

# **Platinum Asia Investments Limited**

**ABN 13 606 647 358**

**Interim Financial Report  
For the half-year ended 31 December 2019**

**Platinum Asia Investments Limited**  
**Corporate Directory**

Directors	Margaret Towers Ian Hunter Malcolm Halstead
Company secretary	Joanne Jefferies
Investment manager	Platinum Investment Management Limited (trading as Platinum Asset Management ®) Platinum Investment Management Limited neither guarantees the repayment of capital nor the investment performance of the Company.
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	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Phone +61 1300 554 474 Fax +61 2 9287 0303
Auditor and taxation advisor	PricewaterhouseCoopers
Securities exchange listing	The securities of Platinum Asia Investments Limited are listed on the Australian Securities Exchange (ASX code: PAI).
Website	<a href="http://www.platinum.com.au/Our-Products/All-Products/Platinum-Asia-Investments-Limited">www.platinum.com.au/Our-Products/All-Products/Platinum-Asia-Investments-Limited</a>

**Platinum Asia Investments Limited**  
**Directors' Report**  
**31 December 2019**

The Directors present their report, together with the interim financial statements of Platinum Asia Investments Limited (the "Company") for the half-year ended 31 December 2019.

**Directors**

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

Margaret Towers	Chairperson and Independent 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 Asian Region ex Japan that are perceived, by the Investment Manager, Platinum Investment Management Limited, to be undervalued. This includes companies listed on securities exchanges outside the Asian Region ex Japan, but whose business is predominantly conducted in or focused on the Asian Region ex Japan.

**Operating and Financial Review**

For the 6 months to 31 December 2019, the operating profit for the Company before tax was \$27,496,000 (31 December 2018: operating loss before tax of \$38,220,000). The operating profit for the Company after tax was \$19,224,000 (31 December 2018: operating loss after tax of \$26,719,000). The Directors have declared a fully-franked interim dividend of 2 cents per share, in line with the preceding half-year and represents a grossed-up dividend yield of approximately 5.3% based on the 31 December 2019 share price. After the payment of this dividend, the Company retains approximately 2 cents per share in franked dividend capacity to assist in the payments of future dividends.

For the 6 months to 31 December 2019, the Company delivered a return of 7.3%<sup>1</sup> (measured by its pre-tax NTA), compared to a return of 6.6% for the benchmark, the Morgan Stanley Capital International All Country Asia ex Japan Net Index (MSCI) in \$A terms<sup>2</sup>. The increase in profit, pre-tax NTA and absolute returns were a result of strong performance, especially in the December quarter, with respect to a number of the Company's key themes – semiconductors, Chinese internet and Chinese consumer stocks.

The Directors consider that pre-tax net tangible asset backing per share ("NTA"), after the deduction of fees and expenses, adjusted for corporate taxes paid, and any capital flows and assuming the reinvestment of dividends ("pre-tax NTA"), is a better measure of performance of the Company than the reported profits. This is because the pre-tax NTA per share is the most accurate way to assess the investment performance of the Company's investment portfolio. For the 6 months to 31 December 2019, the Company's pre-tax NTA per share increased from \$1.08 to \$1.14. This is after the payment of 2 cents per share in dividends during the half-year. Total Shareholder Return (TSR) for the half year, based on share price appreciation and dividends paid, between 1 July 2019 and 31 December 2019, was 7.2%.

The Investment Manager has recently noted that: *"In Asia, we have been able to identify a large number of strong businesses with resilient characteristics that are cheap in absolute terms and relative to most other global markets."*

The Investment Manager has also commented with respect to the Coronavirus that: *"Currently, it is hard to estimate the likely duration, scale and impact of the Coronavirus."*

The Investment Manager continues to monitor the situation.

