

Appendix 4E

Preliminary final report

Listing Rule 4.3A

Company	Platinum Asset Management Limited
ASX Code	PTM
Year Ended	30 June 2015
Previous corresponding period – Year Ended	30 June 2014
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 30 June 2015 Annual Report:-

	% Mvt	\$A'000
Total revenue	+12.7%	360,422
Profit from ordinary activities after income tax attributable to members	+12.4%	213,499
Net profit for the period attributable to members	+12.4%	213,499
Diluted EPS (cents per share)		36.66 cps

The increase in revenue and profit is directly related to the increase in average daily funds under management ("FUM").

Dividends

Dividend declared	20 cents per share fully-franked
Ex-dividend date	27 August 2015
Record date	31 August 2015
Payable date	22 September 2015

An ordinary dividend of 17 cents per share fully franked was paid on 18 March 2015.

A special dividend of 10 cents per share fully franked was paid on 18 March 2015

Refer to the attached audited 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.

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Other Information

Net tangible assets per share was \$0.59 at 30 June 2015 as compared to \$0.65 at 30 June 2014, as a result of paying the special dividend of 10 cents per share, on 18 March 2015.

K Neilson
Director
20 August 2015

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PTM Chairman's Report 2015

Performance

The amount of money that we manage, so-called funds under management (FUM), is the key variable for the Platinum business model and an important determinant of our profit performance for the annual period.

The Company had a successful year underpinned by strong growth in FUM, which was assisted by solid absolute investment performance of our individual funds and investment mandates. The average level of FUM increased by 17.3% over the annual period.

As a result of strong FUM growth, management fees increased by 18.5% or \$50.3 million to \$322.1 million. The increase in management fees together with the gains made on our US cash holdings (up \$16.6 million), combined to more than offset the decrease in performance fees from \$27.4 million in the previous period to \$2.3 million for the 12 months to 30 June 2015.

Performance fees fluctuate materially from one annual period to the next. What is pleasing to report is that the Company was able to offset the decline in performance fees via an increase in FUM and management fees.

Costs have remained relatively constant with close monitoring and tight control. Staff costs decreased in the current year despite the increase in FUM and profit. This outcome is covered in the section dealing with remuneration matters but relates to the profit share scheme not operating, as it did not meet the investment outperformance hurdle.

These revenue and expense outcomes combined to generate a lift in net profit before tax to \$301.6 million, an increase \$40.5 million or 15.5%.

The net profit after tax was impacted by the fact that the Platinum Group had less performance fees to apply the Offshore Banking Unit (OBU) tax concessional rate of 10%. This caused income tax expense to increase and as a result net profit after tax was \$213.5 million (2014: \$189.9 million), an increase of \$23.6 million or 12.4%. This translated to diluted earnings per share of 36.7 cents per share, compared to 32.4 cents per share in FY2014, a lift of 13.3%

The Company has a strong balance sheet with few liabilities.

Funds Under Management (FUM) Growth

The closing level of FUM increased by \$4 billion or 17.1% to \$26.9 billion at 30 June 2015. The increase in FUM was driven by strong investment performance, which contributed \$5.3 billion. Fund distributions net of re-investments in our underlying Funds were \$1.4 billion, a record level. Net investment flows totalled \$0.08 billion.

Remuneration Matters

Staff costs actually declined this year (by \$3.2 million or 10.3%) despite solid FUM, profit, share price and dividend growth already highlighted.

The level of bonuses paid to the investment team generally and the selected staff participation in the profit sharing scheme are dependant on achieving strong relative returns or outperformance of benchmark returns over a one and three year period. This close alignment between investment team remuneration and their ability to make money for our underlying investors is fundamental to what these talented men and women are employed to do.

Importantly, for a funds management business, one of the key drivers of FUM growth is investment performance. It is therefore appropriate that investment team remuneration is closely aligned to investment performance.

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The alignment of remuneration to investment performance is a far better and more accurate measure of the firm's performance when compared to much simpler metrics such as the commonly used Total Shareholder Return (TSR). TSR measures share price appreciation or depreciation plus dividend reinvestment between two points in time. Whilst, over long periods of time, TSR will usually reflect the underlying performance of a company's business, it is Platinum's view that there are a number of issues in using TSR as a variable in employee remuneration. Shorter term variables, such as the macroeconomic environment or interest rates, are factors outside of the control of employees, but can overwhelm underlying developments in the business, and determine a Company's share price. The result is that employees may be either unduly rewarded or punished by variables outside of their control. The use of TSR as an incentive, in our view, may encourage a focus on short-term outcomes such as current year earnings, or short term investment returns, potentially at the expense of longer term business outcomes.

If PTM had used TSR as the basis of investment team remuneration in 2015, then bonuses may have increased significantly. This outcome would have occurred notwithstanding our relative investment returns, which, whilst acceptable, still lagged their respective benchmarks by the required outperformance margin.

It is our core belief that if Platinum successfully looks after its investors, then the resulting increase in performance and FUM will eventually reward shareholders through appreciation in the share price and increasing dividends.

Launching of New Products

The Platinum Group has had an extremely busy year launching or preparing to launch a range of products that will assist investors both in Australia and overseas to diversify their investment portfolio into global shares, via a world class fund manager.

Launch of new MFund Product

In September last year, PTM launched an MFund product, called Platinum Global Fund, on the ASX. This Fund is a long only investment strategy. It provides investors with the ability to invest directly via their broker or to invest directly in the product by coming through PTM. The Fund's return has grown some 20.2% between inception date and 30 June 2015.

Launch of a new Listed Investment Company (LIC)

The Platinum Group has recently commenced an Initial Public Offering (IPO) associated with the launch of a new ASX listed investment company, Platinum Asia Investments Limited (**PAI**). This investment product will provide investors with a convenient means of gaining exposure to the fastest growing equities markets in the Asian region ex Japan.

PAI will take advantage of long-term capital growth investment opportunities in a region that is undergoing deep transformation that offers compelling reasons to invest. The unlisted Platinum Asia Fund has an outstanding investment track record of consistent outperformance against the index since inception in 2003.

The PTM Group intends to be a long-term co-investor in the new LIC and, through its wholly-owned subsidiary, Platinum Investment Management Limited, will subscribe for 25% of the total amount raised under the Offer subject to a cap of \$50 million.

The Board is of the view the regional LIC exposure offered by PAI is a complementary investment for PTM shareholders. Of the \$26.9 billion of FUM at 30 June 2015, we estimate that about one quarter of this total represents Chinese investments listed in China, Hong Kong or other stock exchanges.

Launch of Offshore Fund

In my 2014 Chairman's Report, I mentioned that PTM had been involved in extensive discussions with the Australian Government in relation to legislation that was aimed at removing the tax

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uncertainty that prevented Australian fund managers, like PTM, from being able to market their product globally.

We are pleased to report that these extensive discussions and lobbying efforts have resulted in the passing of legislation that is workable from an industry perspective. As a result we will shortly launch a new UCITS (Undertaking for Collective Investment in Transferable Securities) Fund, in Ireland, that would allow PTM to develop and grow its brand name offshore.

These are really exciting opportunities for PTM as the business moves to diversify the distribution of its investment products both here in Australia and internationally.

Dividends

The Directors have declared a fully-franked ordinary dividend of 20 cents per share will be paid on 22 September 2015.

A fully-franked ordinary dividend of 17 cents per share was paid on 18 March 2015.

This is in addition to the special dividend of 10 cents per share that was also paid on 18 March 2015. The special dividend was paid to return excess cash to shareholders, and in part represented proceeds received from the exercise of options made in 2009. The proceeds received were \$28.5m in the 2015 year and \$39.5m overall.

The total dividend for the year is 47 cents per share (or 37 cents per share excluding the special dividend) and this represents an increase from the previous 12 months, in which total dividends paid out were 34 cents per share.

The Directors are confident that future dividends will be fully-franked.

Whilst the Company has a Dividend Reinvestment Plan in place, it has not been activated and is unlikely to be activated in the near term.

The Board and its associated Committees

During the year the Company was delighted to announce that Mr Stephen Menzies joined the PTM Board after a distinguished corporate law career. Stephen has proved to be an invaluable addition to the Board given his nearly three decades of legal background and experience associated with new product offerings across the funds management industry. As Stephen was appointed as an independent director to fill a casual vacancy he will offer himself for re-election to the Board at this years AGM.

Mr Andrew Stannard recently joined the PTM Board as the Group's Finance Director and Chief Financial Officer. Andrew has 25 years of funds management industry experience and most recently was AllianceBernstein's Chief Financial Officer for the Asia-Pacific region. The appointment followed Philip Howard's resignation from the Board on 25 May 2015. We thank Philip for his contribution to the Platinum team since 2001. Andrew will also offer himself for re-election to the Board at this years AGM.

Both the Nomination and Remuneration Committee and Audit, Risk and Compliance Committee had productive years. The Nomination and Remuneration Committee has had to oversee changes to the way that Non-Executive Directors are remunerated and also changes to the composition of the Board.

The Audit, Risk and Compliance Committee have had to oversee many regulatory changes and the increased level of resources attributable to compliance is strongly linked to the growth of the business.

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Commitment to Climate Action

The Company continues to monitor its carbon usage. Carbon credits have been purchased by the Manager to offset any material carbon emissions made by the Company, for electricity usage and travel for the purposes of stock research conducted by the investment analysts.

Conclusion

The Managing Director's Letter to Shareholders also addresses the key challenges being faced by the business and the funds management industry and discusses key growth opportunities.

Michael Cole
Chairman
20 August 2015

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2015 Managing Director's Letter to Shareholders

As a shareholder, you will appreciate that the principal driver of our business is the level of funds under management (FUM). One of the key determinants of this is our investment performance.

Investment Performance

The performance of our funds over the last three years has been strong. In the flagship Platinum International Fund, the 24.7% compound pa return represents a near doubling of an investors' position from three years ago (pre-tax and including distributions reinvested). Throughout this time, the funds have continued to run risk reduction strategies via cash and short positions.

It is a testing time for fund managers. This is especially the case for our stock-picking style of investment as it does best when there is more dispersion of stock price behaviour. In plain language, the gap between the strongest performing and the weakest performing shares around the world has been much narrower than usual. The magnitude of opportunities for picking winners is consequently lower than it has been in the past. This is not the same as the dispersion of valuations, which has widened considerably as investors have sought refuge in company's presumed to be "safe" while cyclical companies have been eschewed.

The Investment Team

We regard the investment team as the engine room of what we do. We have used earlier letters to explain the re-ordering of the team into specialist subsets either by industry or geographic segmentation, in the case of Asia. The latter segregation is on account of language but in fact, the specialist teams cover their industries from a global perspective and hence there is an overlap.

Andrew Clifford, our co-founder and head of investments (CIO), continues to guide the investment team and fine-tune the processes involved. There has been good idea generation and a benefit from the interchange of ideas among the teams and team leaders. Helped by the work of the quant team, we are able to create a dynamic image of those areas that are extravagantly valued and those which reflect neglect, our favoured hunting ground. With the dealing team now spending greater effort to gauge sentiment and other indicators, we are pleased with the overall co-ordination in our quest for the rational allocation of funds, otherwise known as solid stock-picking.

We witnessed a small group of analysts leave during the year. Losing members of the team is always regrettable but it is a characteristic of the industry. We have continued to follow our recruitment cycle and are operating with a full complement.

Costs

As you are aware, staff costs are the most significant and variable of our outgoings. In general, the investment team receives base salaries that we believe approximately reflects the industry's pay scale (in this well-remunerated industry) but their individual and group contributions can significantly raise their final income packages towards the top of the pay scale. As noted before, there is some upward drift in the investment staff's salaries on account of seniority and a gradual augmentation of the investment team to ensure adequate research coverage in an expanding universe of world stocks. This is the consequence of globalisation, which is expanding the number and diversity of available investment opportunities. Overall, however, our costs were reasonably well-contained and flat for the period 2014/2015.

Performance allowed us to pay good bonuses yet the profit share pool, which we introduced last year, did not apply. As noted in last years' letter, this payment to members of the investment staff falls due when the total pool of funds we manage outperforms the fund weighted benchmark by 1%, over a rolling three and one year period.

Funds Under Management (FUM)

It has taken Australian investors a long time to heed our calls for more exposure to world stock markets. This reluctance was understandable when the country and currency was still enjoying the flattening glide that characterised the end of the resources boom but now that our terms of trade are clearly heading downwards and the A\$ is weakening, we are surprised by their seeming unwillingness to lay off their exposure and have more investment in assets abroad. Even so, we have seen reasonable flows from private investors though this was partly offset by some institutional accounts redeeming investments because of a desire to change their asset mix.

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Fund Under Management (\$mn, to 30 June 2015)

Fund	Opening Balance (1 July 2014)	Flows	Distribution	Investment Performance	Closing Balance (30 June 2014)
Platinum Trust Funds and Platinum Global Fund	15,861	911	(1,425)	3,770	19,117
MLC Platinum Global Fund	1,079	(187)	-	221	1,113
Management Fee Mandates	2,119	(189)	-	445	2,375
"Relative" Performance Fee Mandates	3,190	(316)	-	671	3,545
"Absolute" Performance Fee Mandates	693	(139)	-	155	709
TOTAL	22,942	80	(1,425)	5,262	26,859

Source: Platinum

The money we manage for institutional clients has otherwise been steady and underscores the challenge sponsors face when selecting global fund managers. Typically, the sums being allocated are large so they need to find a manager who has the experience and record of managing large amounts of money without it adversely affecting overall returns. The list is remarkably short when looking for those in business for over 15 years and with our returns.

