

Platinum Asia Investments Limited

ABN 13 606 647 358

Interim Financial Report - 31 December 2015

Directors	Bruce Coleman Ian Hunter Malcolm Halstead
Shareholder Liaison	Liz Norman
Company secretary	Janna Vynokur
Investment Manager	Platinum Investment Management Limited (trading as Platinum Asset Management ®) Platinum Asset Management neither guarantees the repayment of capital nor the investment performance of the Company.
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	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Phone 1300 554 474 (Australia only) Phone +61 2 8280 7100 Fax +61 2 9287 0303
Auditor	PricewaterhouseCoopers 201 Sussex Street Sydney NSW 2000
Stock exchange listing	The securities of Platinum Asia Investments Limited are listed on the Australian Securities Exchange and the ASX codes are: Shares: PAI Options: PAIO
Website	https://www.platinum.com.au/Our-Funds/Platinum-Asia-Investments-Limited/

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

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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 24 June to 31 Dec 15 \$'000
Investment income		
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>
Expenses		
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>
Profit/(loss) before income tax		(4,207)
Income tax benefit		<u>1,259</u>
Profit/(loss) after income tax benefit for the period attributable to the owners of Platinum Asia Investments Limited		(2,948)
Other comprehensive income		-
Total comprehensive Income/(loss) for the period attributable to the owners of Platinum Asia Investments Limited		<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 \$'000
Assets		
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
Total assets		<u>289,444</u>
Liabilities		
Payables		2,565
Financial liabilities at fair value through profit or loss	4	881
Total liabilities		<u>3,446</u>
Net assets		<u><u>285,998</u></u>
Equity		
Issued capital	5	278,704
Reserves	6	10,242
Retained earnings		(2,948)
Total equity		<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 capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'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		-	-	-	-
Total comprehensive loss for the period		-	-	(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)
Balance at 31 December 2015		278,704	10,242	(2,948)	285,998

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



	Period from 24 June to 31 Dec 2015
	\$'000
Cash flows from operating activities	
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)
Net cash from operating activities	<u>(145,510)</u>
Cash flows from financing activities	
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
Net cash from financing activities	<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)
Cash and cash equivalents held at the end of the period	<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:

	31-Dec-15
	\$'000
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)
Deferred tax asset	<u>3,047</u>

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

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

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

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

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.

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

Movements in ordinary share capital

Details	Date/Month	Shares	31-Dec-15
			\$'000
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
Sub-total		293,111,249	282,869
Less transactions costs in relation to the IPO, net of tax			(4,165)
Balance		293,111,249	278,704

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:

	31-Dec-15
	\$
Joint Lead Manager and Arranger fees	2,585,175
Broker firm fees	2,031,552
Other fees*	1,333,927
Sub-total	<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:

Input	Value
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:

Details	Date	Options	31-Dec-15 \$'000
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

	31 Dec15 \$'000
Loss after income tax attributable to the owners of Platinum Asia Investments Limited	(2,948)
	Number
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

	31-Dec-15 \$'000
Reconciling Net Asset Value (Post-tax) in accordance with Australian Accounting Standards to that reported to the ASX	
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)
Post-tax Net Asset Value as reported to the ASX	282,575

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 \$'000	Level 2 \$'000	Total \$'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	\$'000 922
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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 (\$)	Superannuation (\$)	Total (\$)
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 (date of incorporation)	Acquisitions	Disposals	Closing 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 (date of incorporation)	Acquisitions	Disposals	Closing 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;

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

PricewaterhouseCoopers

Joe Sheeran
Partner

Sydney
17 February 2016