

## Appendix 4D

### Half Year Report

#### Listing Rule 4.2A.3

|                |  |
|----------------|--|
| <b>Company</b> | <b>Platinum Asia Investments Limited</b> |
| ASX Code       | PAI                                      |
| ABN            | 13 606 647 358                           |

This half year report is for the period from the date of incorporation (24 June 2015) to 31 December 2015.

This is the first financial report for the Company since the Company's securities were listed on the ASX.

#### **Results for Announcement to the Market<sup>^</sup>**

|   | <b>\$A'000</b> |
|---|----------------|
| Total investment income   | (2,168)        |
| Loss from ordinary activities after tax attributable to members | (2,948)        |
| Net loss for the period attributable to members                 | (2,948)        |

<sup>^</sup> The amount and percentage up or down from the previous corresponding period is not disclosed as this is the first financial reporting period for the Company.

Under Australian Accounting Standards, realised profits and losses are added to or reduced by changes in the market value of the Company's total assets. This can lead to large variations in reported profits.

Pre-tax Net Asset Value (NAV) is a better measure of performance of the Company over the long-term than reported profits.

At 31 December 2015, the pre-tax NAV was \$0.9641 per share.

Since inception to 31 December 2015, the Company's net assets on a pre-tax basis, after fees and expenses, decreased by 1.42%, compared to the benchmark Morgan Stanley All Country Asia ex Japan Net Index (MSCI) in \$A terms remaining flat.

This relative underperformance versus benchmark, in part, reflected the fact that the Company was not fully invested. The benchmark assumes a fully invested index.

**Dividends**

As the Company has only been trading since September 2015, no dividend has been paid or declared to the date of this Appendix 4D. The Company intends to build up its pool of available franking credits and realised profits and pay dividends to shareholders in the future.

**Dividend Reinvestment Plan**

The Company has a Dividend Reinvestment Plan in place, but it has not been activated.

**Further information**

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

Janna Vynokur  
Company Secretary  
17 February 2016

# **Platinum Asia Investments Limited**

**ABN 13 606 647 358**

## **Interim Financial Report - 31 December 2015**

|                        |  |
|------------------------|--|
| Directors              | Bruce Coleman<br>Ian Hunter<br>Malcolm Halstead  |
| Shareholder Liaison    | Liz Norman   |
| Company secretary      | Janna Vynokur  |
| Investment Manager     | Platinum Investment Management Limited<br>(trading as Platinum Asset Management ®)<br>Platinum Asset Management neither guarantees the<br>repayment of capital nor the investment performance of the<br>Company. |
| Registered office      | Level 8, 7 Macquarie Place<br>Sydney NSW 2000<br>Phone 1300 726 700 (Australia only)<br>Phone 0800 700 726 (New Zealand only)<br>Phone +61 2 9255 7500<br>Fax +61 2 9254 5555                                    |
| Share register         | Link Market Services Limited<br>Level 12, 680 George Street<br>Sydney NSW 2000<br>Phone 1300 554 474 (Australia only)<br>Phone +61 2 8280 7100<br>Fax +61 2 9287 0303  |
| Auditor                | PricewaterhouseCoopers<br>201 Sussex Street<br>Sydney NSW 2000   |
| Stock exchange listing | The securities of Platinum Asia Investments Limited are listed on the Australian Securities<br>Exchange and the ASX codes are:<br><br>Shares: PAI<br>Options: PAIO   |
| Website                | <a href="https://www.platinum.com.au/Our-Funds/Platinum-Asia-Investments-Limited/">https://www.platinum.com.au/Our-Funds/Platinum-Asia-Investments-Limited/</a>  |

The Directors present their report, together with the interim financial statements of Platinum Asia Investments Limited ("the Company") for the period from 24 June 2015 ("incorporation date") to 31 December 2015.

### **Directors**

The following persons were Directors of the Company from their appointment date (24 June 2015) and up to the date of this report:

Bruce Coleman – Chairman and Non-Executive Director  
Ian Hunter – Independent, Non-Executive Director  
Malcolm Halstead – Independent, Non-Executive Director

### **Principal Activities**

The Company is a listed investment company established to provide capital growth over the long-term through investing primarily in listed securities of companies in the Asia Region ex Japan which are perceived by the Investment Manager to be undervalued.

