

PLATINUM ASSET MANAGEMENT[®] LIMITED and Controlled Entities
ABN 13 050 064 287

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public pronouncements made by Platinum Asset Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Platinum Asset Management Limited (the Company) and the entities it controlled at the end of, or during, the half-year ended 31 December 2009.

Directors

The following persons were Directors of the Company at the end of the half-year and up to the date of this report:

Michael Cole	Chairman and Non-Executive Director
Bruce Coleman	Non-Executive Director
Margaret Towers	Non-Executive Director
Kerr Neilson	Managing Director
Malcolm Halstead	Finance Director and Company Secretary

Trading Results

The profit after tax of the consolidated entity for the half-year was \$69,920,000 (2008: \$64,743,000) after income tax expense of \$31,422,000 (2008: \$28,791,000).

Review of Operations

The consolidated profit before tax for the half-year was \$101,342,000 (2008: \$93,534,000).

FUM for the half-year ending 31 December 2009 is shown in the table below.

Fund	Opening balance at 1-Jul-09 (\$'million)	Flows (\$'million)	Investment performance (\$'million)	Closing balance at 31-Dec-09 (\$'million)
Platinum Trust Funds	10,659	1,465	1,303	13,427
MLC - Platinum Global Fund	1,522	(132)	256	1,646
Management Fee Mandates	1,221	58	155	1,434
Performance Share Fee Mandates	564	(40)	41	565
Total	13,966	1,351	1,755	17,072

Dividends

The Directors have determined to pay an interim dividend of 8 cents per share, fully franked.

The amount of the proposed dividend expected to be paid on 16 March 2010, but not recognised as a liability at 31 December 2009 is \$44,880,000.

Rounding of Amounts

The consolidated entity is of a kind referred to in the Australian Securities & Investments Commission's Class Order 98/0100 (as amended) and consequently amounts in the Directors' Report and financial statements have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of the Directors.

Michael Cole
Chairman

Sydney
19 February 2010

Malcolm Halstead
Director

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the review of Platinum Asset Management Limited and its controlled entities for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A J Loveridge
Partner
PricewaterhouseCoopers

Sydney
19 February 2010

Statement of Comprehensive Income
For the Half-Year ended 31 December 2009

	Notes	Consolidated Half-year to 31-Dec-09 \$'000	Consolidated Half-year to 31-Dec-08 \$'000
Income			
Management fees		103,903	95,133
Performance fees		9,915	9
Administration fees		5,207	4,558
Interest		3,309	5,554
Net gains/(losses) on financial assets at fair value through profit or loss		781	(471)
Net gains/(losses) on foreign currency contracts		1	(1,125)
Net gains/(losses) on foreign currency bank accounts		(412)	7,934
Total income		122,704	111,592
Expenses			
Custody and unit registry		5,389	4,468
Staff		5,306	5,358
Business development		3,428	1,798
Share-based payments		3,331	2,277
Research		651	720
Rent		650	625
Technology		533	454
Other professional		365	436
Restructuring and related costs		298	335
Legal and compliance		261	440
Miscellaneous		235	248
Share registry		225	190
Depreciation		201	221
Auditor's remuneration		170	154
Mail house		121	144
Periodic reporting		117	121
Other occupancy		81	69
Total expenses		21,362	18,058
Profit before income tax expense		101,342	93,534
Income tax expense		31,422	28,791
Other comprehensive income		-	-
Total comprehensive income for the half-year		69,920	64,743
Basic earnings per share (cents per share)	5	12.46	11.54
Diluted earnings per share (cents per share)	5	11.92	11.09