FUM Retention

There are two clear patterns with retail investors. Their timing of entry and exit into managed funds tends to be poor and secondly, even though these managed funds are sold on the basis of long-term records, investors tend to enter and exit their investment within five years of their initial investment. We have calculated that this entry-and-exit pattern results in a return to the client a full 6% less than a buy-and-hold return would have harvested. Fortunately, our analysis shows that our investors stay with us for about 7-8 years, which is above the industry average. As a consequence they tend to do better than the index.

We are pursuing various avenues to try to modify and improve these patterns: we have changed the regular savings plan to a minimum initial investment of \$10,000 combined with a regular monthly or quarterly contribution of at least \$200. We are also using the website to try to connect more closely with existing clients and to deliver regular information content.

In addition, each quarter we mail out our quarterly report which aims to lucidly communicate our prevailing views and current action within each portfolio. This entails a mail-out of 35,000 reports each quarter. This is in addition to the regular road shows where we present in the major Australian cities, separately to clients and investment advisors. We are experiencing rising engagement by those using the web for information and insights. The "Journal" page is proving popular where readers can find articles about investment themes or stocks that we favour.

Douglas Isles, Platinum's investment specialist, has been hugely energetic travelling the country presenting and talking with advisors or their clients. Unlike many in his role, Douglas has been an analyst and hence presents with the knowledge of a practitioner and conveys what really matters rather than simply pushing product.

Julian McCormack, a former analyst also with Platinum, has joined Douglas with the task of building relationships in the New Zealand market – where investors generally have a far higher predilection for investing abroad than do most Australians. Julian is also building bridges with accounting firms who have adopted the role of providing clients with wealth planning advice.

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To play a small part in raising the professionalism within the financial advisory industry, Platinum Asset Management and The Neilson Foundation are equally funding 20 bursaries collectively at five Australian universities¹. The choice of candidates is in the hands of each University with the proviso that the bursary goes to students who are majoring in financial planning. Platinum has further committed to giving two candidates a month's work experience on an annual basis. We welcomed our first two interns this year and were delighted by their performance and enthusiasm. The surprise was how different their experience was to that which they had envisaged as under-graduate students. Delightfully, it was all positive.

Under the able direction of the Assistant to the Treasurer, the Honourable Josh Frydenberg MP, the thorny issues around the tax legislation governing Australia-based fund managers offering products to foreign investors has been largely resolved as part of the Investment Manager Regime (IMR).

We can now proceed to offer **UCITS** (Undertakings for Collective Investments in Transferable Securities) to investors based in Europe or Asia without fear of intervention by the Australian Tax Office. We have consequently re-applied to launch Irish registered UCITS to offer three funds, namely, a Global fund, Asia ex Japan fund and a Japan fund. The offer documents are close to being registered and we shall be promoting these funds from September with initial seeding by Platinum Investment Management Limited.

Charles Brooks, our investment specialist for professional investors will be spending more time abroad promoting these products. We continue to seek out large mandates where there is a fit of needs. Some balk at fees as a matter of principal even though the performance is always calculated after all fees. As noted in earlier letters, to accommodate these concerns we offer institutions a low base fee and participate in superior performance by charging a fee that is levied upon the outperformance relative to the benchmark. This rations the number of prospects but equally ensures that we gradually build relationships with institutions who appreciate the scarcity of index agnostic managers who have scale and a long history of delivering superior and differentiated performance characteristics.

The **mFund** – the instrument that allows investors to buy or sell shares in the Platinum Global Fund through their stockbrokers on the ASX began trading in September last year. The volumes of trade for our product and that of other equity funds have been generally acknowledged as disappointing. The ASX has failed to excite the interest of some large online brokers and this is retarding the take-up of this alternative distribution channel. To date we have received applications of \$16 million with only one withdrawal transaction. The Platinum Global Fund stands at \$20 million fund size at year end.

Platinum has been actively marketing a new listed investment company, **Platinum Asia Investments Limited (ASX: PAI)** and in just over a week since the offer opened, PAI has received commitments in excess of the minimum capital raising target of \$150 million. The offer is due to close on 7 September 2015 and PAI is expected to list on the ASX on 21 September 2015. This entity, which will be run alongside the Platinum Asia Fund, is being launched to tap into those investors who prefer the attributes of a listed entity above those of a managed fund. The \$550 billion pool of SMSF is the primary target. We continue to encourage investors to reconsider their exposure to the Australian market and the Australian dollar, in the face of a fast changing world of opportunity. PAI will sit alongside our other listed LIC, Platinum Capital Limited (ASX: PMC).

Outlook

We are pleased with the development of the investment team and the breadth of our capability. We have made a greater commitment to embrace the planning community and continue to progressively develop relationships with professional investors both here and abroad.

We continue to find attractive investment opportunities in markets around the world which bodes well for our future.

Kerr Neilson
Managing Director

¹ The 20 annual scholarships, valued at \$15,000 each, are spread over the University of Canberra, Curtin University, Griffith University, La Trobe University and Deakin University.

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Platinum Asset Management Limited

ABN 13 050 064 287

Financial Report - 30 June 2015

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Directors	Michael Cole Bruce Coleman Margaret Towers Stephen Menzies Kerr Neilson Andrew Clifford Elizabeth Norman
Shareholder liaison	Elizabeth Norman
Company secretary	Janna Vynokur
Notice of annual general meeting	The details of the Annual General Meeting (AGM) of Platinum Asset Management Limited are: 10am Thursday 5 November, 2015 Marble Room Radisson Blu Plaza Hotel Sydney 27 O'Connell Street Sydney NSW 2000
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 register	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	PricewaterhouseCoopers 201 Sussex Street Sydney NSW 2000
Stock exchange listing	Platinum Asset Management Limited shares are listed on the Australian Securities Exchange (ASX code: PTM)
Website	www.platinum.com.au/Shareholder-information/
Distribution of Annual Report to Shareholders	The Law allows for an "opt in" regime through which shareholders will receive a printed "hard copy" version of the Annual Report only if they request one. The Directors have decided to only mail out an Annual Report to those shareholders who have "opted in".
Financial Calendar	27 August 2015 - Ordinary shares trade ex-dividend 31 August 2015 - Record (books close) date for dividend 22 September 2015 - Dividend paid These dates are indicative and may be changed
Questions for the AGM	If you would like to submit a question prior to the AGM to be addressed at the AGM, you may e-mail your question to invest@platinum.com.au . Platinum Asset Management does neither guarantee the repayment of capital nor the investment performance of the company.

The shareholder information set out below was applicable as at 17 August 2015.

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	5,249
1,001 to 5,000	12,928
5,001 to 10,000	2,985
10,001 to 100,000	1,700
100,001 and over	56
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	22,918
	<hr/> <hr/>
Holding less than a marketable parcel (less than \$500)	174
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Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares % of total shares issued
	Number held
Platinum Investment Management Limited (nominee)	216,210,772
J Neilson	126,250,000
HSBC Custody Nominees (Australia) Limited	37,576,337
JP Morgan Nominees Australia Limited	35,076,688
National Nominees Limited	16,645,583
Citicorp Nominees Pty Limited	13,993,271
Jilliby Pty Limited	7,500,000
BNP Paribas Nominees Pty Limited	5,810,321
J Clifford	5,000,000
Charmfair Pty Limited	4,240,694
RBC Investor Services Australia Nominee Pty Limited	3,583,932
Charmfair Pty Limited	3,472,269
Xetrov Pty Limited	2,000,000
SBN Nominees Pty Limited	1,540,500
Citicorp Nominees Pty Limited	1,383,716
Navigator Australia Limited	960,311
AMP Life Limited	715,638
BNP Paribas Nominees Pty Limited	611,886
Jilliby Pty Limited	603,000
Netherfield Nominees Pty Limited	600,000
	<hr/>
	483,774,918
	<hr/> <hr/>
	82.46

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
J Neilson, K Neilson	312,074,841	53.24
J Clifford, Moya Pty Limited, A Clifford	32,831,449	5.85

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'group') consisting of Platinum Asset Management Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2015.

Directors

The following persons were Directors of Platinum Asset Management Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Michael Cole	Chairman and Non-Executive Director
Bruce Coleman	Non-Executive Director
Margaret Towers	Non-Executive Director
Stephen Menzies	Non-Executive Director (appointed 11 March 2015)
Kerr Neilson	Managing Director
Andrew Clifford	Executive Director and Chief Investment Officer
Elizabeth Norman	Executive Director and Director of Investor Services and Communications
Andrew Stannard	Executive Director and Chief Financial Officer (appointed 10 August 2015)

Philip Howard was an Executive Director until his resignation on 25 May 2015.

Company Secretary

Janna Vynokur was appointed Company Secretary on 25 May 2015. Ms Vynokur holds a Bachelor of Commerce and a Bachelor of Laws degree. Previously, Ms Vynokur worked for Allens Linklaters, where she held the position of Managing Associate. Ms Vynokur has 14 years of legal experience with expertise in funds management, financial services regulation and corporate governance.

Philip Howard was Company Secretary until his resignation on 25 May 2015.

Other Board Appointed Officers of the Company

Marcia Venegas was appointed as Chief Compliance Officer on 16 March 2015.

Mark Aggarwal was appointed as Acting Chief Financial Officer between 25 May 2015 and 10 August 2015.

Principal Activities

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 principal driver of the business is the level of funds under management (FUM). One of the key determinants of this is investment performance. Our underlying Funds have all delivered solid absolute returns over the past year and the majority of our Funds have exceeded the returns of their respective benchmark over the past six months to 30 June 2015.

Funds Under Management ("FUM") increased from \$22.9 billion at 30 June 2014 to \$26.9 billion at 30 June 2015. As a result, management fees increased by \$50.3 million or 18.5% to \$322.1 million and the rise in management fees, together with the increased gains made on holdings of the Company's US Dollar cash balance (up \$16.6m), offset the decrease in performance fees from \$27.4 million in the previous year to \$2.3 million for the year to 30 June 2015. Revenue increased by 12.7% to \$360.4 million and has benefitted from the falling Australian dollar.

Costs have remained relatively constant and are closely monitored. The increase in management fee revenue together with the containment in costs have combined to produce a profit before income tax expense of \$301,550,000 (2014: \$261,045,000) which represents an increase of 15.5%. The profit after tax for the year was \$213,499,000 (2014: \$189,867,000) which represents an increase of 12.4%.

Platinum is increasing the range of products on offer to assist investors who wish to achieve investment diversification by accessing global share market opportunities through a world class investment manager. In September last year, Platinum launched an MFund product, Platinum Global Fund, on the ASX that provides investors with the ability to invest directly in a long-only global fund, that will deliver long-term wealth creation.

Operating and Financial Review (continued)

Platinum has commenced an Initial Public Offering (IPO) for Platinum Asia Investments Limited (ASX code: PAI), which is an Asian Listed Investment Company (LIC) to take advantage of the long-term growth prospects in one of the fastest growing regions of the world. The Company has been appointed as the Investment Manager. The Platinum Group has been extensively involved in the marketing of this new LIC and intends to be a long-term co-investor and has committed to an investment of 25% of the total funds raised up to a cap of \$50 million.

The Australian Government recently announced changes to the taxation rules for foreign investors that use Australian fund managers, which should eliminate the tax uncertainty that had prevailed in the past. During the year, Platinum extensively lobbied Government officials to ensure our concerns were dealt with. As a result, we have sufficient comfort to launch a new offshore investment vehicle, Platinum World Portfolios Plc., incorporated in the Republic of Ireland. This entity will shortly commence trading. The Company will seed the offshore entity with an investment of US\$25m across three sub-funds (International, Asia and Japan). We intend to market this new Fund actively in the global sphere, highlighting our strong medium and longer-term record of outperformance, that sets us apart from the majority of fund managers in the industry. Accordingly, the Platinum Group decided to wind down its previous offshore investment fund, Platinum World Funds Plc.

The consolidated entity is in a strong financial position, with a strong balance sheet. The key drivers of future growth of the business are investment performance and capital flows, which have a significant influence on our average FUM. Capital flows will benefit through the development of new products, the winning of new institutional mandates, the increasing trend for Australian investors to increase their exposure to world stock markets, strengthening our relationship with the professional investor community and accessing the growth of self-managed superannuation fund (SMSF) sector.

Further information in relation to the Company can be found in the Chairman's Report and Managing Director's Letter to Shareholders.

Dividends

Since the end of the financial year, the Directors have declared a 20 cents per share (\$117,335,780) fully-franked ordinary dividend, with a record date of 31 August 2015 and payable to shareholders on 22 September 2015. A fully-franked ordinary dividend of 17 cents per share (\$99,221,000) was paid on 18 March 2015. A fully-franked ordinary dividend of 20 cents per share (\$116,067,000) was paid on 23 September 2014.

In addition, a fully-franked special dividend of 10 cents per share (\$58,365,000) was paid on 18 March 2015 to return some of the Company's surplus cash back to shareholders.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters Subsequent to the End of the Financial Year

Apart from the dividend declared, no other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

Since the end of the financial year, the Directors are not aware of any matter or circumstance, not otherwise dealt with in this report or financial statements that has significantly, or may significantly affect, the operations of the consolidated entity or the results of its operations in subsequent financial periods.

Environmental Regulation

The consolidated entity is not subject to any significant environmental regulation under Commonwealth, State or Territory law.

