

**Note 11. Related party transactions**

*Subsidiaries*

Interests in subsidiaries are set out in Note 12.

*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.

**Platinum Asset Management Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 11. Related party transactions (continued)**

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 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 total related party fees recognised in the statement of profit or loss and other comprehensive income for the period ended 31 December 2017 and 31 December 2016 were as follows:

	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	\$	\$
Related party fees	120,848,677	128,468,504

Included in these figures, is related party fees receivable, disclosed in the statement of financial position for the period ended 31 December 2017 and 30 June 2017 as follows:

	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	\$	\$
Related party fees receivable	21,388,191	22,859,423

Related party fees receivable includes performance fees from the newly launched Platinum Trust Funds performance fee classes of \$647,323. This fee crystallised at 31 December 2017, and is payable semi-annually.

Investment transactions

During the year, Platinum Investment Management Limited (PIML) invested \$11.4 million in PIXX and \$22.3 million in PAXX as a seed investment, but as a result of encouraging net fund inflows, PIML commenced the process of redeeming its investment in PIXX towards the end of the half-year. By 31 December 2017, PIML had sold 1,191,559 units in PIXX, which generated \$6.5 million in net sale proceeds (after brokerage). As at the date of this report, PIML had disposed of its remaining holding in PIXX.

During the half-year, PIML sold 20 million of its shares in PAI and generated \$24.1 million in net sale proceeds (after brokerage). PIML also received \$500,000 in fully-franked dividends as a result of its investment in PAI.

On 3 July 2017, PIML launched performance fee classes for each of its 8 Platinum Trust Funds. PIML seeded each of these Funds with an investment of \$10,000 each (or \$80,000 in total).

The amounts paid to purchase these investments and proceeds from the sale of these investments are disclosed in the consolidated statement of cash flows.

PIML's interest and fair value in each of its investments is shown on the following page.

**Note 11. Related party transactions (continued)**

**31 December 2017**

	<b>PIMLs interest %</b>	<b>Fair Value of PIMLs investment A\$'000</b>	<b>Net sale proceeds on disposals A\$'000</b>
Platinum International Fund (Quoted Managed Hedge Fund) (ASX code: PIXX)	4.7	5,896	6,463
Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX)	35.4	24,746	n/a
Platinum World Portfolios (PWP)	11.1	45,783	n/a
Platinum Asia Investments Limited (ASX code: PAI)	8.4	37,950	24,150
Platinum Trust Funds	Ranges between 0.0003% and 0.0311%	208	n/a

**30 June 2017**

	<b>PIMLs interest %</b>	<b>Fair value of PIMLs investment A\$'000</b>
Platinum World Portfolios (PWP)	14.5	39,468
Platinum Asia Investments Limited (ASX code: PAI)	13.9	50,750
Platinum Trust Funds	Range between 0.0001% and 0.0165%	107

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 \$nil (31 December 2016: \$8,870).

With respect to PWP, PIML 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 a specified limit (for example: for the base fee class(es), the limit or cap is 1.65% of the Net Asset Value of each sub-fund). At 31 December 2017, the total amount reimbursed/paid or payable by PIML to PWP in respect of expenses for the period was A\$8,509 (31 December 2016: \$47,297).

In the current period, the consolidated entity paid \$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.

*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.

**Platinum Asset Management Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 12. 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	
		31 Dec 2017 %	30 Jun 2017 %
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 Investment Management Australia Corp.	United States	100.0	100.0
Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX)	Australia	35.4	n/a

At 31 December 2017, PAXX has been assessed as being part of the Platinum consolidated entity. Refer to Note 1 for further information.

**Note 13. Earnings per share**

	Consolidated	
	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Profit after income tax attributable to the owners of Platinum Asset Management Limited	102,169	95,410
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	585,052,874	586,678,900
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	17.46	16.26
Diluted earnings per share	17.46	16.26

**Note 14. Equity investments in associates**

At 31 December 2017, Platinum Investment Management Limited (and the consolidated entity) was assessed as having significant influence over Platinum Asia Investments Limited (PAI) and Platinum World Portfolios Plc (PWP), because of (i) its equity interests of 8.35% and 11.12% respectively (ii) in the case of PWP, Stephen Menzies is a Director on the Boards of both PTM and PWP (iii) the fact that the consolidated entity operates as Investment Manager in accordance with the respective Investment Management Agreements, and in the case of Platinum Asia Investments Limited, provides it with key technical information, such as performance and exposure reports.

Consequently, at 31 December 2017, the consolidated entity's equity investments in PAI and PWP represent interests in associates which are accounted for using the equity method of accounting. Information relating to this is shown on the following pages.

**Note 14. Equity investments in associates (continued)**

**a. Interest in associates**

	Equity ownership interest %	Fair value \$'000	Carrying amount \$'000
<b>31 December 2017</b>			
Platinum Asia Investments Limited (ASX code: PAI)	8.35	37,950	36,326
Platinum World Portfolios Plc (PWP)	11.12	45,783	44,050
		<u>83,733</u>	<u>80,376</u>
<b>30 June 2017</b>			
Platinum Asia Investments Limited (ASX code: PAI)	13.93	50,750	53,612
Platinum World Portfolios Plc (PWP)	14.49	39,468	38,080
		<u>90,218</u>	<u>91,692</u>

The fair value of Platinum Asia Investments Limited reflects the 30 million shares held multiplied by closing price at 31 December 2017 of \$1.265.