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<sup>1</sup> Source: Platinum Investment Management Limited (PAI returns) and FactSet Operating Systems (MSCI returns). Returns have not been calculated using the Company's share price. **Past performance is not a reliable indicator of future performance.**

<sup>2</sup> MSCI Inc Disclaimer: Neither MSCI Inc nor any other party involved in or related to compiling, computing or creating the Index data (contained in this Financial Report) makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI Inc, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the Index data is permitted without the express written consent of MSCI Inc.

**Platinum Asia Investments Limited**  
**Directors' Report**  
**31 December 2019**

**Dividends**

On 26 February 2020, the Directors declared a 2020 fully-franked interim dividend of 2 cents per share (\$7,260,000), with a record date of 6 March 2020 and payable to shareholders on 25 March 2020, out of the dividend profit reserve. The available franking credit balance after providing for the 2020 interim dividend would enable the payment of a fully-franked dividend up to 2.15 cents per share.

The ability of the Company to pay a more substantial fully-franked dividend is constrained by the fact that the Company did not generate significant realised gains in the half-year.

The Dividend Reinvestment Plan ('DRP') is in operation. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant issue price.

The relevant issue price will be the volume-weighted average share price of the Company's shares sold on the ASX over the five business days subsequent to the date on which the Company's shares cease to trade cum-dividend. No DRP discount will apply to the dividend.

**Strategies Aimed at Mitigating Losses and Delivering Solid Absolute Returns**

Strategies aimed at mitigating capital losses include adjusting cash levels, deploying funds from overvalued to undervalued Asian markets, short selling (if appropriate) and using derivatives.

Timing the implementation of these strategies is always challenging and, though the rewards can be gratifying, patience is often required. The nature of markets means it can take some time for inappropriately valued regional markets, industry sectors or individual stocks to become more widely recognised and to revert to a level close to their inherent value.

**Capital Management**

The Company did not engage in any capital raising activities during the 2020 half-year period. The Board has a flexible capital management policy. This policy enables the Board to manage its capital in the most appropriate manner, in response to changing market conditions and risks, with the sole aim of enhancing shareholder value. This includes the management of dividends paid, the use of placements, rights issues and/or share-buy backs.

Currently, LICs are out of favour with the market. Consequently, we note that the Company's share price has periodically traded at a discount to its pre-tax NTA backing per share (as at the date of this report). We will continue to monitor this.

**Rounding of amounts**

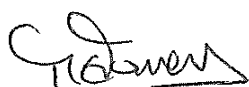
The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with this Instrument to the 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



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Margaret Towers  
Chairperson



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Ian Hunter  
Director

26 February 2020  
Sydney



## *Auditor's Independence Declaration*

As lead auditor for the review of Platinum Asia Investments Limited for the half-year ended 31 December 2019, 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.

A handwritten signature in black ink, appearing to read 'CJ Cummins', with a long horizontal stroke extending to the right.

CJ Cummins  
Partner  
PricewaterhouseCoopers

Sydney  
26 February 2020

**Platinum Asia Investments Limited****Contents****31 December 2019**

Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	19
Independent auditor's review report to the members of Platinum Asia Investments Limited	20

**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 financial statements.

The interim financial report was authorised for issue, in accordance with a resolution of Directors, on 26 February 2020.

