ANNUAL REPORT 2016

PLATINUM ASSET MANAGEMENT LIMITED

Platinum ASSET MANAGEMENT

ABN 13 050 064 287

DIRECTORS
(AT 25 AUGUST 2016)

MICHAEL COLE
BRUCE COLEMAN
MARGARET TOWERS
STEPHEN MENZIES
KERR NEILSON
ANDREW CLIFFORD
ELIZABETH NORMAN
ANDREW STANNARD

SHAREHOLDER LIAISON
ELIZABETH NORMAN

COMPANY SECRETARY
ANDREW STANNARD (FROM 29 JULY 2016)

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COMPUTERSHARE INVESTOR SERVICES PTY LTD
LEVEL 3, 60 CARRINGTON STREET
SYDNEY NSW 2000

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AUDITOR AND TAXATION ADVISOR
PRICEWATERHOUSECOOPERS
201 SUSSEX STREET
SYDNEY NSW 2000

SECURITIES EXCHANGE LISTING
PLATINUM ASSET MANAGEMENT LIMITED SHARES ARE LISTED ON THE AUSTRALIAN SECURITIES EXCHANGE (ASX CODE: **PTM**)

WEBSITE
WWW.PLATINUM.COM.AU/SHAREHOLDER-INFORMATION/

CORPORATE GOVERNANCE STATEMENT
WWW.PLATINUM.COM.AU/DOCUMENTS/SHAREHOLDERS/PTM_CORP_GOV.PDF

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CHAIRMAN'S REPORT 2016

Extending and Growing the "Platinum" Brand

The Platinum Group had a busy year implementing a number of initiatives to develop and grow the business. Platinum successfully launched two products that will assist investors, both in Australia and overseas, to diversify their investment portfolio into global shares:

– a new Listed Investment Company (LIC), Platinum Asia Investments Limited (ASX code: PAI), which is a SMSF focused product, raised approximately $292.8 million and listed on the ASX on 21 September 2015; and

– three new Irish-domiciled UCITS (Undertakings for Collective Investment in Transferable Securities) funds under the umbrella Platinum World Portfolios Plc (PWP), which are designed to attract larger global institutional investors and extend the Platinum brand name into offshore markets.

In addition, Platinum has been implementing strategies to retain and attract new investors, and provide investment support to our financial advisory network, particularly in these times of great market uncertainty.

Some examples of these key initiatives include the expansion of the team of investment specialists enabling an increase in adviser visits and client presentations, an increased number of adviser roadshows allowing advisers to gain valuable investment insights, development of our web-site to improve communication with investors and allow investors to gain access to a regular stream of interesting and relevant investment articles, and finally Platinum has been developing new marketing strategies for its products.

Operating Performance

The performance of the Company has been adversely impacted by increased volatility in global markets, as well as a slowing in global growth.

In the current year, fee revenue declined by 0.9% to $337.9 million (2015: $340.9 million) on account of average Funds Under Management (FUM) declining by 1.2% to $25.8 billion (2015: $26.1 billion).

Total revenue declined by 4.4% or $15.7 million to $344.7 million (2015: $360.4 million), caused by lower non-fee income, including mark-to-market losses on our investment in PAI (down $1.5 million) and PWP (down $1.4 million), as well as last year's windfall gains on our US Dollar cash holdings and investments not being repeated in 2016 (the AUD/USD exchange rate fell from 94 cents down to 76 cents between 1 July 2014 and 30 June 2015).

Costs increased by 6.1% or $3.6 million relative to the prior year, with increases in staff and business development costs partly offset by lower custody expenses.

Profit before income tax expense was $282.2 million (2015: $301.6 million) which represents a decrease of 6.4% on the previous year. Profit after tax for the year was $199.9 million (2015: $213.5 million) which also represents a decrease of 6.4%.

Funds Under Management (FUM)

The first few months of the year were positive with regard to FUM. It is for this reason that average FUM for the year to 30 June 2016 decreased by only 1.2% or $0.3 billion to $25.8 billion, compared to an average FUM of $26.1 billion for the previous year.

The 30 June 2016 closing FUM of $22.7 billion represented a decrease of $4.2 billion or 15.5% from the 30 June 2015 closing FUM of $26.9 billion. The decline in FUM over the course of the year was caused by market depreciation of $1.8 billion, capital outflows of $1.5 billion, and the 30 June 2016 net distribution from our funds of $0.9 billion. Over $1 billion of the net outflow related to one large US institution, who closed their account with us.

Remuneration Matters

Staff costs increased in the current year by $2.5 million. This increase was mostly attributable to extra incentives being paid to a handful of staff who have made outstanding contributions to the firm over a number of years. Outside of this handful of staff, the incentive pool was relatively flat year on year, roughly in line with revenue growth.

For the investment team, bonuses paid are dependent on achieving strong relative returns or outperformance of benchmark returns over a one and three year period, and hence bonuses paid to the investment team were, for the most part, subdued in 2016. This underperformance against benchmark returns also meant that this was the second year in a row that there was no allocation to key members of the investment team under the Profit Share Plan.

Given the decline in both absolute and relative performance across our Funds and mandates, falling average FUM and investment outflows, Platinum's Chief Investment Officer, Andrew Clifford did not receive a bonus in 2016.

Only two members of the Company's key management personnel received a bonus in 2016, being the Director of Investment Services and Communications, Elizabeth Norman and the Finance Director, Andrew Stannard.

CHAIRMAN'S REPORT 2016
CONTINUED

A new Deferred Bonus Plan (Plan) was approved by the Nomination and Remuneration Committee. The main objective of the Plan is to recognise the contributions made by senior employees and to retain their skills within the firm. Under this Plan, select employees will defer a proportion of their bonus and instead receive deferred rights. These rights will then convert to Platinum Asset Management Limited (PTM) shares if these senior employees remain employed at Platinum for a period of four years from the grant date of 20 June 2016. In the current year, the total deferred bonus that was converted to deferred rights to PTM shares was $3,650,000. The accounting impact of the award will be expensed through the Company's profit and loss statement over the five year service period of the award, so the expense impact is smoothed. In order to hedge the Company's exposure to these rights, the Company acquired, via an Employee Share Trust, an equivalent amount of shares that was purchased on-market. Therefore, this year's award did not dilute existing shareholders.

Dividends

The Directors have declared a fully-franked ordinary dividend of 16 cents per share and this will be paid on 22 September 2016.

A fully-franked ordinary dividend of 16 cents per share was paid on 22 March 2016.

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 Andrew Stannard joined the PTM Board as our Finance Director, bringing with him over 25 years of experience in the funds management sector.

Both the Nomination and Remuneration Committee and Audit, Risk and Compliance Committee have had a productive year. The Nomination and Remuneration Committee oversaw a new Deferred Bonus Plan and also changes to the composition of the Board.

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

Director Renewal

The Company is fast approaching 10 years since it listed on the ASX in May 2007. As a consequence, the Board has spent a significant amount of time discussing the issue of succession planning and has implemented a plan for Director renewal.

As a result, I am delighted to announce that Ms Anne Loveridge will be appointed to the PTM Board during September 2016, and succeed Ms Margaret Towers who will then retire from the Board after over nine years of service. Anne is currently a Non-Executive Director for the National Australia Bank (NAB) Group and has over 30 years of experience as a former partner in the Financial Services Assurance practice at PricewaterhouseCoopers (PwC).

The Board of PTM would like to extend its thanks to Margaret for her invaluable contribution to the Company over the last nine years.

In accordance with good governance and the ASX Guidelines, we intend to continue with the plan of Director renewal and additional Board replacements, at a Non-Executive Director level, will likely be made in the future.

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 addresses the challenging global environment being faced by the business, key initiatives that have been undertaken and the investment outlook.

Michael Cole
Chairman

25 August 2016

2016 MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS

Looking after people's money has been unusually difficult in an environment of Central Bank induced distortions. It is made all the more challenging when one attempts to protect the real value of an equity portfolio. With this in mind, it is perhaps worth **recapping the zig zag nature** of the interplay of Central Banks and the markets over the last eight years since the US sub-prime mortgage crisis morphed into the Global Financial Crisis (GFC).

Memories have perhaps faded as to the existential nature of that melt-down and the great fear felt as over eight million jobs were lost in the US and the pillars of the system crumbled into insolvency and nationalisation. The US Federal Reserve moved quickly to drop short-term rates to zero by flooding the system with reserves, thereby allowing the banks to improve their profitability, but in addition, many were forced to raise fresh equity capital and "encouraged" to merge. So severe was the shock that the Fed embarked on the experiment of quantitative easing (QE) which involved creating bank reserves in exchange for the purchase of bonds and mortgages to affect (and reduce) interest rates right across the yield curve. (In this first phase of the crisis, Platinum's performance shone clearly having anticipated a bleak outcome from untrammelled credit creation).

It wasn't until the second half of 2009, well-after the banking system had been stabilised, that the US economy began to show signs of life. **Investors anticipated a traditional sharp recovery, fuelled by credit growth, consumer spending, inventory restocking and investment growth, and job creation. Cyclical stocks were bid up aggressively** but it soon became evident that in an economy already overloaded with debt, credit creation, investment and job creation were not as responsive to low interest rates as they had been in the past. This led to PIMCO's Bill Gross coining the term "new normal" to describe the paradigm of over-indebtedness and slower growth. **By late 2010, stock markets faltered** and concern around the anaemic recovery saw the Federal Reserve initiate a second round of money printing. (This was the beginning of the search for certainty that we alluded to in our Fund quarterly investment reports.)

The situation in Europe largely mirrored that of the US initially. The lending excesses had been less pronounced, and the economy and banking system wasn't as badly affected as it was in the US, with some notable exceptions. The policy response was also more restrained with the European Central Bank **(ECB) at the time being concerned with overshooting its inflation target than a potential deflationary depression**. With seemingly stillborn recoveries in the US and Europe, **investors turned their attention to the vibrant emerging markets where debt levels were low and the characteristics of a traditional recovery were evident**. This largely reflected events in China where policy makers were unnerved by the speed and ferocity with which the global shock had been transmitted to their newly-open economy. State-owned banks were whipped into a lending frenzy with an emphasis on investment in infrastructure which reignited the commodity boom that was otherwise doomed to end.

Investor confidence in emerging markets and caution around developed markets were reinforced when the tentative recovery in Europe was derailed by the evolving sovereign debt crisis of 2011-2013. This stemmed from earlier disparities within EU monetary zone where interest rates took the form of one-size-fits-all and had sparked housing manias on the periphery. From being soundly funded, several countries suddenly found themselves deficient as their governments issued debt to staunch the bleeding in the private sector. Being part of a trading block with no flexibility to set their own interest rates and with agreed budget deficit limits, these countries were forced into structural reforms and significant unemployment. **Investors wanted nothing to do with European equities during this episode** and if they did, they stuck to only the most defensive names or those with significant exposure to much-loved emerging markets. By 2013 investor **sentiment towards the US and Europe had bottomed**. The ECB had cut interest rates to zero and had begun buying government bonds through repurchase agreements. This stabilised government bond markets and to an extent, the banking system.

In the US, the Federal Reserve had initiated a third round of QE by late 2013 in response to the political deadlock in Congress which had created a budget crisis that was beginning to impact consumer and business confidence. **By 2014, the US and European economies had passed the worst and were back on a recovery path.**

At this point, however, **China began losing momentum** and investors began to question the wisdom of the debt-fuelled investment binge. At the same time, President Xi assumed office and cracked down on corruption, which crippled government activity, and introduced an economic reform agenda that prioritised services over debt-fuelled investment in heavy industry. China's economic growth began to slow with manufacturing particularly hard hit and this dragged commodity prices down. **This triggered a slowdown in many emerging markets, like Brazil and South Africa, as they failed to reform and change policies that had relied on the commodity windfall continuing indefinitely.**

The **halo around emerging market stocks began to dissipate and investors fled to the safety of developed markets**, which by now were showing renewed growth momentum and had experienced some deleveraging. Initially, they favoured US stocks where the domestic recovery appeared more entrenched but Europe returned to favour when the ECB introduced full-blown QE in early 2015 with many investors expecting that to boost domestic demand, while exporters benefitted from the associated weakness in the Euro. **Japan also experienced a resurgence in investor sentiment** when it introduced its own policy of QE in 2013. The Yen had been a particularly strong currency since the GFC

2016 MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS CONTINUED

with the effect that Japan absorbed some of the pain of adjustment from other economies like Korea and Europe. The **Yen depreciated sharply during 2013-2014 and Japanese equities performed particularly well**.

During 2014-2016 the US, Europe and Japan continue to experience slow, grinding recoveries which are somewhat disappointing when seen in the context of the unprecedented scale of monetary stimulus being applied. **By late 2015, US policymakers had actually adopted a tightening bias.** Their counterparts in Japan and Europe went the other way, cutting interest rates below zero. Supposedly these decisions were driven by the fear of deflation becoming entrenched although a desire to see their currencies depreciate likely played a large role. The introduction of negative rates has pressured bank profitability and threatens their solvency by leaving them with little margin to absorb shocks.

Now, with growing evidence that **Central Banks have done all they can, the spotlight is shifting to government spending**. Japan has initiated a large round of fiscal stimulus in recent weeks. In the US fiscal policy will require political cooperation between the increasingly polarised Republican and Democratic parties. While in Europe it will require the agreement of the fiscally conservative Germans and Dutch.

All this **unprecedented economic experimentation has led to the most extraordinary bull market in bonds ever**. Investors have scorned cyclicality, preferring "certainty" in a yield challenged world and this has benefitted Consumer Staples, REITS and Utilities. **This has been the one constant in this zig-zagging world which called for a constant change in asset allocation across countries but with the back stop of favouring certainty.** As the US economy has been the most robust performer, this too has been a consideration for investors even though, many of the companies most loved are barely growing. With our preference for seeking out the most attractively priced companies around the world, rather than being driven by benchmarks and shorter term technical factors, this has not been the best environment for a value sensitive stock picker like Platinum Asset Management.

With their currencies being actively debased, the question is when this frenzy will cease. Across economies, deflation seems the prospect yet the tightness of the US labour market and the low *ceiling of economic potential* suggest this could change. What may trigger a change of view, other than wage pressure and the cost that negative rates place on the solvency of pension and life funds, remains to be seen. Importantly, investment banks are now virtually precluded from market making and on account of the **frantic crowding** with over US$13 trillion invested in sovereign bonds in negative territory, **the turn could be dramatic and painful**, even if interest rate levels subsequently settle back to modest levels, by historic standards. **Do remember, the amount of public and private debt has ballooned by US$60 trillion since 2008 and now totals some $200 trillion, or three times global GDP.**

There is a **new zag in prospect as policy switches to the inevitable need for fiscal augmentation of monetary policy**. It is quite possible that the focus turns back to Asia where economies are growing much faster than in the West, government and private finances are sound, interest rates are attractive and huge current account surpluses are being enjoyed. This should be of benefit to Platinum's portfolio positioning and investment style, as the game broadens out.

Investment Performance

As was suggested above, the investment climate has not been conducive to our investment style and our largest fund has suffered a period of sub-par performance. In the five years to 31 July 2016, the Platinum International Fund (PIF) has cumulatively risen by 81% versus the MSCI All Country World Net Index A$ (Index) which rose by 99%. This is disappointing compared to our historic performance, but it benefits you to remember that **in calendar year 2008 the PIF outperformed the Index by close to 20% (being down 7.4% versus the Index down 27.2%) and again in 2009 the outperformance was over 15%**.

Over the last five years, our geographic specific funds of Asia, Europe and Japan have each handily outperformed their peers and the relevant markets. We understand the causes and know from the gains achieved by the geographic specific funds that **there is no systematic issue with our stock picking approach, notwithstanding the current enthusiasm for passive Exchange Traded Funds (ETFs)**. The singular theme of certainty, makes the choice of ETFs interesting at present, but as this priority fades because of valuation disparities being too great, investors will face the very same choices as fund managers do and have to periodically reallocate their portfolios. This cements the long-term attractions of active management, in our view.

The Investment Team

The talent pool has deepened through recruitment and market-hardened experience. There are 29 members in the investment team of whom 14 have been with Platinum for 10 years or more.

The designated team leaders are building the rhythm of idea generation and this bodes well for making clients money. Our quantitative method continues to strengthen and our dealers are contributing deeper market insights.

Costs

Staff remains the largest obligation and industry surveys suggest that our remuneration packages, with the emphasis on performance enhanced rewards, place the company among the industry leaders.

2016 MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS CONTINUED

To reflect the importance of bringing through tomorrow's leaders, we have introduced a new layer of equity participation. The Deferred Bonus Plan applies across the firm for those leaders that we believe will carry the Company over the next decade. It entails issuing PTM shares to participants with deferred vesting four years hence. It is envisaged that these grants will be made annually, performance permitting, to allow employees to gradually increase their ownership in the Company.

The Profit Share Plan for the investment team, which is dependent upon the weighted average one and three year performance exceeding the benchmark by 1% of all funds under management remains in place.

Funds Under Management (FUM) – Retention and Growth

At present there is great interest in distribution power, presumably because of the influence that the 'big five' financial institutions exercise over financial advice in Australia. We are fully aware of this argument and without understating the might of these organisations, we know that performance is the characteristic that drives FUM over time. There will always be firms and individuals seeking serious fund managers who have a practised methodology and seek to make a difference even though they may have periodic setbacks. Indeed, some of the great names in this industry were founded in the bleak days of the Great Depression that scarred the 1930s.

We have gradually grown our team of investment specialists to four in the field. Via active participation they have added considerably to our interaction with financial advisors in Australia and New Zealand. As noted in the past, these are all former analysts and can therefore speak authoritatively about our investment decisions and portfolios rather than simply following a sales script that lacks depth and understanding. To add further to the quality of our communication in the field, individual analysts accompany the investment specialists to visit advisory firms to give additional insights of changes taking place in specific industries. This in turn empowers financial advisors to speak more authoritatively to their clients. This tends to set us apart from the competition! In addition, we have an annual roadshow directed at the financial intermediaries.

Other important aspects of communication revolve around the rising sophistication of the firm's website, which includes features like the investment *Journal* and this is an ongoing project. We also hold a biannual meeting with clients where the emphasis is on conveying insights rather than being image-promoting jamborees. The efficacy of this open approach is revealed by the fact that as many as 15% of this year's audience were friends of unitholders who have been invited to learn about markets.

Other initiatives include the successful launch of the Listed Investment Company, Platinum Asia Investments Limited (PAI) last September and the opening of the Irish-based UCITS (Undertakings for Collective Investment in Transferable Securities) in November. PAI raised close to A$293 million which includes funding of A$50 million from Platinum, while the value of funds in the UCITS is at US$47 million of which Platinum supplied US$25 million of seeding. We are encouraged by discussions with interested parties to take up units in these products and see them contributing to our income in the coming year.

At present we are investigating alternative packaging of our core products we offer but it should be emphasised that product proliferation is not part of this strategy. We are simply trying to cater to different channels for those seeking equity funds with a global focus.

FUNDS UNDER MANAGEMENT ($MN, AS OF 30 JUNE 2016)

FUND	OPENING BALANCE (1 JULY 2015)	FLOWS	INVESTMENT PERFORMANCE	DISTRIBUTION	CLOSING BALANCE (30 JUNE 2016)	% OF TOTAL
Retail Funds						
Platinum Trust Funds and Platinum Global Fund	19,117	(190)	(1,481)	(907)	16,539	73
Platinum Listed Investment Companies (PMC and PAI)	398	249	(31)	–	616	3
MLC Platinum Global Fund	1,113	(145)	(50)	–	918	4
Institutional Funds						
Management Fee Mandates	1,977	(37)	(91)	–	1,849	8
"Absolute" Performance Fee Mandates	709	(122)	(39)	–	548	2
"Relative" Performance Fee Mandates	3,545	(1,195)	(132)	–	2,218	10
TOTAL	**26,859**	**(1,440)**	**(1,824)**	**(907)**	**22,688**	**100**

Source: Platinum

2016 MANAGING DIRECTOR'S LETTER TO SHAREHOLDERS CONTINUED

Outlook

While we are currently facing net redemptions, past experience leads us to believe that this is transient. Performance can change remarkably quickly and within several months positive flows tend to follow. Australian investors are more aware than ever about the possibilities of global investing and the need for diversification. The launch of our UCITS funds puts us in a strong position to seek investors abroad and we are pursuing this with energy.

As our whole existence is predicated on markets being driven by fashion and crowding, please believe that our confidence in the future is driven by this understanding rather than complacency.

Kerr Neilson
Managing Director

FINANCIAL STATEMENTS 2016

PLATINUM ASSET MANAGEMENT LIMITED

General information

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 August 2016. The Directors have the power to amend and reissue the financial statements.

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 22 August 2016.