The carrying amount reflects the consolidated entity's share of PAI's net assets (see section 14 b. for further details).

The fair value of PWP reflects the shares held in the sub-funds multiplied by their respective closing prices at 31 December June 2017.

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 2017 or 30 June 2017.

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

	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Opening balance	91,692	47,746
Initial recognition of PWP as an equity investment on deconsolidation	-	34,210
Partial disposal of PAI	(21,252)	-
Share of associates' profit (see Note 14 d)	10,436	9,736
Carrying amount before dividends	<u>80,876</u>	<u>91,692</u>
Dividends paid (PAI)	(500)	-
Closing balance	<u>80,376</u>	<u>91,692</u>

Note 14. Equity investments in associates (continued)

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 2017</b>				
Total assets	456,089	38,083	398,898	44,374
Total liabilities	(21,043)	(1,757)	(2,913)	(324)
Net assets	<u>435,046</u>	<u>36,326</u>	<u>395,895</u>	<u>44,050</u>

Total group's share of associates' statement of financial position (share of PAI's net assets of \$36,326,000 and PWP's net assets of \$44,050,000) = \$80,376,000.

	Platinum Asia Investments Limited \$'000	Group's share of associate \$'000	Platinum World Portfolios \$'000	Group's share of associate \$'000
<b>30 June 2017</b>				
Total assets	397,317	55,330	265,402	38,457
Total liabilities	12,339	1,718	2,602	377
Net assets	<u>384,978</u>	<u>53,612</u>	<u>262,800</u>	<u>38,080</u>

Total group's share of associates' statement of financial position (share of PAI's net assets of \$53,612,000 and PWP's net assets of \$38,080,000) = \$91,692,000.



Note 14. Equity investments in associates (continued)

d. Associate's net income

31 December 2017	Platinum Asia Investments Limited \$'000	Group's share of associate \$'000	Platinum World Portfolios \$'000	Group's share of associate \$'000
Total investment income	79,585	6,645	59,454	6,611
Total expenses	(3,519)	(293)	(5,764)	(641)
Profit before tax	76,066	6,352	53,690	5,970
Income tax expense	(22,584)	(1,886)	-	-
Profit after tax	53,482	<b>4,466</b>	53,690	<b>5,970</b>
Realised equity accounting gain on partial disposal of PAI shares and dividends received		<b>2,380</b>		-
Realised and unrealised gain on investment in associate		<b>6,846</b>		<b>5,970</b>
		<b>Group's share of associates (total) \$'000</b>		
Total investment income		13,256		
Total expenses		(934)		
Profit before tax		12,322		
Income tax expense		(1,886)		
Profit after tax		10,436		
Realised gain on partial disposal of PAI shares and dividends received		2,380		
<b>Realised and unrealised gain on investment in associates</b>		<b>12,816</b>		

**Platinum Asset Management Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 14. Equity investments in associates (continued)**

<b>30 June 2017</b>	<b>Platinum Asia Investments Limited \$'000</b>	<b>Group's share of associate \$'000</b>	<b>Platinum World Portfolios \$'000</b>	<b>Group's share of associate \$'000</b>
Total investment income	61,040	8,503	31,158	4,514
Total expenses	(5,508)	(767)	(1,600)	(232)
Profit before tax	55,532	7,736	29,558	4,282
Income tax expense	(16,381)	(2,282)	-	-
Profit after tax	39,151	5,454	29,558	4,282
		<b>Group's share of associates (total) \$'000</b>		
Total investment income		13,017		
Total expenses		(999)		
Profit before tax		12,018		
Income tax expense		(2,282)		
Profit after tax		9,736		

**Note 15. Non-controlling interests**

As discussed in Note 1, the consolidated statement of financial position includes the assets, liabilities and equity of Platinum Asia Fund (Quoted Managed Hedge Fund) (ASX code: PAXX) at 31 December 2017, including its external investment. The external (non-related party) investment in PAXX represents a non-controlling interest in the Platinum consolidated entity which can be broken down as follows:

	<b>31 Dec 2017 \$'000</b>	<b>30 Jun 2017 \$'000</b>
Opening balance	-	28,736
Deconsolidation of PWP from the Platinum consolidated entity	-	(28,736)
PAXX profit attributable to non-controlling interests	2,453	-
External investment into PAXX	43,787	-
	<u>46,240</u>	<u>-</u>

**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 2017 and 30 June 2017.

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

Apart from the dividend declared, on 22 February 2018, as disclosed in Note 8, no other matter or circumstance has arisen since 31 December 2017 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 2017**

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 2017 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

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Michael Cole  
Chairman

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Kerr Neilson  
Director

22 February 2018  
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 2017, 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 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 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 consolidated entity's financial position as at 31 December 2017 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* and any applicable code of professional conduct in relation to the review other than as set out in the Auditor's Independence Declaration dated 22 February 2018.

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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 consolidated entity's financial position as at 31 December 2017 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  
22 February 2018