**Platinum Asia Investments Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2019**

		<b>Half-year ended</b>	
	<b>Note</b>	<b>31 Dec 19</b>	<b>31 Dec 18</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Investment income</b>			
Dividends		2,145	2,230
Interest		294	125
Net gains/(losses) on equities/derivatives		30,343	(38,344)
Net (losses) on foreign currency forward contracts		(1,601)	(865)
Net foreign exchange (losses)/gains on overseas bank accounts		(451)	1,978
Total investment income/(loss)		<u>30,730</u>	<u>(34,876)</u>
<b>Expenses</b>			
Management fees	12	(2,202)	(2,185)
Custody		(247)	(259)
Share registry		(70)	(58)
Continuous reporting disclosure		(64)	(110)
Directors' fees	13	(93)	(93)
Auditor's remuneration and taxation services	14	(55)	(71)
Brokerage and transaction costs		(371)	(447)
Other expenses		(132)	(121)
Total expenses		<u>(3,234)</u>	<u>(3,344)</u>
<b>Profit/(loss) before income tax (expense)/benefit</b>		<b>27,496</b>	<b>(38,220)</b>
Income tax (expense)/benefit		<u>(8,272)</u>	<u>11,501</u>
<b>Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Platinum Asia Investments Limited</b>		<b>19,224</b>	<b>(26,719)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income/(loss) for the half-year attributable to the owners of Platinum Asia Investments Limited</b>		<b><u>19,224</u></b>	<b><u>(26,719)</u></b>
Basic earnings per share (cents per share)	9	<b>5.30</b>	<b>(7.40)</b>
Diluted earnings per share (cents per share)	9	<b>5.30</b>	<b>(7.40)</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**Platinum Asia Investments Limited**  
**Statement of financial position**  
**As at 31 December 2019**

	Note	As at	
		31 Dec 19 \$'000	30 June 19 \$'000
<b>Assets</b>			
Cash and cash equivalents		37,201	70,181
Trade and other receivables		212	2,166
Financial assets at fair value through profit or loss	3	380,193	326,254
Income tax receivable	2(b)	204	2,621
<b>Total assets</b>		<b>417,810</b>	<b>401,222</b>
<b>Liabilities</b>			
Trade and other payables		602	3,512
Financial liabilities at fair value through profit or loss	4	2,019	1,702
Deferred tax liability	2(a)	9,227	2,686
<b>Total liabilities</b>		<b>11,848</b>	<b>7,900</b>
<b>Net assets</b>		<b>405,962</b>	<b>393,322</b>
<b>Equity</b>			
Issued capital	8	351,418	350,756
Retained earnings	5	(9,207)	(9,207)
Capital reserve	6(a)	7,934	7,934
Dividend profit reserve	6(b)	55,817	43,839
<b>Total equity</b>		<b>405,962</b>	<b>393,322</b>

*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 half-year ended 31 December 2019**

		<b>Issued Capital \$'000</b>	<b>Retained earnings \$'000</b>	<b>Reserves \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2019		350,756	(9,207)	51,773	393,322
Profit after income tax expense for the half-year		-	19,224	-	19,224
Other comprehensive income for the half-year, net of tax		-	-	-	-
Total comprehensive income for the half-year		-	19,224	-	19,224
Transfer of profit after income tax for the half-year to the dividend profit reserve	6	-	(19,224)	19,224	-
<i>Transactions with owners in their capacity as owners:</i>					
Proceeds from the issue of shares associated with the dividend reinvestment plan and unclaimed dividends	8	662	-	-	662
Dividends paid	6(b), 7	-	-	(7,246)	(7,246)
Balance at 31 December 2019		<b>351,418</b>	<b>(9,207)</b>	<b>63,751</b>	<b>405,962</b>

	<b>Note</b>	<b>Issued Capital \$'000</b>	<b>Retained earnings \$'000</b>	<b>Reserves \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2018		348,121	(9,049)	80,604	419,676
Loss after income tax benefit for the half-year		-	(26,719)	-	(26,719)
Other comprehensive income for the half-year, net of tax		-	-	-	-
Total comprehensive loss for the half-year		-	(26,719)	-	(26,719)
<i>Transactions with owners in their capacity as owners:</i>					
Proceeds from the issue of shares associated with the dividend reinvestment plan and unclaimed dividends	8	1,831	-	-	1,831
Dividends paid	6(b), 7	-	-	(21,600)	(21,600)
Balance at 31 December 2018		<b>349,952</b>	<b>(35,768)</b>	<b>59,004</b>	<b>373,188</b>