### **Operating and Financial Review**

During the period ended 31 December 2015, the Company completed its Initial Public Offering ("IPO") in accordance with the replacement prospectus dated 5 August 2015. The Company raised \$292,869,646 by issue of 292,869,646 ordinary shares and 292,869,646 attaching options for nil consideration exercisable at \$1.00 each on or before 15 May 2017. As at 31 December 2015, 241,600 options have been exercised and 241,600 additional shares have been issued.

The Company was admitted to the official list of ASX on 17 September 2015. The official quotation of its securities commenced on 21 September 2015.

The focus since the Company's inception has been on deploying investors' capital. The first 50% was invested within three days. The volatile market environment was, and remains, a key consideration in further building the portfolio.

At 31 December 2015, 76% of the portfolio had been invested. The notional value of any open long equity swap derivative contracts were included in the 76% figure, with the remainder held in cash.

The Investment Manager reported that "...we have maintained a fairly high cash position while awaiting better opportunities to deploy capital into companies with favourable, secular dynamics and attractive valuations".

The operating loss for the Company for the period after providing for income tax was \$2,948,000.

The operating loss for the Company for the period before providing for income tax was \$4,207,000. The income tax benefit for the period was \$1,259,000.

Pre-tax Net Asset Value (NAV) is a better measure of performance of the Company over the long-term than reported profits.

Since inception to 31 December 2015, the Company's net assets on a pre-tax basis, after fees and expenses, decreased by 1.42%, compared to the benchmark Morgan Stanley All Country Asia ex Japan Net Index (MSCI) in \$A terms remaining flat.

The relative underperformance versus benchmark, in part, reflected the fact that the Company was not fully invested. The benchmark assumes a fully invested index.

With respect to the future, the Investment Manager reports that "the valuations of the Company's holdings provide the best guide to our future returns, and on this front we remain optimistic over the medium term...(as) economic growth slows, the Chinese market may continue to experience a relatively high level of volatility. However, we believe the Company's portfolio is well positioned, with companies with strong fundamentals, and that the elevated cash level allows us to take advantage of volatilities opportunistically".

### **Dividends**

No dividend was declared or paid during this period or since balance date, up to the date of this report.

**Rounding of amounts**

The Company 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 the following page.

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

---

Bruce Coleman  
Chairman  
17 February 2016  
Sydney

---

Ian Hunter  
Director



## **Auditor's Independence Declaration**

As lead auditor for the review of Platinum Asia Investments Limited for the period from 24 June 2015 to 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.

Joe Sheeran  
Partner  
PricewaterhouseCoopers

Sydney  
17 February 2016

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

**Contents**

|   |    |
|---|----|
| Statement of comprehensive income   | 5  |
| Statement of financial position   | 6  |
| Statement of changes in equity  | 7  |
| Statement of cash flows   | 8  |
| Notes to the interim financial statements   | 9  |
| Directors' declaration  | 20 |
| Independent auditor's review report to the members of Platinum Asia Investments Limited | 21 |

**General information**

The interim financial report is presented in Australian dollars, which is Platinum Asia Investments Limited's functional and presentation currency.

Platinum Asia Investments Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8, 7 Macquarie Place  
Sydney NSW 2000

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

The interim report was authorised for issue, in accordance with a resolution of Directors, on 17 February 2016.

**Platinum Asia Investments Limited**  
**Statement of comprehensive income**  
**For the period ended 31 December 2015**



|  | Note | Period from<br>24 June to<br>31 Dec 15<br>\$'000 |
|--|------|--|
| <b>Investment income</b>   |      |  |
| Dividends  |      | 319  |
| Interest   |      | 234  |
| Net gains on equities/derivatives  |      | 1,737  |
| Net gains on forward currency contracts  |      | 822  |
| Net foreign exchange (losses) on overseas bank accounts  |      | (5,280)  |
| Total investment loss  |      | <u>(2,168)</u>                                   |
| <b>Expenses</b>  |      |  |
| Management fees  | 11   | 922  |
| IPO non-capitalised fees and charges   |      | 233  |
| Custody  |      | 64   |
| Share registry   |      | 29   |
| Continuous reporting disclosure  |      | 86   |
| Directors' fees  |      | 96   |
| Auditors' Remuneration:  |      |  |
| - Auditing and review  |      | 62   |
| - Taxation services  |      | 16   |
| Transaction costs  |      | 389  |
| Other expenses   |      | 142  |
| Total expenses   |      | <u>2,039</u>                                     |
| <b>Profit/(loss) before income tax</b>   |      | (4,207)  |
| Income tax benefit   |      | <u>1,259</u>                                     |
| <b>Profit/(loss) after income tax benefit for the period attributable to the owners of Platinum Asia Investments Limited</b> |      | (2,948)  |
| Other comprehensive income   |      | -  |
| <b>Total comprehensive Income/(loss) for the period attributable to the owners of Platinum Asia Investments Limited</b>      |      | <u>(2,948)</u>                                   |
| Basic earnings per share (cents per share)   | 8    | (1.78)   |
| Diluted earnings per share (cents per share)   | 8    | (1.78)   |