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Balance Sheet

As at 31 December 2009

	Notes	Consolidated 31-Dec-09 \$'000	Consolidated 30-Jun-09 \$'000
Current assets			
Financial assets at fair value through profit or loss	3	626	59
Cash and cash equivalents		170,887	14,269
Bank certificates on deposit		19,515	165,332
Trade receivables		29,591	24,295
Interest receivable		840	3,835
Prepayments		835	1,027
Total current assets		222,294	208,817
Non-current assets			
Deferred tax assets		2,195	3,078
Fixed assets		2,584	2,660
Total non-current assets		4,779	5,738
Total assets		227,073	214,555
Current liabilities			
Payables		8,373	7,048
Current tax payable		16,466	10,418
Provisions		1,904	1,802
Total current liabilities		26,743	19,268
Non-current liabilities			
Deferred tax liabilities		250	1,145
Provisions		14	7
Total non-current liabilities		264	1,152
Total liabilities		27,007	20,420
Net assets		200,066	194,135
Equity			
Contributed equity		629,091	629,091
Reserves		(576,406)	(579,737)
		52,685	49,354
Retained profits		147,381	144,781
Total equity		200,066	194,135

The above Balance Sheet should be read in conjunction with the accompanying notes

Statement of Changes in Equity

For the Half-Year ended 31 December 2009

	Consolidated Half-year to 31-Dec-09 \$'000	Consolidated Half-year to 31-Dec-08 \$'000
Total equity at the beginning of the half-year	194,135	177,615
Total comprehensive income for the half-year	69,920	64,743
Transactions with equity holders in their capacity as equity holders:		
Share-based payments and other reserves	4 3,331	2,277
Dividends paid	6 (67,320)	(67,320)
	(63,989)	(65,043)
Total equity at the end of the half-year	200,066	177,315

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Cash Flow Statement

For the Half-Year ended 31 December 2009

	Consolidated Half-year to 31-Dec-09 \$'000	Consolidated Half-year to 31-Dec-08 \$'000
Cash flow from operating activities		
Interest received	6,304	2,729
Distributions received	7	-
Receipts from operating activities	113,705	101,000
Payments for operating activities	(16,195)	(14,151)
Income taxes paid	(25,386)	(30,468)
Cash flow from operating activities	<u>78,435</u>	<u>59,110</u>
Cash flow from investing activities		
Receipts from sale of investments	6,815	14,353
Payments for purchases of investments	(6,613)	(7,917)
Purchase of fixed assets	(128)	(193)
Sales/(purchases) of bank certificates of deposit	145,817	(154,691)
Cash flow from investing activities	<u>145,891</u>	<u>(148,448)</u>
Cash flow from financing activities		
Dividends paid	(67,311)	(67,291)
Cash flow from financing activities	<u>(67,311)</u>	<u>(67,291)</u>
Net increase/(decrease) in cash and cash equivalents	157,015	(156,629)
Cash and cash equivalents held at the beginning of the half-year	14,269	171,160
Effects of exchange rate changes on cash and cash equivalents	(397)	(95)
Cash and cash equivalents held at the end of the half-year	<u>170,887</u>	<u>14,436</u>

The above Cash Flow Statement should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year ended 31 December 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with AASB 134: *Interim Financial Reporting*, other mandatory professional reporting requirements and the *Corporations Act 2001*.

The interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public pronouncements made in respect of Platinum Asset Management Limited and the entities it controls during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The balance for "cash and cash equivalents" included in the Balance Sheet includes short-term deposits held with licensed Australian banks. All bank deposits held at 31 December 2009, have maturities of less than 40 days from the date of execution and are considered "cash equivalents" pursuant to AASB 107: *Statement of Cash Flows*. In addition, the consolidated entity holds bank certificates of deposit (also with licensed Australian banks). These have a maturity of greater than three months from the date of execution and are not considered as "cash equivalents" pursuant to AASB 107. Bank certificates of deposit are disclosed separately in the Balance Sheet.

The consolidated entity has adopted AASB 8: *Operating Segments* for annual (and interim) reporting periods commencing on or after 1 January 2009. AASB 8 replaces AASB 114: *Segment Reporting*. The new standard requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes.

Other than AASB 8, the accounting policies adopted are consistent with those of the 30 June 2009 Annual Report.

2. SEGMENT INFORMATION

The consolidated entity is organised into one main operating segment with only one key function, being funds management. It generates management and performance fees from Australian investment vehicles and its US-based investment mandates.

3. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated 31-Dec-09 \$'000	Consolidated 30-Jun-09 \$'000
Unlisted unit trust investments	626	59
	626	59

4. EQUITY

Movement in Reserves

	Consolidated Half-year to 31-Dec-09 \$'000	Consolidated Half-year to 31-Dec-08 \$'000
Unvested shares - Options (granted on 22 May 2007)	1,706	2,061
Unvested shares - Options (granted on 17 June 2009)	1,257	-
Unvested shares - Performance rights	249	216
Unvested shares - Fund appreciation rights	119	-
	3,331	2,277

NOTES TO THE FINANCIAL STATEMENTS continued

For the Half-Year ended 31 December 2009

5. EARNINGS PER SHARE

	Consolidated Half-year to 31-Dec-09	Consolidated Half-year to 31-Dec-08
Basic earnings per share - cents per share	12.46	11.54
Diluted earnings per share - cents per share	11.92	11.09
Weighted average number of Ordinary Shares on issue used in the calculation of basic earnings per share	561,000,000	561,000,000
Weighted average number of Ordinary Shares on issue used in the calculation of diluted earnings per share	586,687,525	584,022,434
	Consolidated Half-year to 31-Dec-09 \$'000	Consolidated Half-year to 31-Dec-08 \$'000
Earnings used in the calculation of basic and diluted earnings per share	69,920	64,743

6. DIVIDENDS (fully franked)

	Consolidated Half-year to 31-Dec-09		Consolidated Half-year to 31-Dec-08	
	cents per share	\$'000	cents per share	\$'000
Paid - Final 2008	-	-	12.00	67,320
Paid - Final 2009	12.00	67,320	-	-
		67,320		67,320

Since the period end, the Directors have determined to pay a fully franked interim dividend of 8 cents per share. This dividend has not been provided for as at 31 December 2009.

7. THE COMPANY

Platinum Asset Management Limited ("the Company") is a company limited by shares, incorporated and domiciled in New South Wales. Its registered office and principal place of business is Level 8, 7 Macquarie Place, Sydney, NSW 2000. The Company is the ultimate holding company for the entities listed in Note 8.

8. THE SUBSIDIARIES

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

- (a) McRae Pty Limited (incorporated in Australia) - (100% owned by the Company).
- (b) Platinum Asset Pty Limited (incorporated in Australia) - (100% owned by the Company).
- (c) Platinum Investment Management Limited (incorporated in Australia) - (indirectly 100% owned by the Company).
- (d) Platinum Asset Management Pte Ltd (incorporated in Singapore) - (indirectly 100% owned by the Company).

9. EVENTS OCCURRING AFTER REPORTING DATE

No significant events have occurred since the reporting date which would impact on the financial position of the Company and/or the entities it controls as at 31 December 2009 and on the results for the half-year ended on that date.

DIRECTORS' DECLARATION

In the Directors' opinion,

- (a) the financial statements and notes set out on pages 4 to 9 are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that Platinum Asset Management Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Michael Cole
Chairman

Malcolm Halstead
Director

Sydney
19 February 2010

Independent auditor's review report to the members of Platinum Asset Management Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of Platinum Asset Management Limited, which comprise the Balance Sheet as at 31 December 2009, the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the half-year ended on that date, other selected explanatory notes and the Directors' Declaration for the Platinum Asset Management Limited Group (the consolidated entity). The consolidated entity comprises both Platinum Asset Management Limited (the Company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Platinum Asset Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by Directors or management.

**Independent auditor's review report to the members of
Platinum Asset Management Limited (continued)**

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Platinum Asset Management Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PricewaterhouseCoopers

A J Loveridge
Partner

Sydney
19 February 2010

DIRECTORY

Directors

Michael Cole
Bruce Coleman
Margaret Towers
Kerr Neilson
Malcolm Halstead

Secretary

Malcolm Halstead

Shareholder Liaison

Liz Norman

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Auditors and Taxation Advisors

PricewaterhouseCoopers
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Sydney NSW 2000

Securities Exchange Listing

Ordinary Shares listed on the Australian Securities Exchange
ASX Code: **PTM**

Website

http://www.platinum.com.au/paml_shares.htm

Platinum Asset Management® does not guarantee
the repayment of capital or the investment
performance of the Investment Manager.