

PLATINUM ASSET MANAGEMENT[®] LIMITED and Controlled Entities

ABN 13 050 064 287

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

PLATINUM ASSET MANAGEMENT® LIMITED and Controlled Entities

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The interim financial report was authorised for issue on 21 February 2013 by the Company's Directors, who have the power to amend and re-issue the interim financial report.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public pronouncements made by Platinum Asset Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

PLATINUM ASSET MANAGEMENT® LIMITED and Controlled Entities

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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 2012.

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
Philip Howard	Finance Director and Company Secretary

Trading Results

The profit after tax of the consolidated entity for the half-year was \$62,426,000 (2011: \$67,153,000) after income tax expense of \$25,962,000 (2011: \$28,048,000).

Review of Operations

The consolidated profit before tax for the half-year was \$88,388,000 (2011: \$95,201,000).

FUM for the half-year ending 31 December 2012 is shown in the table below.

Fund	Opening balance at 1-Jul-12 (\$'million)	Flows (\$'million)	Investment performance (\$'million)	Closing balance at 31-Dec-12 (\$'million)
Platinum Trust Funds	10,589	(666)	1,263	11,186
MLC Platinum Global Fund	918	(113)	104	909
Management Fee Mandates	1,568	(118)	193	1,643
"Relative" Performance Fee Mandates	1,236	947	187	2,370
"Absolute" Performance Fee Mandates	558	(128)	60	490
Total	14,869	(78)	1,807	16,598

On 1 November 2012, the consolidated entity received a capital inflow from a substantial Australian superannuation provider of approximately \$700 million and on 20 December 2012, an additional \$150 million was received. These infows have been included as part of "flows" for "Relative" Performance Fee Mandates.

Dividends

The Directors have determined to pay a dividend of 8 cents per share, fully franked (31 December 2011: 8 cents per share). The amount of the proposed dividend expected to be paid on 18 March 2013, but not recognised as a liability as at 31 December 2012, is \$44,908,000 (31 December 2011: \$44,908,000).

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

Michael Cole
Chairman

Philip Howard
Director

Sydney
21 February 2013



Auditor's Independence Declaration

As lead auditor for the review of Platinum Asset Management Limited for the half year ended 31 December 2012, 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.

A J Loveridge
Partner
PricewaterhouseCoopers

Sydney
21 February 2013

Consolidated Statement of Comprehensive Income
For the Half-Year ended 31 December 2012

	Note	Half-Year to 31-Dec-12 \$'000	Half-Year to 31-Dec-11 \$'000
Revenue			
Management fees		96,005	104,522
Performance fees		1,734	261
Administration fees		4,981	5,252
Total revenue		102,720	110,035
Other income			
Interest		4,975	6,177
Net gains/(losses) on financial assets at fair value through profit or loss		208	(867)
Net gains on foreign currency contracts		-	4
Net foreign exchange gains/(losses) on bank accounts		(153)	6
Total other income		5,030	5,320
Total gross income		107,750	115,355
Expenses			
Staff		6,781	6,818
Custody and unit registry		4,913	5,265
Share-based payments		1,794	1,416
Business development		1,762	2,431
Rent and other occupancy		817	807
Technology		744	856
Research		644	734
Legal and compliance		423	251
Other professional		380	386
Miscellaneous		268	283
Depreciation		267	272
Share registry		219	240
Statutory audit fee		178	175
Mail house and periodic reporting		172	220
Total expenses		19,362	20,154
Profit before income tax expense		88,388	95,201
Income tax expense		25,962	28,048
Profit after income tax expense		62,426	67,153
Other comprehensive income		-	-
Total comprehensive income for the half-year		62,426	67,153
Basic earnings per share (cents per share)	4	11.12	11.96
Diluted earnings per share (cents per share)	4	11.12	11.96

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

Consolidated Balance Sheet

As at 31 December 2012

	Note	31-Dec-12 \$'000	30-Jun-12 \$'000
Current assets			
Cash and cash equivalents		16,062	11,879
Financial assets at fair value through profit or loss	2	2,090	1,882
Term deposits		212,013	225,713
Trade receivables	10	21,832	18,645
Interest receivable		2,544	2,620
Prepayments		737	865
Total current assets		255,278	261,604
Non-current assets			
Net deferred tax assets		1,092	911
Fixed assets		2,442	2,318
Total non-current assets		3,534	3,229
Total assets		258,812	264,833
Current liabilities			
Payables		5,052	4,706
Current tax payable		13,746	11,431
Provisions		2,237	2,179
Total current liabilities		21,035	18,316
Non-current liabilities			
Provisions		33	18
Total non-current liabilities		33	18
Total liabilities		21,068	18,334
Net assets		237,744	246,499
Equity			
Contributed equity		629,091	629,091
Reserves		(562,834)	(564,628)
		66,257	64,463
Retained profits		171,487	182,036
Total equity		237,744	246,499