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Platinum Asia Investments Limited**  
**Statement of financial position**  
**As at 31 December 2015**



|  | Note | 31-Dec-15<br>\$'000   |
|--|------|-----------------------|
| <b>Assets</b>  |      |                       |
| Cash and cash equivalents                                  |      | 138,073               |
| Financial assets at fair value through profit or loss      | 3    | 148,030               |
| Trade and other receivables                                |      | 294                   |
| Deferred tax asset   | 2    | 3,047                 |
| <b>Total assets</b>  |      | <u>289,444</u>        |
| <b>Liabilities</b>   |      |                       |
| Payables   |      | 2,565                 |
| Financial liabilities at fair value through profit or loss | 4    | 881                   |
| <b>Total liabilities</b>                                   |      | <u>3,446</u>          |
| <b>Net assets</b>  |      | <u><u>285,998</u></u> |
| <b>Equity</b>  |      |                       |
| Issued capital   | 5    | 278,704               |
| Reserves   | 6    | 10,242                |
| Retained earnings  |      | (2,948)               |
| <b>Total equity</b>  |      | <u>285,998</u>        |

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

**Platinum Asia Investments Limited**  
**Statement of changes in equity**  
**For the period ended 31 December 2015**



|   | Note | Issued<br>capital<br>\$'000 | Reserves<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>equity<br>\$'000 |
|---|------|-----------------------------|--------------------|--------------------------------|---------------------------|
| Balance on date of incorporation (24 June 2015)   |      | -                           | -                  | -                              | -                         |
| Loss after income tax expense for the period  |      | -                           | -                  | (2,948)                        | (2,948)                   |
| Other comprehensive income for the period, net of tax                                   |      | -                           | -                  | -                              | -                         |
| <b>Total comprehensive loss for the period</b>  |      | -                           | -                  | (2,948)                        | (2,948)                   |
| <i>Transactions with owners in their capacity as owners:</i>                            |      |                             |                    |                                |                           |
| Proceeds from the issue of shares associated with the exercise of options               | 5,6  | 282,869                     | 10,250             | -                              | 293,119                   |
| Transaction costs on the issue of shares and options in relation to the IPO, net of tax | 5    | (4,165)                     | -                  | -                              | (4,165)                   |
| Movement in share option reserve  | 6    | -                           | (8)                | -                              | (8)                       |
| <b>Balance at 31 December 2015</b>  |      | <b>278,704</b>              | <b>10,242</b>      | <b>(2,948)</b>                 | <b>285,998</b>            |

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

**Platinum Asia Investments Limited**  
**Statement of cash flows**  
**For the period ended 31 December 2015**



|   | <b>Period from<br/>24 June to<br/>31 Dec 2015</b> |
|---|---|
|   | <b>\$'000</b>                                     |
| <b>Cash flows from operating activities</b>                               |   |
| Payments for purchases of financial assets                                | (164,629)   |
| Proceeds from sale of financial assets                                    | 20,301  |
| Dividends received  | 319   |
| Interest received   | 233   |
| Management fees paid  | (662)   |
| Other expenses  | (1,072)   |
| <b>Net cash from operating activities</b>                                 | <u>(145,510)</u>                                  |
| <b>Cash flows from financing activities</b>                               |   |
| Net proceeds from the issue of shares and options in relation to the IPO  | 286,794   |
| Proceeds from the issue of shares associated with the exercise of options | 242   |
| <b>Net cash from financing activities</b>                                 | <u>287,036</u>                                    |
| Net increase in cash and cash equivalents                                 | 141,526   |
| Cash and cash equivalents held at the beginning of the period             | -   |
| Effect of exchange rate changes on cash and cash equivalents              | (3,453)   |
| <b>Cash and cash equivalents held at the end of the period</b>            | <u>138,073</u>                                    |

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

## **General information**

Platinum Asia Investments Limited ("the Company") is a listed investment company incorporated on 24 June 2015. During the period ended 31 December 2015, the Company completed its Initial Public Offering ("IPO") in accordance with the replacement prospectus dated 5 August 2015. The Company raised \$292,869,646 by the issue of 292,869,646 ordinary shares and 292,869,646 attached options for nil consideration exercisable at \$1.00 each on or before 15 May 2017.