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	6,769
1,001 to 5,000	15,626
5,001 to 10,000	3,738
10,001 to 100,000	2,050
100,001 and over	70
	28,253
Holding less than a marketable parcel (less than $500)	249

Equity Security Holders

Twenty largest quoted equity security holders

The names of the 20 largest security holders of quoted equity securities are listed below:

	ORDINARY SHARES NUMBER HELD	ORDINARY SHARES % OF TOTAL SHARES ISSUED
J Neilson	156,037,421	26.60
K Neilson	156,037,420	26.60
HSBC Custody Nominees (Australia) Limited	31,165,669	5.31
Platinum Investment Management Limited (nominee)	30,161,650	5.14
JP Morgan Nominees Australia Limited	19,392,561	3.31
Citicorp Nominees Pty Limited	17,370,503	2.96
National Nominees Limited	9,491,659	1.62
RBC Investor Services Australia Nominees Pty Limited	9,485,948	1.62
Jilliby Pty Limited	6,500,000	1.11
J Clifford	5,000,000	0.85
Charmfair Pty Limited	4,240,694	0.72
Charmfair Pty Limited	3,472,269	0.59
BNP Paribas Nominees Pty Limited	2,838,712	0.49
Xetrov Pty Limited	2,000,000	0.34
UBS Nominees Pty Limited	1,476,753	0.25
Navigator Australia Limited	1,008,125	0.17
HSBC Custody Nominees (Australia) Limited	1,004,384	0.17
Warbont Nominees Pty Limited	998,729	0.17
Jilliby Pty Limited	725,000	0.12
Bond Street Custodians Limited	650,000	0.11
	459,057,497	78.25

Unquoted equity securities

There are no unquoted equity securities, however under the Deferred Bonus Plan, 591,578 deferred rights were allocated to eligible employees of Platinum. On vesting and exercise of these rights, an equivalent number of PTM shares (that have already been acquired on-market) will be allocated to these employees. No new shares will be issued under the Deferred Bonus Plan (please refer to the Remuneration Report and Note 20 for further details).

SHAREHOLDER INFORMATION
CONTINUED

Substantial Holders
The following parties have notified the Company that they have a substantial relevant interest in the ordinary shares of Platinum Asset Management Limited in accordance with section 671B of the *Corporations Act 2001*:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
J Neilson, K Neilson	312,074,841	53.2^
J Clifford, Moya Pty Limited, A Clifford	32,831,449	5.9^

^ based on the last substantial shareholder notice lodged.

Voting Rights
The voting rights attached to ordinary shares are as follows:

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.

Employees that have been allocated deferred rights under the Deferred Rights Plan, have no entitlement to vote, attend meetings of shareholders or receive dividends, until the deferred rights have been exercised (Refer to the Remuneration Report and Note 20 for further details).

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

Ordinary shares trade ex-dividend	31 August 2016
Record (books close) date for dividend	1 September 2016
Dividend paid	22 September 2016

These dates are indicative and may be changed.

Notice of Annual General Meeting
The details of the Annual General Meeting (AGM) of Platinum Asset Management Limited are:
10am Thursday 17 November, 2016
Marble Room, Radisson Blu Plaza Hotel Sydney
27 O'Connell Street, Sydney NSW 2000

Questions for the AGM
If you would like to submit a question prior to the AGM to be addressed at the AGM, you may email your question to invest@platinum.com.au.

DIRECTORS' REPORT

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 2016.

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
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)

Other Board Appointed Officers of the Company

Mark Aggarwal was Acting Chief Financial Officer until 10 August 2015, when Andrew Stannard joined the firm.

Marcia Venegas was Chief Compliance Officer until 20 November 2015. Matthew Githens was appointed as Chief Compliance Officer from 23 November 2015.

Janna Vynokur was Company Secretary of the Company for the full financial year, before resigning on 29 July 2016.

Andrew Stannard was appointed interim Company Secretary of the Company on 29 July 2016.

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.

DIRECTORS' REPORT
CONTINUED

Operating and Financial Review

The ability of our Funds and mandates to attract new capital is ultimately dependent on our long-term investment performance. The high level of market volatility experienced during the year triggered investment uncertainty which, in turn, adversely affected performance, fund inflows and Funds Under Management (FUM).

Despite the drop in year-on-year closing FUM from $26.9 billion to $22.7 billion, average FUM, which drives our fee revenue, only decreased by 1.2% or $0.3 billion to $25.8 billion. This limited the fall in fee revenue to 0.9%, with full year fee revenue totalling $337.9 million (2015: $340.9 million).

Total revenue declined by 4.4% or $15.7 million to $344.7 million (2015: $360.4 million), mostly due to mark-to-market losses from our US Dollar cash holdings and investments.

During 2016 we held about half of our cash holdings in US Dollars and the other half in Australian Dollars. Gains made on the USD cash holding totalled $5.1 million, substantially less than $16.9 million generated in 2015 because of the large favourable currency movement that occurred in that year (the AUD/USD exchange rate fell from 94 cents down to 76 cents between 1 July 2014 and 30 June 2015).

Falling equity markets also caused unrealised, non-cash, losses on our co-investment in Platinum's new Listed Investment Company, Platinum Asia Investments Limited ("PAI") of $1.5 million and losses on the investment in the new Irish offshore fund, Platinum World Portfolios Plc ("PWP") of $1.4 million.

Costs increased by 6.1% or $3.6 million relative to the prior year, driven mainly by a $2.5 million increase in staff costs and a $1.0 million increase in costs associated with our business development strategy. There were some savings on custody costs.

Profit before income tax expense was $282.2 million (2015: $301.6 million) and the profit after tax for the year was $199.9 million (2015: $213.5 million). Both of these profit numbers represent a decrease of 6.4% from the prior year.

The 30 June 2016 closing FUM was $22.7 billion, and this represents a decrease of 15.5% or $4.2 billion from the 30 June 2015 closing FUM of $26.9 billion. The first few months of the year were positive from a FUM point of view and the average FUM for the year to 30 June 2016 decreased by only 1.2% or $0.3 billion to $25.8 billion, compared to an average FUM of $26.1 billion for the previous year.

The decline in FUM over the course of the current year was caused by a decline in absolute investment returns of $1.8 billion and investment outflows of $2.4 billion (inclusive of the 30 June 2016 net distribution of $0.9 billion).

Despite the downturn in FUM there were nonetheless several notable highlights in the year including the success of the Platinum Asia Investments Limited Listed Investment Company ("LIC") Initial Public Offer ("IPO") which raised $292.9 million.

We also launched a new Undertakings for Collective Investment in Transferable Securities ("UCITS") offshore fund, called Platinum World Portfolios Plc. This Irish fund is now being actively marketed globally, showcasing Platinum's strong long-term record of outperformance which sets us apart from the majority of fund managers in the industry. It has begun to attract some serious overseas client interest.

The uncertainty in global macroeconomic and geopolitical affairs ("Brexit" being the most recent example) has resulted in the overwhelming majority of fund managers investing in the supposedly "safer" US market. However, our view is that expectations about future earnings growth in the US appear unrealistically high so, in contrast to other managers, Platinum prefers to focus on companies that have attractive valuations in long-term growth regions, such as Asia.

We believe it is imperative that investors are kept as fully informed as possible. As a result, we have increased the resources dedicated to explaining the characteristics and benefits of our products and communicating our investment strategy to advisors and their clients.

The Company is in a strong financial position, with a strong balance sheet. That said, the most significant driver of sustainable future growth is, and will always be, the delivery of superior, long-term, risk adjusted returns for our clients.

Notwithstanding this year's set-back with respect to FUM growth, we remain positive about our future prospects. In particular, we note the increasing trend for Australian investors to raise their exposure to global shares, the strengthening of our relationship with the investor community and the continued growth of the self-managed superannuation fund ("SMSF") sector.

DIRECTORS' REPORT
CONTINUED

Dividends
Since the end of the financial year, the Directors have declared a 16 cents per share ($93,773,971) fully-franked ordinary dividend, with a record date of 1 September 2016 and payable to shareholders on 22 September 2016.

A fully-franked ordinary dividend of 16 cents per share ($93,868,624) was paid on 22 March 2016.

A fully-franked ordinary dividend of 20 cents per share ($117,335,780) was paid on 22 September 2015.

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 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 affected, 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 68)

Mr Cole has over 38 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 66)

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 58)

Ms Towers is a Chartered Accountant with over 34 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 and Nomination & Remuneration Committees since 11 March 2015. (Age 60)

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. Previously, Mr Menzies was National Director for Enforcement at the Australian Securities Commission and has a long history in the funds management sector. In July 2015, Mr Menzies was appointed a Director of Platinum World Portfolios Plc.

Kerr Neilson BCOM, ASIP
Managing Director since 12 July 1993. (Age 66)

Mr Neilson was appointed as Managing Director upon incorporation. He is the Managing Director of Platinum Investment Management 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 50)

Mr Clifford joined Platinum as a co-founding member in 1994 in the capacity of Director of Platinum Investment Management Limited and Deputy Chief Investment Officer.

DIRECTORS' REPORT
CONTINUED

Previously he was a Vice President at Bankers Trust Australia covering Asian equities and managing the BT Select Market Trust – Pacific Basin Fund. In May 2013, Mr Clifford was appointed Chief Investment Officer. Mr Clifford is co-manager of Platinum International Fund with Kerr Neilson.

Elizabeth Norman BA, GRADUATE DIPLOMA IN FINANCIAL PLANNING
Director of Investor Services and Communications since 8 May 2013. (Age 48)

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 49)

Mr Stannard joined Platinum from AllianceBernstein where he held the position of Chief Financial Officer for the Asia-Pacific region. Mr Stannard has 26 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 2016, 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	4	4	3	3	4	4
Kerr Neilson	4	4	–	–	–	–
Andrew Clifford	4	4	–	–	–	–
Elizabeth Norman	4	4	–	–	–	–
Andrew Stannard	4	4	–	–	–	–

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*.

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.

Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations *"Rounding in Financial/Directors' Reports"* Instrument, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

DIRECTORS' REPORT
CONTINUED

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 39.

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

Kerr Neilson
Director

Sydney , 25 August 2016

Remuneration Report

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 for the year ended 30 June 2016. 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 2016

- The Managing Director waived his ability to receive a bonus in 2016 and this was ratified by the Nomination & Remuneration Committee;
- As a result of investment underperformance by our Funds and Mandates and the associated decline in Funds Under Management ("FUM"), the Chief Investment Officer, Andrew Clifford did not receive a bonus in 2016;
- The underperformance of our funds and lower revenues also affected the bonuses paid to all other Platinum employees. With the exception of a very small group of employees who each made outstanding contributions to the business over a number of years, bonuses were generally flat year on year and salary increases modest;
- There were no payments made under the Profit Share Plan ("PSP") to any staff;
- Only two members of Key Management Personnel ("KMP") received a bonus in 2016, being the Director of Investment Services and Communications, Elizabeth Norman and the Finance Director, Andrew Stannard;
- A new "Deferred Bonus Plan" was approved by the Nomination & Remuneration Committee. The main objective of the Plan is to recognise the contributions made by key employees and to retain their skills within the firm. Selected employees will have a proportion of their bonus deferred in the form of deferred rights. The rights will become convertible to shares in Platinum Asset Management Limited (PTM) after four years, if the key employees remain employed at Platinum. In the current year, $3,650,000 in employee bonuses were deferred under this plan. The accounting impact of the award will be expensed through the profit and loss statement over the five year service period of the award, so the expense impact is smoothed. PTM shares were acquired by an Employee Share Trust on-market and therefore did not dilute existing shareholders;
- Only one member of KMP, Elizabeth Norman received a deferred bonus. The total of her deferred bonus was $300,000, which translated into 48,623 deferred rights. This was calculated by dividing the bonus amount by the Volume Weighted Average Price (VWAP) of PTM shares for the seven (7) trading days prior to grant date. Elizabeth Norman will consequently have the right to receive 48,623 PTM shares if she remains employed at Platinum for a further four years (to 20 June 2020); and

DIRECTORS' REPORT
CONTINUED

- The 2016 financial year represents the first full year that the remuneration arrangements adopted in April 2015, were applied to the Non-Executive Directors. The specific responsibilities that each Non-Executive Director has are identified and remuneration is then allocated to each of those responsibilities. This re-allocation has 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
Kerr Neilson	Managing Director
Andrew Clifford	Executive Director and Chief Investment Officer (CIO)
Elizabeth Norman	Executive Director and Director of Investor Services and Communications
Andrew Stannard	Executive (Finance) Director (since 10 August 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 2015 (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 96.89%. 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 clients' 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 2016, the flagship Platinum International Fund ("PIF") had achieved an average compound annual return of 12.3% since its inception in 1995, compared to 6.1% for the MSCI All Country World Net Index. This means that over time investors have been able to generate very solid absolute and relative returns, despite the Fund having lower net exposure (and therefore less risk) to the market, in keeping with the Fund's stated absolute return focus.

In more recent times, the road has been bumpy and our limited US exposure has stood in stark contrast to the composition of the benchmark, but as price is the best predictor of future returns, we remain comfortable with the composition of the portfolios.

In order to achieve these strong medium and long-term 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 corporate and fiduciary 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 from 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.

DIRECTORS' REPORT
CONTINUED

Structure of Remuneration for Directors and all Platinum Staff
Fixed remuneration consists of salary and compulsory superannuation contributions. Salaries approximate market rates and took into account the contribution, skill and experience of each employee.

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

Short-Term Incentive Plans
Investment Team Plan (applies to members of the investment team only)
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 below benchmarks, no payments were made under the plan in the current or prior year.

Profit Share Plan (PSP) (applies to members of the investment team only)
The Nomination & Remuneration Committee ratified the PSP in 2014. 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 1 and 3 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 & 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 or prior year.

General Employee Plan

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 employees of 86, despite total FUM at 30 June 2016 being $22.7 billion. With the exception of a very small group of employees who have each made outstanding contributions to the business over a number of years, bonuses paid to employees in 2016 were generally flat and salary increases limited.

Deferred Bonus Plan

On 2 June 2016, a new "Deferred Bonus Plan" was approved by the Nomination & Remuneration Committee. The main objectives of the Plan are to recognise the contributions made by key employees and to retain their skills within the firm. Eligible employees are selected by the Nomination & Remuneration Committee during the annual bonus cycle and the proportion of each bonus that is deferred varies by employee. The number of deferred rights are determined by dividing the discretionary deferred bonus amount allocated to each eligible employee by the PTM share price, using a volume weighted average price (VWAP) of the PTM shares over the seven (7) trading days prior to the grant date. If an eligible employee remains employed at Platinum after the four year vesting period expires, the employee has a further five years to exercise their deferred right. If an employee resigns from Platinum before they have met the service condition then, in most circumstances, the deferred rights will be forfeited.

DIRECTORS' REPORT
CONTINUED

It is anticipated that further grants will occur in the future, most likely in June of each year. In order to satisfy the obligation to the Company that arises from the granting of deferred awards, the Company also intends, over time, to purchase shares on-market and hold these shares within an Employee Share Trust. On vesting, eligible employees will receive one ordinary share in PTM from the Employee Share Trust in satisfaction of each of their rights. No fee is payable by any eligible employee on either grant or on exercise. There is flexibility for the Board to pay cash to the eligible employee on vesting, but the current plan envisages allocating PTM shares only.

Eligible employees will have no voting or dividend rights until their deferred rights have been exercised and their shares have been allocated. However, the deferred rights also carry an entitlement to a Dividend Equivalent Payment. Upon the valid exercise of a deferred right, or deemed exercise, of a deferred right, an eligible employee will be entitled to receive an amount approximately equal to the amount of dividends that would have been paid to the eligible employee had they held the share from the grant date to the date that the deferred rights are exercised.

For the year ended 30 June 2016, total deferred employee bonuses were $3,650,000. The corresponding number of rights to receive Company (PTM) shares was 591,578 using a volume weighted average price (VWAP) of $6.17 over the seven trading days prior to the grant date (20 June 2016). As noted above, these PTM shares will ultimately only be allocated if the eligible employee(s) remain employed at Platinum for a period of four years from the grant date. The accounting impact of the award will be expensed through the profit and loss statement over the five year service period of the award, so the expense impact is smoothed.

Between 21 June 2016 and 23 June 2016, the consolidated entity, through its Employee Share Trust purchased $3,638,073 worth of PTM shares on-market (with $9,128 being spent on brokerage and GST and the balance of $2,799 still un-spent but reserved for ongoing bank fees and charges) and will hold these shares until the vesting date of 20 June 2020 (four years) and subsequent exercise by the eligible employees. No new shares will be issued under the Plan and hence existing shareholders were not diluted.

Impact of these Plans on the Bonuses paid to Executive Directors

Andrew Clifford

Andrew Clifford's bonus was based on his role as Platinum's Chief Investment Officer and Co-Manager of Platinum International Fund and is based on the Investment Team Plan.

As a result of investment underperformance by our Funds and Mandates and the associated decline in Funds Under Management, Andrew Clifford did not receive a bonus in 2016.

Elizabeth Norman

The bonus of Elizabeth Norman was determined according to the General Employee Plan. For the year ended 30 June 2016, the total cash bonus paid to Elizabeth Norman was $1,100,000.

In addition, Elizabeth Norman received an allocation under the Deferred Bonus Plan. The total deferred bonus was $300,000, which translated into 48,623 deferred rights, calculated by dividing the bonus amount by the Volume Weighted Average Price (VWAP) of PTM shares for the seven (7) trading days prior to grant date. Elizabeth Norman will receive 48,623 PTM shares if she remains employed at Platinum for a further four years (to 20 June 2020).

Elizabeth Norman was the only KMP to receive an allocation under the Deferred Bonus Plan.

Elizabeth Norman's bonus and allocation under the Deferred Bonus Plan reflected her role as Director of Investor Services and Communications and her leadership and involvement in the launch and/or development of several initiatives during the year, including the IPO Platinum Asia Investments Limited (ASX code: PAI), launching the new UCITS fund in Europe, new brand initiatives, and expanding our communication efforts with both advisors and investors.

Andrew Stannard

On 10 August 2015, Andrew Stannard was appointed as Platinum's Finance Director.

The bonus paid to Andrew Stannard was determined according to the General Employee Plan. For the year ended 30 June 2016, the total cash bonus paid to Andrew Stannard was $300,000.

The bonus paid to Andrew Stannard reflected the leadership and strategic input that he provided into various development opportunities for the business, including the legal and regulatory requirements associated with the launch and ongoing administration of the UCITS fund and Platinum Asia Investments Limited, developing our new Deferred Bonus Plan, enhancing our corporate communications to analysts and shareholders, and improving the technology footprint of the firm.

Kerr Neilson

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

DIRECTORS' REPORT
CONTINUED

Long-Term Incentive Plans

The Platinum Group has two long-term incentive plans in place, being:

- Options and Performance Rights Plan (OPRP); and
- Fund Appreciation Rights Plan (FARP).

There was no allocation under either plan in the current or prior year.

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] $	SUPER-ANNUATION $	SHORT-TERM INCENTIVES[2] $	LONG-TERM INCENTIVES[3] $	TOTAL $
2016						
Kerr Neilson[4]	**450,000**	**19,392**	**19,308**	**–**	**–**	**488,700**
Andrew Clifford	**425,000**	**19,162**	**19,308**	**–**	**–**	**463,470**
Elizabeth Norman	**400,000**	**22,429**	**19,308**	**1,152,200**	**–**	**1,593,937**
Andrew Stannard[5] (from 10 August 2015)	**358,976**	**5,954**	**19,308**	**300,000**	**–**	**684,238**
	1,633,976	**66,937**	**77,232**	**1,452,200**	**–**	**3,230,345**
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 (until 25 May 2015)	358,974	(24,706)	16,858	–	–	351,126
	1,633,974	(9,905)	73,210	1,125,000	–	2,822,279

(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 short-term incentive attributable to Elizabeth Norman is comprised of (i) a cash bonus of $1,100,000 and (ii) the accounting valuation of $52,200 attributable to Elizabeth Norman with respect to the allocation of 48,623 deferred rights under the Deferred Bonus Plan.

(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 of Andrew Stannard covers the period from the date of his appointment on 10 August 2015 to 30 June 2016.

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]
2016		
Kerr Neilson	**100%**	**0%**
Andrew Clifford	**100%**	**0%**
Elizabeth Norman	**28%**	**72%**
Andrew Stannard	**56%**	**44%**
2015		
Kerr Neilson	100%	0%
Andrew Clifford	50%	50%
Elizabeth Norman	38%	62%
Philip Howard	100%	0%

(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 year (being cash bonuses paid to Andrew Stannard and Elizabeth Norman and the accounting valuation attributable to Elizabeth Norman based on the allocation of deferred rights under the Deferred Bonus Plan).

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).

DIRECTORS' REPORT
CONTINUED

Remuneration Structure

From 1 April 2015, the Nomination & Remuneration Committee recommended the Non-Executive Director remuneration structure change to a model that aligns with the various roles and responsibilities that the Non-Executive Directors perform in relation to their work-load and attendance at the Board and Board Committees.

This structure is 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 2016 financial year represents the first full financial year that the new remuneration structure and arrangements have been in place. 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 & Compliance Committee	Member	Chair	Member	Member
Nomination & Remuneration Committee	Member	Member	Chair	Member

The table below shows how the remuneration paid is allocated.