Information on Directors

Michael Cole BEcon, MEcon, FFin

Independent Non-Executive Director, Chairman and member of the Audit, Risk & Compliance and Nomination & Remuneration Committees since 10 April 2007. (Age 67)

Mr Cole has over 37 years of experience in the investment banking and funds management industry. Mr Cole was an Executive Director/Executive Vice President at Bankers Trust Australia for over 10 years. Mr Cole is Chairman of Ironbark Capital Limited and IMB Limited.

Bruce Coleman BSc, BCom, CA, FFin

Independent Non-Executive Director, Chair of the Nomination & Remuneration Committee and member of the Audit, Risk & Compliance Committee since 10 April 2007. (Age 65)

Mr Coleman has worked in the finance and investment industry since 1986. He was the CEO of MLC Investment Management from 1996 to 2004. He has held various directorships within MLC Limited, Lend Lease and the National Australia Banking group. Mr Coleman is Chairman and Director of Platinum Capital Limited, Chairman of Resolution Capital Limited and on 24 June 2015, Mr Coleman was appointed Chairman and Director of Platinum Asia Investments Limited.

Margaret Towers CA, GAICD

Independent Non-Executive Director, Chair of the Audit, Risk & Compliance Committee and member of the Nomination & Remuneration Committee since 10 April 2007. (Age 57)

Ms Towers is a Chartered Accountant with over 33 years of experience in financial markets. She was formerly an Executive Vice President at Bankers Trust Australia and worked at Price Waterhouse. Ms Towers acts as an independent consultant and compliance committee member to Australian Financial Institutions. Ms Towers is a Non-Executive Director of IMB Limited.

Stephen Menzies BEcon, LLB, LLM

Independent Non-Executive Director, member of the Audit, Risk & Compliance Committee and member of the Nomination & Remuneration Committee since 11 March 2015. (Age 59)

Mr Menzies is currently a Director of Century Australia Investments Limited and Chairman of the Centre for Quantum Computation & Communication Technology. Mr Menzies retired as a partner at Ashurst law firm last year and until his retirement was consistently ranked as one of Australia's leading corporate lawyers. As Head of China Practice for Ashurst, Mr Menzies oversaw the Shanghai and Beijing offices of that firm. As a senior lawyer, he managed legal work of significant projects in capital markets and mergers including some of the largest transactions in Australia. Previously, Mr Menzies was National Director for Enforcement at the Australian Securities Commission and has a long history in the funds management sector. Mr Menzies was recently appointed a Director of Platinum World Portfolios Plc.

Kerr Neilson BCom, ASIP

Managing Director since 12 July 1993. (Age 65)

Mr Neilson was appointed as Managing Director upon incorporation. He is the Managing Director of Platinum Investment Management Limited and Platinum Capital Limited. Prior to Platinum, Mr Neilson was an Executive Vice President at Bankers Trust Australia. Previously he worked in both the UK and South Africa in stockbroking.

Andrew Clifford BCom (Hons)

Director and Chief Investment Officer since 8 May 2013. (Age 49)

Mr Clifford joined Platinum as a co-founding member in 1994 in the capacity of Deputy Chief Investment Officer. He is a Director of Platinum Investment Management Limited and Platinum Capital Limited. Previously he was a Vice President at Bankers Trust Australia covering Asian equities and managing the BT Select Market Trust - Pacific Basin Fund. Mr Clifford is co-manager of Platinum International Fund.

Elizabeth Norman BA, Graduate Diploma in Financial Planning
 Director of Investor Services and Communications since 8 May 2013. (Age 47)

Ms Norman joined Platinum in February 1994 in a role of Investor Services and Communications Manager. Previously she worked at Bankers Trust Australia in product development and within the retail funds management team. Ms Norman's role as a Director of Investor Services and Communications reflects the widening of Platinum's client base and the consolidated entity's commitment to supporting retail and institutional clients with dedicated investment specialists.

Andrew Stannard BMS(Hons), Graduate Diploma in Applied Finance and Investment, CA
 Director and Chief Financial Officer since 10 August 2015. (Age 48)

Mr Stannard joined Platinum from AllianceBernstein where he held the position of Chief Financial Officer for the Asia-Pacific region. Mr Stannard has 25 years of finance experience with expertise in audit, financial control, operations, funds management, financial services regulation and corporate governance.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2015, and the number of meetings attended by each Director were:

	Board		Nomination & Remuneration Committee		Audit, Risk & Compliance Committee	
	Attended	Held	Attended	Held	Attended	Held
Michael Cole	4	4	3	3	4	4
Bruce Coleman	4	4	3	3	4	4
Margaret Towers	4	4	3	3	4	4
Stephen Menzies (from 11 March 2015)	1	1	1	1	1	1
Kerr Neilson	4	4	-	-	-	-
Andrew Clifford	4	4	-	-	-	-
Elizabeth Norman	4	4	-	-	-	-
Philip Howard (until 25 May 2015)	3	3	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Indemnity and Insurance of Officers

During the year, the Company incurred a premium in respect of a contract for indemnity insurance for the Directors and Officers of the Company named in this report.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 19 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Non-Audit Services (continued)

The Directors are of the opinion that the services as disclosed in Note 19 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board..

Officers of the Company who are Former Audit Partners of PricewaterhouseCoopers

There are no officers of the Company who are former audit partners of PricewaterhouseCoopers.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order 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 page 17.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Michael Cole
Chairman

20 August 2015
Sydney

Kerr Neilson
Director

Introduction

The Company's Directors present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 for the Company and consolidated entity for the year ended 30 June 2015. The Remuneration Report forms part of the Directors Report.

The information provided in this Remuneration Report has been audited by the Company's auditor, PricewaterhouseCoopers, as required by section 308 (3C) of the Corporations Act 2001.

Summary of remuneration outcomes for 2015

- the Managing Director waived his ability to receive a bonus in 2015 and this was ratified by the Nomination & Remuneration Committee;
- Investment management remains the core function of the business and, as a result, generating investment returns for clients is a key driver to gain and retain client monies over the medium term. Aggregate bonuses paid to the Investment Team are linked to investment performance of all client funds (relative to appropriate benchmarks) over the preceding 1 and 3 year periods. As investment returns in the current period were, on average, both below benchmarks and below the prior year outcomes, Investment Team bonuses have, in general, not increased despite an increase in the Platinum Group's profit and FUM;
- Profit Share Plan (PSP) incentive payments are also directly linked to the investment performance of all client funds (relative to appropriate benchmarks) over the preceding 1 and 3 year periods. As investment returns were, on average, below benchmarks, there were no payments made under the PSP;
- The bonus paid to Andrew Clifford is related to his role as Platinum's Chief Investment Officer and Co-Manager of Platinum International Fund. The reduced bonus paid to Andrew Clifford in the current year is as a result of lower investment returns (relative to appropriate benchmarks) compared with the prior period;
- The bonus paid to Elizabeth Norman reflected her role as Director of Investor Services and Communications and rewarded her strong leadership in developing and promoting Platinum's products and investment approach to the investment advisor and planning community. This increased focus, in the current year, on developing new products and communicating the features of our products and investment opportunities has resulted in higher net inflows into the Platinum Group's Funds; and
- The Non-Executive Director remuneration structure was modified during the year in line with other ASX 200 companies. The specific responsibilities that each Non-Executive Director has are identified and remuneration is then allocated to each of those responsibilities. This re-allocation occurred without the need to increase the overall amount paid to the individual Non-Executive Directors.

Key Management Personnel ("KMP")

For the purposes of this report, KMP of the consolidated entity in office at any time during the financial year were:

Name	Position
Michael Cole	Chairman and Non-Executive Director
Bruce Coleman	Non-Executive Director
Margaret Towers	Non-Executive Director
Stephen Menzies	Non-Executive Director (since 11 March 2015)
Kerr Neilson	Managing Director
Andrew Clifford	Executive Director and Chief Investment Officer (CIO)
Elizabeth Norman	Executive Director and Director of Investor Services and Communications
Philip Howard	Executive Director and Company Secretary (until 25 May 2015)

There were no employees that held a KMP position within the Company or consolidated entity, other than those disclosed above.

Shareholders' Approval of the 2014 (prior year) Remuneration Report

A 25% or higher "no" vote on the Remuneration Report at an AGM triggers a reporting obligation on a listed company to explain in its next Annual Report how concerns are being addressed. At the last AGM, the Company's remuneration report was carried on a poll and received a vote in favour of 90.59%. Platinum takes the opportunity to fully explain the basis and structure of the remuneration paid to KMP.

Guiding Principles of KMP and Staff Remuneration

The business of Platinum is to manage client's money with the goal of providing superior investment returns over the medium to long term. Platinum's position is simple: if Platinum continues to responsibly and successfully manage the money of its clients then, over time, the Funds Under Management (FUM) of the firm will increase, and so will the profits of the Platinum Group.

As at 30 June 2015, the flagship Platinum International Fund had achieved an average compound annual return of 13.4% since its inception in 1995, compared to 6.4% for the MSCI All Country World Net Index. The majority of our Platinum Trust Funds have also performed strongly over the medium to long-term. These excellent absolute and relative investment returns have resulted in FUM rising over time which, in turn, has generated higher profits, higher earnings per share and increased dividends to shareholders.

In order to achieve these returns for investors, Platinum has built and developed a team of highly skilled investment professionals. As previously noted, the key variable in determining investment team remuneration is investment returns. Consideration is given to overall returns earned by all clients, as well as the contribution made by individual members of the investment team as a result of their specific investment ideas. The performance of other essential members of the Platinum team, such as client services and administrative functions, are assessed against pre-determined operational performance indicators that are relevant to each employee.

Some firms prefer to focus on simpler performance metrics such as Total Shareholder Return (TSR) as a basis for designing KMP and employee remuneration structures. TSR measures share price appreciation or depreciation plus dividend reinvestment between two points in time. Whilst, over long periods of time, TSR will usually reflect the underlying performance of a company's business, it is Platinum's view that there are a number of issues in using TSR as a variable in employee remuneration. Shorter term variables, such as the macroeconomic environment or interest rates, are factors outside of the control of employees, but can overwhelm underlying developments in the business, and determine a Company's share price. The result is that employees may be either unduly rewarded or punished by variables outside of their control. The use of TSR as an incentive, in our view, may encourage a focus on short-term outcomes such as current year earnings, or short term investment returns, potentially at the expense of longer term business outcomes.

In conclusion, Platinum's position is that if we provide good investment returns to our clients, along with a high level of customer service, FUM and profits will grow, and as a result shareholders will benefit as a result of an appreciating business value. Accordingly, Platinum's Remuneration Policy aims to reward staff in line with the contribution that they have made to delivering these objectives and outcomes.

Structure of Remuneration for Directors and all Platinum staff

Fixed remuneration consists of salary and compulsory superannuation contributions. Salaries approximate market rates and take into account the contribution, skill and experience of each employee.

Variable remuneration consists of performance bonuses and profit share amounts. Bonuses were discretionary and were paid after assessing individual performance against a range of qualitative and quantitative factors specific to each employee. Bonuses took the form of an annual cash payment and were designed to reward superior performance. The Platinum Group has established three Short-Term Incentive Plans (STIP), as the basis for rewarding staff. These are discussed below.

Short-Term Incentive Plans

Specific participation in the three Short-Term Incentive Plans was determined by whether the employee is a member of the Investment Team or otherwise. The plans are detailed below.

Investment Team Plan

A remuneration framework for investment team bonuses has been ratified by the Nomination & Remuneration Committee. Under this framework, the bonus pool was determined as a percentage of the aggregate base salary of the investment team. The percentage level was related to the average of 1 year and 3 year outperformance of all funds under management. For each 1% increase in this average outperformance, the bonus pool is increased by 20% and is then capped when average outperformance is 5% or more.

The bonus pool is then allocated across members of the investment team based on performance assessments that are based on both quantitative and qualitative measures. In a period where there is aggregate underperformance of client funds, annual bonuses for investment team members are then determined by an individual assessment of each employee's contribution to the investment team during the period. Quantitative measures used to assess individual performance include the performance of any portfolios under the management of an individual and the performance of individual investment ideas that have been proposed. Investment performance is usually assessed over a 1 year and 3 year time frame and is relative to an appropriate benchmark.

As investment returns in the current period were on average below benchmarks and below the prior year outcomes, Investment Team bonuses have, in general, not increased despite an increase in profit and FUM.

Profit Share Plan (PSP)

The Nomination & Remuneration Committee ratified the PSP last year. The PSP was designed to reward key members of the team for helping in the development of Platinum's business through strong investment performance (relative to benchmarks). Individual members of the Investment Team were issued notional units in the profit share plan. The notional units have no capital value and cannot be sold or transferred to a third party. Notional units are adjusted each year based upon the assessment of each staff member's long-term contribution potential to the future development of the group. Each year the profit share percentage is determined based upon the weighted average 1 year and 3 year outperformance of all funds under management. For example, if the average of the one and three year rolling performance of our Funds exceeds the weighted benchmark by 2.5%, then 1.5% of the Company's fee-based net profit before tax is made available to this pool.

There is no profit share until weighted average 1 year and 3 year outperformance is greater than 1%, inclusive of prior year underperformance carry forward. The profit share figure is limited to 5% of profit before tax, though the Nomination and Remuneration Committee may elect to carry this over to future periods if investment returns indicate a profit share in excess of the 5% level. There were no payments made under the Profit Share Plan in the current year.