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

**Platinum Asia Investments Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2019**

		<b>Half- year ended</b>	
	<b>Note</b>	<b>31 Dec 19</b>	<b>31 Dec 18</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Payments for purchase of financial assets		(265,898)	(299,417)
Proceeds from sale of financial assets		238,099	350,629
Dividends received		2,957	4,266
Interest received		374	119
Management fees paid		(2,186)	(2,242)
Other expenses paid		(947)	(1,080)
Income tax received/(paid)		945	(5,373)
<b>Net cash (used in)/from operating activities</b>		<b>(26,656)</b>	<b>46,902</b>
<b>Cash flows from financing activities</b>			
Dividends paid - net of dividend reinvestment plan	7	(6,756)	(19,998)
Proceeds from issue of shares in relation to unclaimed dividends	8	79	262
<b>Net cash (used in) financing activities</b>		<b>(6,677)</b>	<b>(19,736)</b>
Net (decrease)/increase in cash and cash equivalents		(33,333)	27,166
Cash and cash equivalents at the beginning of the half-year		70,181	57,363
Effects of exchange rate changes on cash and cash equivalents		353	2,164
<b>Cash and cash equivalents at the end of the half-year</b>		<b>37,201</b>	<b>86,693</b>

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

**Platinum Asia Investments Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 1 Basis of Preparation of the Interim Financial Report**

These financial statements for the interim reporting period ended 31 December 2019 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*.

These financial statements for the interim reporting period ended 31 December 2019 do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

*New Accounting Standards and Interpretations adopted for the 31 December 2019 reporting period.*

The following accounting standards, interpretations or amendments to existing standards are effective for the first time for the half-year ended 31 December 2019:

**AASB 16: Leases (effective from 1 January 2019)**

AASB 16 affects primarily the accounting by lessees and the results in the recognition of almost all leases on balance sheet. Management has assessed that adoption of this standard has not had any impact on the accounting policies or amounts recognised in the financial statements, as the Company does not hold any leases.

**IFRIC 23: Uncertainty over Income Tax Treatments (effective from 1 January 2019)**

The IFRS Interpretations Committee (IFRS IC) issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12: Income taxes are applied where there is uncertainty over income tax treatments. IFRIC 23 requires entities to calculate their deferred and current income tax liabilities in their financial statements as if the tax authorities were going to perform a tax audit. The Company has applied this interpretation with respect to determining its deferred and current income tax balances. Management has assessed that the adoption of this interpretation should not affect the deferred and current income tax balances or any of the disclosures in the financial statements.

*New Accounting Standards and Interpretations not yet mandatory for the 31 December 2019 reporting period.*

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

**Note 2. Income tax**

*(a) Recognition of deferred tax liability*

In line with its existing accounting policy, the Company has exercised judgement in determining the extent of recognition of its deferred tax balance.

The deferred tax liability figure in the statement of financial position is comprised of:

	<b>As at</b>	
	<b>31 Dec 19</b>	<b>30 June 19</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax liability on investments	(9,209)	(2,804)
Deferred tax liability on dividends accrued	(49)	(292)
Deferred tax asset impact on expense accruals	31	39
Deferred tax asset impact on costs associated with the Initial Public Offer (deductible over 5 years)	-	371
Deferred tax liability	<u>(9,227)</u>	<u>(2,686)</u>

**Platinum Asia Investments Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 2. Income tax (continued)**

At 31 December 2019, the Company is in a deferred tax liability position and this is predominantly because the Company has unrealised gains on investments of \$30,698,000 (30 June 2019: \$9,347,000). The deferred tax impact of these unrealised gains is \$9,209,000 (30 June 2019: \$2,804,000).

The realised tax balance will depend on the actual gains or losses generated as and when the investments are sold.

*(b) Income tax receivable*

The income tax receivable disclosed in the statement of financial position is comprised of:

	<b>As at</b>	
	<b>31 Dec 2019</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Current income tax provision (before foreign tax credits)	(1,717)	(6,274)
Foreign tax credits utilised	246	562
Current income tax provision	(1,471)	(5,712)
Income tax instalments paid during the half-year/year	1,675	8,333
Income tax receivable	204	2,621

The balance above reconciles to the statement of financial position. The "31 Dec 2019" column shows the tax provision and instalments for the 6 month period from 1 July 2019 to 31 December 2019. The "30 June 2019" shows the tax provision and instalments for the 12 month period from 1 July 2018 to 30 June 2019.