NON-EXECUTIVE DIRECTOR	MICHAEL COLE	MARGARET TOWERS	BRUCE COLEMAN	STEPHEN MENZIES
Board(1)	$170,000	$130,000	$130,000	$130,000
Audit, Risk & Compliance Committee	$15,000	$30,000	$15,000	$15,000
Nomination & 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 structure 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 requires 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 $	SUPER-ANNUATION $	SHORT-TERM INCENTIVES $	LONG-TERM INCENTIVES $	TOTAL $
2016					
Michael Cole	**200,000**	**19,000**	**–**	**–**	**219,000**
Margaret Towers	**175,000**	**16,625**	**–**	**–**	**191,625**
Bruce Coleman	**175,000**	**16,625**	**–**	**–**	**191,625**
Stephen Menzies	**160,000**	**15,200**	**–**	**–**	**175,200**
	710,000	**67,450**	**–**	**–**	**777,450**
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

The prior year remuneration for Stephen Menzies covers the period from the date of his appointment to 30 June 2015. In addition, Mr Menzies is Platinum Investment Management Limited's (PIMLs) nominee on the Board of the offshore UCITS fund, Platinum World Portfolios Plc ("PWP"). PWP was formed prior to its formal commencement of trading on 17 November 2015. As a result, PIML paid Mr Menzies a payment of Directors Fees of Euro 10,000 (equivalent to A$15,728). Subsequent Directors Fees were paid by PWP itself, with the second payment of Euro 10,000 (equivalent to A$14,605) paid on 25 April 2016.

DIRECTORS' REPORT
CONTINUED

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 still make short-term incentive payments in certain exceptional circumstances, such as bona-fide 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

	2016	2015	2014	2013	2012
Revenue ($'000)	**344,658**	360,422	319,796	232,152	226,727
Expenses ($'000)	**62,464**	58,872	58,751	48,983	47,279
Operating profit after tax ($'000)	**199,870**	213,499	189,867	129,112	126,378
Basic earnings per share (cents per share)	**34.24**	36.66	32.79	22.92	22.51
Total dividends (cents per share)	**32**	47	34	22	21
Total aggregate fixed remuneration paid ($)(1)	**2,518,991**	2,362,901	2,346,251	1,832,625	1,794,650
Total aggregate variable remuneration paid ($)(2)	**1,452,200**	1,125,000	2,554,650	852,500	414,000

(1) Total aggregate fixed remuneration paid represents salaries and superannuation (and includes the Director's Fees disclosed on page 35 and paid to Stephen Menzies for his Directorship of the UCITS fund). The total aggregate fixed remuneration figure is higher in the last three financial years (2016, 2015 and 2014) because two new Directors were appointed in May 2013 and therefore the remuneration over the last three years reflects the appointment of two additional Directors.

(2) Total aggregate variable remuneration paid represents short-term incentive bonuses. The variable remuneration figure was highest in 2014 primarily because a Profit Share Plan (PSP) incentive allocation was made to Andrew Clifford in that year.

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	25,000	–	–	25,000
Margaret Towers	20,000	–	–	20,000
Stephen Menzies	30,000	–	–	30,000
Kerr Neilson	312,074,841	–	–	312,074,841
Andrew Clifford	32,831,449	–	–	32,831,449
Elizabeth Norman	766,748	–	–	766,748
Andrew Stannard	–	–	–	–

There were no additions or disposals made during the year by any of the Directors.

DIRECTORS' REPORT
CONTINUED

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.

Use of external remuneration consultants
The consolidated entity engaged the services of PricewaterhouseCoopers to provide the Nomination & Remuneration Committee with recommendations associated with the implementation of the Deferred Bonus Plan.

PricewaterhouseCoopers were subsequently engaged to assist with the full implementation and roll-out of the Plan. The amount paid or payable to PricewaterhouseCoopers for the provision of these services in FY 2016 was $46,433.

AUDITOR'S INDEPENDENCE DECLARATION

pwc

As lead auditor for the audit of Platinum Asset Management Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. 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.

R. B

R Balding
Partner
PricewaterhouseCoopers

Sydney, 25 August 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

		CONSOLIDATED	
	NOTE	**2016 $'000**	2015 $'000
Revenue			
Management fees		**319,633**	322,124
Performance fees		**2,613**	2,329
Administration fees		**15,648**	16,441
		337,894	340,894
Other income			
Interest		**4,068**	7,093
(Loss) on equity investment in associate	21	**(2,254)**	–
(Losses) on financial assets at fair value through profit or loss		**(661)**	(3,829)
Net foreign exchange gains on overseas bank accounts		**5,142**	16,898
Net gains/(losses) on forward currency contracts, dividends and distributions		**469**	(634)
Total revenue and other income		**344,658**	360,422
Expenses			
Staff		**(30,443)**	(27,900)
Custody, administration, trustee and unit registry		**(14,219)**	(16,268)
Business development		**(5,784)**	(4,759)
Research		**(2,117)**	(1,862)
Technology		**(1,734)**	(1,662)
Rent and other occupancy		**(1,647)**	(1,742)
Legal and compliance		**(1,383)**	(1,106)
Depreciation	8	**(965)**	(853)
Other professional		**(963)**	(651)
Mail house and periodic reporting		**(727)**	(598)
Share-based payments	20	**(635)**	–
Share registry		**(593)**	(466)
Insurance		**(500)**	(397)
Audit fee	19	**(463)**	(456)
Other		**(291)**	(152)
Total expenses		**(62,464)**	(58,872)

	NOTE	CONSOLIDATED 2016 $'000	2015 $'000
Profit before income tax expense		**282,194**	301,550
Income tax expense	4	**(82,324)**	(88,051)
Profit after income tax expense for the year		**199,870**	213,499
Other comprehensive income			
Reclassification to profit and loss on the disposal of Platinum World Funds Plc.		**–**	1,158
Exchange rate translation impact of foreign subsidiaries	13	**(422)**	4,377
Other comprehensive income for the year, net of tax		**(422)**	5,535
Total comprehensive income for the year		**199,448**	219,034
Profit after income tax expense for the year is attributable to:			
Owners of Platinum Asset Management Limited		**200,887**	213,499
Non-controlling interests		**(1,017)**	–
		199,870	213,499
		CENTS	CENTS
Basic earnings per share	29	**34.24**	36.66
Diluted earnings per share	29	**34.24**	36.66

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	NOTE	CONSOLIDATED 2016 $'000	2015 $'000
Assets			
Current assets			
Cash and cash equivalents		**119,079**	127,679
Equity investment in associate	21	**47,746**	–
Financial assets at fair value through profit or loss	6	**49,452**	119
Term deposits		**138,518**	199,268
Trade and other receivables	7	**29,900**	40,707
Total current assets		**384,695**	367,773
Non-current assets			
Fixed assets	8	**2,628**	3,130
Total non-current assets		**2,628**	3,130
Total assets		**387,323**	370,903
Liabilities			
Current liabilities			
Trade and other payables	9	**7,841**	7,557
Financial liabilities at fair value through profit or loss	10	**182**	–
Income tax payable		**10,766**	9,142
Employee benefits	11	**3,129**	2,770
Total current liabilities		**21,918**	19,469
Non-current liabilities			
Provisions	11	**199**	–
Net deferred tax liabilities	5	**995**	2,254
Total non-current liabilities		**1,194**	2,254
Total liabilities		**23,112**	21,723
Net assets		**364,211**	349,180
Equity			
Issued capital	12	**747,717**	751,355
Reserves	13	**(587,764)**	(588,014)
Retained profits	14	**175,522**	185,839
Total equity attributable to the owners of Platinum Asset Management Limited		**335,475**	349,180
Total equity attributable to non-controlling interests:			
Non-controlling interests	12	**28,736**	–
Total equity		**364,211**	349,180

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	RETAINED PROFITS $'000	NON-CONTROLLING INTERESTS $'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
Other comprehensive income					
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
Transactions with owners in the capacity as owners					
Exercise of options (Note 20)	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**

CONSOLIDATED	ISSUED CAPITAL $'000	RESERVES $'000	RETAINED PROFITS $'000	NON-CONTROLLING INTERESTS $'000	TOTAL EQUITY $'000
Balance at 1 July 2015	**751,355**	**(588,014)**	**185,839**	**–**	**349,180**
Profit after income tax expense for the year	–	–	200,887	(1,017)	199,870
Other comprehensive income					
Exchange rate translation impact of foreign subsidiaries	–	(422)	–	–	(422)
Total comprehensive income for the year	–	(422)	200,887	(1,017)	199,448
Transactions with owners in the capacity as owners					
Treasury shares acquired (Note 12)	(3,638)	–	–	–	(3,638)
Share-based payments reserve (Note 13)	–	672	–	–	672
Dividends paid (Note 15)	–	–	(211,204)	–	(211,204)
Transactions with non-controlling interests (Note 12)	–	–	–	29,753	29,753
Balance at 30 June 2016	**747,717**	**(587,764)**	**175,522**	**28,736**	**364,211**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	CONSOLIDATED **2016** **$'000**	 2015 $'000
Cash flows from operating activities			
Receipts from operating activities		**345,175**	332,814
Payments for operating activities		**(60,792)**	(58,804)
Income taxes paid		**(81,922)**	(93,145)
Net cash from operating activities	28	**202,461**	180,865
Cash flows from investing activities			
Interest received		**4,275**	7,887
Purchase of term deposits		**(464,786)**	(606,581)
Proceeds on maturity of term deposits		**525,536**	681,126
Receipts from sale of financial assets		**7,939**	135,744
Purchase of financial assets and investment in associate		**(105,506)**	(63,553)
Purchase of fixed assets		**(464)**	(1,200)
Dividends received		**320**	303
Distributions received		**11**	4
Net cash from/(used in) investing activities		**(32,675)**	153,730
Cash flows from financing activities			
Proceeds from issue of shares		**–**	28,543
Proceeds from investment by non-controlling interests	12	**29,753**	–
Dividends paid		**(211,225)**	(273,539)
Net cash used in financing activities		**(181,472)**	(244,996)
Net increase in cash and cash equivalents		**(11,686)**	89,599
Cash and cash equivalents at the beginning of the financial year		**127,679**	24,854
Effects of exchange rate changes on cash and cash equivalents		**3,086**	13,226
Cash and cash equivalents at the end of the financial year		**119,079**	127,679

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

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 25.

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 2016 and the results of all subsidiaries for the financial year. Platinum Asset Management Limited and its subsidiaries together are referred to in these financial statements as the "consolidated entity" or "group".

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 1. Significant Accounting Policies Continued

Principles of consolidation Continued

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.

Equity investment in associates

An associate is an entity over which the consolidated entity exercises significant influence but not control over its financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not control or jointly control those policies. Investments in associates are accounted for using the equity method of accounting in the financial statements. When necessary, adjustments are made to the financial statements of associated entities to bring their accounting policies and reporting dates into line with the consolidated entity's accounting policies. At 30 June 2016, the consolidated entity was assessed as having significant influence over Platinum Asia Investments Limited, as a result of its direct investment and investment management of Platinum Asia Investments Limited.

Under the equity method, the investment in an associate is carried in the statement of financial position at cost plus post acquisition changes in the consolidated entity's share of net assets of the associate. Where an associate was previously a controlled entity of the consolidated entity, the deemed cost for the purpose of applying the equity method is the fair value on the date that the consolidated entity ceased to have a controlling interest. After application of the equity method, the consolidated entity determines whether it is necessary to recognise any impairment loss with respect to the consolidated entity's net investment in associates.

The consolidated entity's share of an associate's post-acquisition profit or loss is recognised in the consolidated entity's statement of profit or loss and other comprehensive income and adjusted against the carrying amount of the investment. Dividends or distributions received or receivable from an associate are recognised in the consolidated entity's statement of profit or loss and other comprehensive income, with an associated reduction in the carrying value of the investment.

Note 1. Significant Accounting Policies Continued

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

Functional and presentation currency

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.

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 balance date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 1. Significant Accounting Policies Continued

Foreign currency translation Continued

The foreign currency reserve is recognised in the consolidated statement of profit or loss and other comprehensive income 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 forward 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 employees at the measurement date". AASB 13 increases transparency about fair value measurements, including the valuation 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.

Note 1. Significant Accounting Policies Continued

Financial assets/liabilities at fair value through profit or loss Continued

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.

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. The options held in Platinum Asia Investments Limited are valued at the ASX-quoted last price. 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 1. Significant Accounting Policies Continued

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.

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.

Offshore Banking Unit ("OBU") Legislation

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.

Note 1. Significant Accounting Policies Continued

Income tax Continued

Controlled Foreign Corporation ("CFC")

Platinum World Portfolios Plc. is considered to be a CFC for Australian tax purposes as a result of Platinum Investment Management Limited's investment in Platinum World Portfolios. As a result, the consolidated group is subject to tax on its proportionate share of Platinum World Portfolios' attributable or realised income.

Current and non-current classification

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

Asset/liabilities are classified as current when: it is expected or there is a legal obligation to be realised or settled within 12 months after the reporting period. All other assets/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, are not discounted, and are 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 consolidated statement of financial position.

At 30 June 2016, all of the group's term deposits have maturities of more than three months from the date of 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 1. Significant Accounting Policies Continued

Cash and cash equivalents Continued

Payments and receipts relating to the purchase and sale of term deposits are classified as "cash flows from investing activities".

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

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 22.

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 being invoiced.

Note 1. Significant Accounting Policies Continued

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.

Issued capital

Ordinary shares are classified as equity.

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 and associates. Please refer to Note 24 for the relevant disclosures.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 1. Significant Accounting Policies Continued

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.

Share-based payments

On 2 June 2016, the Platinum Group established a Deferred Bonus Plan, in which the Company through an Employee Share Trust, purchased shares in the Company (PTM shares) for future allocation to key employees of Platinum Investment Management Limited (eligible employees). Employees selected to participate in the Deferred Bonus Plan are at the discretion of the Nomination & Remuneration Committee.

On an annual basis, the Nomination & Remuneration Committee will select the eligible employees that will be granted deferred rights to receive shares in the Company. A proportion of each eligible employee's bonus will be deferred and the amount deferred will vary. The shares will be allocated to eligible employee(s), on the condition that the employee remains with Platinum for a period of four years (vesting period), from the grant date of the deferred rights. The deferred rights may be forfeited or re-allocated to another eligible employee, if an eligible employee leaves Platinum, prior to serving their four year service period.

Details relating to share-based payments are set out in Note 20.

AASB 2: *Share-based Payments* requires an organisation to recognise an expense for equity provided for services rendered by employees. The amount that is recognised for provision of share based payments is derived from the fair value of the equity instruments granted. Deferred bonuses settled in PTM shares are considered to be a share-based payments award.

Note 1. Significant Accounting Policies Continued

Share-based payments Continued

The fair value of the equity instruments granted and measured at grant date is recognised over the service period. The accounting expense will commence when there is a "shared understanding" of the terms and conditions of the offer. The service period may commence prior to grant date. In this case, the expense is estimated and trued-up at grant date.

The first tranche of rights granted to employees occurred on 20 June 2016 and will be equity-settled. As a result, the fair value of the rights granted is recognised in the consolidated accounts as an expense with a corresponding entry to reserves. The fair value is measured at grant date and amortised on a straight-line basis over the vesting period that the employees become unconditionally entitled to the share. In measuring the fair value, an allowance has been made for the risk or probability of forfeiture, which measures the risk of selected eligible employees leaving Platinum and forfeiting their rights.

At each balance date, the Company reviews the number of deferred rights granted. Adjustments are made to the share-based payments expense, if the number of deferred rights granted has changed (e.g. through forfeitures). The impact of any revision to the original estimate will be recognised in the statement of profit or loss and other comprehensive income with the corresponding entry to reserves.

The purchase of shares on-market by the Company through an Employee Share Trust for future allocation to key employees is shown in the consolidated statement of financial position as a debit entry to the "treasury shares" account with the corresponding credit entry to "cash".

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations *"Rounding in Financial/Directors' Reports"* Instrument, issued by the Australian Securities and Investments Commission, relating to "rounding-off". Amounts in these financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 1. Significant Accounting Policies Continued

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 2016. 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.

Interpretation 4: Determining whether an Arrangement contains a Lease
The Interpretation applies for annual periods commencing on or after 1 January 2016. The Interpretation addresses how to determine whether an arrangement is, or contains a lease as defined in AASB 117: *Leases*, when the assessment or a reassessment should be made and how payments under the arrangement should be treated. A determination on whether an arrangement is, or contains, a lease takes place at the inception of the arrangement and is based on the substance of the arrangement. This requires an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset and if the arrangement conveys a right to use the asset. This interpretation was assessed as not having a significant impact on the consolidated entity.

Interpretation 115: Operating Leases – Incentives
The Interpretation applies for annual periods commencing on or after 1 January 2016. The Interpretation addresses that a lessor may provide incentives for a lessee to enter into an operating lease and how such incentives should be recognised in the financial statements. The lessee recognises an incentive as a reduction of rental expense over the term of the lease. This is ordinarily calculated on a straight-line basis unless an alternative basis is more representative of the lessee's benefit from the use of the leased asset. This interpretation was assessed as not having a significant impact on the consolidated entity.

Interpretation 132: Intangible Assets – Web Site Costs
The Interpretation applies for annual periods commencing on or after 1 January 2017. The Interpretation addresses whether a web site is an internally generated intangible asset that is subject to the requirements of AASB 138: *Intangible Assets* and the appropriate accounting treatment of such expenditure. The Interpretation concludes that any development or expenditure that is internally generated shall be accounted for under AASB 138 and recognised as an intangible asset. This interpretation was assessed as not having a significant impact on the consolidated entity.

Note 1. Significant Accounting Policies Continued

New Accounting Standards and Interpretations not yet mandatory or early adopted Continued

AASB 16: *Leases*

AASB 16 will apply for annual reporting periods beginning on or after 1 January 2019. The new standard eliminates the classification of leases as either operating leases or finance leases for a lessee and requires lease assets and lease liabilities to be recognised in the statement of financial position, initially measured at present value of future lease payments. In addition, depreciation of the lease assets and interest on lease liabilities will be recognised in the statement of profit or loss and other comprehensive income and the statement of cash flows will need to separate the total amount of cash paid into a principal portion and interest. This standard was assessed as not having a material impact on the consolidated entity, but the standard will have a significant impact on lease disclosures.

AASB 15: *Revenue from contracts with customers* and associated amendments

AASB 15 will apply for annual reporting periods beginning on or after 1 January 2018. AASB 15 will replace AASB 111, 18 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 consolidated entity.

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

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

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.

Impairment assessment (Note 21)

Am impairment assessment of the carrying amount of Platinum Asia Investments Limited ("PAI") is conducted at each reporting date, including a look-through of each of PAI's underlying assets and liabilities.

Note 3. Operating Segments

The consolidated entity is organised into two main operating segments being:

- funds management: through the generation of management and performance fees from Australian investment vehicles and its US-based investment mandates; and
- investments and other: through the consolidated entity's investment in ASX quoted, Platinum Asia Investments Limited and its immaterial investment in unlisted Platinum Trust Funds. In addition, Platinum Investment Management Limited provided seeding money to its new offshore fund, Platinum World Portfolios Plc. ("PWP") and is deemed to have control over that vehicle at 30 June 2016. As a result, the results, operations and statement of financial position of Platinum World Portfolios Plc, including any direct investments and the income generated from those investments, have been consolidated into the Platinum Group. The prior year comparative figures predominantly include the impact of the now-inoperative, Platinum World Funds Plc. Also included in the segment "investments and other" are foreign cash holdings, Australian dollar term deposits and any associated interest derived from both the foreign cash holdings and term deposits.