General Employee Plan

For all other employees, performance was assessed against pre-determined operational performance indicators relevant to each employee as assessed by the Directors of the Platinum Group and ratified by the Nomination & Remuneration Committee. These performance indicators took into account the responsibilities, skill and experience of each employee and their contribution during the year, and emphasised the fact that the business is run extremely efficiently with a total number of non-investment employees of 53, despite total FUM at 30 June 2015 being \$26.9 billion.

Impact of these Plans on the Executive Directors

The incentive payment made to Andrew Clifford paid in the current year was determined according to the Investment Team Plan. Andrew Clifford's participation in the Investment Team Plan is based on his role as Platinum's Chief Investment Officer and Co-Manager of Platinum International Fund. Andrew Clifford is also eligible to participate in the PSP as he is a senior member of the Investment Team. However, in the current year no PSP allocation was made to him or any other Platinum employees.

Andrew Clifford's bonus decreased in the current year because (i) there were no bonus payments made under the Profit Share Plan and (ii) lower investment returns (relative to appropriate benchmarks) were achieved across all client funds, compared with the prior period.

The bonus of Elizabeth Norman was determined according to the General Employee Plan, as Elizabeth is not an Investment Analyst.

Elizabeth Norman's bonus reflects her role as Director of Investor Services and Communications and rewarded her strong leadership in developing and supervising a team of investment specialists that travel around Australia to regularly meet with advisers and planners. This greater investment in distribution will improve Platinum's ability to gain and retain clients.

During the year, Elizabeth led two new product developments. The first was the launch of our new mFund product on the ASX in September last year. The product, known as Platinum Global Fund, invests in long-only global stocks and is available for investors to purchase directly through their broker. The second was the launch of our new Asian Listed Investment Company (LIC), called Platinum Asia Investments Limited (ASX code: PAI) that is expected to list on the ASX on 21 September 2015. The development of these products along with the development of the distribution team has resulted in higher net inflows of funds to the business during the period.

Philip Howard resigned on 25 May 2015 as Platinum's Finance Director, and consequently did not receive a bonus in 2014/15.

Kerr Neilson continued to waive his ability to receive a bonus. This has been ratified by the Nomination & Remuneration Committee.

Long-Term Incentive Plans

The Platinum Group has two long-term incentive plans in place, which are discussed below. There was no allocation made under any of these plans during the year.

Options and Performance Rights Plan (OPRP)

In 2007, the Platinum Group established an Options and Performance Rights Plan (OPRP). Options were only granted to certain highly skilled staff based on their specific and unique skill set within the funds management industry. Performance rights were also granted to staff members. The purpose of the OPRP was to provide these staff members with an incentive to remain at Platinum for the duration of the vesting period of four years, by requiring continuous employment from the date the options and performance rights were granted.

No further grants of options and/or performance rights have been made since 2009.

All options granted in 2007 and 2009 had a four year vesting period, and once vested, had a two year exercise period. All options (net of forfeitures) that were granted in 2007 and 2009 have now been exercised.

Three employees that were KMP during the year were granted options in 2009 (Andrew Clifford, Elizabeth Norman and Philip Howard). The table on page 13 shows the options exercised over the vesting period by each Director.

The strike price for the 2009 grant was \$4.50 per option. The consolidated entity did not provide loans to any KMP or staff member to exercise their options.

In addition, no KMP had margin loans secured over the Company's shares.

KMP did not receive and had never received any dividends on unvested or unexercised options.

No performance rights had been granted since 2007 and no options have been granted since 2009. No KMP had ever received performance rights.

Fund Appreciation Rights Plan (FARP)

The Group established a Fund Appreciation Rights Plan (FARP) on 1 April 2009 to assist with the retention and motivation of the Group's investment analysts. Under the FARP, short-term incentives may be converted to notional investments in Platinum Trust Funds that which is intended to align the interest of the analyst with the shareholder in deriving greater value over time.

There were no FARs issued in the 2015 financial year.

Andrew Clifford was eligible to participate in the FARP, but had never had any Fund Appreciation Rights granted to him.

Details of remuneration of Executive Directors

The table below presents the remuneration provided by the consolidated entity to the Executive Directors of the consolidated entity, in accordance with accounting standards.

	Cash Salary	Other (1)	Superannuation	Short-term Incentives (2)	Long-term Incentives (3)	Total
	\$	\$	\$	\$	\$	\$
2015						
Kerr Neilson (4)	450,000	12,590	18,784	-	-	481,374
Andrew Clifford	425,000	(11,793)	18,784	425,000	-	856,991
Elizabeth Norman	400,000	14,004	18,784	700,000	-	1,132,788
Philip Howard (5) (until 25 May 2015)	358,974	(24,706)	16,858	-	-	351,126
	<u>1,633,974</u>	<u>(9,905)</u>	<u>73,210</u>	<u>1,125,000</u>	<u>-</u>	<u>2,822,279</u>
2014						
Kerr Neilson (4)	450,000	6,628	17,775	-	-	474,403
Andrew Clifford	425,000	8,099	17,775	1,604,650	-	2,055,524
Elizabeth Norman	400,000	1,232	17,775	650,000	-	1,069,007
Philip Howard	400,000	350	17,775	300,000	-	718,125
	<u>1,675,000</u>	<u>16,309</u>	<u>71,100</u>	<u>2,554,650</u>	<u>-</u>	<u>4,317,059</u>

- 1) represents the increase/(decrease) in the accounting provision for annual and long service leave. These amounts were not received by the Executive Directors and represent provisions made in the consolidated entity's Statement of Financial Position.
- 2) see the Short-Term Incentive Plan section above for further details. The figures contained in the table represent cash bonuses and/or Profit Share Plan payments (in the case of Andrew Clifford for the prior year). There was no Profit Share Plan payment made to any employee in the current year.
- 3) There were no long-term incentives (options or fund appreciation rights) granted in the current or prior year.
- 4) the Managing Director, Kerr Neilson, waived his right to receive a bonus and this has been ratified by the Nomination & Remuneration Committee.
- 5) The remuneration for Philip Howard covers the period from 1 July 2014 to the date of his resignation on 25 May 2015, at which point he ceased to be a KMP.

Components of Remuneration

The table below illustrates the relative proportions of fixed and variable remuneration as a percentage of total remuneration extrapolated from the "Details of remuneration of Executive Directors" table.

	Fixed remuneration as a percentage of total remuneration (1)	Variable remuneration as a percentage of total remuneration (2)
2015		
Kerr Neilson	100%	0%
Andrew Clifford	50%	50%
Elizabeth Norman	38%	62%
Philip Howard	100%	0%
2014		
Kerr Neilson	100%	0%
Andrew Clifford	22%	78%
Elizabeth Norman	39%	61%
Philip Howard	58%	42%

- 1) Fixed remuneration refers to salary, superannuation and provisions or payments made for annual and long service leave.
- 2) Variable remuneration refers to short-and long-term incentive payments. Only short-term incentive payments were made in the current or prior year.

Options and Performance Rights Plan (OPRP)

The tables below provide details of options that were granted to the Directors in 2009 and details about any options that have vested and have been exercised.

Grant date	17 June 2009
Vesting date	17 June 2013
Expiry date	17 June 2015
Exercise price	\$4.50
Fair value per option at grant date	\$1.14

	Number of Options Granted	Fair Value at Grant Date (1) (\$)	Number of Options Vested and Unexercised	Number of Options Exercised over the 2 year vesting period	Accounting Expense (\$)
Kerr Neilson	-	-	-	-	-
Andrew Clifford	3,844,350	4,367,181	-	3,844,350	-
Elizabeth Norman	1,071,123	1,216,796	-	1,071,123	-
Philip Howard	856,898	973,436	-	856,898	-
Vested and exercised				5,772,371	
Vested and unexercised			-	Nil	
Outstanding (unvested)			-	Nil	

By 17 June 2015, all options vested and were fully exercised

No options or Fund Appreciation Rights were granted to any of the Directors during the year, or since balance date.

Remuneration of Non-Executive Directors

Remuneration Policy

The Company's remuneration policy for Non-Executive Directors is designed to ensure that the Company can attract and retain suitably-qualified and experienced directors.

It is the policy of the Board to remunerate at market rates. Non-Executive Directors received a fixed fee and mandatory superannuation payments. Non-Executive Directors do not receive bonuses and are not eligible to participate in any equity-based incentive plans. The Executive Directors examine the base pay of the Non-Executive Directors annually and may utilise the services of an external advisor.

The Executive-Directors determined the remuneration of the Non-Executive Directors within the maximum approved shareholder limit. The aggregate amount of remuneration that can be paid to the Non-Executive Directors, which was approved by shareholders at a general meeting in April 2007, was \$2 million per annum (including superannuation).

Change in Remuneration Structure

From 1 April 2015, the Non-Executive Director remuneration structure changed. Previously, Non-Executive Directors were remunerated via a single compensation amount, which did not specifically align with the various roles and responsibilities that the Non-Executive Directors performed in relation to their work-load and attendance at the Board and Board Committees.

The Nomination and Remuneration Committee recommended that the Non-Executive Director remuneration structure should be better-aligned with other ASX 200 companies, where the specific role is identified and the remuneration component is allocated to that role. This change occurred from 1 April 2015, without an increase in the overall amount paid to the individual Non-Executive Directors.

The following table displays the current Non-Executive Directors and their key roles:

Non-Executive Director	Michael Cole	Margaret Towers	Bruce Coleman	Stephen Menzies
Board	Chair	Member	Member	Member
Audit, Risk and Compliance Committee	Member	Chair	Member	Member
Nomination and Remuneration Committee	Member	Member	Chair	Member

The table below shows the re-allocation of the remuneration paid, without increasing the overall amount paid to the individual Non-Executive Directors.

Non-Executive Director	Michael Cole	Margaret Towers	Bruce Coleman	Stephen Menzies
Board (1)	\$170,000	\$130,000	\$130,000	\$130,000
Audit, Risk and Compliance Committee	\$15,000	\$30,000	\$15,000	\$15,000
Nomination and Remuneration Committee	\$15,000	\$15,000	\$30,000	\$15,000
Total	\$200,000	\$175,000	\$175,000	\$160,000

- 1) All Non-Executive Directors are paid \$130,000 as a Director, with the Chairman receiving a supplement of \$40,000 for his additional responsibilities.

The new structure better aligns the remuneration paid to each Non-Executive Director to their responsibilities and roles.

No other retirement benefits (other than mandatory superannuation) are provided to the Non-Executive Directors. There are no termination payments payable on the cessation of office and any Director may retire or resign from the Board, or be removed by a resolution of shareholders.

The Constitution of the Company required approval by shareholders at a general meeting of a maximum amount of remuneration to be paid to the Non-Executive Directors.

Remuneration of Non-Executive Directors

The table below presents actual amounts received by the Non-Executive Directors.

	Cash Salary \$	Superannuation \$	Short-term Incentives \$	Long-term Incentives \$	Total \$
2015					
Michael Cole	200,000	18,784	-	-	218,784
Margaret Towers	175,000	16,625	-	-	191,625
Bruce Coleman	175,000	16,625	-	-	191,625
Stephen Menzies (appointed 11 March 2015)	49,026	4,657	-	-	53,683
	599,026	56,691			655,717
2014					
Michael Cole	200,000	17,775	-	-	217,775
Margaret Towers	175,000	16,188	-	-	191,188
Bruce Coleman	175,000	16,188	-	-	191,188
	550,000	50,151			600,151

The remuneration for Stephen Menzies covers the period from the date of his appointment to 30 June 2015.

The key aspects of the KMP contracts are outlined below:

- Remuneration and other terms of employment for Non-Executive Directors are formalised in letters of appointment. The appointment term for each Director, except for the Managing Director, is three years.
- All contracts (both Executive and Non-Executive) include the components of remuneration that are to be paid to KMP and provide for annual review, but do not prescribe how remuneration levels are to be modified from year to year.
- The tenure of all Directors, except for the Managing Director, is subject to approval by shareholders at every third AGM or other general meeting convened for the purposes of election of Directors.
- In the event of termination, all KMP are entitled to receive their statutory leave entitlements and superannuation benefits. In relation to incentive plans, upon termination, where an Executive resigns, short-term incentives are only paid if the Executive is employed at the date of payment. The Board retains discretion to make pro-rata short-term incentive payments in special circumstances, such as retirement.
- All Executive Directors can terminate their appointment by providing three months' notice.
- Non-Executive Directors may resign by written notice to the Chairman and where circumstances permit, it is desirable that reasonable notice of an intention to resign is given to assist the Board in succession planning.

Link between performance and remuneration paid by the consolidated entity

	2015	2014	2013	2012	2011
Revenue (\$'000)	360,422	319,796	232,152	226,727	264,619
Expenses (\$'000)	58,872	58,751	48,983	47,279	50,863
Operating profit after tax (\$'000)	213,499	189,867	129,112	126,378	150,059
Basic earnings per share (cents per share)	36.66	32.79	22.92	22.51	26.73
Total Dividends (cents per share)	47	34	22	21	25
Total aggregate fixed remuneration paid (\$) (1)	2,362,901	2,346,251	1,832,625	1,794,650	1,845,820
Total aggregate variable remuneration paid (\$) (2)	1,125,000	2,554,650	852,500	414,000	434,500

- 1) Total aggregate fixed remuneration paid represents salaries and superannuation. The remuneration figure is higher in 2015 and 2014 because two new Directors were appointed in May 2013 and therefore the 2015 and 2014 figures include the impact of a full year of remuneration.
- 2) Total aggregate variable remuneration paid represents short-term incentive bonuses. The variable remuneration figure was higher in 2014 primarily because a Profit Share Plan (PSP) incentive allocation was made to Andrew Clifford and Philip Howard received a bonus. In 2015, the bonus paid to Andrew Clifford under the Investment Analyst Plan was reduced and there was no PSP incentive allocation made to Andrew Clifford. In addition, there was no bonus paid to Philip Howard.