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

Consolidated Statement of Changes in Equity
For the Half-Year ended 31 December 2012

	Note	Contributed Equity \$'000	Reserves \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 July 2011		629,091	(567,151)	184,768	246,708
Total comprehensive income for the half-year		-	-	67,153	67,153
Transactions with equity holders in their capacity as equity owners:					
Share-based payments	3	-	1,416	-	1,416
Dividends paid	5	-	-	(84,202)	(84,202)
Balance at 31 December 2011		629,091	(565,735)	167,719	231,075
Balance at 1 July 2012		629,091	(564,628)	182,036	246,499
Total comprehensive income for the half-year		-	-	62,426	62,426
Transactions with equity holders in their capacity as equity owners:					
Share-based payments	3	-	1,794	-	1,794
Dividends paid	5	-	-	(72,975)	(72,975)
Balance at 31 December 2012		629,091	(562,834)	171,487	237,744

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

Consolidated Statement of Cash Flows
For the Half-Year ended 31 December 2012

	Half-Year to 31-Dec-12 \$'000	Half-Year to 31-Dec-11 \$'000
Cash flow from operating activities		
Interest received	5,051	5,829
Distributions received	3	100
Receipts from operating activities	99,505	111,961
Payments for operating activities	(16,745)	(17,456)
Income taxes paid	(23,827)	(29,532)
Cash flow from operating activities	<u>63,987</u>	<u>70,902</u>
Cash flow from investing activities		
Receipts from sale of investments	-	932
Payments for purchases of investments	-	(2,125)
Purchase of fixed assets	(396)	(188)
Proceeds on maturity of term deposits	225,713	813
Purchase of term deposits	(212,013)	(197,813)
Cash flow from investing activities	<u>13,304</u>	<u>(198,381)</u>
Cash flow from financing activities		
Dividends paid	(72,956)	(84,122)
Payments (to)/from related party	-	(3)
Cash flow from financing activities	<u>(72,956)</u>	<u>(84,125)</u>
Net increase/(decrease) in cash and cash equivalents	4,335	(211,604)
Cash and cash equivalents held at the beginning of the half-year	11,879	232,761
Effects of exchange rate changes on cash and cash equivalents	(152)	7
Cash and cash equivalents held at the end of the half-year	<u>16,062</u>	<u>21,164</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half-Year ended 31 December 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report for the interim half-year reporting period ended 31 December 2012 has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, other mandatory professional reporting requirements and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

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 2012 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 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.

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2012 reporting period. The Company's and consolidated entity's assessment of the impact of these new standards and interpretations are summarised below:

(i) Revised AASB 9: *Financial Instruments (addressing accounting for financial liabilities and the derecognition of financial assets and financial liabilities)*, AASB 2010-7: *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* and AASB 2012-6: *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective for annual reporting periods beginning on or after 1 January 2015)

The revised standard defers the operative date of AASB 9: *Financial Instruments* from 1 January 2013 to 1 January 2015. AASB 9 provides guidance on the classification and measurement of financial assets and this standard was assessed at 30 June 2012 as not having a significant impact on the Company or consolidated entity as its equity instruments are already recognised at fair value.

In addition, AASB 2012-6 provides relief from the requirement to restate comparative financial statements for the effect of applying AASB 9, a relief that was originally only available to reporting entities that chose to apply AASB 9 prior to 2012. The Company and consolidated entity will apply the revised standard from 1 July 2015.

(ii) *Investment Entities*: Amendments to IFRS 10: *Consolidated Financial Statements*, IFRS 12: *Disclosure of Interests in Other Entities*, revised IAS 27: *Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2014) and *Exposure Draft 233: Australian additional disclosures - investment entities (ED 233)*

The proposed amendments apply to a particular class of business that qualify as an "investment entity".

