

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

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Contents

Directors' Report

Statement of Comprehensive Income

Balance Sheet

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Directors' Declaration

Independent Review Report

Directory

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 2010 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

The 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 2010.

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 \$78,423,000 (2009: \$69,920,000) after income tax expense of \$35,037,000 (2009: \$31,422,000).

Review of Operations

The consolidated profit before tax for the half-year was \$113,460,000 (2009: \$101,342,000).

FUM for the half-year ending 31 December 2010 is shown in the table below.

Fund	Opening balance at 1-Jul-10 (\$'million)	Flows (\$'million)	Investment performance (\$'million)	Closing balance at 31-Dec-10 (\$'million)
Platinum Trust Funds	13,816	357	(317)	13,856
MLC Platinum Global Fund	1,511	(131)	7	1,387
Management Fee Mandates	1,518	65	(45)	1,538
"Relative" Performance Fee Mandates	908	118	(55)	971
"Absolute" Performance Fee Mandates	610	(12)	(36)	562
Total	18,363	397	(446)	18,314

Dividends

The Directors have determined to pay a dividend of 10 cents per share, fully franked (2010: 8 cents per share). The amount of the proposed dividend expected to be paid on 15 March 2011, but not recognised as a liability as at 31 December 2010 is \$56,135,000 (31 December 2009: \$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

Kerr Neilson
Director

Sydney
18 February 2011



Auditor's Independence Declaration

As lead auditor for the review of Platinum Asset Management Limited for the half year ended 31 December 2010, 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 during the period.

AJ Loveridge
Partner
PricewaterhouseCoopers

Sydney
18 February 2011

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Statement of Comprehensive Income

For the Half-Year ended 31 December 2010

	Notes	Consolidated Half-year to 31-Dec-10 \$'000	Consolidated Half-year to 31-Dec-09 \$'000
Income			
Management fees		118,375	103,903
Performance fees		5,321	9,915
Administration fees		6,006	5,207
Interest		5,738	3,309
Net gains/(losses) on financial assets at fair value through profit or loss		(123)	781
Net gains on foreign currency contracts		17	1
Net foreign exchange (losses) on bank accounts		(378)	(412)
Total income		134,956	122,704
Expenses			
Custody and unit registry		6,222	5,389
Staff		6,042	5,306
Share-based payments		2,993	3,331
Business development		2,410	3,428
Rent and other occupancy		740	731
Research		649	651
Technology		639	533
Legal and compliance		371	261
Other professional		269	365
Depreciation		227	201
Share registry		220	225
Miscellaneous		200	235
Auditor's remuneration		162	170
Mail house		152	121
Restructuring and related costs		116	298
Periodic reporting		84	117
Total expenses		21,496	21,362
Profit before income tax		113,460	101,342
Income tax expense		35,037	31,422
Profit after income tax		78,423	69,920
Other comprehensive income		-	-
Total comprehensive income for the half-year		78,423	69,920
Basic earnings per share (cents per share)	5	13.97	12.46
Diluted earnings per share (cents per share)	5	13.37	11.92

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

Balance Sheet

As at 31 December 2010

	Notes	Consolidated 31-Dec-10 \$'000	Consolidated 30-Jun-10 \$'000
Current assets			
Financial assets at fair value through profit or loss	3	6,225	663
Cash and cash equivalents		217,832	29,758
Term deposits		813	194,128
Trade receivables		26,485	21,446
Interest receivable		2,193	3,062
Prepayments		712	956
Total current assets		254,260	250,013
Non-current assets			
Deferred tax assets		1,304	2,030
Fixed assets		2,492	2,550
Total non-current assets		3,796	4,580
Total assets		258,056	254,593
Current liabilities			
Payables		8,519	11,418
Current tax payable		18,916	15,204
Provisions		1,672	1,626
Total current liabilities		29,107	28,248
Non-current liabilities			
Deferred tax liabilities		687	921
Provisions		37	26
Total non-current liabilities		724	947
Total liabilities		29,831	29,195
Net assets		228,225	225,398
Equity			
Contributed equity		629,091	629,091
Reserves		(570,133)	(573,126)
		58,958	55,965
Retained profits		169,267	169,433
Total equity		228,225	225,398

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 2010

	Notes	Contributed Equity \$'000	Reserves \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 July 2009		629,091	(579,737)	144,781	194,135
Total comprehensive income for the half-year		-	-	69,920	69,920
Transactions with equity holders in their capacity as equity owners:					
Share-based payments	4	-	3,331	-	3,331
Dividends paid	6	-	-	(67,320)	(67,320)
Balance at 31 December 2009		629,091	(576,406)	147,381	200,066
Balance at 1 July 2010		629,091	(573,126)	169,433	225,398
Total comprehensive income for the half-year		-	-	78,423	78,423
Transactions with equity holders in their capacity as equity owners:					
Share-based payments	4	-	2,993	-	2,993
Dividends paid	6	-	-	(78,589)	(78,589)
Balance at 31 December 2010		629,091	(570,133)	169,267	228,225