Interests of Non-Executive and Executive Directors in shares

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

	Opening balance	Additions	Disposals	Closing balance
Michael Cole	200,000	-	-	200,000
Bruce Coleman	100,000	-	(75,000)	25,000
Margaret Towers	20,000	-	-	20,000
Stephen Menzies	30,000	-	-	30,000
Kerr Neilson	322,074,841	-	(10,000,000)	312,074,841
Andrew Clifford	32,831,449	3,844,350	(3,844,350)	32,831,449
Elizabeth Norman	766,748	991,123	(991,123)	766,748

Directors' Interests in Contracts

The Directors received remuneration and dividends that are ultimately derived from the net income arising from Platinum Investment Management Limited's investment management contracts.

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Auditor's Independence Declaration

As lead auditor for the audit of Platinum Asset Management Limited and its controlled entities for the year ended 30 June 2015, 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 audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

SJ Smith
Partner
PricewaterhouseCoopers

Sydney
20 August 2015

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General information

The financial statements cover Platinum Asset Management Limited as a consolidated entity consisting of Platinum Asset Management Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Platinum Asset Management Limited's functional and presentation currency.

Platinum Asset Management 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 consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 20 August 2015. The Directors have the power to amend and reissue the financial statements.

Platinum Asset Management Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2015



	Note	Consolidated 2015 \$'000	2014 \$'000
Revenue			
Management fees		322,124	271,834
Performance fees		2,329	27,435
Administration fees		16,441	13,309
		340,894	312,578
Other income			
Interest		7,093	9,480
Dividends		211	676
Net (losses) on financial assets at fair value through profit or loss		(3,829)	(3,300)
Net gains/(losses) on forward currency contracts		(856)	15
Net foreign exchange gains on overseas bank accounts		16,898	343
Distributions		11	4
Total revenue and other income		360,422	319,796
Expenses			
Staff		(27,900)	(31,096)
Custody, administration, trustee and unit registry		(16,268)	(13,781)
Business development		(4,759)	(4,035)
Rent and other occupancy		(1,742)	(1,731)
Research		(1,862)	(1,880)
Technology		(1,662)	(1,542)
Legal and compliance		(1,106)	(1,041)
Other professional		(651)	(529)
Depreciation	8	(853)	(676)
Mail house and periodic reporting		(598)	(453)
Audit fee	19	(456)	(374)
Share registry		(466)	(401)
Insurance		(397)	(377)
Other		(152)	(380)
Share-based payments		-	(455)
Total expenses		(58,872)	(58,751)
Profit before income tax expense		301,550	261,045
Income tax expense	4	(88,051)	(71,178)
Profit after income tax expense for the year attributable to the owners of Platinum Asset Management Limited		213,499	189,867
Other comprehensive income			
Reclassification to profit and loss on the disposal of Platinum World Funds Plc.		1,158	(5,405)
Exchange rate translation impact of foreign subsidiaries		4,377	-
Other comprehensive income for the year, net of tax		5,535	(5,405)
Total comprehensive income for the year attributable to the owners of Platinum Asset Management Limited		219,034	184,462
		Cents	Cents
Basic earnings per share	28	36.66	32.79
Diluted earnings per share	28	36.66	32.44

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

Platinum Asset Management Limited
Consolidated statement of financial position
As at 30 June 2015



	Note	Consolidated 2015 \$'000	2014 \$'000
Assets			
Current assets			
Cash and cash equivalents		127,679	24,854
Financial assets at fair value through profit or loss	6	119	69,746
Term deposits		199,268	273,813
Trade and other receivables	7	40,707	33,445
Total current assets		<u>367,773</u>	<u>401,858</u>
Non-current assets			
Net deferred tax assets	5	-	1,484
Fixed assets	8	3,130	2,784
Total non-current assets		<u>3,130</u>	<u>4,268</u>
Total assets		<u>370,903</u>	<u>406,126</u>
Liabilities			
Current liabilities			
Trade and other payables	9	7,557	9,363
Financial liabilities at fair value through profit or loss	10	-	911
Income tax payable		9,142	17,977
Employee benefits	11	2,770	2,619
Total current liabilities		<u>19,469</u>	<u>30,870</u>
Non-current liabilities			
Net deferred tax liabilities	5	2,254	-
Total non-current liabilities		<u>2,254</u>	<u>-</u>
Total liabilities		<u>21,723</u>	<u>30,870</u>
Net assets		<u>349,180</u>	<u>375,256</u>
Equity			
Issued capital	12	751,355	722,812
Reserves	13	(588,014)	(593,549)
Retained profits	14	185,839	245,993
Total equity		<u>349,180</u>	<u>375,256</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Platinum Asset Management Limited
Consolidated statement of changes in equity
For the year ended 30 June 2015



Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2013	712,955	(562,146)	193,265	344,074
Profit after income tax expense for the year	-	-	189,867	189,867
Other comprehensive income for the year, net of tax	-	(5,405)	-	(5,405)
Total comprehensive income for the year	-	(5,405)	189,867	184,462
<i>Transaction with owners in the capacity as owners</i>				
Exercise of options (Note 12)	9,857	-	-	9,857
Share-based payments reserve	-	(1,035)	-	(1,035)
Transfer from share-based payments reserve (Note 13)	-	(24,963)	24,963	-
Dividends paid (Note 15)	-	-	(162,102)	(162,102)
Balance at 30 June 2014	722,812	(593,549)	245,993	375,256
Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2014	722,812	(593,549)	245,993	375,256
Profit after income tax expense for the year	-	-	213,499	213,499
<i>Other comprehensive income</i>				
Reclassification to profit and loss on the disposal of Platinum World Funds Plc.	-	1,158	-	1,158
Exchange rate translation impact of foreign subsidiaries	-	4,377	-	4,377
Total comprehensive income for the year	-	5,535	213,499	219,034
<i>Transaction with owners in the capacity as owners</i>				
Exercise of options (Note 12)	28,543	-	-	28,543
Dividends paid (Note 15)	-	-	(273,653)	(273,653)
Balance at 30 June 2015	751,355	(588,014)	185,839	349,180

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

Platinum Asset Management Limited
Consolidated statement of cash flows
For the year ended 30 June 2015



	Note	Consolidated	
		2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from operating activities		332,814	306,947
Payments for operating activities		(58,804)	(54,372)
Income taxes paid		(93,145)	(69,023)
Net cash from operating activities	27	<u>180,865</u>	<u>183,552</u>
Cash flows from investing activities			
Interest received		7,887	10,360
Proceeds on maturity of term deposits		681,126	765,125
Purchases of term deposits		(606,581)	(730,625)
Receipts from sale of financial assets		135,744	158,952
Payments for purchases of financial assets		(63,553)	(230,591)
Purchase of fixed assets		(1,200)	(742)
Dividends received		303	467
Distributions received		4	2
Net cash from/(used in) investing activities		<u>153,730</u>	<u>(27,052)</u>
Cash flows from financing activities			
Proceeds from issue of shares	12	28,543	9,857
Dividends paid		(273,539)	(162,050)
Net cash used in financing activities		<u>(244,996)</u>	<u>(152,193)</u>
Net increase in cash and cash equivalents		89,599	4,307
Cash and cash equivalents at the beginning of the financial year		24,854	24,052
Effects of exchange rate changes on cash and cash equivalents		13,226	(3,505)
Cash and cash equivalents at the end of the financial year		<u><u>127,679</u></u>	<u><u>24,854</u></u>

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates have been made, are disclosed in Note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only and have been prepared on the same basis as the consolidated entity financial statements. Supplementary information about the parent entity is disclosed in Note 24.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Platinum Asset Management Limited ('Company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Platinum Asset Management Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM refers to the Board of the Company, who are responsible for the allocation of resources to operating segments and assessing their performance. Refer to Note 3 for further information.

Foreign currency translation

Items included in the consolidated entity's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the country that the consolidated entity is regulated. The Australian dollar is also the consolidated entity's presentation currency.

Note 1. Significant accounting policies (continued)

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Other offshore companies within the consolidated group

The results and financial position of companies in the group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for the consolidated statement of financial position presented are translated at the closing rate at the date of the consolidated statement of financial position;
- income and expenses for the consolidated statement of profit or loss and other comprehensive income are translated at the date of transaction, or in certain instances, for practical purposes, a rate that approximates the rate at transaction date is used (for example, an average rate); and
- any exchange rate differences are recognised in other comprehensive income and accumulated as a separate reserve in equity.

The foreign currency reserve is recognised in the profit or loss when the foreign operation or net investment is disposed of.

Financial assets/liabilities at fair value through profit or loss

Under AASB 139: *Financial Instruments: Recognition and Measurement*, investments are classified in the consolidated entity's statement of financial position as "financial assets at fair value through profit or loss". Derivatives and foreign currency contracts are classified as financial instruments "held for trading" and equity securities are designated at fair value through profit or loss upon initial recognition.

The consolidated entity has applied AASB 13: *Fair Value Measurement*. AASB 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". AASB 13 increases transparency about fair value measurements, including the valuations techniques and inputs used to measure fair value.

The standard prescribes that the most representative price within the bid-ask spread should be used for valuation purposes. With respect to the consolidated entity, the last-sale or "last" price is the most representative price within the bid-ask spread, because it represents the price that the security last changed hands from seller to buyer.

The consolidated entity has applied last-sale pricing as the fair value measurement basis for equities and derivatives it holds.

AASB 13 also requires reporting entities to disclose its valuation techniques and inputs. This is described below.

Fair value in an active market

The fair value of financial assets and liabilities traded in active markets uses quoted market prices at reporting date without any deduction for estimated future selling costs. Financial assets are valued using "last-sale" pricing. Gains and losses arising from changes in the fair value of the financial assets/liabilities are included in the consolidated statement of profit or loss and other comprehensive income in the period they arise.

Fair value in an inactive market

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, discounted cash flow techniques or any other valuation techniques that provides a reliable estimate of prices obtained in actual market transactions.

Recognition/derecognition

The consolidated entity recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have ceased or have been transferred and the consolidated entity has transferred substantially all of the risks and rewards of ownership.

Note 1. Significant accounting policies (continued)

In accordance with Australian Accounting Standards, derivative financial instruments are categorised as "financial assets/liabilities held for trading" and are accounted for at fair value with changes to such values recognised through the consolidated statement of profit or loss and other comprehensive income in the period in which they arise. Short futures are valued based on quoted last prices. Gains and losses arising from changes in the fair value of the financial assets/liabilities are included in the consolidated statement of profit or loss and other comprehensive income in the period they arise. An assessment is made at the end of each reporting period as to whether there is objective evidence that an investment is impaired.

Revenue recognition

Management, Administration and Performance Fees

Management, administration and performance fees are included as part of operating income and are recognised as they are earned. The majority of management fees are derived from the Platinum Trust Funds. This fee is calculated at 1.44% per annum (GST inclusive) of each Fund's daily Net Asset Value and is payable monthly. A performance fee is recognised as income at the end of the fee period to which it relates, when the Group's entitlement to the fee becomes certain.

Interest Income

Interest income is recognised in the consolidated statement of profit or loss and other comprehensive income and is based on the nominated interest rate available on the bank accounts and term deposits held.

Trust Distributions

Trust distributions are recognised when the consolidated entity becomes entitled to the income.

Dividend Income

Dividend income is brought to account on the applicable ex-dividend date.

Tax Consolidation Legislation

In accordance with the (Australian) Income Tax Assessment Act 1997, Platinum Asset Management Limited is the head entity of the tax consolidated group that includes all of its 100 per cent wholly-owned Australian subsidiaries.

Any current tax liabilities of the consolidated group are accounted for by Platinum Asset Management Limited. Current tax expense and deferred tax assets and liabilities are determined on a consolidated basis and recognised by the consolidated entity. In June 2010, the Australian Taxation Office declared that the consolidated group is an Offshore Banking Unit (OBU) under Australian Taxation Law. This allows the consolidated group to apply a concessional tax rate of 10% to net income it derives from its offshore mandates. The concession was applied from 1 July 2010.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is expected to be realised within 12 months after the reporting period; or the asset is cash or a cash equivalent. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is due to be settled within 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Trade and other receivables

All receivables are measured at amortised cost and are not discounted and recognised when a right to receive payment is established. Trade receivables are predominantly comprised of management and performance fees earned, but not received, at balance date. Any debts that are known to be uncollectible are written off.

Cash and cash equivalents

In accordance with AASB 107: *Statement of Cash Flows*, cash includes deposits at call and cash at bank that are used to meet short-term cash requirements and cash held in margin accounts. Cash equivalents include short-term deposits of three months or less from the date of acquisition that are readily convertible into cash. Cash and cash equivalents at the end of the financial year, as shown in the consolidated statement of cash flows, are reconciled to the related item in the statement of financial position.

At 30 June 2015, nearly all of the Group's term deposits have maturities of more than three months from the date of acquisition with the majority of term deposits having a maturity of six months from the date acquisition. Under AASB 107, deposits that have maturities of more than three months from the date of acquisition are not included as part of "cash and cash equivalents" and have been disclosed separately in the consolidated statement of financial position. All term deposits are held with licensed Australian banks.