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

	<b>As at</b>	
	<b>31 Dec 2019</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Equity securities	378,745	325,964
Derivatives	-	56
Foreign currency forward contracts	1,448	234
	380,193	326,254

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

	<b>As at</b>	
	<b>31 Dec 2019</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Derivatives	27	212
Foreign currency forward contracts	1,992	1,490
	2,019	1,702

**Note 5. Retained earnings**

	<b>As at</b>	
	<b>31 Dec 2019</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	(9,207)	(9,049)
Profit/(loss) after income tax (expense)/benefit for the half-year/year	19,224	(158)
Transfer of profit after tax to the dividend profit reserve (see Note 6(b))	(19,224)	-
Closing balance	(9,207)	(9,207)

**Platinum Asia Investments Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 6. Reserves**

*(a) Capital reserve*

A total of 226,697,672 options that were issued under the 2015 IPO expired on 15 May 2017 and the total fair value of unexercised options, which was \$7,934,419, was transferred to a separate capital reserve, as follows:

	<b>31 Dec 2019</b>	<b>30 June 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Capital reserve	7,934	7,934
	<u>7,934</u>	<u>7,934</u>

*(b) Dividend profit reserve*

The Company may set aside some or all of its undistributed profits to a separate dividend profit reserve, to facilitate the payment of future franked dividends, rather than maintaining these profits within retained earnings. The current period profit after tax was transferred to the dividend profit reserve. The balance of this reserve is as follows.

	<b>31 Dec 19</b>	<b>As at 30 June 19</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance 1 July 2019 (1 July 2018)	43,839	72,670
Transfer of operating profit after tax from retained earnings (see Note 5)	19,224	-
Dividends paid (see Note 7)*	(7,246)	(28,831)
Closing Balance	<u>55,817</u>	<u>43,839</u>

\*Dividends are paid out of the dividend profit reserve. Subsequent to 31 December 2019, the 2020 interim fully-franked dividend of 2 cents per share will be paid out of the reserve. The balance in the dividend profit reserve after the payment of 2020 interim dividend is \$48,557,000 (or 13.38 cents per share, based on the current shares on issue).

**Note 7. Dividends**

*Dividends paid*

Dividends paid during the half-year were as follows:

	<b>Half-year ended 31 Dec 19</b>	<b>31 Dec 18</b>
	<b>\$'000</b>	<b>\$'000</b>
Final dividend paid for the 2018 financial year (6 cents per ordinary share)	-	21,600
Final dividend paid for the 2019 financial year (2 cents per ordinary share)	7,246	-
	<u>7,246</u>	<u>21,600</u>

The “dividends paid - net of dividend re-investment plan” figure shown in the statement of cash flows is determined as follows:

	<b>Half-year ended 31 Dec 19</b>	<b>31 Dec 18</b>
	<b>\$'000</b>	<b>\$'000</b>
Gross dividends (paid)	(7,246)	(21,600)
(Decrease)/increase in unclaimed dividends payable	(93)	33
Dividend reinvestment plan allotment (see Note 8)	583	1,569
Dividends (paid) - net of dividend re-investment plan (for cashflow)	<u>(6,756)</u>	<u>(19,998)</u>

*Dividends not recognised at half-year end*

On 26 February 2020, the Directors declared the payment of the 2020 interim fully-franked dividend of 2 cents per fully paid ordinary share. The aggregate amount of the dividend expected to be paid on 25 March 2020, but not recognised as a liability at half-year-end, is \$7,260,000.