The segment financial results, segment assets and liabilities are disclosed on the following page(s):

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

2016	FUNDS MANAGEMENT $'000	INVESTMENTS AND OTHER $'000	TOTAL $'000
Note 3. Operating Segments Continued			
Revenue			
Management, performance and administration fees	337,894	–	337,894
Interest	379	3,689	4,068
Net foreign exchange gains on overseas bank accounts	–	5,142	5,142
Net losses on financial assets and equity in associates	–	(2,915)	(2,915)
Net gains on forward currency contracts, dividends and other income	–	469	469
Total revenue and other income	338,273	6,385	344,658
Expenses	(61,698)	(766)	(62,464)
Profit before income tax expense	276,575	5,619	282,194
Income tax expense	(80,671)	(1,653)	(82,324)
Profit after income tax expense	195,904	3,966	199,870
Other comprehensive income	–	(422)	(422)
Total comprehensive income	195,904	3,544	199,448
Assets			
Cash and cash equivalents	3,439	115,640	119,079
Financial assets and equity in associate	–	97,198	97,198
Term deposits	–	138,518	138,518
Receivables and other assets	31,512	1,016	32,528
Total assets	34,951	352,372	387,323
Liabilities			
Financial liabilities	–	182	182
Payables and provisions	9,657	1,512	11,169
Tax liabilities	9,962	1,799	11,761
Total liabilities	19,619	3,493	23,112
Net assets	15,332	348,879	364,211

Note 3. Operating Segments Continued

2015	FUNDS MANAGEMENT $'000	INVESTMENTS AND OTHER $'000	TOTAL $'000
Revenue			
Management, performance and administration fees	340,894	–	340,894
Interest	399	6,694	7,093
Net foreign exchange gains on overseas bank accounts	–	16,898	16,898
Net losses on financial assets	–	(3,829)	(3,829)
Net losses on forward currency contracts, dividends and other income	–	(634)	(634)
Total revenue and other income	341,293	19,129	360,422
Expenses	(58,763)	(109)	(58,872)
Profit before income tax expense	282,530	19,020	301,550
Income tax expense	(82,312)	(5,739)	(88,051)
Profit after income tax expense	200,218	13,281	213,499
Other comprehensive income	130	5,405	5,535
Total comprehensive income	200,348	18,686	219,034
Assets			
Cash and cash equivalents	3,351	124,328	127,679
Financial assets	–	119	119
Term deposits	–	199,268	199,268
Receivables and other assets	43,041	796	43,837
Total assets	46,392	324,511	370,903
Liabilities			
Payables and provisions	10,327	–	10,327
Tax liabilities	7,989	3,407	11,396
Total liabilities	18,316	3,407	21,723
Net assets	28,076	321,104	349,180

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 4. Income Tax Expense
The income tax expense attributable to profit comprises:

	2016 $'000	2015 $'000
Current tax payable	**83,631**	84,206
Deferred tax – recognition of temporary differences	**(1,259)**	3,738
Deferred tax – credited to share-based payments reserve	**37**	–
Adjustment recognised for prior periods	**(85)**	107
Income tax expense	**82,324**	88,051
Numerical reconciliation of income tax expense:		
Profit before income tax expense	**282,194**	301,550
Tax at the statutory tax rate of 30%	**84,658**	90,465
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax rate differential on offshore business income	**(1,733)**	(2,542)
Unrealised loss on investments	**(240)**	–
Taxable loss on Controlled Foreign Corporation	**(229)**	–
Non-taxable loss on Platinum World Portfolios Plc	**436**	–
Other non-deductible expenses	**(483)**	21
Adjustment recognised for prior periods	**(85)**	107
Income tax expense	**82,324**	88,051

Note 5. Non-Current Liabilities – Net Deferred Tax Liabilities

	2016 $'000	2015 $'000
Deferred tax liabilities comprises temporary differences attributable to:		
Unrealised foreign exchange gains on cash	**3,043**	3,391
Deferred Bonus Plan	**806**	–
Unrealised gains/(losses) on investments	**(667)**	16
Unrealised losses of Controlled Foreign Corporation	**(229)**	–
Capital expenditure not immediately deductible	**(736)**	(65)
Long service leave	**(555)**	(476)
Annual leave	**(384)**	(355)
Tax fees	**(68)**	(92)
Periodic reporting	**(37)**	(37)
Audit and accounting	**(101)**	(79)
Printing and mail house	**(74)**	(46)
Fringe Benefits Tax	**(3)**	(3)
Net deferred tax liabilities	**995**	2,254

The net deferred tax liability figure is comprised of $2,854,000 (2015: $1,153,000) of deferred tax assets and $3,849,000 (2015: $3,407,000) of deferred tax liabilities.

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 $1,222,000 (2015: $1,148,987).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

	2016 $'000	2015 $'000
Note 6. Current Assets – Financial Assets at Fair Value through Profit or Loss		
Options in Platinum Asia Investments Limited*	**800**	–
Unlisted unit trust investments	**102**	119
Equity securities – held directly by PWP**	**48,438**	–
Derivatives – held directly by PWP**	**24**	–
Forward currency contracts – held directly by PWP**	**88**	–
	49,452	119

* During the year, Platinum Investment Management Limited invested $50 million in Platinum Asia Investments Limited and received 50 million shares and 50 million attaching options. The 50 million shares were accounted for as an investment in an associate (see Note 21 for further details) and the attaching options were classified as a financial asset and re-valued based on the market price of these options at 30 June 2016 which was 1.6 cents per option or $800,000.

** During the year, Platinum World Portfolios Plc commenced investment activities and the direct investments shown above have been consolidated into the Platinum Group.

	2016 $'000	2015 $'000
Note 7. Current Assets – Trade and Other Receivables		
Trade receivables	**27,858**	38,872
Interest receivable	**605**	833
Prepayments	**995**	991
Dividends receivable	**115**	–
Proceeds from sale of financial assets	**319**	–
Sundry debtors	**8**	11
	29,900	40,707

Trade debtors are predominantly comprised of management fees and administration fees derived from the Platinum Trust Funds and Mandates. The decrease in trade receivables was due to lower FUM at 30 June 2016 relative to 30 June 2015.

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. Dividends receivable and proceeds from sale of financial assets were derived by Platinum World Portfolios Plc ("PWP").

Note 8. Non-Current Assets – Fixed Assets

	2016 $'000	2015 $'000
Computer equipment – at cost	**1,172**	1,088
Less: Accumulated depreciation	**(994)**	(939)
	178	149
Software and applications – at cost	**4,343**	4,270
Less: Accumulated depreciation	**(3,569)**	(3,114)
	774	1,156
Communications equipment – at cost	**126**	152
Less: Accumulated depreciation	**(98)**	(100)
	28	52
Office premises fit out – at cost	**2,468**	2,240
Less: Accumulated depreciation	**(990)**	(666)
	1,478	1,574
Furniture and equipment – at cost	**660**	629
Less: Accumulated depreciation	**(490)**	(430)
	170	199
	2,628	3,130

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

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	COMMUNICATIONS EQUIPMENT $'000	OFFICE PREMISES FIT OUT $'000	FURNITURE & EQUIPMENT $'000	TOTAL $'000
Balance at 1 July 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	149	1,156	52	1,574	199	3,130
Additions	116	80	4	233	32	465
Disposals	–	–	(2)	–	–	(2)
Depreciation expense	(87)	(462)	(26)	(329)	(61)	(965)
Balance at 30 June 2016	**178**	**774**	**28**	**1,478**	**170**	**2,628**

At 30 June 2016, there was no software and applications in the course of construction and/or development.

Note 9. Current Liabilities – Trade and Other Payables

	2016 $'000	2015 $'000
Trade payables	**4,019**	4,482
Unclaimed dividends payable to shareholders	**450**	472
Payable on purchase of financial assets	**985**	–
GST payable	**2,387**	2,603
	7,841	7,557

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.

	2016 $'000	2015 $'000

Note 10. Current Liabilities – Financial Liabilities at Fair Value through Profit or Loss

	2016 $'000	2015 $'000
Derivatives – held directly by PWP*	**16**	–
Forward currency contracts – held directly by PWP*	**166**	–
	182	–

* During the year, PWP commenced investment activities and the direct investments shown above have been consolidated into the Platinum Group.

Note 11. Current and Non-Current Liabilities – Employee Benefits

	2016 $'000	2015 $'000
Current liabilities		
Annual leave	**1,280**	1,182
Long service leave	**1,849**	1,588
	3,129	2,770
Non-current liabilities		
Payroll tax on Deferred Bonus Plan	**199**	–
	199	–

Note 12. Equity – Issued Capital

	2016 SHARES	2015 SHARES	2016 $'000	2015 $'000
Ordinary shares – fully paid	**586,678,900**	586,678,900	**751,355**	751,355
Treasury shares	**–**	–	**(3,638)**	–
Total issued capital	**586,678,900**	586,678,900	**747,717**	751,355
External equity – Platinum World Portfolios	**–**	–	**29,753**	–
Total issued capital (including transactions with non-controlling interests)	**586,678,900**	586,678,900	**777,470**	751,355

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 12. Equity – Issued Capital Continued

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held.

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.

External equity – Platinum World Portfolios Plc.

External equity represents external investment into the Platinum World Portfolios. During the year, A$29,753,000 of external monies was invested into the Platinum World Portfolios. This has been presented as part of the non-controlling interest in the consolidated statement of financial position, along with the external equity share of the current year loss in Platinum World Portfolios of $1,017,000. Taken together, these figures total $28,736,000 (which appears in the consolidated statement of financial position).

Treasury shares

Treasury shares represent PTM shares purchased on-market by the Platinum Employee Share Trust, in order to meet the Group's future obligations to eligible employees under the Deferred Bonus Plan. The value of shares was initially recognised at cost and will be allocated to employees, once the vesting period has been served and Deferred Rights exercised. On exercise, the cost of treasury shares will be adjusted against the share-based payment reserve. Details of the treasury shares allocation and closing balance was as follows:

	2016 SHARES	2015 SHARES	**2016 $'000**	2015 $'000
Unallocated shares held by the Employee Share Trust	**591,578**	–	**3,638**	–
Shares allocated to employees	**–**	–	**–**	–
Balance at the end of the financial year	**591,578**	–	**3,638**	–

$3,638,073 represents the amount spent on purchasing PTM shares on-market. These have been disclosed in the consolidated statement of cash flows as "cash flows from operating activities".

Note 13. Equity – Reserves

	2016 $'000	2015 $'000
Foreign currency translation reserve	**(292)**	130
Capital reserve	**(588,144)**	(588,144)
Share-based payments reserve	**672**	–
	(587,764)	(588,014)

Foreign currency translation 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 ($292,000) at 30 June 2016.

On 17 November 2015, Platinum World Portfolios Plc commenced trading and its presentational currency is the US Dollar. The Australian Dollar appreciated against the US Dollar between the commencement date and 30 June 2016 and this caused the foreign currency translation reserve loss.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 13. Equity – Reserves Continued

Share-based payments reserve

During the year, the consolidated entity established and allocated rights to eligible employees under the Deferred Bonus Plan. For the year ended 30 June 2016, the aggregated deferred bonus awarded was $3,650,000. The corresponding number of rights to receive PTM shares was 591,578 shares, based on a seven day Volume Weighted Average Price (VWAP) of the PTM shares for the seven (7) days prior to grant date, being $6.17.

For the year ended 30 June 2016, the accounting fair value of these deferred rights was $3,650,000. Please refer to Note 20 for further details.

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 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)
Exchange rate translation impact of foreign subsidiaries	–	(422)	–	(422)
Movement in share-based payments reserve	672	–	–	672
Balance at 30 June 2016	**672**	**(292)**	**(588,144)**	**(587,764)**

Note 14. Equity – Retained Profits

	2016 $'000	2015 $'000
Retained profits at the beginning of the financial year	**185,839**	245,993
Profit after income tax expense attributable to owners of the Company	**200,887**	213,499
Dividends paid (Note 15)	**(211,204)**	(273,653)
Retained profits at the end of the financial year	**175,522**	185,839

Note 15. Equity – Dividends

Dividends

Dividends paid during the financial year were as follows:

	2016 $'000	2015 $'000
Dividend paid on 22 September 2015 (2015: 23 September 2014) of 20 cents (2015: 20 cents) per ordinary share	**117,336**	116,067
Dividend paid on 22 March 2016 (2015: 18 March 2015) of 16 cents (2015: 17 cents) per ordinary share	**93,868**	99,221
Special dividend paid on 18 March 2015 of 10 cents per ordinary share	**–**	58,365
	211,204	273,653

Dividends not recognised at year-end

Since 30 June 2016, the Directors declared to pay a fully-franked dividend of 16 cents per share, payable out of profits for the 12 months to 30 June 2016. The dividend has not been provided for at 30 June 2016, because the dividend was declared after year-end.

Franking credits

	2016 $'000	2015 $'000
Franking credits available at reporting date based on a tax rate of 30%	**69,513**	78,107
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%	**10,766**	9,142
Franking credits available for subsequent financial years based on a tax rate of 30%	**80,279**	87,249

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

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") and through its direct investments in the Platinum Trust Funds, Platinum Asia Investments Limited and its related party offshore fund, Platinum World Portfolios Plc.

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: namely the Platinum Trust Funds and Platinum Global Fund, its ASX-listed investment vehicles: Platinum Capital Limited and Platinum Asia Investments Limited and Platinum World Portfolios Plc.).

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.

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 underperformance 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

Note 16. Financial Risk Management Continued

Market risk Continued

(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 Global Fund, Platinum Capital Limited, Platinum Asia Investments Limited or applicable Mandate exceeds its specified benchmark. Should the actual performance of a Platinum Trust Fund, Platinum Global Fund, Platinum Capital Limited, Platinum Asia Investments Limited or applicable Mandate be higher than the applicable benchmark, a performance fee would be receivable for the financial year. As at 30 June 2016, performance fees of $11,927 (2015: $1,903,861) 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 forward currency contracts.

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30 JUNE 2016

Note 16. Financial Risk Management Continued

Market risk Continued

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 2016.

Foreign currency risk

The consolidated entity is materially exposed to foreign currency risk, because:

- it holds US Dollars in liquid cash;
- it derives management and performance fees from its US Dollar investment mandates; and
- it directly invests in Platinum World Portfolios and Platinum Asia Investments Limited.

US Dollar cash holdings

At 30 June 2016, the consolidated entity held US$85,457,572 (equivalent to A$114,692,756) in cash (2015: US$96,884,319 equivalent to A$125,709,510). 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, net profit before tax would have been A$10,426,614 lower/A$12,743,639 higher (2015: $11,431,066 lower/$13,972,402 higher).

US Dollar Fees

If the Australian Dollar had been 10% higher/lower against the US Dollar than the prevailing exchange rate used to convert the Mandate fees received with all other variables held constant, then the net profit before income tax expense would have been A$899,794 lower/A$1,099,768 higher (2015: A$1,302,687 lower/A$1,591,871 higher). This reduction is due to the fact that lower management fees were derived in the current year.

Investment in Platinum World Portfolios ("PWP")

Platinum Investment Management Limited's investment in PWP is denominated in US Dollars. If the Australian Dollar had been 10% higher/lower against the prevailing exchange rate at 30 June 2016, then the consolidated entity's net assets would have been A$5.7m higher/A$7.0m lower (exchange rate translation effect).

Platinum World Portfolios' investments are denominated in various foreign currencies specific to the investments held in each of the portfolios. The foreign currency with the largest impact on profit before tax, if there was a 10% currency movement at 30 June 2016, was the Japanese Yen. A 10% increase/decrease in the Australian Dollar would have caused net profit before tax to be A$661,886 lower/A$808,972 higher.

Note 16. Financial Risk Management Continued

Market risk Continued

Investment in Platinum Asia Investments Limited

Platinum Asia Investments Limited's investments are also denominated in foreign (predominantly Asian) currencies. The foreign currency with the largest impact on profit before tax, if there was a 10% currency movement at 30 June 2016, was the US Dollar, which was the currency with the largest exposure in this entity at 30 June 2016. A 10% increase/decrease in the Australian Dollar would have caused the consolidated entity's net profit before tax to be A$1,675,000 lower/A$2,047,000 higher.

Price risk

The consolidated entity is exposed to direct price risk, via exposure to fair value movements in the Platinum Asia Investments Limited option price, indirect price risk through its equity-accounted investment in Platinum Asia Investments Limited and indirect price risk as a result of consolidating Platinum World Portfolios Plc into the Platinum Group.

The table below includes the effect on net profit before tax due to a reasonably possible change in market factors, as represented by a +/–10% movement in the key regional indices affecting the securities exchange that each of the consolidated entity's investments are exposed, with all other variables held constant.

IMPACT ON PROFIT OF A +10% MOVEMENT (A$)	EXPOSURE TO DIRECT PRICE RISK – PAI OPTIONS	EXPOSURE TO INDIRECT PRICE RISK – PAI INVESTMENT	EXPOSURE TO PRICE RISK – PWP
Index			
ASX All Ordinaries Index	800,000	–	–
Japanese Nikkei	–	–	1,049,969
Shanghai Stock Exchange	–	1,247,000	739,875
National Stock Exchange of India	–	949,000	547,530
S and P (US)	–	–	669,498
Total	800,000	2,196,000	3,006,872

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 16. Financial Risk Management Continued

Market risk Continued

IMPACT ON PROFIT OF A –10% MOVEMENT (A$)	EXPOSURE TO DIRECT PRICE RISK – PAI OPTIONS	EXPOSURE TO PRICE RISK – PAI INVESTMENT	EXPOSURE TO PRICE RISK – PWP
Index			
ASX All Ordinaries Index	(800,000)	–	–
Japanese Nikkei	–	–	(1,049,969)
Shanghai Stock Exchange	–	(1,247,000)	(739,875)
National Stock Exchange of India	–	(949,000)	(547,530)
S and P (US)	–	–	(669,498)
Total	(800,000)	(2,196,000)	(3,006,872)

Interest rate risk

At 30 June 2016, term deposits and cash are the only significant assets with potential exposure to interest rate risk held by the consolidated entity.

A movement of +/–1% in Australian interest rates occurring on 30 June 2016 will have no impact on profit as the interest rate on term deposits are determined on execution.

As stated on page 74, the quantity of USD cash held by the consolidated entity at 30 June 2016 was A$114,692,756 (or 32% of net assets). A movement of +/–1% in United States interest rates occurring on 30 June 2016 with all other variables held constant would have an impact on net profit before tax of A$1,146,928 higher/lower (2015: A$1,257,095 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, unsettled trades, p-notes, derivatives, forward currency contracts and term deposits. All term deposits held by Platinum Investment Management Limited 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. There were minimal financial assets (p-notes, derivatives and forward currency contracts) held with counterparties with a credit rating of less an A.

Note 16. Financial Risk Management Continued

Credit risk Continued

The maximum exposure to direct credit risk at balance date is the carrying amount of cash and financial assets recognised in the consolidated statement of financial position. The consolidated entity 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 entities that Platinum Investment Management Limited acts as Investment Manager, 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, term deposits and financial assets held by each entity in the group via a counterparty can be assessed by reference to external credit ratings. At 30 June 2016 and 30 June 2015, the relevant credit ratings were as follows:

	2016 $'000	2015 $'000
Rating		
AA–	**147,407**	208,861
A+	**–**	117,625
A	**110,153**	–
A–	**1,801**	461
BBB+	**65**	–
	259,426	326,947

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 16. Financial Risk Management Continued

Liquidity risk 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.

2016	AT CALL $'000	WITHIN 30 DAYS $'000	BETWEEN 1 AND 3 MONTHS $'000	OVER 3 MONTHS $'000	TOTAL $'000
Non-financial					
Trade payables	–	4,019	–	–	4,019
GST payable	–	2,387	–	–	2,387
Payable on purchase of financial assets	–	985	–	–	985
Current tax payable	–	–	10,766	–	10,766
Unclaimed dividends payable	450	–	–	–	450
Employee-related provisions	3,129	–	–	199	3,328
Total non-financial	3,579	7,391	10,766	199	21,935
Financial					
Derivative contractual outflows	–	16	–	–	16
Forward currency contractual outflows	–	–	164	2	166
Total financial	–	16	164	2	182

Note 16. Financial Risk Management Continued

Liquidity risk Continued

2015	AT CALL $'000	WITHIN 30 DAYS $'000	BETWEEN 1 AND 3 MONTHS $'000	OVER 3 MONTHS $'000	TOTAL $'000
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
Employee-related provisions	2,770	–	–	–	2,770
Total non-financial	3,242	7,085	9,142	–	19,469

At 30 June 2016, the consolidated entity has sufficient cash reserves of $256,078,560 (2015: $324,771,720) and a further $28,872,577 (2015: $39,554,906) of receivables to cover these liabilities. The current year cash reserves figure includes $138,517,900 of term deposits. 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 16. Financial Risk Management Continued

Capital risk management Continued

(ii) External requirements

Platinum Investment Management Limited is required to hold an Australian Financial Services Licence (AFSL) issued by the Australian Securities and Investments Commission (ASIC). The AFSL authorises Platinum Investment Management Limited to provide investment management services and act as a Responsible Entity of Registered Managed Investment Schemes.

Platinum Investment Management Limited has complied with all externally imposed requirements to hold an AFSL during the financial year.

Note 17. Fair Value Measurement

Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the consolidated entity to classify those assets measured at fair value using the following fair value hierarchy model (consistent with the hierarchy model applied to financial assets and liabilities at 30 June 2015):

(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;

(iv) Listed options; and

(v) Unlisted unit trust investments.

Note 17. Fair Value Measurement Continued

Fair value hierarchy Continued

The following table analyses within the fair value hierarchy model, the consolidated entity's assets and liabilities measured at fair value at 30 June 2016 and 30 June 2015. The consolidated entity has no assets or liabilities that are classified as Level 3.

2016	**LEVEL 1 $'000**	**LEVEL 2 $'000**	**TOTAL $'000**
Assets			
Options in Platinum Asia Investments Limited	**800**	**–**	**800**
Unlisted unit trust investments	**102**	**–**	**102**
Equity securities – held directly by PWP	**46,753**	**1,685**	**48,438**
Derivatives – held directly by PWP	**2**	**22**	**24**
Forward currency contracts – held directly by PWP	**–**	**88**	**88**
Total assets	**47,657**	**1,795**	**49,452**
Liabilities			
Derivatives – held directly by PWP	**–**	**16**	**16**
Forward currency contracts – held directly by PWP	**–**	**166**	**166**
Total liabilities	**–**	**182**	**182**

2015	LEVEL 1 $'000	LEVEL 2 $'000	TOTAL $'000
Assets			
Unlisted unit trust investments	119	–	119
Total assets	119	–	119

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 more investments at fair value at 30 June 2016 compared to 30 June 2015 primarily because PWP commenced trading during the year.