Margin accounts comprise cash held as collateral for derivative transactions.

Payments and receipts relating to the purchase and sale of assets are classified as "cash flows from operating activities".

Receipts from operating activities include management, administration and performance fees receipts. Payments for operating activities include payments to suppliers and employees.

During the year, the consolidated entity received proceeds from the issue of new shares in the Company. The issue of shares was a result of employees exercising options pursuant to the Options and Performance Rights Plan (OPRP). This is classified as "cash flows from financing activities".

Fixed assets

Fixed assets are stated at historical cost less depreciation. Fixed assets (other than in-house software and applications) are depreciated over their estimated useful lives using the diminishing balance method.

The expected useful lives are as follows:

Computer equipment	4 years
Software	2½ years
In-house software and applications	4 years
Communications equipment	4 - 10 years
Office fit out	3 - 13 years
Office furniture and equipment	5 - 13 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

A fixed asset is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Operating Leases

Platinum Investment Management Limited has entered into a lease agreement for the premises it occupies and pays rent on a monthly basis. Payments made under the operating lease are charged to the consolidated statement of profit or loss and other comprehensive income. Details of the financial commitments relating to the lease are included in Note 21.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their general short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Note 1. Significant accounting policies (continued)

Dividends

Dividends are recognised when declared during the financial year.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Platinum Asset Management Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the weighted average number of shares used to determine basic earnings per share to take into account options that are "in the money", but not exercised.

Disclosure of interests in other entities

The consolidated entity has applied AASB 12: *Disclosure of Interests in Other Entities*. AASB 12 requires disclosure about the nature of, and risks associated with, the consolidated entity's interest in other entities. An interest in another entity refers to involvement that exposes the entity to variability of returns from the performance of another entity and includes the means by which an entity has control, and can include the purchase of units or shares in another entity. The consolidated entity will apply the standard to its immaterial interest in the Platinum Trust Funds and any of its subsidiaries. Please refer to Note 23 for the relevant disclosures.

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9: Financial Instruments (and applicable amendments)

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It now includes revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018.

The standard has been assessed as not having a significant impact on the recognition and measurement of the consolidated entity's financial instruments as the financial instruments are carried at fair value through profit or loss.

Note 1. Significant accounting policies (continued)

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. It allows the entity not to disclose certain information in the notes to its interim financial statements, if they are disclosed elsewhere in the interim financial report. This amendment was assessed as not having a significant impact on the consolidated entity.

AASB 15: Revenue from contracts with customers

AASB 15 will apply from annual reporting periods beginning on or after 1 January 2018. 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.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

Estimation of useful lives of assets (Note 8)

The consolidated entity determines the estimated useful lives and related depreciation charges for its fixed assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives.

Recovery of deferred tax assets (Note 5)

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Operating segments

Identification of reportable operating segments

Under AASB 8: *Operating Segments*, the consolidated entity is considered to have a single operating segment being funds management services. However, AASB 8 requires certain entity-wide disclosures, such as source of revenue by geographic region. The consolidated entity derives management and performance fees from Australian investment vehicles and its US-based investment mandates.

Revenue by geographical area

	2015 \$'000	2014 \$'000
Geographic region		
Australia	329,842	277,008
United States	30,580	42,788
	<u>360,422</u>	<u>319,796</u>

With respect to revenue derived from the United States, the decrease in performance fees of \$25.1m were partly offset by the gains made on holdings of its US Dollar cash balance of \$16.6m.

Note 4. Income Tax Expense

The income tax expense attributable to profit comprises:

	2015	2014
	\$'000	\$'000
Current tax payable	84,206	73,067
Deferred tax – recognition of temporary differences	3,738	(1,390)
Adjustment recognised for prior periods	107	(499)
	<u>88,051</u>	<u>71,178</u>
Income tax expense		
Numerical reconciliation of income tax expense:		
Profit before income tax expense	<u>301,550</u>	<u>261,045</u>
Tax at the statutory tax rate of 30%	90,465	78,314
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax rate differential on offshore business income	(2,542)	(6,353)
Purchase of shares under the Fund Appreciation Rights Plan	-	(447)
Share-based payments	-	138
Other non-deductible expenses	21	25
Adjustment recognised for prior periods	107	(499)
	<u>88,051</u>	<u>71,178</u>
Income tax expense		

Note 5. Non-current liabilities/(assets) - net deferred tax liabilities/(assets)

	2015 \$'000	2014 \$'000
<i>Deferred tax liabilities/(assets) comprises temporary differences attributable to:</i>		
Amounts recognised in statement of financial position:		
Unrealised foreign exchange gains/(losses) on cash	3,391	(53)
Unrealised gains on investments	16	686
Capital expenditure not immediately deductible	(65)	(46)
Long service leave	(476)	(483)
Annual leave	(355)	(303)
Staff costs	-	(984)
Tax fees	(92)	(84)
Periodic reporting	(37)	(41)
Audit and accounting	(79)	(121)
Printing and mail house	(46)	(53)
Legal, compliance and regulatory	(3)	(38)
Dividend receivable	-	36
	<u>2,254</u>	<u>(1,484)</u>
Net deferred tax liabilities/(assets)	<u>2,254</u>	<u>(1,484)</u>

The net deferred tax liability figure is comprised of \$1,153,000 (2014: \$2,206,000) of deferred tax assets and \$3,407,000 (2014: \$722,000) of deferred tax liability.

It is estimated that most of the non-investment related deferred tax assets will be recovered or settled within 12 months, and are estimated to be \$1,148,987 (2014: \$2,204,000).

Note 6. Current assets - financial assets at fair value through profit or loss

	2015 \$'000	2014 \$'000
Unlisted unit trust investments	119	98
Equity securities	-	69,386
Derivatives	-	262
	<u>119</u>	<u>69,746</u>

During the year, as a result of Platinum World Funds Plc. ceasing activity, all assets held by the UCITS Fund were realised and Platinum Investment Management Limited redeemed its investment.

Refer to Note 17 for further information on fair value measurement.

Note 7. Current assets - trade and other receivables

	2015 \$'000	2014 \$'000
Trade receivables	38,872	30,445
Interest receivable	833	1,627
Prepayments	991	1,228
Sundry debtors (distribution receivable)	11	4
Dividends receivable	-	121
Proceeds from sale of financial assets	-	20
	<u>40,707</u>	<u>33,445</u>

Trade receivables include performance fees receivable of \$1,903,861 (2014: \$3,393,340). The balance of trade debtors is comprised of management fees and administration fees. The increase in trade receivables is due to higher FUM at 30 June 2015 relative to 30 June 2014.

Trade receivables are received between seven to 30 days after becoming receivable.

Interest receivable comprises accrued interest on term deposits and cash accounts. Interest on cash accounts is received within three days of becoming receivable and interest on term deposits is received on maturity. The dividends receivable in the prior year were derived from Platinum World Funds Plc that ceased operations during the year.

Note 8. Non-current assets – fixed assets

	2015 \$'000	2014 \$'000
Computer equipment - at cost	1,088	1,046
Less: Accumulated depreciation	(939)	(811)
	<u>149</u>	<u>235</u>
Software and applications - at cost	4,270	3,711
Less: Accumulated depreciation	(3,114)	(2,665)
	<u>1,156</u>	<u>1,046</u>
Communications equipment - at cost	152	140
Less: Accumulated depreciation	(100)	(64)
	<u>52</u>	<u>76</u>
Office premises fit out - at cost	2,240	1,722
Less: Accumulated depreciation	(666)	(484)
	<u>1,574</u>	<u>1,238</u>
Furniture and equipment - at cost	629	565
Less: Accumulated depreciation	(430)	(376)
	<u>199</u>	<u>189</u>
	<u>3,130</u>	<u>2,784</u>

Note 8. Non-current assets – fixed assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Computer equipment \$'000	Software & applications \$'000	Communi- cations equipment \$'000	Office premises fit out \$'000	Furniture & equipment \$'000	Total \$'000
Balance at 1 July 2013	403	770	26	1,287	241	2,727
Additions	41	619	77	-	5	742
Disposals	-	(1)	(8)	-	-	(9)
Depreciation expense	(209)	(342)	(19)	(49)	(57)	(676)
Balance at 30 June 2014	235	1,046	76	1,238	189	2,784
Additions	43	559	19	516	63	1,200
Disposals	-	-	(1)	-	-	(1)
Depreciation expense	(129)	(449)	(42)	(180)	(53)	(853)
Balance at 30 June 2015	<u>149</u>	<u>1,156</u>	<u>52</u>	<u>1,574</u>	<u>199</u>	<u>3,130</u>

The closing balance of purchased and capitalised software and applications disclosed above includes amounts recognised in relation to software and applications in the course of construction and development of \$nil at 30 June 2015 (2014: \$161,643).

Note 9. Current liabilities - trade and other payables

	2015 \$'000	2014 \$'000
Trade payables	4,482	7,044
Unclaimed dividends payable to shareholders	472	356
GST payable	2,603	1,963
	<u>7,557</u>	<u>9,363</u>

Trade payables reduced in the current year partly because there was no Profit Share Pool (PSP) allocation made to senior investment analysts.

Trade payables are unsecured and payable between seven and 30 days after the consolidated entity becomes liable.

Refer to Note 16 for further information on financial risk management.

Note 10. Current liabilities - financial liabilities at fair value through profit or loss

	2015 \$'000	2014 \$'000
Derivatives	-	813
Forward currency contracts	-	98
	<u>-</u>	<u>911</u>

During the year, the consolidated entity closed its short position over the Japanese Government Bond (JGB) futures contracts. In addition, as a result of Platinum World Funds Plc. ceasing activity, all liabilities held by the UCITS Fund were realised.

Note 11. Current liabilities - employee benefits

	2015 \$'000	2014 \$'000
Annual leave	1,182	1,010
Long service leave	1,588	1,609
	<u>2,770</u>	<u>2,619</u>

Note 12. Equity - issued capital

	2015 Shares	2014 Shares	2015 \$'000	2014 \$'000
Ordinary shares - fully paid	<u>586,678,900</u>	<u>580,336,142</u>	<u>751,355</u>	<u>722,812</u>

Note 12. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2013	578,145,695	712,955
Exercise of options - issue of shares	August 2013	70,000	315
Exercise of options - issue of shares	September 2013	70,000	315
Exercise of options - issue of shares	October 2013	200,000	900
Exercise of options - issue of shares	November 2013	170,000	765
Exercise of options - issue of shares	December 2014	30,000	135
Exercise of options - issue of shares	February 2014	1,273,400	5,730
Exercise of options - issue of shares	March 2014	130,000	585
Exercise of options - issue of shares	April 2014	194,000	873
Exercise of options - issue of shares	May 2014	53,047	239
Balance	30 June 2014	580,336,142	722,812
Exercise of options - issue of shares	September 2014	200,140	901
Exercise of options - issue of shares	October 2014	305,700	1,376
Exercise of options - issue of shares	November 2014	296,000	1,332
Exercise of options - issue of shares	December 2014	757,398	3,408
Exercise of options - issue of shares	February 2015	1,756,649	7,905
Exercise of options - issue of shares	March 2015	1,000,000	4,500
Exercise of options - issue of shares	April 2015	805,023	3,623
Exercise of options - issue of shares	May 2015	793,399	3,570
Exercise of options - issue of shares	June 2015	428,449	1,928
Balance	30 June 2015	<u>586,678,900</u>	<u>751,355</u>

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.

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.

Exercise of options - issue of shares

During the year 6,342,758 (2014: 2,190,447) options were exercised and new shares issued for consideration of \$28,543,000 (2014: \$9,857,000). There are no options outstanding at 30 June 2015.

Note 13. Equity - reserves

	2015 \$'000	2014 \$'000
Foreign currency translation reserve	130	(5,405)
Capital reserve	<u>(588,144)</u>	<u>(588,144)</u>
	<u>(588,014)</u>	<u>(593,549)</u>

Foreign currency reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated as a separate reserve within equity. The balance of the foreign currency translation reserve was \$130,000 at 30 June 2015.

During the year, Platinum World Funds Plc. ceased activity. The balance in the foreign currency translation reserve at 30 June 2015 relates exclusively to PIMA Corp (US).

Note 13. Equity - reserves (continued)

Capital reserve

In 2007, in preparation for listing, a restructure was undertaken in which the Company sold or transferred all of its assets, other than its beneficial interest in shares in Platinum Asset Pty Limited and sufficient cash to meet its year to date income tax liability.

The Company then split its issued share capital of 100 shares into 435,181,783 ordinary shares. It then took its beneficial interests in Platinum Investment Management Limited to 100%, through scrip for scrip offers, in consideration for the issue of 125,818,217 ordinary shares in the Company.

As a result of the share split and takeover offers, the Company had 561,000,000 ordinary shares on issue and beneficially held 100% of the issued share capital of Platinum Investment Management Limited. Subsequently, 140,250,000 shares on issue representing 25% of the issued shares of the Company were sold to the public by existing shareholders.