**Platinum Asia Investments Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 7. Dividends (continued)**

*Franking credits*

	<b>As at</b>	
	<b>31 Dec 19</b>	<b>30 June 19</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available at the balance date based on a tax rate of 30%	6,657	10,708
Franking debits that will arise from the tax receivable at balance date based on a tax rate of 30%	(204)	(2,621)
Franking credits available based on a tax rate of 30%	<u>6,453</u>	<u>8,087</u>
Franking debits that will arise from the payment of dividends declared subsequent to balance date based on a tax rate of 30%	(3,111)	(3,105)
Franking credits available based on a tax rate of 30%	<u>3,342</u>	<u>4,982</u>

The available franking credit balance after providing for the 2020 interim dividend would enable the payment of a fully-franked dividend up to 2.15 cents per share.

**Note 8. Issued capital**

Shares on issue as at 31 December 2019 (and 30 June 2019) were as follows:

	<b>31 Dec 19</b>	<b>31 Dec 19</b>	<b>30 June 19</b>	<b>30 June 19</b>
	<b>Shares</b>	<b>\$'000</b>	<b>Shares</b>	<b>\$'000</b>
Ordinary shares - fully paid	363,018,742	351,418	362,297,596	350,756

Movements in ordinary share capital during the half-year were as follows:

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$'000</b>
<b>31 December 2019</b>			
Opening balance	1 July 2019	362,297,596	<b>350,756</b>
Dividend reinvestment plan (a)	23 Sep 2019	638,517	583
Reinvestment of unclaimed dividends (b)	2 Oct 2019	82,629	79
Closing balance	31 December 2019	<u>363,018,742</u>	<u>351,418</u>
<b>31 December 2018</b>			
Opening balance	1 July 2018	360,003,594	348,121
Dividend reinvestment plan (a)	17 Sep 2018	1,329,880	1,569
Reinvestment of unclaimed dividends (b)	26 Sep 2018	224,850	262
Closing balance	31 December 2018	<u>361,558,324</u>	<u>349,952</u>

(a) Shares were issued under the dividend reinvestment plan at a 2.5% discount to the volume-weighted price of the Company's shares traded on the Australian Securities Exchange (ASX), over the five business days subsequent to the date on which the Company shares ceased to trade cum-dividend.

(b) Dividends that remain unclaimed after 6 months from payment date are automatically reinvested into additional shares in the Company.

**Platinum Asia Investments Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 8. Issued capital (continued)**

*Ordinary shares*

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.

*Rights issue or share buy-back*

There is no current rights issue or share buy-back in place.

**Note 9. Earnings per share**

	<b>Half-year ended</b>	
	<b>31 Dec 19</b>	<b>31 Dec 18</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) after income tax attributable to the owners of Platinum Asia Investments Limited	19,224	(26,719)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	362,685,482	360,886,527
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	5.30	(7.40)
Diluted earnings per share	5.30	(7.40)

There have been no conversions to, calls of, or subscriptions for ordinary shares during the current or previous period other than those issued under the dividend reinvestment plan and reinvestment of unclaimed dividends. Therefore, diluted earnings per share equals basic earnings per share.

**Note 10. Statement of Post-Tax Net Tangible Asset Backing (NTA)**

	<b>As at</b>	
	<b>31 Dec 19</b>	<b>30 June 19</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciling Net Tangible Asset Backing (post-tax) in accordance with Australian Accounting Standards to that reported to the ASX</b>		
Post-tax Net Tangible Asset Backing per statement of financial position	405,962	393,322
Realisation costs* and accruals	-	(816)
Deferred income tax asset on realisation costs	-	245
Income tax payable/(receivable) not recognised in Net Tangible Asset Backing	36	(177)
<b>Post-tax Net Tangible Asset Backing as reported to the ASX</b>	<b>405,998</b>	<b>392,574</b>

Post-tax Net Tangible Asset Backing at 31 December 2019 was \$1.1184 per share (30 June 2019: \$1.0836).

\* From 1 December 2019, the ASX Listing Rules were changed to allow for the ASX reporting of Net Tangible Asset Backing per share to be prepared in accordance with Australian Accounting Standards. Therefore, there were no material differences between NTA reported to the ASX and NTA reported in the statement of financial position for 31 December 2019.