Valuation techniques used to classify assets and liabilities as level 1

As at 30 June 2016, the majority of the investments held by the consolidated entity were valued based on quoted prices in active markets. Accordingly, the majority of investments are classified as Level 1 in the fair-value hierarchy model. The Platinum Asia Investments Limited options have been classified as level 1, because these are ASX-listed and valued at quoted prices in an active market on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 17. Fair Value Measurement Continued

Valuation techniques used to classify assets and liabilities as level 2

At 30 June 2016, there were certain financial instruments that were classified as level 2, because there was a degree of adjustment made to the quoted price i.e, whilst all significant inputs required for fair value measurement were observable and quoted in an active market, there was some degree of estimation or adjustment involved in deriving the fair value.

Examples include:

(i) forward currency 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 (OTC) and were often priced in a different currency to the underlying security;

(iii) certain OTC derivatives/options were classified as level 2 because either (i) the derivative 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 pricing models; and

(iv) certain index derivatives were classified as level 2 because the consolidated entity (via PWP) may agree with the counterparty to include or exclude one or more securities that make up the "basket" of securities that comprise the index derivative. Hence, the quoted price of the index derivative would be very similar, but not identical to the index derivative that the consolidated entity holds.

	2016 $'000	2015 $'000

Note 18. Key Management Personnel Disclosures

	2016 $'000	2015 $'000
The aggregate remuneration that the consolidated entity provided Executive and Non-Executive Directors was as follows:		
Cash salary, Directors fees and short-term incentive cash bonuses	**3,774**	3,358
Accounting expense related to the KMP allocation under the Deferred Bonus Plan^	**52**	–
Superannuation	**145**	130
Increase/(decrease) in the consolidated entity's annual and long service leave provision	**67**	(10)
	4,038	3,478

^ One member of KMP, Elizabeth Norman deferred her bonus entitlement of $300,000, which translated into 48,623 deferred rights to receive PTM shares, which was calculated by dividing the bonus amount by the Volume Weighted Average Price (VWAP) of PTM shares for the seven (7) trading days prior to grant date. Elizabeth Norman will receive 48,623 PTM shares if she remains employed at Platinum for a further four years (to 20 June 2020). The total number of deferred rights granted to all selected employees under the Deferred Bonus Plan was 591,578 rights. The accounting valuation attributable to Elizabeth Norman based on her proportionate share of the total allocation was $52,200.

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	25,000	–	–	25,000
Margaret Towers	20,000	–	–	20,000
Stephen Menzies	30,000	–	–	30,000
Kerr Neilson	312,074,841	–	–	312,074,841
Andrew Clifford	32,831,449	–	–	32,831,449
Elizabeth Norman	766,748	–	–	766,748
Andrew Stannard	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS
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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:

	2016 $	2015 $
Audit services – PricewaterhouseCoopers		
Audit and review of the financial statements	**97,779**	107,811
Audit services for managed funds that Platinum Investment Management Limited acts as responsible entity – PricewaterhouseCoopers		
Audit and review of the financial statements and compliance audit plan	**260,704**	244,411
Audit services for managed funds that Platinum Investment Management Limited acts as responsible entity and audit services for Platinum World Portfolios Plc. – overseas PricewaterhouseCoopers firms		
Audit of financial statements	**104,701**	104,102
Total audit services	**463,184**	456,324
Taxation services – PricewaterhouseCoopers		
Compliance services for the Platinum Group	**67,480**	173,938
Taxation services for managed funds for which Platinum Investment Management Limited acts as responsible entity – PricewaterhouseCoopers		
Taxation services	**418,105**	381,359
Taxation services – overseas PricewaterhouseCoopers firms		
Foreign tax agent fees	**47,311**	12,530
Total taxation services	**532,896**	567,827
Other services – PricewaterhouseCoopers		
Compliance and assurance services	**158,988**	97,144
Remuneration services (advice on set up of new Deferred Bonus Plan)	**46,433**	–
Total other services	**205,421**	97,144
Total fees paid and payable to the auditor and its related practices	**1,201,501**	1,121,295

Note 20. Share-Based Payments

Deferred Bonus Plan

On 2 June 2016, a new "Deferred Bonus Plan" was approved by the Nomination & Remuneration Committee. The main objective of the Plan is to recognise the contributions made by key employees and to retain their skills within the firm. Eligible employees are selected by the Nomination & Remuneration Committee during the annual bonus cycle and the proportion of each bonus that is deferred will vary by employee. The number of deferred rights are determined by dividing the discretionary deferred bonus amount allocated to each eligible employee by the PTM share price, using a volume weighted average price (VWAP) of the PTM shares over the seven (7) trading days prior to the grant date. If an eligible employee remains employed at Platinum after the four year vesting period expires, the employee has a further five years to exercise their deferred right. If an employee resigns from Platinum before they have met the service condition then, in most circumstances, the deferred rights will be forfeited.

It is anticipated that further grants (of deferred rights) will occur in the future, most likely in June of each year. In order to satisfy the obligation to the Company that arises from the granting of deferred awards, the Company also intends, over time, to purchase shares on-market and hold these shares within an Employee Share Trust. On vesting, eligible employees will receive one ordinary share in PTM from the trust in satisfaction of each of their rights. No fee is payable by any eligible employee on either grant or on exercise. There is flexibility for the Board to pay cash to the eligible employee on vesting, but the current plan envisages allocating PTM shares only.

Eligible employees will have no voting or dividend rights until their share rights have been exercised and their shares have been allocated. However, the deferred rights carry an entitlement to a Dividend Equivalent Payment. Upon the valid exercise of a deferred right, or deemed exercise, of a deferred right, an eligible employee will be entitled to receive an amount approximately equal to the amount of dividends that would have been paid to the eligible employee had they held the share from the grant date to the date that the deferred rights are exercised.

For the year ended 30 June 2016, total deferred bonuses were $3,650,000. The corresponding number of deferred rights to receive Company (PTM) shares was 591,578 using a volume weighted average price (VWAP) of $6.17 over the seven (7) trading days prior to the grant date (20 June 2016). As noted above, the deferred rights will vest if the eligible employee(s) remain employed at Platinum for a period of four years from the grant date.

NOTES TO THE FINANCIAL STATEMENTS
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Note 20. Share-Based Payments Continued

Deferred Bonus Plan Continued

Between 21 June 2016 and 23 June 2016, Platinum Asset Management Limited, transferred $3,650,000 to its Employee Share Trust, which used these proceeds to purchase $3,638,073 worth of PTM shares on-market (with $9,128 being spent on brokerage and GST and the balance of $2,799 still un-spent but reserved for ongoing bank fees and charges). The number of PTM shares purchased was 591,578 shares and the Trust will hold these 591,578 shares until the vesting date of 20 June 2020 (four years) and subsequent exercise.

Model inputs used to determine the accounting value for the grant of deferred rights on 20 June 2016:

Volume-Weighted Average Share Price (VWAP) over the 7 days prior to grant date	$6.17
Value of Deferred Bonuses converted to Deferred Rights	$3,650,000
Estimated number of Deferred Rights expected to vest at balance date (%)	87% chance of rights vesting
Service period commencement date	1 July 2015
Grant date	20 June 2016
Vesting date	20 June 2020
Vesting period	4 years
Service period used to determine the period of amortisation for the purposes of determining the accounting expense (from service period commencement date to the vesting date)	5 years
Expiry date	20 June 2025
Exercise period	5 years

Note 20. Share-Based Payments Continued

Expenses arising from share-based payment transactions

Based on the model inputs, the accounting expense has been calculated as: $3,650,000 (value of deferred bonus award) multiplied by 87% (percentage of deferred rights expected to vest at balance date) divided by 5 (service period) which equals $635,100. Hence, whilst the value of shares purchased on-market and associated brokerage and GST, was reflected through the consolidated statement of cash flows as a "cash flow from operating activity", the accounting expense impact for 2016 was $635,100.

	2016 $'000	2015 $'000
Deferred rights granted on 20 June 2016 under the Deferred Bonus Plan		
Total share-based payments expense	**635**	–
Associated payroll tax expense on deferred rights (payable on vesting)	**199**	–
Total	**834**	–

The associated payroll tax expense on deferred rights is included in staff expenses in the consolidated statement of profit or loss and other comprehensive income and will be paid on vesting. Payroll tax has been reflected as a provision in the consolidated statement of financial position.

At 30 June 2016, the fair value remaining to be amortised over the remainder of the vesting period is $3,014,900 for the deferred rights granted on 20 June 2016. This will be expensed over the next four years.

In order to retain and motivate employees, additional options or deferred rights may be issued under the OPRP or Deferred Bonus Plan in the future, in compliance with the *Corporations Act 2001*.

Options and Performance Rights Plan ("OPRP")

Options granted, vested and exercised

All proceeds received from the issue of new shares pursuant to the grant of options in 2009 were deposited in the consolidated entity's bank account in the prior year. The total proceeds received during the prior year were $28,543,000 and this appears in the consolidated statement of cash flows as "Proceeds from issue of shares" (in the prior year).

There are no longer any unvested or unexercised options.

NOTES TO THE FINANCIAL STATEMENTS
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Note 21. Equity Investment in Associate

During the year, the consolidated entity (via Platinum Investment Management Limited) invested $50 million in Platinum Asia Investments Limited and received 50 million shares and 50 million attached options. At 30 June 2016, the consolidated entity was assessed as having significant influence over Platinum Asia Investments Limited, because of (i) its equity interest of 17.05% (ii) the fact that the consolidated entity operates as Investment Manager in accordance with the Investment Management Agreement and (iii) provides Platinum Asia Investments Limited with key technical information.

Consequently, the consolidated entity's equity investment in Platinum Asia Investments Limited represents an interest in associate which is accounted for using the equity method of accounting, and information relating to this is shown below and on the following page.

(a) Interest in associate

NAME OF ENTITY	EQUITY OWNERSHIP INTEREST 2016 %	FAIR VALUE 2016 $'000	CARRYING AMOUNT 2016 $'000
Platinum Asia Investments Limited (ASX code: PAI)	17.05	44,250	47,746

The fair value reflects the 50 million shares held multiplied by the PAI closing share price at 30 June 2016 of $0.885.

The carrying value reflects the consolidated entity's share of Platinum Asia Investments Limited's net assets (see section 21(b) on the following page for further details).

We have conducted an impairment assessment of the carrying amount of $47,746,000 including a look-through of each of the underlying assets and liabilities of Platinum Asia Investments Limited. Based on this analysis, no impairment exists at 30 June 2016.

There is no prior year comparative because the consolidated entity invested the $50 million in Platinum Asia Investments Limited in September 2015, pursuant to the Platinum Asia Investments Limited Initial Public Offering (IPO). Platinum Asia Investments Limited commenced trading on the ASX on 21 September 2015.

Note 21. Equity Investment in Associate Continued

(b) Carrying amount of investment using the equity method

	2016 $'000
Opening balance	**–**
Acquisition of associate (amount seeded)	**50,000**
Share of associate's loss (see Note 21(e) below)	**(1,543)**
Share of associate's transaction costs in relation to the IPO, net of tax	**(711)**
Amount recognised in the consolidated statement of profit or loss and other comprehensive income	**(2,254)**
Closing balance	**47,746**

(c) Share of associate's statement of financial position

	ASSOCIATE (TOTAL) $'000	GROUP'S SHARE OF ASSOCIATE $'000
Total assets	282,068	**48,105**
Total liabilities	(2,105)	**(359)**
Net assets	279,963	**47,746**

(d) Associate's income

Investment income	(8,466)	**(1,444)**

(e) Associate's net income

	ASSOCIATE (TOTAL) $'000	GROUP'S SHARE OF ASSOCIATE $'000
Total investment income	(8,466)	**(1,444)**
Total expenses	(4,326)	**(737)**
Loss before tax	(12,792)	**(2,181)**
Income tax benefit	3,743	**638**
Loss after tax	(9,049)	**(1,543)**

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30 JUNE 2016

	2016 $'000	2015 $'000

Note 22. Commitments

Lease commitments – operating

Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**1,440**	1,440
One to five years	**840**	2,281
	2,280	3,721

The operating lease relates to the business premises that the consolidated entity occupies. The lease is due to expire in January 2018, with an option to renew.

The consolidated entity has no commitments for significant capital expenditure.

Note 23. Related Party Transactions

Subsidiaries
Interests in subsidiaries are set out in Note 26.

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 tax consolidated group and dividends are sourced from the main operating subsidiary, Platinum Investment Management Limited ("PIML"), and paid out under the Company. Platinum Asset Management Limited is the head entity of the consolidated tax group and is the parent entity, and consequently, 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 (i) its related party unit trusts – the Platinum Trust Funds and Platinum Global Fund (ii) its offshore fund, Platinum World Portfolios Plc. and (iii) its two ASX-listed investment companies (LICs), Platinum Capital Limited and Platinum Asia Investments Limited.

Note 23. Related Party Transactions Continued

Transactions with related parties Continued

Platinum Investment Management Limited is entitled to receive a monthly management fee from each of these entities, a monthly administration fee from the Platinum Trust Funds and Platinum Global Fund and a performance fee (that is calculated annually) based on the relative investment performance of the Platinum Trust Funds, Platinum Capital Limited and Platinum Asia Investments Limited. The total related party fees recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2016 was $280,579,030 (2015: $279,493,123). The total related party fees receivable recognised in the consolidated statement of financial position at 30 June 2016 was $21,888,293 (2015: $27,729,311).

Pursuant to the Initial Public Offering, Platinum Investment Management Limited purchased 50 million shares and 50 million options in Platinum Asia Investments Limited ("PAI"). The fair value of these investments at 30 June 2016 was $44,250,000 for the shares and $800,000 for the options. At balance date, PIMLs proportionate share of PAIs net assets was $47,746,000, and this share was disclosed as an investment in an associate in the consolidated statement of financial position. The $800,000 worth of options were disclosed as a fair value investment in the consolidated statement of financial position.

Platinum Investment Management Limited held small investments in the Platinum Trust Funds. At 30 June 2016, the amount of this investment as disclosed in the consolidated statement of financial position was $101,711 (2015: $118,741). The income distribution relating to this, as disclosed in the consolidated statement of profit or loss and other comprehensive income was $6,819 (2015: $10,622).

During the current year, PIML provided seeding of US$25 million (equivalent to A$35,231,116) associated with the launch of a new offshore fund, Platinum World Portfolios Plc. ("PWP"). There are three sub-funds within PWP. PIMLs interest at 30 June 2016, along with the total Net Asset Value of each sub-fund is shown in the table below.

NAME OF SUB-FUND	PIML's INTEREST %	NET ASSET VALUE AT 30 JUNE 2016 (A$)	VALUE OF PIML's INTEREST AT 30 JUNE 2016 (A$)
Platinum World Portfolios Plc – International sub-fund	**30.0**	**42,412,616**	**12,740,750**
Platinum World Portfolios Plc – Asia sub-fund	**100**	**13,389,454**	**13,389,454**
Platinum World Portfolios Plc – Japan sub-fund	**90.9**	**7,320,314**	**6,649,773**
Total		**63,122,384**	**32,779,977**

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 23. Related Party Transactions Continued

Transactions with related parties Continued

PIML was responsible for any start-up costs associated with PWP (e.g: legal fees, tax advice, foreign registration fees and Directors' fees). The total expenses paid or payable by PIML to third parties for and on behalf of PWP was $318,934, which is included as part of legal and compliance costs. The total expenses paid include the payment of Directors fees to Stephen Menzies on 6 October 2015 (before PWP commenced operations). Mr Menzies is PIML's nominee on the Board of PWP. The payment made to Stephen Menzies was Euro 10,000 (equivalent to A$15,728). Ongoing Directors Fees are now paid directly by PWP because PWP has now commenced trading. On 25 April 2016, a further payment of Euro 10,000 (equivalent to A$14,605) was made to Mr Menzies by PWP. PIML reimburses Stephen Menzies for any incidental travel and accommodation associated with attendance at Board meetings in Ireland. At 30 June 2016, the amount reimbursed was $20,639.

With respect to PWP, PIML has undertaken to limit the annual expenses of each of PWPs sub-funds through the use of a voluntary expense cap, where total expenses of each sub-fund does not exceed a specified limit (for example: for the base fee class(es), the limit or cap is 1.65% of the Net Asset Value of each sub-fund). At 30 June 2016, the total amount reimbursed/paid or payable by PIML to PWP in respect of expenses for the period was A$337,413.

Between 21 June 2016 and 23 June 2016, the Company transferred $3,650,000 to its Employee Share Trust, which used these proceeds to purchase $3,638,073 worth of PTM shares on-market (with $9,128 being spent on brokerage and GST and the balance of $2,799 still un-spent but reserved for ongoing bank fees and charges). The number of PTM shares purchased was 591,578 shares and the Trust will hold these 591,578 shares until the vesting date of 20 June 2020 (four years) and subsequent exercise.

After the expiration of four years, the shares will be allocated to key employees of Platinum if they remain employees of Platinum for the vesting period of four years and exercise their entitlement to these shares. If an employee leaves before the expiry of four years, the shares will be forfeited and may be re-allocated to other employees. The shares were purchased on-market by Platinum Asset Management Limited using funding provided by PIML.

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 24. Disclosure of Interests in Other Entities

(a) Structured entity disclosures (excluding subsidiaries)

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 2016, 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:

	2016 $'000	2015 $'000
Net Asset Value attributable to all investors		
Platinum Trust Funds	**16,777,587**	19,360,960
Maximum exposure (includes PIMLs interest & fees receivable)		
Platinum Trust Funds	**21,403**	27,322

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 24. Disclosure of Interests in Other Entities Continued

(b) Subsidiary and associate disclosures

The table below discloses the Net Asset Value relating to the Company's (PAMLs) subsidiaries and associates at 30 June:

2016 ENTITY	EXTENT OF PAML/PIMLS INTEREST (%)	NET ASSET VALUE ATTRIBUTABLE TO ALL INVESTORS ($'000)	MAXIMUM EXPOSURE (PAML/PIML's INTEREST PLUS AMOUNTS RECEIVABLE) ($'000)
McRae Pty Limited	**100**	**13,677**	**13,677**
Platinum Asset Pty Limited	**100**	**42,362**	**42,362**
Platinum Investment Management Limited	**100**	**183,104**	**183,104**
Platinum Asia Investments Limited	**17.1**	**279,963**	**47,998**
Platinum World Portfolios Plc – International sub-fund	**30.0**	**42,413**	**12,746**
Platinum World Portfolios Plc – Asia sub-fund	**100**	**13,389**	**13,389**
Platinum World Portfolios Plc – Japan sub-fund	**90.9**	**7,320**	**6,652**
Platinum Employee Share Trust (market value of PTM shares purchased on-market at balance date plus excess cash)^	**100**	**3,407**	**3,407**
PIMA Corp (US)	**100**	**189**	**189**
Total		**585,824**	**323,524**

^ Platinum Employee Share Trust holds PTM shares on behalf of employees selected to participate in the Deferred Bonus Plan (see Note 20 for further details).

Note 24. Disclosure of Interests in Other Entities Continued

(b) Subsidiary and associate disclosures Continued

2015

ENTITY	EXTENT OF PAML/PIML's INTEREST (%)	NET ASSET VALUE ATTRIBUTABLE TO PIML (ALL 100% OWNED SUBSIDIARY'S) ($'000)
McRae Pty Limited	100	13,677
Platinum Asset Pty Limited	100	42,362
Platinum Investment Management Limited	100	194,303
PIMA Corp (US)	100	197
Total		250,539

The key difference between the interests held in the current and comparative year relates to the new investments in Platinum Asia Investments Limited and Platinum World Portfolios Plc.

There are no additional off-statement of financial position arrangements which would expose the consolidated entity to potential loss.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 25. Parent Entity Information
Set out below is supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	PARENT	
	2016 $'000	2015 $'000
Profit after income tax	**207,028**	273,784
Total comprehensive income	**207,028**	273,784

Statement of financial position

	PARENT	
	2016 $'000	2015 $'000
Total current assets	**131,101**	134,182
Total assets	**762,224**	764,669
Total current liabilities	**(11,216)**	(9,614)
Total liabilities	**(11,216)**	(9,614)
Net assets	**751,008**	755,055
Equity		
Issued capital	**747,717**	751,355
Capital reserve	**1,710**	(19)
Retained profits	**1,581**	3,719
Total equity	**751,008**	755,055

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 its subsidiaries, no contingent liabilities and no capital commitments.