## **Note 1 Summary of significant accounting policies**

A summary of significant accounting policies set out below represents the significant accounting policies that have been adopted in the preparation of the interim financial report and that will be adopted and applied in the preparation of future financial statements of the Company.

## **Basis of preparation**

The interim financial report has been prepared in accordance with Australian Accounting Standards (AASBs) and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* as discussed below.

These general purpose financial statements for the interim 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*.

The interim financial report was authorised for issue on 17 February 2016 by the Company's Directors who have power to amend and reissue the interim financial report.

The interim financial report has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

## **Functional and presentation currency**

The Company invests across a number of different Asian countries and may also hold cash and enter into foreign exchange contracts denominated in various Asian currencies. The weighing of these activities to single currencies is subject to change. The Australian dollar has been chosen as the functional currency as it is the currency in which the Company undertakes its financing activities by way of raising capital, paying dividends and it is also the country of incorporation and the main regulatory environment under which the Company operates.

## **Investments**

Investments held at fair value through profit or loss will initially be recognised at fair value. Transaction costs of financial assets and liabilities held at fair value through profit or loss are expensed in the statement of comprehensive income. Subsequent to initial recognition, all financial assets and liabilities are held at fair value through profit or loss. Gains and losses arising from the changes in the fair value of assets and liabilities at fair value through profit and loss are presented in the statement of comprehensive income with net gains/(losses) on financial instruments held at fair value through profit and loss in the period in which they arise.

### *Fair value in an active market*

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at reporting date without any deduction for estimated future selling costs. Long securities, long equity swaps and long futures are priced at "last-sale" price. Gains and losses arising from changes in the fair value of the financial assets/liabilities are included in the statement of comprehensive income in the period they arise.

Forward currency contracts are categorised as "financial assets/liabilities held for trading" and are initially recognised at fair value on the date contracts are entered into and are subsequently remeasured at each reporting date. The fair value is the unrealised profit or loss on the foreign currency position (in Australian dollars).

### *Fair value in an inactive or unquoted market*

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. These include the use of recent arm's length market transactions, discounted cash flow techniques, or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. Options are valued with reference to the quoted price of the underlying index or share. If there is no liquid market available, the options are valued based on option prices provided by an arm's length broker. These valuations are based on option pricing models.

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

### *Recognition/derecognition of investments*

The Company recognises financial assets and liabilities on the date they become party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial assets and liabilities from this date. Financial assets and liabilities are no longer recognised on the date they become party to the sale contractual agreement (trade date).

### **Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in net foreign exchange gains/(losses) in the statement of comprehensive income.

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. Any foreign withholding tax on income, deducted at source or paid, will be included as part of the income tax expense.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of expenses.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions, cash held in margin accounts and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Margin accounts comprise cash held as collateral for derivative transactions.

Payments and receipts relating to the purchase and sale of financial assets are classified as "cash flows from operating activities" as realised and unrealised gains (and losses) on financial assets represent the Company's main source of operating income.

### **Receivables**

All receivables are recognised when a right to receive payment is established. Debts that are known to be uncollectible are written off.

## Note 1. Significant accounting policies (continued)

### Due to/from brokers for unsettled trades

Amounts due to/from brokers represent payables for securities purchased and receivables for securities sold that have been contracted for, but not yet delivered by the reporting date. Trades are recorded on trade date. Proceeds on sale of investments are generally received between two and five days after trade date. Payables on purchase of investments are usually paid between two and five days after trade date.

### Payables

All payables and trade creditors are recognised as and when the Company becomes liable.

### Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### Dividends

A provision is booked in the accounts if the Directors declare or determine to pay a dividend on or before balance date that has not been paid at balance date.

### Offsetting a financial asset and a financial liability

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### Investment income

Interest income is recognised in the statement of comprehensive income based on nominated interest rates available on the bank accounts held at various locations.