**Platinum Asia Investments Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 11. Fair value measurement**

*Fair value hierarchy*

AASB 13: *Fair Value Measurement* requires the Company to classify those assets and liabilities measured at fair value through profit or loss, using the following fair value hierarchy model (consistent with the hierarchy model applied to financial assets and liabilities at 30 June 2019):

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 tables below detail the Company's assets and liabilities, measured or disclosed at fair value through profit or loss, using the three level hierarchy model as at 31 December 2019. The Company had no assets or liabilities that were classified as level 3.

<b>As at 31 Dec 19</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>			
Equity securities	378,745	-	378,745
Foreign currency forward contracts	-	1,448	1,448
Total assets	378,745	1,448	380,193
<b>Liabilities</b>			
Derivatives	-	27	27
Foreign currency forward contracts	-	1,992	1,992
Total liabilities	-	2,019	2,019
<b>As at 30 June 19</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>			
Equity securities	319,254	6,710	325,964
Derivatives	56	-	56
Foreign currency forward contracts	-	234	234
Total assets	319,310	6,644	326,254
<b>Liabilities</b>			
Derivatives	212	-	212
Foreign currency forward contracts	-	1,490	1,490
Total liabilities	-	1,490	1,702

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 from level 1 to level 2 for any assets or liabilities measured at fair value through profit or loss during the period.

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

At 31 December 2019, 97.9% 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.



**Platinum Asia Investments Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 11. Fair value measurement (continued)**

***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:

- (i) foreign currency forward contracts are classified as level 2 because the forwards themselves are based on interest rate differentials; and
- (ii) Over-The-Counter (OTC) equity swap contracts are classified as level 2 because the swap contract itself is not listed and therefore there is no directly observable market price; or the price is sourced from the relevant counterparty. The price (and in the case of options, the relevant delta) can be verified directly from Bloomberg or verified using option pricing models. The underlying securities referred to in this swap contract have a directly observable price in an active market.

**Note 12. Investment Manager Fees**

The Investment Manager 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% (2019: 1.1%) per annum of the adjusted portfolio value (which includes cash and deposits).

In the event of termination and in accordance with the Investment Management Agreement, after the initial 10 year term has expired, the Investment Manager may be eligible to receive a 1.1% lump sum termination fee of the adjusted portfolio value (which includes cash and deposits) on the termination date.

A performance fee is payable at 15%, at 30 June, of the amount by which the portfolio's annual performance exceeds the return achieved by the MSCI (MSCI is the Morgan Stanley Capital International 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 underperformance is carried forward until a performance fee becomes payable.

For the 6 months to 31 December 2019, pre-tax performance of the portfolio was 6.96%<sup>3</sup> and the corresponding MSCI was 6.57%. This represents an outperformance of 0.39% against the MSCI for the current half-year. The brought forward prior year underperformance from 30 June 2019 was 7.66% and this means that total aggregate underperformance of 7.27% needs to be recovered before a performance fee will be paid.

Management fees paid and payable for the half-year ended 31 December 2019 is shown below:

	<b>Half-year ended</b>	
	<b>31 Dec 19</b>	<b>31 Dec 18</b>
	<b>\$</b>	<b>\$</b>
Management fee paid	1,823,548	1,845,829
Management fee payable	378,912	339,080
	<u>2,202,460</u>	<u>2,184,909</u>

**Note 13. Related party transactions**

***Fees***

Disclosures relating to management fees paid and payable to the Investment Manager, Platinum Investment Management Limited (PIML) are set out above in Note 12.

<sup>3</sup> This figure represents the 6 month return of the "Portfolio Value" (as defined in of the Investment Management Agreement), which is defined as the aggregate value of each asset or investment of the Company's portfolio. This differs from the Company's 6 month pre-tax NTA return of 7.3% referred to in the Directors' Report, which also includes non-portfolio and non-investment related assets and liabilities.