Note 26. 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 **2016** %	2015 %
McRae Pty Limited	Australia	**100**	100
Platinum Asset Pty Limited	Australia	**100**	100
Platinum Investment Management Limited	Australia	**100**	100
Platinum Employee Share Trust	Australia	**100**	–
Platinum Investment Management Australia (PIMA) Corp	United States	**100**	100
Platinum World Portfolios Plc – International sub-fund	Ireland	**30.0**	–
Platinum World Portfolios Plc – Asia sub-fund	Ireland	**100**	–
Platinum World Portfolios Plc – Japan sub-fund	Ireland	**90.9**	–

Note 27. Events after the Reporting Period

Apart from the dividend declared in August 2016, no other matter or circumstance has arisen since 30 June 2016 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

	2016 $'000	2015 $'000
Note 28. Reconciliation of Profit after Income Tax to Net Cash from Operating Activities		
Profit after income tax expense for the year	**199,870**	213,499
Adjustments for:		
Prior period tax	**(85)**	107
Depreciation expense	**965**	853
Net loss on disposal of fixed assets	**2**	1
Expenditure on purchase of shares on-market associated with the Deferred Bonus Plan	**(3,647)**	–
Share-based payments accounting expense	**635**	–
Foreign exchange differences	**(5,142)**	(16,898)
Interest income	**(4,068)**	(7,093)
Loss on investments	**2,446**	4,526
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	**11,245**	(7,499)
(Increase)/decrease in deferred tax assets	**(1,701)**	1,484
(Increase)/decrease in prepayments	**(4)**	237
(Decrease) in trade creditors and GST	**(679)**	(1,922)
Increase/(decrease) in provision for income tax	**1,624**	(8,835)
Increase in deferred tax liabilities	**442**	2,254
Increase in employee provisions and payroll tax	**558**	151
Net cash from operating activities	**202,461**	180,865

	2016 $'000	2015 $'000

Note 29. Earnings Per Share

	2016 $'000	2015 $'000
Profit after income tax attributable to the owners of Platinum Asset Management Limited	**200,887**	213,499
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**586,678,900**	582,452,336
	CENTS	CENTS
Basic earnings per share	**34.24**	36.66
Diluted earnings per share	**34.24**	36.66

Note 30. Contingent Assets and Liabilities

No contingent assets or liabilities exist at 30 June 2016 and 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2016

Note 31. Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount reported in the consolidated 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 consolidated statement of financial position are disclosed in the first three columns of the table. There were no derivatives and forward currency contracts 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 ($'000)	GROSS AMOUNTS SET-OFF IN THE STATEMENT OF FINANCIAL POSITION ($'000)	NET AMOUNTS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION ($'000)	FINANCIAL INSTRUMENTS ($'000)[1]	CASH COLLATERAL ($'000)	NET AMOUNT ($'000)
30 June 2016						
Financial Assets						
Derivatives	**24**	**–**	**24**	**(16)**	**–**	**8**
Forward currency contracts	**88**	**–**	**88**	**(88)**	**–**	**–**
Total	**112**	**–**	**112**	**(104)**	**–**	**8**
Financial liabilities						
Derivatives	**16**	**–**	**16**	**(16)**	**–**	**–**
Forward currency contracts	**166**	**–**	**166**	**(88)**	**(78)**	**–**
Total	**182**	**–**	**182**	**(104)**	**(78)**	**–**

(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.

DIRECTORS' DECLARATION
30 JUNE 2016

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 2016 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

Kerr Neilson
Director

25 August 2016
Sydney

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PLATINUM ASSET MANAGEMENT LIMITED

Report on the Audit of the Financial Report

Our opinion

In our opinion:

The accompanying financial report of Platinum Asset Management Limited (the Company) and its subsidiaries (together the Group) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its financial performance for the year then ended; and
b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group's financial report comprises:

- the consolidated statement of financial position as at 30 June 2016;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the notes to the consolidated financial statements, which include a summary of significant accounting policies; and
- the Directors' Declaration.

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Basis for opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence
We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach
Overview

- Group materiality was set at $14.1 million, which represents 5% of Group profit before tax.
- We conducted an audit of the most significant entities within the Group being Platinum Investment Management Limited (PIML), Platinum Asset Proprietary Limited (PAPL) and Platinum World Portfolios Plc (PWP). This was supplemented by additional targeted audit procedures in corporate functions, such as cash and treasury.
- Fee revenue.
- Offshore banking unit taxation.
- Accounting for investment vehicles.

Materiality
The scope of our audit was influenced by our application of materiality. Our audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PLATINUM ASSET MANAGEMENT LIMITED

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial report as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in aggregate, on the financial report as a whole.

Overall Group materiality	We determined overall Group materiality to be $14.1 million (2015: $15.1 million). We applied this in: • planning and performing the audit • evaluating the effect of: – identified misstatements on the audit, and – uncorrected misstatements, if any, on the financial report • forming our opinion in the auditor's report.
How we determine it	5% of Group profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the metric against which the performance of the Group is most commonly measured and is a generally accepted benchmark in the funds management industry. We selected 5% based on our professional judgement, noting that it is also within the range of acceptable profit related benchmarks in the industry.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial report. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We conducted an audit of the most financially significant entities within the Group being Platinum Investment Management Limited (PIML), Platinum Asset Proprietary Limited (PAPL) and Platinum World Portfolios Plc (PWP). This was supplemented by additional targeted audit procedures in corporate functions, such as cash and treasury.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or by component auditors from other PwC network firms operating under our instruction. We performed audits of the financial information of PIML and PAPL, and PwC Ireland performed an audit of the financial information of PWP.

Where the work was performed by PwC Ireland, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial report as a whole. This included active dialogue throughout the year with PwC Ireland and review of their work.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. We have communicated the key audit matters to the Audit, Risk & Compliance Committee, but they are not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Committee. In the following table, we have described the key audit matters we identified and have included a summary of the principal audit procedures we performed to address those matters.

The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PLATINUM ASSET MANAGEMENT LIMITED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Fee revenue *Refer to note 1 (Significant accounting policies).*	
Revenue is the most significant account balance in the consolidated statement of profit or loss and other comprehensive income. Revenue of $337.9 million comprises a number of streams including: • Management fees ($319.6 million); • Performance fees ($2.6 million); and • Administration fees ($15.7 million). The terms of these fees are set out in investment management agreements with mandate clients and trusts. We focussed on this matter due to the size and magnitude of management and administration fees, as well as the higher level of inherent risk related to performance fees due to the manual processes for calculating, reviewing, and recording of the fees, along with the complexity of the performance fee arrangements. Performance fee arrangements are complex as they involve assessing the performance of the relevant assets compared to a specified benchmark which is calculated based on complex formulae. These benchmarks are agreed between the Group and its clients, and set out in relevant investment management agreements.	In order to test the key controls over recognising fee revenue, we: • Inspected and reperformed a sample of the reconciliation controls operated throughout the year by the Group for assets under management and found no exceptions. • Obtained and assessed an assurance report issued by an independent third party auditor in accordance with International Standard on *Assurance Engagements (ISAE) No. 3402, Assurance Reports on Controls at a Service Organization*. The report was in respect of relevant controls at the administrator used by the trusts managed by the Group to provide accounting and other services in connection with the administration of the trusts' financial records. We concluded that that it was appropriate for us to place reliance on this report.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
	Management and administration fees • For management and administration fees from mandate clients, we recalculated the fees on a sample of invoices by agreeing funds under management (FUM) and fee rate back to the Group's system reports and the investment management agreement, respectively, and tracing the fees received to bank statements. No significant exceptions were noted. • For management and administration fees from trusts managed by the Group, we compared a sample of fees recorded by the Group to an independent expectation of fees calculated using Net Asset Value data obtained from the third party administrator, and fee rates obtained from the Product Disclosure Statements, and trust constitutions. No significant exceptions were noted. **Performance fees** For a sample of performance fees we: • Tested the fee calculations by agreeing the data used to the Group's underlying systems, agreeing the basis of the calculation to that set out in the client agreements, agreeing the benchmark performance to an independent third party source, and reperforming the calculation. No significant exceptions were noted. • Traced the performance fees received to bank statements and confirmed that fee revenue was recorded in the appropriate financial year.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PLATINUM ASSET MANAGEMENT LIMITED

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Offshore banking unit taxation *Refer to note 1 (Significant accounting policies) and note 4 (Income Tax Expense).*	
The current income tax payable is calculated on the basis of taxation laws enacted at the balance sheet date including those relating to Offshore Banking Units ("OBU"). To apply the OBU tax rates to their offshore income tax expense calculation, the Group must assess their OBU eligibility by considering whether their investment activities meet the conditions set out in the OBU taxation laws. If the Group meets the OBU eligibility requirements, a reduced tax rate of 10% is applied to their offshore taxable income. We focussed on this matter given the judgment used by management to determine, and apply, a methodology for allocation of general expenses to the OBU.	In assessing current income tax payable, we: • Considered the Group's eligibility to apply the OBU taxation laws by assessing compliance with OBU conditions. • Assessed the appropriateness of the methodology used by the Group to allocate expenses for determining offshore taxable income. We found the methodology consistent with market practice as observed by our tax specialists. • Agreed the inputs used in the tax calculations to the Group's accounting records noting no significant exceptions. • Reperformed the OBU tax calculation.

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<tr><th>KEY AUDIT MATTER</th><th>HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER</th></tr>
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Accounting for investment vehicles
Refer to note 1 (Significant accounting policies).

During the year, the Group invested in two new investment vehicles, Platinum World Portfolios Plc ("PWP") (USD $25m) and Platinum Asia Investment Limited ("PAI") (AUD $50m).

We focussed on this matter given the size of the investments in the current year, along with the judgement required to be applied in determining whether the Group controls these investments in accordance with AASB 10 *Consolidated Financial Statements*, and accordingly how they should be accounted for in the financial statements.

The most significant areas of judgement in applying AASB 10 related to:

- The level of power over the investment vehicles;
- The extent of exposure to returns or rights to variable returns from the Group's involvement with the investment vehicles; and
- The ability for the Group to use its power over the investment vehicles to affect the amount of the return.

At 30 June 2016, the Group concluded that:

- PAI was treated as an investment in associate given the significant influence the Group was deemed to have over the investment vehicle.
- PWP was required to be consolidated in to the Group financial statements given the control the Group was deemed to have over the investment vehicle.

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To assess whether AASB 10 had been appropriately applied to the Group's investments in PWP and PAI we:

- Obtained the legal documents governing the investment vehicles (Investment Management Agreements, fund offer documents, Trust Deed and Memorandum & Articles of Association) to understand the scope of powers and decision making authority held by the Group. We particularly focused on:
  - Substantive powers to remove PIML as investment manager
  - The decision making powers of Directors of the investment vehicles
  - The independence of Directors of the investment vehicles
  - The ability to remove and appoint new Directors of the investment vehicles
  - The level of the Group's equity interest and their voting rights.
- Assessed the exposure to returns by aggregating the equity interest held by the Group and the expected management, and performance fees.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PLATINUM ASSET MANAGEMENT LIMITED

Other information
The Directors are responsible for the other information. The other information comprises the Shareholder information and the Directors' Report included in the Group's annual report for the year ended 30 June 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PLATINUM ASSET MANAGEMENT LIMITED

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Our opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 38 of the Directors' Report for the year ended 30 June 2016.

In our opinion, the Remuneration Report of Platinum Asset Management Limited, for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

R Balding
Partner

Sydney, 25 August 2016

GERMANY.
POWERHOUSE
OR POWDERKEG?

DESIGNED AND PRODUCED BY:
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DESPITE SIGNS OF ECONOMIC RECOVERY, EUROPE, INDEED THE DEVELOPED WORLD, HAS BEEN ENGULFED BY A WAVE OF ANTI-ESTABLISHMENT MOVEMENTS OVER THE PAST YEAR. WHAT IS GOING ON? AND WHY? CHARLES WEULE'S ON-THE-GROUND REPORT FROM GERMANY, THE HEART OF EUROPE'S IMMIGRATION CRISIS, MAY HELP SHED SOME LIGHT.

PREFACE

THE PRESENT DECADE HAS BEEN A TUMULTUOUS ONE FOR EUROPE. MORE THAN A HANDFUL OF COUNTRIES IN THE EUROPEAN UNION WENT THROUGH A SOVEREIGN DEBT CRISIS IN THE AFTERMATH OF THE 2008-09 GLOBAL FINANCIAL CRISIS AND, AT LEAST FOR NOW, FISCAL AUSTERITY AND UNPRECEDENTED MONETARY EXPANSION CONTINUE TO SIT SIDE BY SIDE AS THE TWIN PILLARS OF ECONOMIC POLICY.

A REGION THAT WAS ALREADY APPREHENSIVE FROM ECONOMIC UNCERTAINTIES WAS FURTHER SHAKEN BY THE SERIES OF ISLAMIC TERRORIST ATTACKS AND THE INFLUX OF MILLIONS OF IMMIGRANTS AND REFUGEES *EN MASSE* FROM THE OTHER END OF THE MEDITERRANEAN SEA AND BEYOND.

The angst and frustration culminated in the vote of the British people on 23 June 2016 to leave the EU, but the chaos that ensued at Westminster suggests that 'solutions' and stability, if there were such a thing, are still some distance away.

Of these continual crises, last year's refugee crisis has been one of the most trying on the cohesion and strength of the EU and was arguably a key factor that shaped the outcome of the Brexit referendum.

While politicians and bureaucrats wonder at the intensity and spread of anti-establishment sentiments and mainstream media busy themselves with denouncing the re-emergence of far-right nationalism, an on-the-ground, first-hand account of the daily interactions between the locals and the newly arrived immigrants may shed some light on the cause of the widespread discontentment and the breakdown of a precarious equilibrium and unity.

And so we present you with this special report from Charles Weule. Charles is a former investment analyst at Platinum, who now lives and works in Germany. Equipped with a unique linguistic gift, Charles has travelled to and lived in many parts of the world. Having learned Japanese fluently, he went on to become totally proficient in Mandarin. As with these two Asian languages, his use of German leaves him indistinguishable from a native.

Charles has been teaching languages in Berlin. In 2015 he joined the ranks of thousands of Germans to help – to work with – the one million refugees that have found their way to this new 'Promised Land'. The seemingly trivial encounters relayed in Charles' account paint quite a different picture to what one might hear from both Chancellor Merkel and her counterpart in the Alternative for Deutschland (AfD) party.

The picture is not one comprised only of lifeless children washed up on the shores of Greek islands and war-ravaged families marching through the perilous roads of the Balkans. Nor is it as simple as altruism versus xenophobia, good against evil, right versus wrong. Truth and reality are often drowned out by the voices from the two extremities of the spectrum.

The multiple rounds of financial bail-outs extended to other EU nations did not much diminish the heroic status of Angela Merkel in the eyes of the German people. But when she decided to welcome the countless immigrants fleeing war-torn Syria and Iraq (and whoever else that saw it desirous to join them on the journey) with open arms, many turned against her and sided with neighbouring governments with less magnanimous policies.

The lack of consultation with Germany's own citizenry as well as other European countries, the lack of consideration given to both short- and long-term consequences, and the sheer unpreparedness for what was to follow – which was so atypical of Germans – annoyed, frustrated and enraged many.

When large numbers of foreigners with different religions, different values and different expectations are suddenly imposed on communities, at least some of their concerns and displeasure seem natural enough. The issue of immigration is much more than economics and politics. It impacts on the collective sense of security, identity and sovereignty of a population, and is emotive at an individual level.

While we may observe from afar the geopolitical crises playing out in Europe and analyse the economic impact of the ECB's negative interest rates, Charles' report brings a broader and closer view on the situation in the region and gives us a rare insight into the thinking of ordinary German citizens. He also provides us with a historical perspective. Viewed in the context of the country's past woes and vicissitudes, the generosity of the German people shines through as all the more extraordinary and their fear and exasperation all the more understandable. It helps to understand how governments' mismanagement of sensitive issues like mass immigration could lead to popular revolts and irrational outcomes like Brexit, and this may in turn help us prepare for what may be lying ahead.

KERR NEILSON

Managing Director
August 2016

THE BALKAN ROUTE TO EUROPE'S POWDERKEG

BY CHARLES WEULE

QUESTIONS OF SOVEREIGNTY

THESE ARE INTERESTING TIMES TO BE LIVING IN GERMANY – INDEED IN EUROPE, WHICH SEEMS TO GROW AND SHRINK, WAX AND WANE, BE NEAR EXPLODING AND THEN CALM AND CIVILISED (ALBEIT AMID TALK OF CIVIL WAR) FROM ONE DAY TO THE NEXT.

INTERESTING TIMES – A VIEWPOINT FOR SOCIOLOGISTS AND SIMILARLY PASSIVE OBSERVERS. FRIGHTENING TIMES – IN THE MINDS OF A GROWING MANY.

Sovereignty, once the stuff reserved for kings, has long been owned by respective peoples, thanks to Europe's gift of Enlightenment. Or at least that was the taught thought.

While the Brits, in the tradition of the Magna Carta, are leading the charge against wanton waste stemming from Brussels, Berlin's citadel has been rocked regularly enough over the last twelve months to suggest that policy there is also out of joint.

Hubris had grown around Deutschland's hitherto ability to contribute, indeed instigate, remedies for the transnational problems of others. Less than a year ago, however, that reputation began to unravel, as word went out from Berlin that displaced folk who could find their way to central Europe would find shelter inside Germany's welcoming borders.

Unlike mobile phones, passports proved irrelevant (which is itself a shocking fact of temptation. Even after living here legally for eleven years, whenever I renew my residency permit I need to prepare ten pieces of stamped documentation proving that I have work, health insurance, superannuation and that I have never received a cent of welfare or other government money). And so more than a million came.

THE IDEA WAS THAT THE REST OF THE CONTINENT WOULD BE COAXED INTO PITCHING IN TO ALLEVIATE THE BURDEN ADDING DAILY ON GERMAN SHOULDERS.

Europe's changing political make-up, however, saw this last of Berlin's great hopes severely falter, indeed backfire.

Talk by the Chancellor or any other German minister holds less sway across Europe. Attempts to pull European 'partners', even kicking and screaming along, have not worked. Lecturing the rest of Europe with wailing words backed by Brussels that Europe is built on values of solidarity and doing the right thing; suggesting Europe should morally act as one, even simply requesting a token show of help – Germany's Coalition ministers have resorted to all this in front of the cameras and who knows what frantic mix of insisting and pleading behind the scenes.

This developing lack of continental deference has begun to impact German domestic issues and the topic of refugees has grown into the biggest and most pressing set of questions for the government, dominating not daily, but hourly discussions on German radio and television.

SO MANY QUESTIONS REMAIN UNANSWERED. HOW MANY PEOPLE ACTUALLY ENTERED GERMANY LAST YEAR WITHOUT SHOWING ANY IDENTIFICATION?

How many were refugees fleeing conflict and how many were simply opportunists seeking a better life? Are they literate, educated? Are they traumatised and needing long-term therapy and care from psychologists and counsellors?

Reportedly only 363,000 of the 1.25 million newcomers came from war-ravaged Syria. Many are from Afghanistan where German soldiers and others have spent years and millions of euros, even sacrificed their lives, helping to bolster the local economy and security.

Why should they qualify as asylum seekers when at least parts of their countries are safe to live in? Why do so many come from countries free of conflict? Why don't they stay where they land in Europe and are supposed to register? *Have* they been registered?

Heightened security concerns, especially after repeated terrorist attacks in Europe recently, have exacerbated the dilemma that had grown around the number of asylum seekers into a full-blown crisis. More general concerns have similarly taken hold, not least in terms of how politicians and people lower down Germany's bureaucratic food chain ought to deal with such large and, moreover, *unknown* numbers of people from often unknown backgrounds.

Young men from the Maghreb claimed status as Syrians until translators detected their varied Arabic. Not to worry, suggested pro-refugee politicians and overly optimistic industry leaders, Germany could easily do with a few thousand educated young people to fill vacancies across the booming home economy.

Linguistic idealists saw chances to promote German culture and language through this supposedly malleable, integration-willing million. In the meantime, we were told, there are plenty of tax euros available to take care of accommodation, education and whatever. Whatever indeed!

Other locals were more sceptical. Statistics collected about the newcomers remain blurry at best, given the number of folk without identity papers but who share similar names and claim January 1 as their birthday. Others shy away from registering their whereabouts in the first place.

UNCERTAINTY COUPLED WITH FEAR CONTINUES TO REIGN ON BOTH SIDES OF THE DEBATE WHICH IS DOMINATING GERMAN AND WIDER EUROPEAN POLITICS. SOME CLAIM THIS IS ALL EXAGGERATION.

Cognitive dissonance is of course a most human condition and points to our fallibility and inability to recognise fault. Cognitive dissonance in the political world, however, can have dire effects on policy and therefore future generations.