Dividend income is brought to account on the applicable ex-dividend date.

### Expenses

All expenses, including management fee and performance fee, are recognised in the statement of comprehensive income on an accruals basis.

### Share option reserve

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

### Dividend profit reserve

To the extent that any current year profits are not distributed, the Company's policy will be to set aside those undistributed profits to a separate profits reserve, rather than offsetting those profits against retained earnings. This policy will ensure that any undistributed profits will not be netted against potential future losses and will remain available for payment of future franked dividends. For example, the Directors may decide not to distribute all of the available profits in a given year due to a lack of available franking credits and may reserve the undistributed profits for future dividends when more franking credits become available. The reserve is included when determining the overall equity of the Company for accounting purposes.

### New Accounting Standards and Interpretations

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

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

#### *Amendment to AASB 15: Revenue from contracts with customers*

On 11 September 2015, the International Accounting Standards Board (IASB) issued an amendment to IFRS 15: *Revenue from contracts with customers* to defer the effective date by one year to 2018. The standard was assessed as not having a material impact on the Company in the current or future reporting period.

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

**Note 2. Recognition of deferred tax balances**

In line with its existing accounting policy, the Company has exercised judgement in determining the extent of recognition of deferred tax balances. At 31 December 2015, the Company recognised a deferred tax asset of \$3,047,000, which was comprised of the following balances:

|   | <b>31-Dec-15</b>    |
|---|---------------------|
|   | <b>\$'000</b>       |
| Deferred tax asset impact on the current period realised/(taxable) loss     | 1,817               |
| Deferred tax asset impact on costs associated with the Initial Public Offer | 1,855               |
| Deferred tax asset impact on expense accruals                               | 29                  |
| Deferred tax liability on investments                                       | (654)               |
| <b>Deferred tax asset</b>   | <b><u>3,047</u></b> |

The deferred tax balance was recognised on the basis that it is probable that it will be recovered in future periods through positive realised investment performance.

**Note 3. Financial assets at fair value through profit or loss**

|                            | <b>31-Dec-15</b>      |
|----------------------------|-----------------------|
|                            | <b>\$'000</b>         |
| Equities securities        | 143,977               |
| Derivatives                | 3,213                 |
| Foreign currency contracts | 840                   |
|                            | <b><u>148,030</u></b> |

The derivatives entered into took the form of long equity swap contracts which allowed the Company to gain exposure to share price movements of underlying investments without buying the shares or investments themselves.

Participatory notes of \$25,242,000 are included in the balance for equities securities.

The effective exposure of 76% (outlined in the Directors' Report) is comprised of exposure to both equities securities and the notional value of any open long equity swap derivative contracts (which totalled \$73,009,150 as at 31 December 2015).

Under the terms of each long equity swap contract, the Company made a profit on the swap contract if the underlying share price was higher on the date that the contract was closed relative to the price when the contract commenced. Daily fluctuations in the value of an open long equity swap contract were recognised as part of "net gains on equities/derivatives" in the statement of comprehensive income.

**Note 4. Financial liabilities at fair value through profit or loss**

|                            | <b>31-Dec-15</b>  |
|----------------------------|-------------------|
|                            | <b>\$'000</b>     |
| Derivatives                | 316               |
| Foreign currency contracts | 565               |
|                            | <b><u>881</u></b> |

**Note 5. Equity - issued capital**

During the period ended 31 December 2015, the Company completed its Initial Public Offering ("IPO") and raised \$292,869,646 by the issue of 292,869,646 ordinary shares and 292,869,646 attached options for nil consideration exercisable at \$1.00 each on or before 15 May 2017.

The capital raised of \$292,869,646 must be allocated between the ordinary shares issued and the fair value of options at the date of issue, because shareholders received both shares and options as a result of participating in the IPO.

