

Appendix 4D

Half-Year Report

Listing Rule 4.2A.3

Company	Platinum Asset Management Limited
ASX Code	PTM
Half-Year Ended	31 December 2014
Previous corresponding period Half-Year Ended	31 December 2013
ABN	13 050 064 287

Results for Announcement to the Market

Announcement to the market for the Platinum Asset Management Limited Consolidated Group should be read in conjunction with the attached 31 December 2014 Interim Financial Report and the 30 June 2014 Annual Report.

	% Mvt	\$A'000
Total revenue	+2.46%	166,481
Profit from ordinary activities after income tax attributable to members	-3.95%	100,910
Net profit for the period attributable to members	-3.95%	100,910
Diluted EPS (cents per share)		17.24cps

Dividends

Ordinary dividend declared	17 cents per share fully-franked
Special dividend declared	10 cents per share fully-franked

The Company has decided to pay a special dividend in addition to the ordinary dividend to return some of its surplus cash back to shareholders.

Record date for ordinary and special dividend	4 March 2015
Payable date for ordinary and special dividend	18 March 2015

An ordinary dividend of 20 cents per share fully-franked for the year ended 30 June 2014 was paid on 23 September 2014.

Refer to the attached Auditor-reviewed financial statements for financial data on the Consolidated Group.

Dividend Reinvestment Plan

Whilst the Company has a Dividend Reinvestment Plan in place, it is not activated.

Other Information

Net tangible assets per share was \$0.64 at 31 December 2014 compared to \$0.64 at 31 December 2013.

P Howard
Company Secretary
19 February 2015

PLATINUM ASSET MANAGEMENT[®] LIMITED and Controlled Entities

ABN 13 050 064 287

INTERIM FINANCIAL REPORT

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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The interim financial report was authorised for issue on 19 February 2015 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 2014 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 2014.

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
Andrew Clifford	Executive Director and Chief Investment Officer
Elizabeth Norman	Executive Director and Director of Investor Services and Communications
Philip Howard	Finance Director and Company Secretary

Principal Activity

The Company is the non-operating holding company of Platinum Investment Management Limited and its controlled entities. Platinum Investment Management Limited, trading as Platinum Asset Management, operates a funds management business.

Operating and Financial Review

The three key variables that drive the profitability of the consolidated entity are average funds under management (FUM) growth, investment performance fees earned and expense growth. FUM for the half-year ending 31 December 2014 is shown in the table below.

Fund	Opening balance at 1 Jul 14 (\$'million)	Flows (\$'million)	Investment performance (\$'million)	Closing balance at 31 Dec 14 (\$'million)
Platinum Trust Funds and Platinum Global Fund	15,861	502	1,844	18,207
MLC Platinum Global Fund	1,079	(84)	94	1,089
Management Fee Mandates	2,119	(149)	208	2,178
"Relative" Performance Fee Mandates	3,190	20	305	3,515
"Absolute" Performance Fee Mandates	693	(21)	63	735
Total	22,942	268	2,514	25,724

Average FUM increased from \$21.4 billion for the 6 months to 31 December 2013 to \$24.3 billion for the 6 months to 31 December 2014. As a result, management fees increased by 14.3% to \$149.4 million and the rise in management fees, together with the gains made on holdings of its US Dollar cash balance, offset the decrease in performance fees from \$24 million in the previous period to \$398,000 for the 6 months to 31 December 2014.

Variations in expenses result from the increased FUM and specific strategies for business development and enhancing our investment capability. This variation in expenses combined to produce a consolidated profit before income tax expense of \$141,485,000 (2013: \$140,991,000). The decrease in performance fees resulted in the group having less offshore earnings to apply the Offshore Banking Unit (OBU) concessional tax rate of 10%. This caused income tax expense to increase. The half-year profit after tax was \$100,910,000 (2013: \$105,064,000).

The consolidated entity is in a strong financial position, with a strong balance sheet. The key drivers of future growth of the business are average FUM, investment performance and capital flows. Capital flows will benefit through the winning of new institutional mandates, the increasing trend for Australian investors to diversify their portfolio into global shares and the growth of self-managed superannuation funds (SMSFs).

On 31 October 2014, Platinum World Funds Plc incorporated in the Republic of Ireland ceased activity, due to uncertainty created by Australian tax law. The Australian Government recently announced changes to the taxation rules for foreign investors that use Australian fund managers. We are closely monitoring developments and will review the situation in the near future.