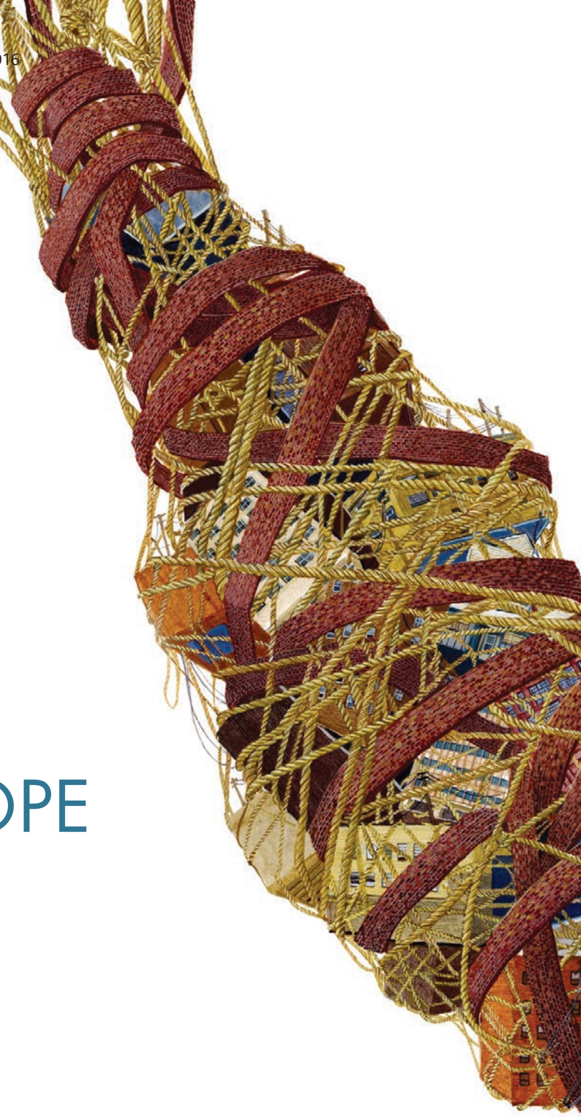
Germany's Vice-Chancellor has suggested that *five million* refugees could be assimilated over the next five years – a statement easy enough to make, easy enough for his supporters to support.

BUT WHERE AND HOW SHOULD THESE MILLIONS BE ACCOMMODATED, SCHOOLED AND EMPLOYED? MANY EUROPEANS SHARE A SENSE OF WONDERMENT AS TO HOW EVERYTHING SHOULD FINALLY PLAY OUT.

Countries outside Europe like Jordan and Turkey continue to house many more refugees. And Australia has a higher proportion (with 28%) of foreign-born residents compared to the EU (averaging 9%). So why all the fuss?

The main cause for furore centres on the fact that Germany has been left facing a problem of its own making and the need to accommodate hundreds of thousands of newcomers to Europe continues to fall on German shoulders. However broad they may be, they are not those of Atlas. Nor has Angela Merkel's superhero status translated into further trans-European currency.

Part of the 'problem' concerns the fact that a significant role of sovereign government – namely immigration policy – in effect broke down. Uncontrolled and unchallenged, more than a million mainly single young Muslim men were allowed to flood sovereign borders.



DOING THE RIGHT THING VERSUS A DIVIDED EUROPE

UNTIL THE MIDDLE OF 2015 EUROPE WAS MOSTLY PREOCCUPIED WITH GREECE'S RECURRENT SOVEREIGN DEBT CRISIS AND THE POSSIBILITY OF A 'GREXIT'.

THE ISSUE OF REFUGEES PADDLING ACROSS PARTS OF THE MEDITERRANEAN FEATURED AS LITTLE MORE THAN A SIDE-STORY, BECAUSE, FOR THE MOST PART, GREECE'S PROBLEMS WERE ONLY REPORTED FROM A NORTH EUROPEAN PERSPECTIVE.

So when did the waves of migrants arriving in whichever parts of Europe become a *European* crisis?

Ironically, the answer depends on which part of Europe you consider. The year 2014 saw 276,000 people enter the EU illegally, 207,000 of whom crossed the Mediterranean. Almost 203,000 sought asylum in Germany, 60% more than in 2013. Deutschland is now the second most popular destination for migrants, after the USA.

The first half of 2015 (with almost 70,000 arrivals) saw Greece replacing Italy as the most popular point of entry. For July 2015, Frontex reported a record of 107,500 refugees crossing EU frontiers, near half of whom entered Greece while some 20,000 arrived in Italy. Arrivals in August alone totalled around 110,000 with near double that figure registering as a monthly peak in October.

By year end, between 800,000 and 900,000 refugees were *estimated* to have reached Greece. Previously a bumper year for immigrants to the EU saw figures around *half a million*.

NEW JARGON SPRANG UP: 'HOT SPOTS' WERE THE ISLANDS WHERE REFUGEES WERE FLOODING IN, THE BULK OF WHOM THEN KEPT MOVING ALONG THE 'BALKAN ROUTE' TO THE OPEN ARMS OF CHANCELLOR MERKEL.

Greece as well as Italy became overwhelmed by the new arrivals from Syria and elsewhere, people whose plain intent was getting their foot in Greece's door and then into Europe proper. Yet, the rest of Europe did little to assist.

It was only when tragic reports surfaced of some of the actual victims of unscrupulous people smuggling inside the EU that the authorities finally acknowledged that something had to be done. The worst came in August 2015 when more than seventy corpses were found in an abandoned truck along a road in Austria. One little girl among the victims was no more than one or two years old.

AND SO THE GERMAN CHANCELLOR OPENED THE FLOODGATES, INVITING AND WELCOMING THE SUPPOSEDLY HARD-DONE-BY INTO DEUTSCHLAND AND HENCE EUROPE, WITHOUT ANY CONSULTATION WITH HER NATIVE CITIZENRY OR ANYONE ELSE IN THE UNION, RAISING THE IRE OF MANY.

It seemed the right thing to do, after all. What decent European could have disagreed with her *at the time?*

But many Europeans wish German politicians had been more aware of the rest of their 'Europe' and had acted more responsibly before sending out 'the wrong signals' to desperate folk beyond Europe's shores. There, people smugglers helped feed demand by orchestrating a deluge of misinformation, turning the average refugee's 'smartphone' into something of a misnomer that 'informed' the desperate folk about all the good things waiting in Germany – a free apartment, easy work or just free money!

Indeed, Deutschland's prying open the floodgates at one end helped little at the narrow locks along the Balkan way. Despite being under obviously immense strain, little effective aid ever flowed to Lampedusa or Lesbos.

I watched, among others, Luxemburg's foreign minister, comfortably stationed in the EU's smallest, if not richest, member-state, condemn Hungary's actions with tear gas and water cannons against frustrated refugees determined to enter the main part of the European Union.

Then the famous fence rose. The first of many, back down through the Balkans, with the final stand-offs occurring along Greece's border with Macedonia. News followed that several hundreds, then thousands, of refugees had re-adjusted their route to Croatia whose government said they would 'welcome' them on their way to apply for asylum – further north.

Incidentally in 2014 Hungary reportedly registered 43,000 asylum seekers with the number quadrupling in 2015. Croatia's intakes are either inaccurate or laughably low. Could Eurostat's 140 for all of 2015 be right?

Of course, there are arguments as to why refugees prefer not to stay in Croatia, given the country's 'overly' homogeneous society and the fact that unemployment is far higher than in friendly multicultural Deutschland where they can hook up with friends and family from home.

BUT IT WAS A TELLING MOMENT WHEN SOME GERMAN COMMENTATORS CRITICISED CROATIA'S LEADERS AS BEING NO BETTER THAN PEOPLE SMUGGLERS IN THEIR DESIRE TO LOOK GOOD WHILE EAGERLY PUSHING THE DESPERATE WEARY SOULS IN TRANSIT TO MARCH ON NORTHWARD.

Within hours of the first hundreds of refugees arriving and subsequent tensions with Croatian police rising, Croatia became the next EU country to instigate border closures.

WHILE MANY GERMANS ARE MORE CONCERNED WITH INDIVIDUAL FREEDOMS AND SECURITY THAN COLLECTIVE SOVEREIGNTY, THEY COMPLETELY UNDERSTAND THEIR NEIGHBOURS' DISINTEREST IN JOINING GERMANY IN THE MASS INTAKE OF NON-EUROPEANS.

After all, it wasn't *their* heads of government who invited a million strangers into the heart of Europe. Far from the notion of solidarity that Brussels intended, the Poles, Czechs, Slovaks and Hungarians have taken to helping defend each other's borders, even sending troops in some cases. That is the state of Europe caused by irresponsible talk in Berlin, they claim.

Having finally accepted that the problem lies further away than the 'hot spots', Berlin saw it bilaterally convenient to donate 3 billion euros to Turkey's much-in-need government in order to convince that country's fickle regime it could better regulate (i.e. diminish) the flow of migrants from Syria to Europe (i.e. Germany).

MOUNTING PRESSURES FROM WITHIN

IT WAS IN SEPTEMBER 2015 THAT MERKEL'S TRADITIONALLY OSSIFIED EXPRESSION FAMOUSLY SURPRISED MANY WITH THE DECLARATION THAT 'IF WE SHOULD BE SORRY FOR DOING THE RIGHT THING AND HELPING (HOWEVER MANY MILLIONS) IN THEIR HOUR OF NEED, THEN THIS IS NOT MY COUNTRY'.

Similarly gaunt during a rare talk show appearance shortly before key provincial elections in March 2016 and following growing support for her chief critic from within, the Governor of Bavaria, the Chancellor admitted to having no 'Plan B', asserting that she was sure she was on the right track.

The right-leaning (if not hell-bent) AfD (Alternative for Deutschland), albeit new to Deutschland's political scene, shocked the established spectrum of German parties with their landslide acquisition of seats in all three provincial parliaments contested in March 2016.

In Sachsen-Anhalt, the AfD upset all rivals, taking second place with 24.2% of the vote, behind only Merkel's CDU (Christian Democratic Union) which won 29.8%, down from 32.5% in 2011 and losing numerous seats. The Left, which came second in the 2011 election, saw about a third of their base obliterated this time round, plunging from 23.7% to 16.3%, while the SPD (Social Democratic Party), the CDU's federal coalition partner, was embarrassed by the halving of its support to just 10.6%.

A CLEAR SENSE OF MORAL RIGHT MAY OBVIATE ANY NEED FOR MAJOR POLICY CHANGE IN MERKEL'S MIND, BUT ACTION OF SOME KIND IS NEEDED.

Considerable to-ing and fro-ing between Berlin and Munich only adds to signs of uncertainty. Bavarian ministers tell Berlin that it is all well and good to say a million refugees are welcome but it's not much fun for everyone in Bavaria, the south-eastern part of Germany where the majority of immigrants trudge their way in. Berlin seems to offer little more than half-baked measures on a region-by-region basis.

Closer to earth, I shuffled along to our local teacher training centre for two seminars on 'intercultural expertise', followed a few days later by a 'theme day' on welcoming and integrating refugees, where we were advised by our bureaucrat lecturers to refrain from using all manner of 'water-related metaphors' when referring to refugees: terms like 'waves', 'flood', 'inundation' were to be avoided. Lots of good intentions lost in a lot of scrambled quotes and figures rather than any helpful knowledge or practical tips for dealing with the newcomers.

There appear to be two sides to the Chancellor's approach, summed up respectively as 'sit on your hands until the rest of Europe finally does the right thing and takes several hundred thousand refugees off our hands', and 'throwing money (reportedly not a problem in fiscal-strong Deutschland) at pieces of the problem in the meantime'.

Waking up to the reality on the ground means far more than passing on a few euros here and there to local councils who are the ones who have to deal with everything from setting up beds and bathrooms in gyms and school halls, then telling surprised locals where they needed to go instead for sport and school, to re-organising teachers and counsellors so they can cater to the individual needs of new arrivals, to drawing up and filling out new forms for everything from bus passes to doctor's visits. Take it from me: the tasks are overwhelming.

IN THE MEANTIME, BACK IN BERLIN, THE FEDERAL MOVERS AND SHAKERS REMAIN LAX TO ADMIT THEY HAVE TURNED UP SHORT OF MEASURES TO DEAL WITH THE PLETHORA OF ISSUES WHICH SHOULD BE DEALT WITH BY A MORE WHOLESOME REFUGEE INTAKE POLICY UNDER THEIR AUSPICES.

Indeed they are increasingly running out of rhetoric to support the government's stand or lack thereof concerning the crisis.

NOTES FROM ON-THE-GROUND

LAST SUMMER I TYPICALLY LEFT BRANDENBURG GATE STATION ALONG THE FAMOUS UNTER DEN LINDEN BOULEVARD TO FINISH MY COMMUTE TO WORK ON FOOT. I OFTEN LOOKED BACK PAST THE STATION EXIT AND RAN MY EYES UP AND DOWN THE GATE'S PROUD STRUCTURE, STRUCK WITH ITS ACCRETED SYMBOLISM. I CONSIDER HOW FORTUNATE I AM – WE ALL ARE – THAT BERLIN IS FREE.

From West to East, as I would head further into what used to be the dreaded communist zone – hardly imaginable thirty years ago and now a mere fact of daily routine. After work, I typically took in some air with a walk towards Potsdamer Platz.

Strolling along Hannah-Arendt-Straße, I would dodge all manner of preoccupied tourists, including go-carters and cohorts on Segways. The broad, deep green horizon of the Tiergarten with its traditional order of botanical uniformity offered relief with its appearance in the distance while to my right the Holocaust Memorial opened up its menace of reminders to thinking folk.

Beyond, the Reichstag with its trendy transparent dome settles in to fill out a picture of local and global perspective. Children and older fun-seekers hug and slap individual pieces of the Jewish Memorial. Others hop and skip and stand and sit atop the perhaps otherwise boring, lifeless, non-retaliating blocks which comprise this most industrial, most German field of remembrance.

AND I WONDER IF THEY, EVEN AS TOURISTS FOCUSED ON FUN, HAVE ANY IDEA AS TO THE MEANING OF THE PLACE THEY ARE BOUNCING AROUND.

The dark grey waves of curiously undulating concrete lend their own sense of understanding. A mix-match of Prussian perfection in terms of shared shape and symmetry while each individual block rises with its own smack of stature, relevance, and right, tall or short, as if to say, 'Here I am! Remember me!'

The end of August 2015 was the end of a month which had brought little rain while searing temperatures had motivated many Berliners to rise earlier for work so they could achieve more output with pots of coffee or carafes of water during the cooler mornings. The harsh climate had turned the edges of many trees' foliage into an uncustomary autumnal tone – a look of healthy vibrant green lost to premature yellows and even wrinkled, withered tones of brown.

That was last summer. Since then much has changed while many in mid-2016 are still playing catch-up. As a recently appointed teacher for refugees, let me report from my own on-the-ground experience.

Good old Europe is still home to many idealists who want to save the world inside borderless Europe's fickle frontiers. Finally in January 2016 a perusal of disappointing statistics made clear that a high proportion of the new arrivals are illiterate, at least with respect to the ABCs of the Roman alphabet.

Some Africans feel far from home in Europe, believing that every priority is given to Syrians and others from the Middle East at their expense.

When a group of Somalis realised I was Australian, they laughed at my position as a German teacher. But the laughter soon stopped when one of them was keen to find out what the chances were for migrating to Australia.

THERE SEEMS TO BE A MENTALITY THAT THE WEST IS PUTTING EVERYTHING OUT ON OFFER AND THEY CAN PICK AND CHOOSE AS THEY PLEASE.

A colleague went to the trouble of providing folders and dictionaries to our school's refugees at her own expense. The following day, one African handed his gift of a dictionary back, asking why he couldn't have a 'new' one like other classmates.

After a mid-term test, I divided the beginners into those who could move to intermediate level and those who had to stay behind until they improved. The same fellow, kept back as a result of his own performance, then stopped coming to school. There were even a couple who failed to take care of the notebooks we handed out free of charge at the start of the course and then asked for free replacements six weeks later.

Every day I set out dictionaries on desks for people I couldn't be sure would turn up. When they did come, they didn't want to bother with books or hand-outs unless there were helpful pictures or – as I have taken to doing – explanations in their own languages.

INDEED GERMANS ARE GOING OUT OF THEIR WAY TO PROVIDE INFORMATION ALL OVER THE PLACE IN ARABIC AND OTHER LANGUAGES.

Given the distances travelled and the relatively few possessions they had, it should come as no surprise that many asylum seekers are more than keen to receive everything on offer. Everybody in class is suddenly alert when someone receives a government form which might relate to more money.

WHAT IS DISAPPOINTING IS THAT FEW SEEM WILLING TO OFFER MUCH OF THEMSELVES IN RETURN. AND THAT HAS MANY LOCALS SCRATCHING THEIR HEADS, SOME IN WONDER, OTHERS IN ANGER.

People see news reports featuring streams of young, single Muslim men pouring into their countries and swarming around landmarks where they harass local women while seemingly have nothing better to do.

The thought of trying volunteer work, like thousands of Germans do, is not something that crosses their minds, whether it is because of the lack of such a concept and custom back in their homelands or of the uncertain circumstances in which they find themselves in their new country.

Then there are those for whom even paid work seems not enough. One young Afghani man, who claimed to have been a banker in his homeland, was given a traineeship in a local factory. The arrangement was heralded on TV news as a shining example of the government's refugee settlement policy. But when the TV crew returned a few weeks later for a 'follow-up' program on the new trainee, he was nowhere to be found.

So why had he not gone back to work after Day 1? It turned out that standing and doing manual work for eight hours a day was not what he had expected of his 'new life' in Europe. His wish was to become a professional footballer. So the good-minded folk who had arranged his apprenticeship were left confused and disappointed.

OBLIVIOUS TO HOURLY NEWS REPORTS ON THE LATEST GOVERNMENT POLICY CONCERNING THEIR FUTURES, SOME REFUGEES SEEM EQUALLY OBLIVIOUS TO HOW UNWANTED THEY ARE IN MANY PEOPLE'S MINDS AND BACKYARDS.

'They don't want to work like Germans, so what do they want here? Money for nothing forever?'

The media react with talk of *Hetzer* (agitators) and those intent on undermining Germany's post-war democratic Constitution. They invite liberals to friendly interviews aimed at challenging any 'thinking' person's desire to side against Deutschland's 'welcoming culture' or *Willkommenskultur*.

Yet the press claim to be at a loss as to why ever more people feel misrepresented and denied a voice! Journalists' condescending anti-AfD, anti-PEGIDA (Patriotic Europeans opposed to the Islamisation of the West) sermonising only serves to up the ante against them.

Daily scenes are televised of people stranded further afield at national borders as local authorities have toughened up and clamped down on letting everybody – anybody – in.

SCENES INCLUDE DESPERATE MEN RAMMING SECURITY FENCES AND THROWING STONES AT GUARDS IN FRUSTRATION. 'WE ONLY WANT TO PASS,' THEY CLAIM. BUT THAT'S HARDLY TRUE.

They want much more than that. 'An apartment and social aid money already waiting for them', according to some smugglers' advertised lines. 'Germany wants you', they have heard. 'Why won't they let us in?' they ask. And children are brought into the protest in an attempt to raise sympathy for their plight.

But many in Europe ask what parents subject their children to all this. What person brings yet another child into a world wrecked by war or into such circumstances while they are on the run?

What sort of responsibility does that show? What sort of people are being let in, often without identity papers, but with what lack of compatible thinking?

Time and again I come across some well-meaning journalist's report about some young refugee who just wants to make it to Germany so he can study computers. That is also the answer I get from several of my own pupils, who yet leave me flabbergasted at their lax attendance records and general disinterest in doing any after-class study.

There *are* positive examples. One of my students found an apprenticeship as a welder and duly asked if he could be excused from school until his training was done. Though he is but one of an entire group, I stay motivated by the motto that every individual life I can help is worth the effort. One does not err by trying.

DIFFICULTIES OF INTEGRATION, AND DIFFERENT EXPECTATIONS

'YOU HAVE TO LEARN DEUTSCH IF YOU WANT TO STAY HERE, LIVE HERE, *WORK* HERE.' (FAIR ENOUGH. AUSTRALIANS ALWAYS SAY FOREIGNERS WHO COME TO AUSTRALIA SHOULD SPEAK ENGLISH.)

BUT THE LEADER OF THE SOCIAL DEMOCRATS AND VICE-CHANCELLOR SURPRISED MANY WHEN HE ANNOUNCED, 'PEOPLE WHO COME HERE BUT DON'T WANT TO BE INTEGRATED SHOULDN'T BE HERE IN THE FIRST PLACE.' SENTIMENTS ARE CHANGING.

I have given my pupils newspaper articles about the problems refugees face finding a flat, a job, or long-term residency – all intended to help motivate them, so that they see learning Deutsch is the key to all these things and more. Yet, they remain some of the friendliest and most unmotivated people I have ever come across. Of course they are happy enough in the classroom where they can chat around the room in Farsi or Arabic.

Despite having gestures and body language down pat, and when that doesn't work, resorting to my trilingual trick with English and French as well as Deutsch as required, still there are always one or two who want confirmation from a neighbour using their own language.

It is one thing to be understanding and accepting, but when students spend all their time outside class speaking their own languages, their time inside the classroom has to be in German as much as possible. That is why, when the questions keep flowing in English, I reply in simple, slow Deutsch, so they see that they *can* understand.

I ask what a word means and when they finally turn to a dictionary and tell me the word in English, I say, yes, but explain the meaning to me in German. 'I can't!' eventually gives way to a decent attempt – and progress.