The fair value of the options, have been valued using the Black-Scholes model, and this has produced a valuation of 3.5 cents per option. Accordingly, the value attributable to each share is 96.5 cents per share.

|   | <b>31-Dec-15</b> | <b>31-Dec-15</b> |
|---|------------------|------------------|
|   | <b>Shares</b>    | <b>\$'000</b>    |
| Ordinary shares - fully paid,<br>net of costs of the IPO, net of<br>tax | 293,111,249      | 278,704          |

*Movements in ordinary share capital*

| <b>Details</b>  | <b>Date/Month</b> | <b>Shares</b>      | <b>31-Dec-15</b> |
|---|-------------------|--------------------|------------------|
|   |                   |                    | <b>\$'000</b>    |
| Balance on incorporation date                                 | 24 June 2015      | 3                  | -                |
| Shares issued under the IPO                                   | September 2015    | 292,869,646        | 282,619          |
| Options exercised - issue of shares                           | October 2015      | 109,300            | 113              |
| Options exercised - issue of shares                           | November 2015     | 70,800             | 73               |
| Options exercised - issue of shares                           | December 2015     | 61,500             | 64               |
| <b>Sub-total</b>  |                   | <b>293,111,249</b> | <b>282,869</b>   |
| Less transactions costs in relation<br>to the IPO, net of tax |                   |                    | (4,165)          |
| Balance   |                   | <b>293,111,249</b> | <b>278,704</b>   |

*Ordinary shares*

When options are exercised, the value of each option is included in the value of each additional share issued. 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. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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 – issued capital (continued)**

*Options*

On 15 September 2015, the Company as part of the IPO issued 292,869,646 options to shareholders to acquire ordinary shares in the Company at an exercise price of \$1.00 on or before 15 May 2017. The options trade on the ASX under the ASX code PAIO. During the period, 241,600 options were exercised and 241,600 new shares issued for consideration of \$241,600.

At 31 December 2015, there were 292,628,046 options on issue. Options do not carry dividend entitlement until they are exercised. Option holders are not entitled to vote or participate in new share issues, until the options are exercised.

*Transactions costs in relation to the IPO, net of tax, transferred to equity*

At 31 December 2015, the Company incurred the following fees in relation to the IPO that were transferred to equity:

|   | <b>31-Dec-15</b>   |
|---|--------------------|
|   | <b>\$</b>          |
| Joint Lead Manager and Arranger fees          | 2,585,175          |
| Broker firm fees                              | 2,031,552          |
| Other fees*                                   | 1,333,927          |
| <b>Sub-total</b>                              | <u>5,950,654</u>   |
| Less current and future period tax deductions | <u>(1,785,196)</u> |
| Total Transaction costs                       | <u>4,165,458</u>   |

\*Other fees include legal fees, investigating accountant and tax advisor fees, ASIC lodgement costs, prospectus costs and non-recoverable GST expense. ASX Listing Fees have been expensed in the profit and loss and shown as "IPO non-capitalised fees and charges".

**Note 6. Reserves - options**

On 15 September 2015, the Company issued 292,869,646 options that are exercisable on or before 15 May 2017, the vesting period is 20 months.

At 31 December 2015, there were 292,628,046 options on issue.

*Fair Value of Options Issued*

The assessed fair value at issue date was 3.5 cents per option. The model inputs used to determine this fair value is set out below:

| <b>Input</b>       | <b>Value</b> |
|--------------------|--------------|
| a. Exercise price  | \$1          |
| b. Life of option  | 20 months    |
| c. Dividend Yield  | 5%           |
| d. Volatility      | 20%          |
| e. Risk-free rate  | 1.99%        |
| f. Dilution factor | 50%          |
| g. Options uplift  | 2%           |

As the Company is newly listed, there is no historical basis on which to base the assumed price volatility of the Company's options or shares. The assumed volatility is based on an analysis of comparable listed investment companies that invest in the Asian region.

The options fair value reserve entry at 31 December 2015 was 292,628,046 options outstanding multiplied by 3.5 cents per option = \$10,242,000.

**Note 6. Reserves – options (continued)**

*Movements in options that are still outstanding and associated movement in options reserve:*

| <b>Details</b>               | <b>Date</b>    | <b>Options</b> | <b>31-Dec-15<br/>\$'000</b> |
|------------------------------|----------------|----------------|-----------------------------|
| Options issued under the IPO | September 2015 | 292,869,646    | 10,250                      |
| Options exercised            | October 2015   | (109,300)      | (4)                         |
| Options exercised            | November 2015  | (70,800)       | (2)                         |
| Options exercised            | December 2015  | (61,500)       | (2)                         |
|                              |                | 292,628,046    | 10,242                      |
|                              |                | 292,628,046    | 10,242                      |

**Note 7. Equity - dividends**

No dividend was declared between 31 December 2015 and the date of issue of this report.