Dividends

The Directors have determined to pay an ordinary dividend of 17 cents per share, fully-franked (31 December 2013: 14 cents per share). The amount of the proposed ordinary dividend expected to be paid on 18 March 2015, but not recognised as a liability as at 31 December 2014, is \$99,735,000 (31 December 2013: \$81,152,000 paid).

In addition, the Directors have determined to pay a special dividend of 10 cents per share, fully-franked. The amount of the proposed special dividend which will also be paid on 18 March 2015, but also not recognised as a liability as at 31 December 2014, is \$58,668,000. The Company has decided to pay a special dividend to return some of its surplus cash back to shareholders.

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 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 2015

Kerr Neilson
Director



Auditor's Independence Declaration

As lead auditor for the review of Platinum Asset Management Limited for the half-year ended 31 December 2014, 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 the entities it controlled during the period.

SJ Smith
Partner
PricewaterhouseCoopers

Sydney
19 February 2015

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half-Year ended 31 December 2014

	Note	Half-Year to 31 Dec 14 \$'000	Half-Year to 31 Dec 13 \$'000
Revenue			
Management fees		149,374	130,661
Performance fees		398	24,003
Administration fees		<u>7,577</u>	<u>6,267</u>
Total revenue		157,349	160,931
Other income (including investment gains & losses)			
Interest		4,014	5,367
Dividends		211	-
Net (losses) on financial assets at fair value through profit or loss		(4,684)	(3,816)
Net gains on foreign currency contracts		235	98
Net gains/(losses) on foreign currency bank accounts		<u>9,356</u>	<u>(95)</u>
Total other income		9,132	1,554
Total revenue and other income		166,481	162,485
Expenses			
Staff		8,826	7,791
Custody, administration, trustee and unit registry		8,457	6,324
Business development		2,612	2,392
Rent and other occupancy		915	852
Research		889	1,061
Technology		775	736
Legal and compliance		608	450
Other professional		471	315
Depreciation		341	318
Mail house and periodic reporting		334	204
Statutory audit fee		263	216
Share registry		219	178
Insurance		201	187
Other		85	53
Share-based payments		-	417
Total expenses		24,996	21,494
Profit before income tax expense		141,485	140,991
Income tax expense		40,575	35,927
Profit after income tax expense		100,910	105,064
Other comprehensive income - currency translation movement	4	83	-
Total comprehensive income for the half-year		100,993	105,064
Total comprehensive income for the half-year attributable to:			
Controlling interests		100,993	105,064
Non-controlling interests		<u>-</u>	<u>-</u>
		100,993	105,064
Basic earnings per share (cents per share)	6	17.38	18.17
Diluted earnings per share (cents per share)	6	17.24	17.92

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	31 Dec 14 \$'000	30 Jun 14 \$'000
Current assets			
Cash and cash equivalents		111,727	24,854
Financial assets at fair value through profit or loss	2	104	69,746
Term deposits		252,813	273,813
Receivables		35,796	33,445
Total current assets		400,440	401,858
Non-current assets			
Net deferred tax assets		-	1,484
Fixed assets		3,487	2,784
Total non-current assets		3,487	4,268
Total assets		403,927	406,126
Current liabilities			
Payables		8,909	9,363
Financial liabilities at fair value through profit or loss	2	966	911
Current tax payable		17,280	17,977
Net deferred tax liabilities		1,330	-
Provisions		2,838	2,619
Total current liabilities		31,323	30,870
Total liabilities		31,323	30,870
Net assets		372,604	375,256
Equity			
Contributed equity	3	729,829	722,812
Reserves	4	(588,061)	(593,549)
		141,768	129,263
Retained profits		230,836	245,993
Total equity		372,604	375,256

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year ended 31 December 2014

		Contributed Equity \$'000	Reserves \$'000	Retained Profits \$'000	Total \$'000
	Note				
Balance at 1 July 2013		712,955	(562,146)	193,265	344,074
Total profit after income tax for the half-year		-	-	105,064	105,064
Transactions with equity holders:					
Exercise of options		2,430	-	-	2,430
Share-based payments reserve		-	417	-	417
Dividends paid	5	-	-	(80,950)	(80,950)
Balance at 31 December 2013		715,385	(561,729)	217,379	371,035
Balance at 1 July 2014		722,812	(593,549)	245,993	375,256
Total profit after income tax for the half-year		-	-	100,910	100,910
Transactions with equity holders:					
Exercise of options	3	7,017	-	-	7,017
Transfer of foreign currency reserves to current year profit	4	-	1,158	-	1,158
Movement in foreign currency translation reserve	4	-	4,330	-	4,330
Additional retained earnings from re-allocation of FX translation reserve		-	-	-	-
Dividends paid	5	-	-	(116,067)	(116,067)
Balance at 31 December 2014		729,829	(588,061)	230,836	372,604