The amount of \$588,144,000 was established on listing as a result of the difference between the consideration paid for the purchase of non-controlling interests and the share of net assets acquired in the minority interests.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based Payments \$'000	Foreign Currency \$'000	Capital \$'000	Total \$'000
Balance at 1 July 2013	25,998	-	(588,144)	(562,146)
Foreign currency translation	-	(5,405)	-	(5,405)
Fund appreciation rights granted on 1 April 2011 and vested on 31 March 2014	455	-	-	455
Elimination of reserves - shares allocated to employees based on Fund appreciation rights that vested on 31 March 2014	(1,490)	-	-	(1,490)
Transfer to retained profits - share-based payments	(24,963)	-	-	(24,963)
Balance at 30 June 2014	-	(5,405)	(588,144)	(593,549)
Reclassification to profit and loss on the disposal of Platinum World Funds Plc.	-	1,158	-	1,158
Exchange rate translation impact of foreign subsidiaries	-	4,377	-	4,377
Balance at 30 June 2015	-	130	(588,144)	(588,014)

Note 14. Equity - retained profits

	2015 \$'000	2014 \$'000
Retained profits at the beginning of the financial year	245,993	193,265
Transfer from share-based payments reserve	-	24,963
Profit after income tax expense for the year	213,499	189,867
Dividends paid (Note 15)	(273,653)	(162,102)
Retained profits at the end of the financial year	185,839	245,993

Retained earnings reduced because of the payment of the special dividend of \$58.4m (10 cents per share) on 18 March 2015.

Note 15. Equity - dividends

Dividends

Dividends paid during the financial year were as follows:

	2015 \$'000	2014 \$'000
Dividend paid on 23 September 2014 (2014: 23 September 2013) of 20 cents (2014:14 cents) per ordinary share	116,067	80,950
Dividend paid on 18 March 2015 (2014: 17 March 2014) of 17 cents (2014:14 cents) per ordinary share	99,221	81,152
Special dividend paid on 18 March 2015 of 10 cents per ordinary share	58,365	-
	<u>273,653</u>	<u>162,102</u>

Dividends not recognised at year-end

Since 30 June 2015, the Directors declared to pay a fully-franked dividend of 20 cents per share, payable out of profits for the 12 months to 30 June 2015. The dividend has not been provided for at 30 June 2015, because the dividend was declared after year-end.

Franking credits

	2015 \$'000	2014 \$'000
Franking credits available at reporting date based on a tax rate of 30%	78,107	102,242
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	9,142	17,977
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>87,249</u>	<u>120,219</u>

The provision for income tax at reporting date has decreased in 2015 because tax instalments are now paid monthly, whereas in the past they were paid quarterly. The franking account balance has reduced, in part, because the Company paid a special dividend of 10 cents per share on 18 March 2015.

Note 16. Financial risk management

Financial risk management objectives

The Company's and consolidated entity's activities expose it to both direct and indirect financial risk, including: market risk, credit risk and liquidity risk. Direct exposure to financial risk occurs through the impact on profit of movements in funds under management ("FUM").

Indirect exposure occurs because the operating subsidiary, Platinum Investment Management Limited, is the Investment Manager for various investment vehicles (which include investment mandates, various unit trusts and an operational ASX-listed investment vehicle, Platinum Capital Limited). At 30 June 2015, the consolidated entity has no investment in these mandates and its ASX-listed vehicle and an immaterial investment in its unit trusts.

This note discusses the direct exposure to risk of the consolidated entity. The consolidated entity's risk management procedures focus on managing the potential adverse effects on financial performance caused by volatility of financial markets.

Note 16. Financial risk management (continued)

Market risk

The key direct risks associated with the consolidated entity are those driven by investment and market volatility and the resulting impact on FUM or a reduction in the growth of FUM. Reduced FUM will directly impact on management fee income and profit because management fee income is calculated as a percentage of FUM. FUM can be directly impacted by a range of factors including:

- (i) Poor investment performance: absolute negative investment performance will reduce FUM and relative under performance to appropriate market benchmarks could reduce the attractiveness of Platinum's investment products to investors, which would impact on the growth of the business. Poor investment performance could also trigger the termination of Investment Mandate arrangements;
- (ii) Market volatility: Platinum invests in global markets. It follows that a decline in overseas markets, adverse exchange rate or interest rate movements will all impact on FUM;
- (iii) A reduction in the ability to retain and attract investors: that could be caused by a decline in investment performance, but also a range of other factors, such as the high level of competition in the funds management industry;
- (iv) A loss of key personnel; and
- (v) Investor allocation decisions: investors constantly re-assess and re-allocate their investments on the basis of their own preferences. Investor allocation decisions could operate independently from investment performance, such that funds outflows occur despite positive investment performance.

A decline in investment performance will also directly impact on performance share fees and performance fees earned by the consolidated entity. Historically, the amount of performance share fees earned by the consolidated entity has fluctuated significantly from year to year and can be a material source of fee revenue. For those Investment Mandates that pay a performance share fee, the fee is based on a proportion of each Mandate's investment performance, and is calculated at the end of each calendar year and is based on absolute (and not relative) return.

Performance fees may be earned by the consolidated entity, if the investment return of a Platinum Trust Fund, Platinum Capital Limited or applicable Mandate exceeds a specified benchmark. Should the actual performance of a Platinum Trust Fund, Platinum Capital Limited or applicable Mandate be higher than the applicable benchmark, a performance fee may be receivable for the financial year. As at 30 June 2015, performance fees of \$1,903,861 (2014: \$3,393,340) were receivable.

If global equity markets fell 10% over the course of the year and consequently the consolidated entity's FUM fell in line with global equity markets, it follows that management fees would fall by 10%. If there was a 10% decrease in performance of Investment Mandates over the course of the year that resulted in an actual negative performance for the Investment Mandate for the year, then no performance fee would be earned.

The above analysis assumes a uniform 10% fall across all global equity markets. This is extremely unlikely as there is a large degree of variation in volatility across markets. For example, it is quite feasible for the Chinese market to grow whilst other Asian markets fall.

To mitigate the impact of adverse investment performance on FUM, the Investment Manager may employ hedging strategies to manage the impact of adverse market and exchange rate movements on the funds it manages. Market risk may be managed through derivative contracts, including futures, options and swaps. Currency risk may be managed through the use of foreign currency contracts.

The section below discusses the direct impact of foreign exchange risk, interest rate risk and price risk on the consolidated entity's financial instruments held at 30 June 2015.

Foreign currency risk

The consolidated entity is materially exposed to foreign exchange risk as it holds US Dollars in liquid cash (sourced from the redemption of its Platinum World Funds Plc. Investment) and derives management and performance fees from its Bermudan and US-based investment mandates in US dollars.

At 30 June 2015, the Company held US\$96,884,319 (equivalent to A\$125,709,510) in cash (2014: US\$14,000,005 equivalent to A\$14,841,519). If the Australian Dollar had been 10% higher/lower against the US Dollar than the prevailing exchange rate used to convert the balance with all other variables held constant, then net profit after tax would have been A\$8,002,588 lower/A\$9,781,711 higher (2014: \$944,187 lower/\$1,153,933 higher).

Note 16. Financial risk management (continued)

If the Australian Dollar had been 10% higher/lower against the US Dollar than the prevailing exchange rate used to convert the Mandate fees with all other variables held constant, then net profit after income tax expense would have been A\$1,172,418 lower/A\$1,432,684 higher (2014: A\$2,946,593 lower/A\$3,601,306 higher).

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

At 30 June 2015, term deposits are the only significant asset with potential exposure to interest rate risk held by the consolidated entity. A movement of +/-1% in Australian interest rates occurring on 30 June 2015 will have no impact on profit as the interest rate on term deposits are determined on execution.

As stated above, the quantity of USD cash held by the consolidated entity at 30 June 2015 was A\$125,709,510 (or 36% of net assets). If current account interest rates in the United States, which were 0.01% at 30 June 2015, moved +/-1%, then profit after tax would have been A\$879,967 higher/lower.

Credit risk

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to the consolidated entity (typically "non-equity" financial instruments). Credit risk arises from the financial assets of the consolidated entity that include: cash, receivables and term deposits. All term deposits are held with licensed Australian banks that all have a AA-credit rating. All current account and cash balances are held with counterparties that have at least an A- credit rating.

The maximum exposure to direct credit risk at balance date is the carrying amount of cash and financial assets recognised in the Statement of Financial Position. The Company may hold some collateral as security (for example, margin accounts) and the credit quality of all financial assets is consistently monitored by the Investment Manager. No financial assets are past due or impaired.

Any default in the value of a financial instrument held within any of the Platinum Trusts, Platinum Global Fund, Platinum Capital or the Investment Mandates, will result in reduced investment performance. There is no direct loss for the consolidated entity other than through the ensuing reduction in FUM, as noted above in the section on Market Risk. The Investment Manager employs standard market practices for managing its credit risk exposure.

The credit quality of cash and term deposits held by each entity in the group can be assessed by reference to external credit ratings. At 30 June 2015 and 30 June 2014, the relevant credit ratings were as follows:

	2015 \$'000	2014 \$'000
Rating		
AA	-	285,100
AA-	208,861	
A+	117,625	14,419
A	-	2,270
A-	461	5,916
	326,947	307,705

Liquidity risk

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting obligations associated with its liabilities. The consolidated entity manages liquidity risk by maintaining sufficient cash reserves to cover its liabilities and receiving management fees to meet operating expenses on a regular basis. Management monitors its cash position on a daily basis and prepares forecasts on a weekly basis.

Note 16. Financial risk management (continued)

Remaining contractual maturities

The following table details the consolidated entity's remaining contractual maturity for its financial and non-financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial and non-financial liabilities based on the earliest date on which the financial and non-financial liabilities are required to be paid.

	At call \$'000	Within 30 days \$'000	Between 1 and 3 months \$'000	Over 3 months \$'000	Total \$'000
2015					
Non-financial					
Trade payables	-	4,482	-	-	4,482
GST payable	-	2,603	-	-	2,603
Current tax payable	-	-	9,142	-	9,142
Unclaimed dividends payable	472	-	-	-	472
Annual leave	1,182	-	-	-	1,182
Long service leave	1,588	-	-	-	1,588
Total non-financial	3,242	7,085	9,142	-	19,469
	At call \$'000	Within 30 days \$'000	Between 1 and 3 months \$'000	Over 3 months \$'000	Total \$'000
2014					
Non-financial					
Trade payables	-	7,044	-	-	7,044
GST payable	-	1,963	-	-	1,963
Current tax payable	-	-	17,977	-	17,977
Unclaimed dividends payable	356	-	-	-	356
Annual leave	1,010	-	-	-	1,010
Long service leave	1,609	-	-	-	1,609
Total non-financial	2,975	9,007	17,977	-	29,959
Financial					
Derivative contractual outflows	-	-	813	-	813
Foreign currency contracts	-	-	98	-	98
Total financial	-	-	911	-	911

At 30 June 2015, the consolidated entity has sufficient cash reserves of \$324,771,720 (2014: \$297,061,737) and a further \$39,554,906 (2014: \$31,954,429) of receivables to cover these liabilities. The current year cash reserves figure includes \$206,267,900 of term deposits (including a term deposit of \$7 million classified as "cash" in the statement of financial position). All of these term deposits have maturities of 6 months or less from the date of acquisition.

Accordingly, the consolidated entity does not have a significant direct exposure to liquidity risk.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Capital risk management

(i) Capital requirements

The Company has limited capital requirements. Owing to the volatility caused by the performance share fee component of revenue, the Directors smooth dividend payments and have a policy of paying out 80% to 90% of net profit after income tax expense. This is a policy, not a guarantee.

Note 16. Financial risk management (continued)

(ii) External requirements

In connection with operating a funds management business in Australia, the operating subsidiary of the Company (that conducts the funds management business) is required to hold an Australian Financial Services Licence (AFSL). As a holder of an AFSL, the Australian Securities and Investment Commission (ASIC) requires the subsidiary to:

- prepare 12-month cash-flow projections which must be approved at least quarterly by directors;
- hold at all times minimum Net Tangible Assets (NTA) the greater of:
 - \$150,000;
 - 0.5% of the average value of scheme property (capped at \$5 million); or
 - 10% of the average Responsible Entity (RE) revenue (uncapped).

The operating subsidiary must hold at least 50% of its minimum NTA requirement as cash or cash equivalents and hold at least \$50,000 in Surplus Liquid Funds (SLF).

The operating subsidiary has complied with all externally imposed requirements to hold an AFSL during the financial year.

Note 17. Fair value measurement

Fair value hierarchy

AASB 7: *Financial Instruments: Disclosures* requires the consolidated entity to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (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 measures and 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) Unit trust investments.

The following table analyses within the fair value hierarchy model, the consolidated entity's assets and liabilities measured at fair value at 30 June 2015 and 30 June 2014. The consolidated entity has no assets or liabilities that are classified as Level 3.

2015	Level 1 \$'000	Level 2 \$'000	Total \$'000
<i>Assets</i>			
Unlisted unit trust investments	119	-	119
Total assets	<u>119</u>	<u>-</u>	<u>119</u>

Note 17. Fair value measurement (continued)

2014	Level 1 \$'000	Level 2 \$'000	Total \$'000
<i>Assets</i>			
Equity securities	61,473	7,913	69,386
Derivatives	-	262	262
Foreign currency contracts	98	-	98
Total assets	<u>61,571</u>	<u>8,175</u>	<u>69,746</u>
<i>Liabilities</i>			
Derivatives	748	65	813
Foreign currency contracts	-	98	98
Total liabilities	<u>748</u>	<u>163</u>	<u>911</u>

The consolidated entity'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 between levels 1 and 2 for any assets or liabilities measured at fair value during the year.

There are few investments at fair value at 30 June 2015 compared to 30 June 2014 because Platinum World Funds Plc. was wound up during the year and disposed of all of its investments.