An "investment entity" is defined as an entity whose business purpose is to invest funds solely for returns from capital appreciation and/or investment income. Where an entity qualifies as an "investment entity", the International Accounting Standards Board (IASB) will permit investment entities to measure its investments in controlled subsidiaries at fair value through profit and loss. Previously, all reporting entities were required to consolidate all subsidiaries that they control. The Australian Accounting Standards Board issued ED 233 in late December 2012 in response to the IASB and are proposing that entities produce additional consolidated financial statements in addition to the financial statements based on the IASB amendments. In any case, it is unlikely that the Company or the consolidated entity will meet the definition of an "investment entity". Therefore, the proposed standard or the Exposure Draft will not impact on the disclosures contained in the financial report.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	31-Dec-12 \$'000	30-Jun-12 \$'000
Unlisted unit trust investments	2,090	1,882

3. EQUITY

Movement in Reserves

	Half-Year to 31-Dec-12 \$'000	Half-Year to 31-Dec-11 \$'000
Unvested shares - Options (granted on 17 June 2009)	1,246	1,254
Vested shares - Fund appreciation rights (granted on 1 April 2009)	-	6
Unvested shares - Fund appreciation rights (granted on 1 April 2010)	271	77
Unvested shares - Fund appreciation rights (granted on 1 April 2011)	277	79
	1,794	1,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Half-Year ended 31 December 2012

4. EARNINGS PER SHARE

	Half-Year to 31-Dec-12	Half-Year to 31-Dec-11
Basic earnings per share - cents per share	11.12	11.96
Diluted earnings per share - cents per share	11.12	11.96
Weighted average number of Ordinary Shares on issue used in the calculation of basic earnings per share	561,347,878	561,347,878
Weighted average number of Ordinary Shares on issue used in the calculation of diluted earnings per share excluding options that are out of the money	561,347,878	561,347,878

At 31 December 2012 (and 31 December 2011), all options remain "out of the money".

	Half-Year to 31-Dec-12 \$'000	Half-Year to 31-Dec-11 \$'000
Earnings used in the calculation of basic and diluted earnings per share	62,426	67,153

5. DIVIDENDS (fully franked)

	Half-Year to 31-Dec-12 cents per share		Half-Year to 31-Dec-11 cents per share	
	\$'000		\$'000	
Paid - 22 September 2011	-	-	15.00	84,202
Paid - 21 September 2012	13.00	72,975	-	-
	13.00	72,975	15.00	84,202

Since the period end, the Directors have determined to pay a fully franked dividend of 8 cents per share payable out of profits for 6 months ended 31 December 2012. This dividend has not been provided for at 31 December 2012, as it was declared after period end.

6. 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.

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

Since the end of the half-year, the Directors have declared a fully franked dividend of 8 cents per share payable on 18 March 2013.

No other matters have arisen since the end of the period that have significantly affected or may significantly affect the operations of the Company or the consolidated group, the results of the operations, or the state of affairs of the Company or consolidated group in future financial years.

10. TRANSACTIONS WITH RELATED PARTIES

Platinum Investment Management Limited provides investment management services to related party unit trusts - the Platinum Trust Funds and to the ASX-listed investment company, Platinum Capital Limited. Platinum Investment Management Limited is entitled to receive a monthly management fee from Platinum Capital Limited and the Platinum Trust Funds, a monthly administration fee from the Platinum Trust Funds and in some instances a performance fee (that is calculated annually) based upon the relevant Funds' and Platinum Capital Limited's investment return over and above a specified benchmark. The total related party fees recognised in the Statement of Comprehensive Income for the period ended 31 December 2012 was \$82,189,610 (2011: \$90,413,715). Of this, an amount of \$14,059,390 was receivable at 31 December 2012 (2011: \$13,870,439).

DIRECTORS' DECLARATION

In the Directors' opinion,

- (a) the financial statements and notes set out on pages 5 to 10 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance, as represented by the results of its operations and its cash flows, for the half-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

Philip Howard
Director

Sydney
21 February 2013



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 2012, 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 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 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 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 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Platinum Asset Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



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 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

AJ Loveridge
Partner

Sydney
21 February 2013

DIRECTORY

Directors

Michael Cole
Bruce Coleman
Margaret Towers
Kerr Neilson
Philip Howard

Company Secretary

Philip Howard

Shareholder Liaison

Liz Norman

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 Registrar

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
Phone 1300 855 080 (Australia only)
Phone + 61 3 9415 4000
Fax + 61 3 9473 2500

Auditor and Taxation Advisor

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
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.