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 2014

	Note	Half-Year to 31 Dec 14 \$'000	Half-Year to 31 Dec 13 \$'000
Cash flow from operating activities			
Receipts from operating activities		158,971	132,469
Payments for operating activities		(25,022)	(19,121)
Income taxes paid		(38,387)	(30,910)
Cash flow from operating activities		<u>95,562</u>	<u>82,438</u>
Cash flow from investing activities			
Interest received		4,401	5,259
Proceeds on maturity of term deposits		326,813	389,813
Purchase of term deposits		(305,813)	(403,813)
Receipts from sale of financial assets		130,556	-
Payments for purchases of financial assets		(61,953)	(4,832)
Purchase of fixed assets		(1,043)	(291)
Dividends received		303	-
Distributions received		4	2
Cash flow from investing activities		<u>93,268</u>	<u>(13,862)</u>
Cash flow from financing activities			
Dividends paid		(115,959)	(80,927)
Receipts from the issue of shares	3	7,017	2,430
Cash flow from financing activities		<u>(108,942)</u>	<u>(78,497)</u>
Net increase/(decrease) in cash and cash equivalents		79,888	(9,921)
Cash and cash equivalents held at the beginning of the half-year		24,854	24,052
Effects of exchange rate changes on cash and cash equivalents		6,985	310
Cash and cash equivalents held at the end of the half-year		<u>111,727</u>	<u>14,441</u>

The above Consolidated 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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report for the half-year reporting period ended 31 December 2014 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 2014 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, unless otherwise stated. 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 2014 reporting period. The impact of these new standards and interpretations are summarised below

(i) Revised AASB 9: *Financial Instruments (addressing accounting for financial liabilities and the de-recognition of financial assets and financial liabilities)* and AASB 2014-1: *Amendments to Australian Accounting Standards*

The revised standard defers the operative date of AASB 9: *Financial Instruments* from 1 January 2013 to 1 January 2018. AASB 9 provides guidance on the classification, measurement and de-recognition of financial assets and financial liabilities and introduces expanded disclosure requirements and changes in presentation. This standard was assessed as not having a significant impact on the Company, or consolidated entity.

(ii) IASB Annual Improvements to IFRS: 2012-2014 Cycle

The *Annual Improvements to IFRS: 2012-2014 Cycle* was issued by the International Accounting Standards Board in September 2014 and is the seventh collection of amendments issued under the annual improvement process, which is designed to make necessary, but non-urgent, amendments to IFRSs. The amendments apply for annual periods beginning on or after 1 January 2016 with early adoption permitted. The one amendment of relevance to the Company and consolidated entity relates to the information required by IAS 34: *Interim Financial Reporting* that is presented within the interim financial report but not within the actual interim financial statements. The amendment requires that such information be incorporated by way of cross-reference from the interim financial statements to the interim financial report. This amendment was assessed as not having a significant impact on the Company, or consolidated entity.

(iii) IFRS 15: *Revenue from contracts with customers*

IFRS 15 was issued by the International Accounting Standards Board (IASB) and its US counterpart in May 2014 and will apply from annual reporting periods beginning on or after 1 January 2017 and early adoption is permitted. When implemented in Australia, IFRS 15's AASB equivalent AASB 15 will replace AASB 111, 118 and AASB 1004.

The main objective of the new standard is to provide a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. Revenue recognised by an asset manager will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future periods. This means that performance fees will only be recognised once the contractual measurement period is completed. This is consistent with how performance fees are already recognised in the consolidated entity's accounts. This standard was assessed as not having a significant impact on the Company or consolidated entity.

There are no other standards that are not yet effective that are expected to have a material impact on the company and consolidated entity in the current or future reporting periods and on foreseeable future transactions.