Rationale for classification of assets and liabilities as level 2

At 30 June 2014, there were certain financial instruments that were classified as level 2, because whilst significant inputs were observable, there was a degree of estimation 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 generally traded over-the counter and were often priced in a different currency to the underlying security; and
- (iii) certain Over-The Counter (OTC) derivatives/options were classified as level 2 because either (i) the derivative swap contract itself was not listed and therefore there was no directly observable market price; or (ii) 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.

Note 18. Key management personnel disclosures

	2015 \$'000	2014 \$'000
The aggregate remuneration that the consolidated entity provided Executive and Non-Executive Directors was as follows:		
Cash salary and short-term incentive bonuses	3,358	4,780
Superannuation	130	121
Increase/(decrease) in the consolidated entity's annual and long service leave provision	<u>(10)</u>	<u>16</u>
	<u>3,478</u>	<u>4,917</u>

Note 18. Key management personnel disclosures (continued)

Interests of Non-Executive and Executive Directors in Shares

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

	Opening balance	Additions	Disposals	Closing balance
Michael Cole	200,000	-	-	200,000
Bruce Coleman	100,000	-	(75,000)	25,000
Margaret Towers	20,000	-	-	20,000
Stephen Menzies	30,000	-	-	30,000
Kerr Neilson	322,074,841	-	(10,000,000)	312,074,841
Andrew Clifford	32,831,449	3,844,350	(3,844,350)	32,831,449
Elizabeth Norman	766,748	991,123	(991,123)	766,748

Note 19. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers (the auditor of the Company) and its overseas network firms:

	2015 \$	2014 \$
<i>Audit services - PricewaterhouseCoopers</i>		
Audit and review of the financial statements	107,811*	91,320
<i>Audit services for managed funds for which the Company acts as responsible entity - PricewaterhouseCoopers</i>		
Audit and review of the financial statements	244,411	217,871
<i>Audit services - overseas PricewaterhouseCoopers firms</i>		
Audit of financial statements	104,102	64,729
Total audit services	456,324	373,920
<i>Taxation services – PricewaterhouseCoopers</i>		
Compliance services for the Company	173,938	83,713
<i>Taxation services for managed funds for which the Company acts as responsible entity - PricewaterhouseCoopers</i>		
Taxation services	381,359	325,989
<i>Taxation services - overseas PricewaterhouseCoopers firms</i>		
Foreign tax agent fees	12,530	22,104
Total taxation services	567,827	431,806
<i>Other services – PricewaterhouseCoopers</i>		
Compliance and assurance services	97,144	158,810
Remuneration services	-	15,500
Total other services	97,144	174,310
Total fees paid and payable to the auditor and its related practices	1,121,295	980,036

* \$7,411 related to additional audit work performed by PwC for Platinum World Funds that related to 30 June 2014, that was billed in the current year.

Note 20. Contingent assets and liabilities

No contingent assets or liabilities exist at 30 June 2015 and 30 June 2014.

Note 21. Commitments

	2015 \$'000	2014 \$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,440	967
One to five years	2,281	-
	3,721	967
	3,721	967

The operating lease relates to the business premises that the consolidated entity occupies.

The consolidated entity has no commitments for significant capital expenditure.

Note 22. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 25.

Key management personnel

Disclosures relating to key management personnel are set out in note 18 and the remuneration report in the Directors' report.

Tax consolidation and dividend transactions

Any tax payable on income and gains from any entity within the consolidated entity and dividends are sourced from the operating subsidiary, Platinum Investment Management Limited, and paid out under the Company. Platinum Asset Management Limited is the head entity of the consolidated tax group and is the entity that ultimately pays out dividends to shareholders. The amounts paid to shareholders are disclosed in the consolidated Statement of Cash Flows.

Transactions with related parties

Platinum Investment Management Limited provides investment management services to related party unit trusts - the Platinum Trust Funds and 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, Platinum Global Fund and the Platinum Trust Funds, a monthly administration fee from the Platinum Trust Funds and 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 profit or loss and other comprehensive income for the year ended 30 June 2015 was \$279,493,123 (2014: \$229,623,373). The total related party fees receivable recognised in the statement of financial position at 30 June 2015 was \$27,729,311 (2014: \$21,691,456).

Platinum has commenced an Initial Public Offering (IPO) for Platinum Asia Investments Limited (PAIL) and has incurred expenses of the offer on its behalf, during the year, of \$66,562. These expenses will be recharged to PAIL on successful completion of the IPO. The Platinum Group intends to be a long-term co-investor in PAIL and has committed to investing 25% of the funds raised up to a cap of \$50 million.

Platinum Investment Management Limited holds small investments in the Platinum Trust Funds. At 30 June 2015, the amount of this investment as disclosed in the statement of financial position was \$118,741 (2014: \$98,009). The income distribution relating to this, as disclosed in the consolidated statement of profit or loss and other comprehensive income was \$10,622 (2014: \$3,793).

During the year, Platinum World Funds Plc. ceased activity and the consolidated entity redeemed its investment. The amount redeemed was A\$85 million. The consolidated entity will shortly provide seeding of US\$25 million for a new offshore fund, Platinum World Portfolios Plc.

Note 22. Related party transactions (continued)

Platinum Investment Management Limited is liable to pay an inter-company service fee to PIMA Corp, and at 30 June 2015, this fee is US\$350,898 (2014: US\$223,237), which is the equivalent of A\$437,796 (2014: A\$245,345). This fee is not recognised in the consolidated profit or loss, as the fee is an inter-group transaction. At 30 June 2015, the net assets of PIMA Corp were A\$9,011 (2014: A\$14,841). At 30 June 2015, PIMA Corp is not operational and maintains a minimal cash balance to fund ongoing regulatory requirements.

Loan Agreements with related parties

There were no formal loan agreements executed with related parties at the current and previous reporting date, but there are intercompany receivables and payables.

Note 23. Disclosure of interests in other entities

(a) Structured entity disclosures

A structured entity is an entity that is not part of the consolidated group, despite one or more entities within the consolidated group purchasing units or shares in the other (structured) entity. The relevant activities of unconsolidated structured entities are directed by the Investment Manager by means of contractual arrangements, such as an Investment Management Agreement.

At 30 June 2015, the consolidated entity holds an investment that can be described as a structured entity, via Platinum Investment Management Limited (PIML) holding small investments of less than 1% in each of the Platinum Trust Funds, and receiving management, administration and performance fees for its role as investment manager.

The following table provides information in relation to this investment:

	2015	2014
	\$'000	\$'000
Net Asset Value attributable to all investors Platinum Trust Funds	<u>19,360,960</u>	<u>16,346,241</u>
Maximum exposure (includes PIMLs interest & fees receivable) Platinum Trust Funds	<u>27,322</u>	<u>21,322</u>

(b) Subsidiary disclosures

Platinum Investment Management Limited directly owns 100% of McRae Limited, Platinum Asset Pty Limited, Platinum Investment Management Limited and PIMA Corp (US). The consolidated entity's maximum exposure in each entity is summarised below:

	2015	2014
	\$'000	\$'000
Net Asset Value attributable to all investors		
McRae Pty Limited	13,677	13,677
Platinum Asset Pty Limited	42,362	42,362
Platinum Investment Management Limited	194,303	172,873
Platinum World Funds Plc.	-	79,215
PIMA Corp (US)	9	15
	<u>250,351</u>	<u>308,142</u>

Note 23. Disclosure of interests in other entities (continued)

During the year, Platinum World Funds Plc. ceased activity and the consolidated entity redeemed its investment.

There is no additional off-Statement of Financial Position arrangements which would expose the consolidated entity to potential loss.

Note 24. Parent entity information

Set out below is supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2015 \$'000	2014 \$'000
Profit after income tax	273,784	164,276
Total comprehensive income	<u>273,784</u>	<u>164,276</u>

Statement of financial position

	Parent	
	2015 \$'000	2014 \$'000
Total current assets	134,182	113,294
Total assets	<u>764,669</u>	<u>744,717</u>
Total current liabilities	(9,614)	(18,335)
Total liabilities	<u>(9,614)</u>	<u>(18,335)</u>
Net assets	<u><u>755,055</u></u>	<u><u>726,382</u></u>
Equity		
Issued capital	751,355	722,812
Capital reserve	(19)	(19)
Retained profits	<u>3,719</u>	<u>3,589</u>
Total equity	<u><u>755,055</u></u>	<u><u>726,382</u></u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

There are no guarantees entered into by the parent entity in relation to debts of the subsidiaries, no contingent liabilities and no capital commitments.

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2015 %	2014 %
McRae Pty Limited	Australia	100%	100%
Platinum Asset Pty Limited	Australia	100%	100%
Platinum Investment Management Limited	Australia	100%	100%
Platinum Asset Management Pte Ltd	Singapore	-%	100%
Platinum Investment Management Australia Corp.	United States	100%	100%
Platinum World Funds Plc.	Ireland	-%	100%

During the year, the consolidated entity wound up the following two entities:

- 100% owned Singapore incorporated subsidiary Platinum Asset Management Pte Limited; and
- 100% owned related party entity, Platinum World Funds Plc., incorporated in the Republic of Ireland.

Note 26. Events after the reporting period

Apart from the dividend declared in August 2015, no other matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 27. Reconciliation of profit after income tax to net cash from operating activities

	2015 \$'000	2014 \$'000
Profit after income tax expense for the year	213,499	189,867
Adjustments for:		
Depreciation expense	853	618
Net loss on disposal of fixed assets	1	9
Share-based payments	-	1,035
Foreign exchange differences	(16,898)	(345)
Interest income	(7,093)	(9,480)
Movement in investments	4,633	907
Change in operating assets and liabilities:		
Increase in trade and other receivables	(7,499)	(5,671)
Decrease/(increase) in deferred tax assets	1,484	(1,341)
Decrease in prepayments	237	47
(Decrease) Increase in trade creditors and GST	(1,922)	4,209
Increase/(decrease) in provision for income tax	(8,835)	3,548
Increase/(decrease) in deferred tax liabilities	2,254	(49)
Increase in employee benefits	151	198
Net cash from operating activities	<u>180,865</u>	<u>183,552</u>

Note 28. Earnings per share

	2015 \$'000	2014 \$'000
Profit after income tax attributable to the owners of Platinum Asset Management Limited	213,499	189,867
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	582,452,336	579,022,549
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	6,342,758
Weighted average number of ordinary shares used in calculating diluted earnings per share	582,452,336	585,365,307
	Cents	Cents
Basic earnings per share	36.66	32.79
Diluted earnings per share	36.66	32.44

All 6,342,758 unexercised options at the start of the year were fully exercised during the year.

There are no unexercised options at 30 June 2015.

Note 29. Share-based payments

Options and Performance Rights Plan (OPRP)

On 22 May 2007, the Group established an OPRP to assist with the retention and motivation of employees. Options were granted under this plan on 22 May 2007 and 17 June 2009. Since June 2009, no options have been granted. Performance Rights were granted under this plan in 2007.

Options, granted, vested and exercised On 17 June 2009, certain highly-qualified employees were granted 8,783,205 options under the OPRP to take up shares in Platinum Asset Management Limited at a strike price of \$4.50. The options (net of forfeitures) vested on 17 June 2013 and had a further two year exercise period. At 30 June 2015, all vested options were exercised and 6,342,758 new shares were issued during the year.

Total proceeds received from the issue of new shares during the year were \$28,543,000 and this amount appears in the Consolidated Statement of Cash Flows as "Proceeds from the issue of shares".

Set out below are summaries of options granted under the plan:

2015		Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
Grant date	Expiry date						
17/06/2009	17/06/2015	\$4.50	6,342,758	-	(6,342,758)	-	-
			6,342,758	-	(6,342,758)	-	-

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
17/06/2009	17/06/2015	\$4.50	8,533,205	-	(2,190,447)	-	6,342,758
			8,533,205	-	(2,190,447)	-	6,342,758

Note 30. Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the table below. There were no financial assets or financial liabilities that were offset in 2015.

	Amounts offset in the statement of financial position		Related amounts not offset in the statement of financial position			
	Gross amounts	Gross amounts set-off in the statement of financial position	Net amounts presented in the statement of financial position	Financial Instruments ¹	Cash collateral	Net amount
30 June 2015						
Financial Assets						
Derivatives	-	-	-	-	-	-
Total	-	-	-	-	-	-
Financial liabilities						
Derivatives	-	-	-	-	-	-
Foreign currency contracts	-	-	-	-	-	-
Total	-	-	-	-	-	-
30 June 2014						
Financial Assets						
Derivatives	262	-	262	(262)	-	-
Total	262	-	262	(262)	-	-
Financial Liabilities						
Derivatives	813	-	813	(262)	(551)	-
Foreign currency contracts	98	-	98	-	(98)	-
Total	911	-	911	(262)	(649)	-

1. shows the impact of arrangements between the consolidated entity and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Statement of Financial Position, as they were not enforceable.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial 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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Michael Cole
Chairman

20 August 2015
Sydney

Kerr Neilson
Director



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

Report on the financial report

We have audited the accompanying financial report of Platinum Asset Management Limited (the Company), which comprises the Consolidated Statement of Financial Position as at 30 June 2015, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other 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 at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's opinion

In our opinion:

- (a) the financial report of Platinum Asset Management Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 16 of the Directors' report for the year ended 30 June 2015. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Platinum Asset Management Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

SJ Smith
Partner

Sydney
20 August 2015

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