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

Statement of Cash Flows

For the Half-Year ended 31 December 2010

	Consolidated Half-year to 31-Dec-10 \$'000	Consolidated Half-year to 31-Dec-09 \$'000
Cash flow from operating activities		
Interest received	6,607	6,304
Distributions received	1	7
Receipts from operating activities	124,661	113,705
Payments for operating activities	(20,967)	(16,195)
Income taxes paid	(30,833)	(25,386)
Cash flow from operating activities	<u>79,469</u>	<u>78,435</u>
Cash flow from investing activities		
Receipts from sale of investments	3,001	6,815
Payments for purchases of investments	(8,689)	(6,613)
Purchase of fixed assets	(168)	(128)
Proceeds on maturity of term deposits and bank certificates of deposit	194,128	147,800
Purchase of term deposits and bank certificates of deposit	(813)	(1,983)
Cash flow from investing activities	<u>187,459</u>	<u>145,891</u>
Cash flow from financing activities		
Dividends paid	(78,497)	(67,311)
Cash flow from financing activities	<u>(78,497)</u>	<u>(67,311)</u>
Net increase/(decrease) in cash and cash equivalents	188,431	157,015
Cash and cash equivalents held at the beginning of the half-year	29,758	14,269
Effects of exchange rate changes on cash and cash equivalents	(357)	(397)
Cash and cash equivalents held at the end of the half-year	<u>217,832</u>	<u>170,887</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year ended 31 December 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial report for the interim half-year reporting period ended 31 December 2010 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 2010 and any public pronouncements made in respect of Platinum Asset Management Limited and the entities it controlled 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. These short-term deposits have maturities of three months or less from the date of acquisition and are considered "cash equivalents" pursuant to AASB 107: *Statement of Cash Flows*, because they are readily convertible into cash.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Comparative information has been reclassified where appropriate to enhance comparability.

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-10 \$'000	Consolidated 30-Jun-10 \$'000
Unlisted unit trust investments	6,225	663
	6,225	663

4. EQUITY

Movement in Reserves

	Consolidated Half-year to 31-Dec-10 \$'000	Consolidated Half-year to 31-Dec-09 \$'000
Unvested shares - Options (granted on 22 May 2007)	1,519	1,706
Unvested shares - Options (granted on 17 June 2009)	1,257	1,257
Unvested shares - Performance rights	-	249
Unvested shares - Fund appreciation rights (granted on 1 April 2009)	84	119
Unvested shares - Fund appreciation rights (granted on 1 April 2010)	133	-
	2,993	3,331

NOTES TO THE FINANCIAL STATEMENTS continued

For the Half-Year ended 31 December 2010

5. EARNINGS PER SHARE

	Consolidated Half-year to 31-Dec-10	Consolidated Half-year to 31-Dec-09
Basic earnings per share - cents per share	13.97	12.46
Diluted earnings per share - cents per share	13.37	11.92
Weighted average number of Ordinary Shares on issue used in the calculation of basic earnings per share	561,347,878	561,000,000
Weighted average number of Ordinary Shares on issue used in the calculation of diluted earnings per share	586,678,900	586,687,525
	Consolidated Half-year to 31-Dec-10 \$'000	Consolidated Half-year to 31-Dec-09 \$'000
Earnings used in the calculation of basic and diluted earnings per share	78,423	69,920

6. DIVIDENDS (fully franked)

	Consolidated Half-year to 31-Dec-10		Consolidated Half-year to 31-Dec-09	
	cents per share	\$'000	cents per share	\$'000
Paid - 22 September 2009	-	-	12.00	67,320
Paid - 22 September 2010	14.00	78,589	-	-
		78,589		67,320

Since the period end, the Directors have determined to pay a fully franked dividend of 10 cents per share. This dividend has not been provided for at 31 December 2010.

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 at 31 December 2010 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 2010 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

Kerr Neilson

Director

Sydney

18 February 2011



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Platinum Asset Management Limited, which comprises the Balance Sheet as at 31 December 2010, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, selected explanatory notes and the Directors' Declaration for the Platinum Asset Management Limited group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such 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 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 2010 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.

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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 2010 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*.

AJ Loveridge
Partner
PricewaterhouseCoopers

Sydney
18 February 2011

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

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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.