2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 Dec 14 \$'000	30 Jun 14 \$'000
<i>Financial Assets</i>		
Equity securities	-	69,386
Derivatives	-	262
Unlisted unit trust investments	104	98
	<u>104</u>	<u>69,746</u>
<i>Financial Liabilities</i>		
Derivatives	966	813
Forward currency contracts	-	98
	<u>966</u>	<u>911</u>
Total of financial assets less liabilities	<u>(862)</u>	<u>68,835</u>

During the interim period, as a result of Platinum World Funds Plc ceasing activity, all financial assets and liabilities held by this UCITS Fund were realised, and at 31 December 2014, the realisation proceeds remain in the consolidated entity's USD foreign cash holdings.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year ended 31 December 2014

3. CONTRIBUTED EQUITY

Movement in share capital

	31 Dec 14 Quantity 000	31 Dec 14 \$'000	30 Jun 14 Quantity 000	30 Jun 14 \$'000
Ordinary shares - opening balance	580,336	722,812	578,146	712,955
Exercise of options - issue of shares on 19 August 2013	-	-	70	315
Exercise of options - issue of shares on 16 September 2013	-	-	70	315
Exercise of options - issue of shares on 22 October 2013	-	-	170	765
Exercise of options - issue of shares on 28 October 2013	-	-	30	135
Exercise of options - issue of shares on 11 November 2013	-	-	170	765
Exercise of options - issue of shares on 20 December 2013	-	-	30	135
Exercise of options - issue of shares on 24 February 2014	-	-	521	2,345
Exercise of options - issue of shares on 25 February 2014	-	-	59	266
Exercise of options - issue of shares on 26 February 2014	-	-	240	1,080
Exercise of options - issue of shares on 27 February 2014	-	-	453	2,039
Exercise of options - issue of shares on 28 March 2014	-	-	50	225
Exercise of options - issue of shares on 31 March 2014	-	-	80	360
Exercise of options - issue of shares on 8 April 2014	-	-	114	513
Exercise of options - issue of shares on 10 April 2014	-	-	80	360
Exercise of options - issue of shares on 12 May 2014	-	-	53	239
Exercise of options - issue of shares on 18 September 2014	100	450	-	-
Exercise of options - issue of shares on 30 September 2014	100	451	-	-
Exercise of options - issue of shares on 23 October 2014	85	383	-	-
Exercise of options - issue of shares on 24 October 2014	115	518	-	-
Exercise of options - issue of shares on 27 October 2014	50	225	-	-
Exercise of options - issue of shares on 30 October 2014	3	15	-	-
Exercise of options - issue of shares on 31 October 2014	52	236	-	-
Exercise of options - issue of shares on 10 November 2014	50	225	-	-
Exercise of options - issue of shares on 12 November 2014	100	450	-	-
Exercise of options - issue of shares on 13 November 2014	50	225	-	-
Exercise of options - issue of shares on 28 November 2014	96	432	-	-
Exercise of options - issue of shares on 8 December 2014	130	585	-	-
Exercise of options - issue of shares on 18 December 2014	130	585	-	-
Exercise of options - issue of shares on 19 December 2014	124	558	-	-
Exercise of options - issue of shares on 22 December 2014	70	315	-	-
Exercise of options - issue of shares on 23 December 2014	26	115	-	-
Exercise of options - issue of shares on 24 December 2014	50	225	-	-
Exercise of options - issue of shares on 29 December 2014	100	450	-	-
Exercise of options - issue of shares on 30 December 2014	26	118	-	-
Exercise of options - issue of shares on 31 December 2014	101	457	-	-
	<u>1,559</u>	<u>7,017</u>	<u>2,190</u>	<u>9,857</u>
Total contributed equity	<u>581,895</u>	<u>729,829</u>	<u>580,336</u>	<u>722,812</u>

Ordinary Shares

At 31 December 2014, the total number of shares on issue is 581,895,380. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. All ordinary shares are issued and authorised.

4. RESERVES

	Half-Year to 31 Dec 14 \$'000	Full-Year to 30 Jun 14 \$'000
Capital reserve	(588,144)	(588,144)
Movement in foreign currency translation reserve for the half-year		
Opening balance	(5,405)	-
Additional current period foreign translation reserve relating to Platinum World Funds Plc	4,247	(5,405)
Transfer of reserves to Income Statement on realisation of investment in Platinum World Funds Plc	1,158	-
Additional foreign translation reserve relating to PIMA Corp (US) (Refer to Note 10)	83	-
Closing foreign currency translation reserve balance	<u>83</u>	<u>(5,405)</u>
Closing reserves balance	<u>(588,061)</u>	<u>(593,549)</u>

During the period, Platinum World Funds Plc ceased activity. The balance in the foreign currency translation reserve at 31 December 2014 relates exclusively to PIMA Corp (US) (Refer to Note 10).