**Note 8. Earnings per share**

|  | <b>31 Dec15<br/>\$'000</b> |
|--|----------------------------|
| Loss after income tax attributable to the owners of Platinum Asia Investments Limited      | (2,948)                    |
|  | <b>Number</b>              |
| Weighted average number of ordinary shares used in calculating basic earnings per share    | 165,671,171                |
| Weighted average number of ordinary shares used in calculating diluted earnings per share* | 165,671,171                |
| Basic earnings/(loss) per share (cents)  | (1.78)                     |
| Diluted earnings/(loss) per share (cents)*   | (1.78)                     |

\*The dilutive effect of the unexercised options reduced the loss per share and therefore should not be included in the calculation of diluted earnings per share.

**Note 9. Statement of Net Asset Value**

|  | <b>31-Dec-15<br/>\$'000</b> |
|--|-----------------------------|
| <b>Reconciling Net Asset Value (Post-tax) in accordance with Australian Accounting Standards to that reported to the ASX</b> |                             |
| Post-tax Net Asset Value per Statement of Financial Position   | 285,998                     |
| Realisation costs and accruals*  | (367)                       |
| Deferred income tax asset in respect of realisation costs and accruals   | 107                         |
| Deferred income tax asset not recognised in Net Asset Value **   | (3,163)                     |
| <b>Post-tax Net Asset Value as reported to the ASX</b>   | <b>282,575</b>              |

Post-tax Net Asset Value at 31 December 2015 was \$0.9641 per share.

\* At 31 December 2015, financial assets and liabilities were valued at "last-sale" price for both ASX and financial accounts reporting. The immaterial difference at 31 December 2015 is mainly caused by the ASX requirement that realisation costs need to be deducted for ASX reporting of NAV.

\*\*At 31 December 2015, the post-tax NAV reported to the ASX was calculated on a full liquidation basis, therefore any deferred tax asset in excess of the liquidation tax provision was not recognised.

**Note 10. Fair value measurement**

*Fair value hierarchy*

AASB 13 *Fair Value Measurement* requires the Company to classify those assets and liabilities measured at fair value using the following fair value hierarchy model:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Company 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; and
- (iii) Forward currency contracts.

**Note 10. Fair value measurement (continued)**

The following table details the Company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy model as at 31 December 2015. The Company had no assets or liabilities that were classified as level 3.

| 31-Dec-15                  | Level 1<br>\$'000 | Level 2<br>\$'000 | Total<br>\$'000 |
|----------------------------|-------------------|-------------------|-----------------|
| <i>Assets</i>              |                   |                   |                 |
| Equity securities          | 118,735           | 25,242            | 143,977         |
| Derivatives                | -                 | 3,213             | 3,213           |
| Foreign currency contracts | -                 | 840               | 840             |
| Total assets               | 118,735           | 29,295            | 148,030         |
| <i>Liabilities</i>         |                   |                   |                 |
| Derivatives                | -                 | 316               | 316             |
| Foreign currency contracts | -                 | 565               | 565             |
| Total liabilities          | -                 | 881               | 881             |

All figures presented above can be reconciled to Note 3 or Note 4 and the statement of financial position.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as 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 period.

***Rationale for classification of assets and liabilities as level 1***

At 31 December 2015, 81% of the equity securities held by the Company were valued using unadjusted quoted prices in active markets and were classified as Level 1 in the fair-value hierarchy model.

***Rationale for classification of assets and liabilities as level 2***

There were certain financial instruments that were classified as level 2, because a degree of adjustment has been made to the quoted price i.e., whilst all significant inputs required for fair value measurement are observable and quoted in an active market, there was a degree of estimation 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) certain P-Notes were classified as level 2 because they were generally traded over-the counter and were often priced in a different currency to the underlying security;
- (iii) certain Over-The-Counter (OTC) equity swap contracts were classified as level 2 because the swap contract itself was not listed and therefore there was no directly observable market price; or the price is sourced from the relevant counterparty, even though the price (and in the case of options, the relevant delta) could be verified directly from Bloomberg or verified using option pricing models; and
- (iv) certain index derivatives were classified as level 2 because the Company 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 Company held.

OTC equity swap contracts were classified as level 2 (as stated above) because the swap contract itself is not listed and does not have an observable market price. However, the underlying securities that form the basis of each swap contract have a directly observable quoted price in an active market.