Some of my students are keen to head off into the working world *'ASAP'* (even though they are not yet legally permitted to work and hardly possess the basic language skills needed) and I would be left wondering at yet more truancies until I spotted them in tradesmen's clothes at the local train station.

As is often the case with adult immigrants, the eagerness to improve their material situations is not matched by an appreciation of the importance of learning the local language and that it holds the key to better work and better housing as well as their chances of integrating into mainstream society and becoming accepted.

I CAN SEE JUST HOW COMMUNITIES BUILD UP AND RISK BECOMING RULED BY GHETTO MENTALITIES. THE FIRST GENERATION IS ALWAYS THE CHALLENGING ONE AND THE ONE FACING THE MOST CHALLENGES.

My Scottish ancestors spoke English well enough but preferred to intermingle and intermarry with each other after arriving in Australia. It took a couple of generations before they branched out to hitch up with Anglicans and others.

HOWEVER, TODAY IN DEUTSCHLAND, MANY NEWCOMERS ARE OF THE BLUNT OPINION THAT THEY CAN ALREADY SPEAK ONE WESTERN LANGUAGE, WHICH HAPPENS TO BE ACCEPTED AROUND MUCH OF THE WORLD, SO WHY THE NEED TO LEARN GERMAN?!

I have had to go to meetings to translate (from French or English) regarding issues with their mobile phone contracts, or explain a fine resulting from their riding public transport without a ticket. With eleven nationalities represented – Eritrea, Somalia, Kenya, Cameroon, Iran, Syria, Palestine, Afghanistan, Chechnya, Albania and even India – you can rest assured, there is never a dull day in the classroom.

As a *freier Geist* (free spirit) who has been fortunate to travel much of the world and pick up languages here and there, I have to realise that these migrants are here for very different reasons.

FREIHEIT (LIBERTY) IS STILL A NEW CONCEPT AND EXPERIENCE FOR MANY. BUT AS I SPENT ONE LESSON DISCUSSING, THEY HAVE RIGHTS AND FREEDOMS IN EUROPE, BUT ALSO DUTIES AND RESPONSIBILITIES, THE FIRST BEING TO REGULARLY ATTEND CLASS AND NOT JUST THAT, BUT TO ACTUALLY LEARN THE LANGUAGE OF THE PEOPLE WHO HAVE BENT OVER BACKWARDS TO WELCOME THEM IN.

As a teacher on the frontline, I am one of the few folk trying to guide and cajole these folk into thinking differently, to begin considering the expectations of local folk, of the people who go to work every day and pay taxes for their free lessons, accommodation, travel and healthcare.

'Integrated' has come to mean learning and accepting the German language, legal system, moral values as well as other cultural mores, particularly respect for women and gender equality. The shock of the 2015 New Year's Eve attacks where hundreds of women in cities like Cologne, Hamburg and Stuttgart were allegedly harassed and/or robbed by around 2000 foreign-born men was heightened by the inability of local police to help the victims or act against the perpetrators and the fact that it took days for details of the incidents to become public.

There was an overriding desire by authorities to prevent distrust of asylum seekers spreading as a result. Only 120 suspects have subsequently had any action taken against them at all, according to news reports from 10 July 2016.

The 71 unnamed souls who suffocated in the truck brought into Austria and the face of the three-year-old Syrian boy washed up on a Turkish beach remain symbols of suffering innocents.

The stone-hurling angry young men along reinforced EU borders reveal that other side of humanity when frustration and a sense of injustice feed in to generate violence in yet another situation of 'us-and-them'.

Such action does little to win new friends among European populations who are fearful of such large numbers of disenchanted youths who are not merely wanting, but demanding, entry and other rights from Europe as though they were EU citizens and descendants of those who over the centuries fought for the freedoms that Europe offers today.

THE DEVELOPING FEAR IS THAT IT WILL ONLY BE A MATTER OF TIME BEFORE NEWCOMERS WILL SEEK TO CHERRY-PICK FROM AMONG EUROPEAN FREEDOMS, RIGHTS AND EXPECTATIONS OF RESPONSIBILITY AS THEY SEEK TO IMPOSE NON-EUROPEAN VALUES AND BELIEFS ON THE REST OF EUROPE'S PEOPLE.

The Ottoman Empire did enough of that across the Balkans when they had the chance, after all.

For who helped Europeans out during times of hardship like the black plague? A pertinent question with respect to the history of Vienna. The 1670s saw the city ravaged by the disease to the extent that about one third of the population succumbed. Far from sending help, the Turks seized the opportunity to attack the fatigued survivors in yet another attempt to take the city and all it meant to non-Muslim Europe. Europeans have, after all, gone through hell and more to defend their homelands and their peoples, and to bring peace and prosperity to this continent.

WHY DO SO MANY HIGH-HANDED POLITICIANS AND IMPERIOUS TECHNOCRATS SEE NO POINT IN CONSULTING THEIR ELECTORATES BEFORE EMBARKING ON POLICIES WHICH WILL NOT ONLY AFFECT TODAY'S PEOPLE, BUT ALSO GENERATIONS TO COME?

'Nobody asked us!' is a cry one hears constantly – about the EU, the Euro, the refugees… Sovereignty, those same politicians like to proclaim, lies with the people. Yet, in reality, they seem to have little respect for it.

There is also far too much wishful thinking and self-deluding by the dilettantes among Germany's politicians and business community. The fact that many of the newcomers are functionally illiterate features little in their rubric-based assessments of how easily the refugees will fill the gaps in Germany's economy. They seem blind to the possibility that the newcomers may end up alleviating no more than a small fraction of the country's shortage of qualified manpower.

The fact that Europeans might be further undermining political and economic development of the countries of origin of these young people is also selfishly ignored by these 'welcoming' elements of German society.

And what of those angered by 'the system' which has no job, no place for them, even after struggling through school and training programs – whether native or newcomer?

THE PROBLEM IS THAT SUDDEN INCREASES IN POPULATIONS DUE TO INTAKES OF PEOPLE WHO CANNOT BE QUICKLY ASSIMILATED AND FEEL ISOLATED, EVENTUALLY FORMING GHETTOS AWAY FROM LOCAL SOCIETY, INEVITABLY BECOME AN ECONOMIC AND SOCIAL BURDEN FOR THEIR HOSTS.

No-go zones for police would seem to be the stuff of fantasy and yet it is a very true reality in Belgium, Sweden and Germany. Such places become hotbeds of dissent and radicalisation. Forgotten are the niceties of Europeans who once welcomed and helped these people. Indeed they rise up in anger against these very neighbours.

AND SO MORE EUROPEANS ASK, WHAT GOOD DOES MULTICULTURALISM BRING US?

940,000 of Deutschland's elderly work as 'mini-jobbers' to supplement their meagre pensions. Around 10% of locals lack functional literacy and can't perform basic arithmetic. *Gastarbeiter* (migrant workers) from the 1960s and their families continue to live in ghettos or parallel *Gesellschaften* (societies). Yet, none of that supposedly concerns the inflow of new folk, Chancellor Merkel keeps reassuring us (or perhaps herself).

Every level of government has had to own up to deficiencies in how they are trying and being made to cope. Why, after all, should school buildings for German children and homes for the elderly be turned over for renovation as accommodation for refugees?

WHY HADN'T THE GOVERNMENT WITH ITS MASS OF ELITE BUREAUCRATS AND THINK-TANKERS THOUGHT ALL THIS THROUGH BEFORE ACCEPTING THE FIRST THOUSAND REFUGEES IN 2015 WHEN THEY NOW HAVE TO RESORT TO SUCH MAKESHIFT REMEDIES AT MANY LOCAL PEOPLE'S EXPENSE?

Most of my colleagues agree that with fewer arrivals, smaller numbers and a more coordinated process, there is a real chance to help the refugees as well as enrich European society.

BUT WHAT IS TAKING PLACE IN EUROPE TODAY SHOWS EXACTLY HOW ACCEPTING SUCH BARELY MANAGEABLE NUMBERS YIELDS A PLETHORA OF UNEXPECTED PROBLEMS.

Desperation, if allowed to fester, breeds some of humanity's worst features. Extending a hand of charity leads to further expectations of continued hand-outs.

And then there are tensions which permeate a classroom where ideally all are equal and encouraged to learn and develop. A picture of these folk having left everything with nothing in the hope of something better fades with the daily reality I and others witness, where gratitude seems unknown.

OLD WOUNDS RE-OPENED

IN THE TRUE GERMAN SPIRIT OF 'EUROPE', I RECENTLY SUBMITTED AN APPLICATION FOR EU FUNDING TO PROMOTE EDUCATION AT BOTH ENDS OF THE DIVERGING SPECTRUM: TO HELP MORE NEWCOMERS TO BECOME BETTER INTEGRATED AND LESS SUSCEPTIBLE TO RADICALISING ELEMENTS, WHILE ALSO REACHING OUT TO THE GROWING NUMBERS OF DISENFRANCHISED NATIVE YOUTH WHO ARE IRRITATED BY THE POST-HIPPY STATUS QUO WHERE EVERYTHING MULTICULTURAL IS GOOD AND EVERYTHING GOOD IS HANDED TO NON-GERMANS AT THE EXPENSE OF 'REAL' GERMANS.

And it is not just the youth who are thinking that. They hear it from their parents and grandparents who wonder what is happening with this sudden intake and the government's futile attempt to cope with one million-plus foreigners.

Remember that some German families have, in the space of a hundred years, been through the Kaiser's autocracy, the ill-fated Weimar Republic with its hyperinflation and black market economy, the Nazi dictatorship with all its horrors before being thrown out of their homelands and shoved in with other German refugees in the Berlin area, only to be hounded by further dictatorship under Soviet-imposed communism.

Rather than being able to finally enjoy the glories of freedom and democracy after the fall of the Berlin Wall, many then found themselves submitting to everything forced on them by West Germans after 1989, including permanent redundancy, thanks to the West's unforgiving system. And now this! Why do all these foreigners get to fare so much better? Why is there forgiveness all over for them?

Many folk have recounted the shocking way in which they were treated following the 1990 takeover of the old Communist East. Solidarity featured little in West German minds. Many Easterners were simply done away with – thrown onto an ever-mounting scrap pile of once-valued workers. Others had to justify why they should be kept on or reassigned, while retraining to Western standards in order to get up to scratch.

NOW THE TALK IS ABOUT MAKING GERMANY'S SYSTEM *'FLEXIBLER'* TO ACCEPT WHATEVER QUALIFICATIONS THE REFUGEES CAN OFFER. NO WONDER FORMER GDR CITIZENS REMEMBER THE GOOD OLD DAYS. AND NOW?

They see people granted free money, medical help and legal representation after turning up without any papers. 'What reward is this?', they ask, after working under duress for a lifetime. Maybe they weren't the freest people, but they had work – something that is very important to Germans – and identity; in other words, security.

There were plenty of German children left orphaned, barefoot and hungry in 1918 and even more had suffered a similar fate by the time one tyranny replaced another in 1945.

West Berliners still express their thanks for the Allies' governments and pilots who enabled the 1948-49 airlift which kept the island-city alive despite Stalin's efforts to choke the population.

SADLY STALINISM LIVED ON TO BUILD AN UGLY WALL WHICH COST MORE LIVES AND LIBERTY. YET MANY OF TODAY'S NEWCOMERS CLAIM EUROPEANS HAVE NO IDEA WHAT THEY'VE BEEN THROUGH.

I try to counter this attitude by teaching about the long struggle for freedom in Europe: the many horrific wars and rebellions put down time and again.

One piece of vocabulary I provide is *Trümmerfrauen*: the women who filled the ranks of workers across post-war Germany set to do such back-breaking work as clearing roads and buildings of the mass of rubble left by bombing raids and artillery bombardments. Most of Germany's men were dead or interred, so the work was left to the women, who got on with it.

Positioned in the heart of Europe, Germany has been home to many nationalities throughout its history. As with France's Huguenots, when Roman Catholics in Bohemia threatened Hussites and other non-conformists for refusing to convert, it was Germany where many found refuge. Rixdorf in Berlin still bears signs of their time there.

I also make a point of having students make a list of prominent Jewish Germans, many of whom have bettered humanity with their contributions of work. The idea is that they realise Europe has a rich and diverse history, where making a contribution matters.

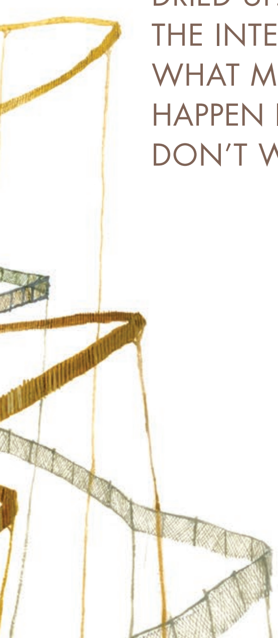
Football can act as a unifying force, given how young men from Syria, Iran and Afghanistan tell me about taking part in regular games in their 'free time'. It is a pity they don't view language the same way. Broken English would seem to suffice and cutting short lessons to head off to football training is the norm rather than the exception.

At least that is better than their taking part in another violent anti-Israel protest. One Palestinian youth proudly told me about one such event, and I spent the rest of the lesson extracting an understanding from him and others that whatever political or military situation exists back home, those problems cannot be allowed to foment new problems here in Europe.

Nor should he or anyone blanket another individual with a general hatred, just because he or she might be Jewish or of whatever other religion or ethnicity.

WHY ENOUGH IS ENOUGH

UNDERSTANDABLY, DEUTSCHLAND'S *WILLKOMMENSKULTUR* HAS WITHERED AND LARGELY DRIED UP. A LOOK THROUGH THE INTERNET REVEALS WHAT MANY FEAR MIGHT HAPPEN IF MORE POLITICIANS DON'T WAKE UP.



The officially propagated show of Potemkin-style communities managing to cope with their dictated share of displaced folk seeking peace while willing to learn and work with anyone and everyone in Europe – *i.e.* to integrate and contribute – is typical of the picture the political class seeks to promote: a picture that is desperately needed to justify their policy of acceptance, even of the thousands who deliberately destroyed their identity papers in order to better their chances in Europe.

Growing segments of local society are rising up: some quietly, fearful of being labelled racist; others feel compelled to act with a perceived need to take back what Germany's misguided technocrats have capitulated, and against the people allowed in and given the good life only to throw it back in the faces of hard-working, tax-paying Germans who fund their new paradise.

OTHER FOLK CLAIM TO KNOW BETTER AND SPEAK ABOUT BEING ON THE 'RIGHT SIDE OF HISTORY'. PERSPECTIVE, HOWEVER, COMES FROM WHERE ONE STANDS.

The *Constitutio Antoniniana* is a reminder of edicts dealt out by dictators who require no consultation (other than with their own pious wisdom) and which result in eventual disaster. Emperors rashly granting outsiders full citizenship rights merely in the hope that virtues of responsibility will trickle down into their barbarian minds in 'good time' either want to be applauded for their memorable munificence or are plain mad. For what if 'good time' fails to pass before some of those barbarians within begin sacking Rome?

Oddly, Germany's brand of politician-intellectuals appears given to dwelling on the superficial. Ever chasing race by colour, German cameramen are told to hone in on members of an audience who are obviously from an African or Asian background.

I listened to one Berliner explain how he has grown to resent being regularly asked where he is from, all because of his African father and inheritance of different hair and skin. Worse is it when the enquirer responds with an expression of surprise, even disappointment, on hearing that he comes from Berlin. Books and their covers!

Believing only positive things can come of accepting even more immigrants, the fellow said that finally, when twenty million more 'foreigners' are let in, the resulting wave will help to break down these old, outdated notions and related trappings of *the* German mentality and *the* German culture.

Suddenly the same man is not what he a few seconds earlier purported to be: German. Talk about wanting to pick and choose – and undo the rest!

I asked an African recently in Berlin as to his background. 'Do you know how often I get asked that? Do you know what it's like?' he started. 'I can guess,' I replied. 'Have you lived as a tall white guy in China or Japan?' Sometimes it is all about changing someone's way of thinking, letting them stand in your shoes, or you trying on theirs, for a change.

Individual interpretations are what impact on our daily reality. Doing the right thing remains a shared universal virtue. But for and with whom?

Priorities can take their toll. Many European women no longer feel safe walking the streets at night.

AND IT IS PRECISELY THE STREETS WHERE MANY FEAR THERE WILL BE A RETURN TO THE CONFLICT AND CHAOS BETWEEN POLITICAL EXTREMES WHICH SYMBOLIZED THE WEIMAR REPUBLIC'S PLIGHT TO SURVIVE.

WE OWE IT TO THEM TOO

ONE REASON I CAME TO GERMANY WAS TO UNDERSTAND MORE OF THE COUNTRY'S LENGTH OF HISTORY BEYOND THE INFAMOUS NAZI PERIOD.

Now I realise how extremes come to dominate a politically unstable land. The Kapp Putsch of 1920 demonstrated the Weimar Republic's problems from the beginning. Little was heard from moderates in contrast to the shouting and stomping by radicals at both ends of the political spectrum. You can read all the history books and statistics you want, but it is difficult to understand a time you never lived in.

Today, however, I am a witness to how people are feeling pulled one way or the other as time spreads out long enough, demarcated by events which help define a populace's general response to what is going on.

What *is* going on? Statistics fall short of presenting the real picture and a deficit of answers encourages, rather than dampens, fears. Despite all the talk of German scientific method and efficiency, nobody can say where the tipping point is with respect to a mass of people who belong to a minority of nationalities with very foreign belief systems.

How many of these people can settle and fit into domestic society over what spread of time before social problems like long-term unemployment and reliance on welfare lead to their becoming prime recruitees for terrorism? What load can local society take before more than the usual minority of extremists grows to incorporate more of mainstream folk disenchanted with what is happening on the ground in their local areas?

A few people speak of possible turmoil inside Germany turning into wider unrest. Even civil war. Exaggerations, I originally thought. But as time passes, there is more of this talk around.

Especially after the heart of Europe came under attack early on the 22nd of March. Then the list of words featuring disenchantment, marginalisation, disenfranchisement, frustration, racism and unemployment grew to include straight-out anger and hate.

The same day saw an announcement that an emergency meeting would be held 48 hours later. And an admission that Europe – the authorities, those with responsibility and means – had ignored radicalisation for too long. Always preoccupied with more pressing issues. More pressing than the boatloads of migrant lives landing on Lampedusa or adrift elsewhere which passed with little more than a turn of heads or shake of shoulders by Brussels' big wigs.

It is remarkable how an emergency summit can be summoned so swiftly when that same Brussels itself becomes Ground Zero. When bombs detonate and chaos explodes only miles from where the big chiefs habitually meet for a pow-wow, suddenly matters of European security *matter*.

But how can it be that super-bloc Europe, brimming with think-tanks, resources and rumours of efficiency, cannot multi-task?

Brussels on one hand preaches richness of diversity, coupled with magical rhetoric about 'solidarity', while breaching the very essence of Europe – diversity of opinion and culture – by condemning those who suddenly don't toe the line. *Whose* line, after all?

GERMANS HAVE STOMACHED IMPOSITIONS LIKE THE LOSS OF THEIR GRAND CURRENCY, THE DEUTSCHE MARK, FOR THE SAKE OF THE MASTER EUROPEAN PROJECT.

But that same Europe has done little to reach out with equal solidarity to shoulder the good burden of suffering the refugees called to Europe's heart and suckle.

Deutschland – for all her grandeur and economic prowess – stands suddenly alone, like a time in 1945. Stranded like a refugee in the middle of Europe. And Chancellor Merkel, after all her splendour of diplomatic politicking through earlier challenges, stands increasingly isolated in her own heartland.

Her Coalition partner in Bavaria is determined to stand against Berlin's lack of a federal refugee policy. Doing so has brought him support right across Germany, rather than mere slights of criticism for being a traitor to the Coalition's cause. Attempts at new policy measures have been too piecemeal and too slow coming, all despite the employment of the term *Beschleunigung* (acceleration) for the government's 'new' approach.

I can't remember a time when so many experts could talk about such a pressing issue for so long while achieving so little. TV and radio programs are full of useless commentary every hour of the day. You can't go anywhere without the topic of refugees popping up in, if not dominating, conversation.

When I recently took a class of obvious refugees – Africans, Arabs and Persians – for a tour around town, I was amazed at the reactions we got. Some German folk were quite aggressive in how they barged past us mumbling disapproval. Others passed careful perusal over us before landing a congratulatory smile on me. Some Germans think I'm a kind of mini-hero for getting on with what I get paid to do. I guess they wished they could expect the same of their sovereignty-bemoaning politicians.

Back in Berlin, realising after many end-of-school photos and hugs how I will miss more than a few of my wards of the past year, I consider again the Holocaust Memorial. How evil people then and now can get away with pulling innocent people about like livestock over unbearable distances, whether in packed Nazi railroad carriages or sealed containers today.

I don't think any like-minded survivor of the *Shoah* would hold it against me for thinking of the 71 victims found asphyxiated in the overcrowded truck which became their tomb in a part of Europe's Promised Land. As decent members of Humanity, we owe it to them to remember what they had to go through, although that should never have been the case. ■