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year ended 31 December 2014

5. DIVIDENDS (fully-franked)

	Half-Year to 31 Dec 14 cents per share	\$'000	Half-Year to 31 Dec 13 cents per share	\$'000
Paid - 23 September 2013	-	-	14.00	80,950
Paid - 23 September 2014	20.00	116,067	-	-

Since the period end, the Directors have determined to pay a fully-franked ordinary dividend of 17 cents per share (2013:14 cents per share) payable out of profits for 6 months ended 31 December 2014.

In addition, the Directors have determined to pay a fully-franked special dividend of 10 cents per share.

These dividends have not been provided for at 31 December 2014, as they were declared after period end.

6. EARNINGS PER SHARE

	Half-Year to 31 Dec 14	Half-Year to 31 Dec 13
Basic earnings per share - cents per share	<u>17.38</u>	<u>18.17</u>
Diluted earnings per share - cents per share	<u>17.24</u>	<u>17.92</u>
	Half-Year to 31 Dec 14 \$'000	Half-Year to 31 Dec 13 \$'000
Earnings used in the calculation of basic earnings per share	<u>100,910</u>	<u>105,064</u>
Earnings used in the calculation of diluted earnings per share	<u>100,910</u>	<u>105,064</u>
Weighted average number of Ordinary Shares on issue used in the calculation of basic earnings per share*	580,672,691	578,363,032
Adjustment for potential ordinary shares - options "in the money" at balance date	4,783,520	7,993,205
Weighted average number of ordinary shares and potential ordinary shares used as a denominator in calculating diluted earnings per share	<u>585,456,211</u>	<u>586,356,237</u>

All 4,783,520 unexercised options granted to employees in June 2009 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share as they are deeply "in the money" and dilutive at 31 December 2014. The strike price is \$4.50 and the average share price of the Company for the period 1 July 2014 and 31 December 2014 was \$6.45. These options have not been included in the calculation of basic earnings per share.

* The weighted number of ordinary shares on issue used in the calculation of basic earnings per shares increased because new shares were issued as a result of employees exercising options during the period (see Note 3 for further details).

7. FAIR VALUE MEASUREMENT

AASB 13 *Fair Value Measurement* requires the consolidated entity to classify those assets and liabilities measured at fair value using the following fair value hierarchy model (consistent with the hierarchy model applied to financial assets at 30 June 2014).

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices) (level 2); and
- (iii) inputs for the assets or liability that are not based on observable market data (unobservable inputs) (level 3).

The consolidated entity recognises the following financial assets and liabilities at fair value, pursuant to AASB 13, on a recurring basis:

- (i) Equity securities, long equity swaps and long futures;
- (ii) Short equity swaps and short futures;
- (iii) Forward currency contracts; and
- (iv) Unlisted unit trust investments.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year ended 31 December 2014

7. FAIR VALUE MEASUREMENT (CONTINUED)

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using the three level hierarchy model at 31 December 2014 and 30 June 2014. The consolidated entity has no assets or liabilities that are classified as level 3.

31 December 2014

	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial Assets			
Unlisted unit trust investments	104	-	104
	<u>104</u>	<u>-</u>	<u>104</u>
Financial Liabilities			
Derivatives	966	-	966
	<u>966</u>	<u>-</u>	<u>966</u>
Total of financial assets less liabilities measured at fair value	<u>(862)</u>	<u>-</u>	<u>(862)</u>

30 June 2014

	Level 1 \$'000	Level 2 \$'000	Total \$'000
Financial Assets			
Equity securities	61,473	7,913	69,386
Derivatives	-	262	262
Unlisted unit trust investments	98	-	98
	<u>61,571</u>	<u>8,175</u>	<u>69,746</u>
Financial Liabilities			
Derivatives	748	65	813
Forward currency contracts	-	98	98
	<u>748</u>	<u>163</u>	<u>911</u>
Total of financial assets less liabilities measured at fair value	<u>60,823</u>	<u>8,012</u>	<u>68,835</u>

The consolidated entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. There were no transfers between levels 1 and 2 for any assets or liabilities measured at fair value during the half-year.

Valuation techniques used to classify assets and liabilities as level 1

As at 31 December 2014, all of the investments held by the consolidated entity were valued based on quoted prices in active markets. Accordingly, all investments are classified as Level 1 in the fair-value hierarchy model.