## Note 11. Investment Manager

The Investment Manager, Platinum Investment Management Limited, receives a monthly management fee for investment services provided in accordance with the Investment Management Agreement. This Agreement provides for a management fee payable monthly and calculated at 1.1% per annum of the adjusted portfolio value (which includes cash and deposits).

In the event of termination, the Investment Manager will be paid a 1.1% lump sum termination fee.

A performance fee is payable at 15%, at 30 June 2016, of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI (MSCI is the Morgan Stanley All Country Asia ex Japan Net Index in A\$). Where the portfolio's annual performance is less than the MSCI, the amount of the underperformance is aggregated, carried forward and deducted from the annual performance in the subsequent year before calculating any performance fee for that year. The aggregate of underperformance is carried forward until a Performance fee becomes payable.

At 31 December 2015, pre-tax performance of the portfolio was negative 1.29% and the corresponding MSCI remained flat. This represents an underperformance of 1.29% against the MSCI. Accordingly, a performance fee has not been accrued.

Fees paid and payable for the period ending 31 December 2015 are shown below:

|                 |                      |
|-----------------|----------------------|
| Management fees | <b>\$'000</b><br>922 |
|-----------------|----------------------|

## Note 12. Related Party transactions

### *Management Fees*

Disclosures relating to management fees paid and payable to the Investment Manager, Platinum Investment Management Limited are set out above in Note 11.

### *Investment*

At 31 December 2015, Platinum Investment Management Limited (PIML) held 50 million shares and 50 million options in the Company. At 31 December 2015, the shares were valued at \$1.03 per share and the options were valued at 6.8 cents per option. Therefore, the total fair value of PIMLs investment was \$51.5 million for the shares and \$3.4 million for the options.

### *Loans to/from related parties*

There were no loans to or from related parties at the current reporting date.

### *Key management personnel*

The table below presents Non-Executive Directors remuneration including superannuation paid and payable for the period 24 June 2015 to 31 December 2015.

| Director         | Position                            | Cash Salary<br>(\$) | Superannuation<br>(\$) | Total<br>(\$) |
|------------------|-------------------------------------|---------------------|------------------------|---------------|
| Bruce Coleman    | Chairman and Non-Executive Director | 31,152              | 2,960                  | 34,112        |
| Ian Hunter       | Independent, Non-Executive Director | 28,558              | 2,612                  | 31,170        |
| Malcolm Halstead | Independent, Non-Executive Director | 28,558              | 2,612                  | 31,170        |
|                  |                                     | 88,268              | 8,184                  | 96,452        |

**Note 12. Related Party transactions (continued)**

The relevant interest in ordinary shares of the Company that each Director held at balance date was:

|                  | Opening Balance<br>(date of incorporation) | Acquisitions | Disposals | Closing<br>Balance |
|------------------|--|--------------|-----------|--------------------|
| Bruce Coleman    | 1  | 250,000      | -         | 250,001            |
| Ian Hunter       | 1  | 100,000      | -         | 100,001            |
| Malcolm Halstead | 1  | -            | -         | 1                  |

The relevant interest in Options of the Company that each Director held at balance date was:

|                  | Opening Balance<br>(date of incorporation) | Acquisitions | Disposals | Closing<br>Balance |
|------------------|--|--------------|-----------|--------------------|
| Bruce Coleman    | -  | 250,000      | -         | 250,000            |
| Ian Hunter       | -  | 100,000      | -         | 100,000            |
| Malcolm Halstead | -  | -            | -         | -                  |

**Note 13. Contingent liabilities**

No contingent liabilities exist as at 31 December 2015. The Company has no commitments for uncalled share capital on investments.

**Note 14. Segment information**

The Company is organised into one main operating segment with the key function, being the investment of funds in the Asia Region ex Japan.

**Note 15. Events after the reporting period**

No significant matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

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 Company'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

---

Bruce Coleman  
Chairman

---

Ian Hunter  
Director

17 February 2016  
Sydney



## **Independent auditor's review report to the members of Platinum Asia Investments Limited**

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

We have reviewed the accompanying half-year financial report of Platinum Asia Investments Limited (the company), which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 24 June 2015 to 31 December 2015, selected explanatory notes and the directors' declaration.

### ***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 entity's financial position as at 31 December 2015 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Platinum Asia Investments 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 Asia Investments Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance the period from 24 June 2015 to 31 December 2015;

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Joe Sheeran  
Partner

Sydney  
17 February 2016