**Platinum Asia Investments Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 13. Related party transactions (continued)**

*Investment*

At 31 December 2019, PIML held 30 million ordinary shares in the Company, which represents an interest of 8.26% of the Company's ordinary shares. At 31 December 2019, the shares were valued at \$1.085 per share (30 June 2019: \$1.03 per share) and during the half-year PIML received a fully-franked dividend of \$600,000 (31 Dec 2019: \$1,800,000) for its holding in PAI.

*Loans to/from related parties*

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

*Key management personnel*

The tables below present Non-Executive Directors remuneration including superannuation paid and payable for the half-year ended 31 December 2019 and 31 December 2018.

**31 Dec 2019**

<b>Director</b>	<b>Cash Salary (\$)</b>	<b>Superannuation (\$)</b>	<b>Total (\$)</b>
Margaret Towers	30,000	2,850	32,850
Ian Hunter	27,500	2,612	30,112
Malcolm Halstead	27,500	2,612	30,112
	<u>85,000</u>	<u>8,074</u>	<u>93,074</u>

**31 Dec 2018**

<b>Director</b>	<b>Cash Salary (\$)</b>	<b>Superannuation (\$)</b>	<b>Total (\$)</b>
Margaret Towers	30,000	2,850	32,850
Ian Hunter	27,500	2,612	30,112
Malcolm Halstead	27,500	2,612	30,112
	<u>85,000</u>	<u>8,074</u>	<u>93,074</u>

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

	<b>Opening Balance</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Closing Balance</b>
Margaret Towers	50,000	-	-	50,000
Ian Hunter	200,001	-	-	200,001
Malcolm Halstead	1	-	-	1

**Note 14. Remuneration of auditors**

During the half-year, the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company:

	<b>Half-year ended</b>	
	<b>31 Dec 19</b>	<b>31 Dec 18</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - PricewaterhouseCoopers</i>		
Audit and review of the financial statements	41,850	51,308
<i>Other services - PricewaterhouseCoopers</i>		
Taxation services	13,213	19,398
	<u>55,063</u>	<u>70,706</u>

**Platinum Asia Investments Limited**  
**Notes to the financial statements**  
**31 December 2019**

**Note 15. Contingent liabilities**

No contingent liabilities exist as at 31 December 2019. The Company has no commitments for uncalled share capital on investments.

**Note 16. Operating Segment**

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

**Note 17. Events after the reporting period**

Since 31 December 2019, the Investment Manager has commented with respect to the Coronavirus that “*Currently, it is hard to estimate the likely duration, scale and impact of the Coronavirus. Outbreak of epidemics has tended not to materially impact longer term asset values.*” The Investment Manager is actively monitoring this situation.

Apart from this development and the dividend declared on 26 February 2020, as set out in Note 7 and the Directors’ report, no other significant matter or circumstance has arisen since 31 December 2019 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.

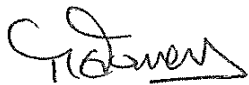
**Platinum Asia Investments Limited**  
**Directors' declaration**  
**31 December 2019**

In the Directors' opinion:

- the attached financial statements and notes, set out on pages 6 to 18, comply with the *Corporations Act 2001*, Accounting Standards, 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 2019 and of its performance for the 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



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Margaret Towers  
Chairperson

26 February 2020  
Sydney



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Ian Hunter  
Director



## **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 2019, the statement of changes in equity, statement of cash flows and statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other 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 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 gives a true and fair view and 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 Company's financial position as at 31 December 2019 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 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*.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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### *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:

1. giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Matters relating to the electronic presentation of the reviewed half-year financial report*

This review report relates to the half-year financial report of the Company for the half-year ended 31 December 2019 included on Platinum Asia Investments Limited's web site. The Company's directors are responsible for the integrity of the Platinum Asia Investments Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'CJ Cummins'.

CJ Cummins  
Partner

Sydney  
26 February 2020