Valuation techniques used to classify assets and liabilities as level 2

At 30 June 2014, there were some financial instruments that were classified as level 2, because there was a degree of adjustment made to the quoted price i.e., whilst all significant inputs required for fair value measurement were observable and quoted on an active market, there was some degree of estimation or adjustment involved in deriving the fair value. Examples include:

- (i) foreign exchange contracts were classified as level 2 even though forward points were quoted in an active and liquid market. The forward points themselves were based on interest rate differentials;
- (ii) certain P-Notes/warrants were classified as level 2 because they were traded over-the counter and were often priced in a different currency to the underlying security;
- (iii) certain Over-The Counter (OTC) derivatives/options were classified as level 2 because, the price was sourced from the relevant counterparty, even though the price (and in the case of options, the relevant delta) could be verified from either Bloomberg or other option pricing models; and
- (iv) certain index derivatives were classified as level 2 because the registered schemes may agree with the counterparty to include or exclude one or more securities that make up the "basket" of securities that comprise the index derivative. Hence, the quoted price of the index derivative would be very similar, but not identical to the index derivative that the registered schemes hold.

8. 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.

9. 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 10.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year ended 31 December 2014

10. THE SUBSIDIARIES

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

- (i) McRae Pty Limited (incorporated in Australia and 100% owned by the Company).
- (ii) Platinum Asset Pty Limited (incorporated in Australia and 100% owned by the Company).
- (iii) Platinum Investment Management Limited (incorporated in Australia and indirectly 100% owned by the Company).
- (iv) Platinum Asset Management Pte Ltd (incorporated in Singapore and indirectly 100% owned by the Company).
- (v) Platinum Investment Management Australia Corporation (PIMA Corp (US)) (incorporated in the United States and indirectly 100% owned by the Company).

On 31 October 2014, the previously 100% owned UCITS Fund, Platinum World Funds Plc, ceased activity.

11. TRANSACTIONS WITH RELATED PARTIES

Platinum Investment Management Limited provides investment management services to related party unit trusts - the Platinum Trust Funds, the Platinum Global Fund 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, the Platinum Trust Funds and Platinum Global Fund, a monthly administration fee from the Platinum Trust Funds/Platinum Global Fund and in some instances a performance fee (that is calculated annually) based upon the relevant Fund's and Platinum Capital Limited's investment return over and above a specified benchmark. The total related party fees recognised in the consolidated Statement of Comprehensive Income for the period ended 31 December 2014 was \$128,966,381 (2013: \$109,293,015). Of this, an amount of \$24,608,439 was receivable at 31 December 2014 (2013: \$20,316,591).

Platinum Investment Management Limited uses its bank account to receive GST on behalf of the Platinum Trust Funds. At 31 December 2014, the amount of \$1,206,229 was received from the Australian Taxation Office and was payable to Platinum International Fund.

Platinum Investment Management Limited holds small investments in the Platinum Trust Funds. At 31 December 2014, the amount of this investment disclosed in the Statement of Financial Position was \$104,264 (30 June 2014: \$98,009).

During the period, Platinum World Funds Plc ceased activity and the consolidated entity redeemed its investment. The amount redeemed was A\$85 million.

Platinum Investment Management Limited is liable to pay an inter-company service fee to PIMA Corp, and at 31 December 2014, this fee is US\$143,597, which is the equivalent of A\$168,819. This fee is not recognised in the consolidated Statement of Comprehensive Income, as the fee is an inter-group transaction. At 31 December 2014, the net assets of PIMA Corp were A\$98,177 (30 June 2014: A\$14,841).

12. EVENTS OCCURRING AFTER REPORTING DATE

Since the end of the half-year, the Directors have declared a fully-franked ordinary dividend of 17 cents per share and a special dividend of 10 cents per share. Both dividends are payable on 18 March 2015.

No other matters have arisen since the end of the period that have 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.

DIRECTORS' DECLARATION

In the Directors' opinion,

- (a) the financial statements and notes set out on pages 4 to 12 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 2014 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

Kerr Neilson
Director

Sydney
19 February 2015



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 (the Company), which comprises the Consolidated Financial Position as at 31 December 2014, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the half-year ended on that date, selected explanatory notes and the Directors' declaration for Platinum Asset Management Limited (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 internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2014 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 2014 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

SJ Smith
Partner

Sydney
19 February 2015

DIRECTORY

Directors

Michael Cole
Bruce Coleman
Margaret Towers
Kerr Neilson
Andrew Clifford
Elizabeth Norman
Philip Howard

Company Secretary

Philip Howard

Shareholder Liaison

Elizabeth Norman

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Auditor and Taxation Advisor

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Securities Exchange Listing

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

Website

<https://www.platinum.com.au/Shareholder-information/>

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