Annual Report 2017

Platinum Asia Investments Limited

ABN 13 606 647 358

Directors

Bruce Coleman
Ian Hunter
Malcolm Halstead

Company Secretary

Joanne Jefferies

Investment Manager

Platinum Investment Management Limited
(trading as Platinum Asset Management®)

Shareholder Liaison

Liz Norman

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Auditor and Taxation Advisor

PricewaterhouseCoopers

Securities Exchange Listing

The securities of Platinum Asia Investments Limited are listed on the Australian Securities Exchange (ASX code: **PAI**).

Corporate Governance Statement

www.platinum.com.au/documents/shareholders/pai_corp_gov.pdf

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Chairman's Report

Highlights

2017 has been a strong year for Platinum Asia Investments Limited ("PAI" or "the Company") and I am pleased to report the following highlights:

- Investment performance as measured by the growth of its pre-tax Net Tangible Assets ("NTA") increased by 20.21% for the 12 months to 30 June 2017;
- Net profit after tax was $39.2 million;
- The Company generated sufficient gains in the current year and as a result the Board has declared a maiden fully-franked final dividend of 1 cent per share;
- The Company is not affected by the recent small company tax changes and will be able to distribute franking credits for the 2017 financial year at a tax rate of 30%; and
- All remaining PAI options expired on 15 May 2017. In total, 66,171,974 options were exercised by investors representing 22.59% of the options issued.

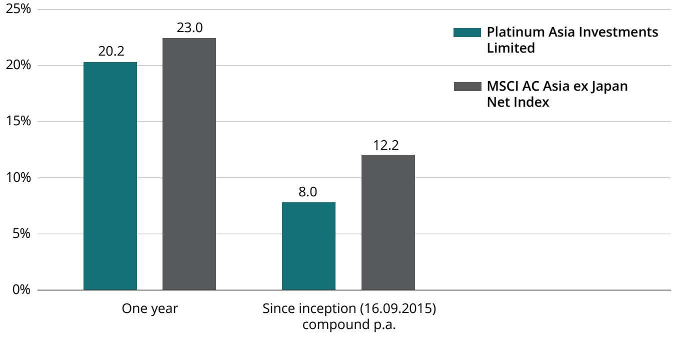
Investment Performance

For the year ending 30 June 2017, PAI's NTA increased by 20.21% pre-tax in $A terms, as compared to the return of its benchmark Morgan Stanley Capital International [MSCI] All Country Asia ex Japan Net Index in $A, which delivered a return of 23.02% for the same period. At 30 June 2017, PAI's net equity exposure was 91% and there were no short positions. It should be noted that PAI's returns are calculated after the deduction of all fees and expenses.

Positive contributions came from those key sectors that make up half of the Company's portfolio (Financials, Information Technology and Consumer Discretionary), whilst on a geographic basis, the three major markets of China, Korea and India performed strongly.

Since inception (in September 2015), the compound annual appreciation of the Company's net assets on a pre-tax basis has been 8.01% per annum compared to the compound annual return for the same period from the MSCI All Country Asia ex Japan Net Index in $A of 12.17%. The comparable return from the Australian All Ordinaries Accumulation Index has been 12.18% annually over the same period.

PAI's Pre-Tax Net Tangible Asset Return versus MSCI Index^ to 30 June 2017



^ Morgan Stanley Capital International All Country Asia ex Japan Net Index in A$

Pre-tax NTA return is calculated on a net assets basis, and after the deduction of management fees and other expenses. The investment returns shown are historical and no warranty can be given for future performance.

Source: Platinum Investment Management Limited and MSCI. All data where MSCI is referenced is the property of MSCI. No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data.

For the year ended 30 June 2017, the Company made a statutory pre-tax operating profit of $55.5 million and a post-tax operating profit of $39.2 million. In the prior year, the Company made a statutory pre-tax loss of $12.8 million and a post-tax loss of $9.0 million.

Under Australian Accounting Standards, realised profits and losses are added to, or reduced by, unrealised changes in the market value of the Company's total assets. This can lead to large variations in recorded statutory profits or losses from any one year to the next.

The Directors maintain that a more appropriate measure of the Company's results is the percentage change in its pre-tax NTA. On this measure, the Company has achieved returns of 20.21% for the 12 months to 30 June 2017.

Chairman's Report
Continued

Shareholder Returns

I am pleased to note that in the 12 months to 30 June 2017, the Company's share price increased by 14.7%. This may have been driven largely by the strong investment performance generated over the last 12 months. The Directors believe that the commencement of fully-franked dividend payments to shareholders may enhance the appeal of the Company to investors and this in turn may lead to a further narrowing of the current discount to NTA backing per share that the Company trades at. I note that since 30 June 2017, PAI's share price has strengthened and the discount in the share price to the pre-tax NTA backing per share has narrowed.

To fully inform investors, PAI publishes weekly and monthly calculations of its NTA backing per share and publishes performance reports on a monthly and quarterly basis. This provides investors with the information that they need to determine if they wish to take advantage of any prevailing discount (or premium) to the NTA backing per share.

Dividends

The Company generated sufficient gains in the current year and as a result the Board is pleased to declare a fully-franked final dividend of 1 cent per share. The current pool of available franking credits has constrained the quantum of this dividend. As the Company matures, the Board aims to deliver a consistent stream of fully-franked dividends to shareholders over time, whilst maintaining its policy of dividend smoothing subject to future earnings, cash flows, franking credits and accounting profits.

To the extent that any profits are not distributed as dividends, the Company has a policy, where it may set aside some or all of its undistributed profits to a separate dividend profit reserve, to facilitate the payment of future fully-franked dividends. The benefit of the dividend profit reserve for the Company is that it will have a pool of undistributed profits available for distribution, subject to the balance of the franking account.

I can confirm that for the year ended 30 June 2017, PAI is not affected by any changes in the small company tax rate and PAI will be able to distribute franking credits at a tax rate of 30%, because PAI's turnover for the year exceeded the $10 million threshold.

Capital Management

During the year, the Board formulated its capital management policy, which is as follows:

The Board will give active consideration, as appropriate, to managing shareholder value through the:

- management of the level of dividends to shareholders;
- issue of shares by methods including rights offers, share purchase plans or placements; or
- use of share buy-backs.

Exercise of Options

On 15 May 2017, all remaining PAI options expired. In total, 66,171,974 PAI options were exercised by investors since the initial public offering on 15 September 2015, representing 22.59% of the 292,869,646 options issued.

Corporate Governance

As shareholders would be aware, PAI's funds are ultimately managed by Platinum Investment Management Limited through two key agreements previously approved by shareholders: the Investment Management Agreement and the Administration Agreement.

In the past year, the Non-Executive Directors report that they have continued to monitor the performance of the Investment Manager and its adherence to the agreements with the full and transparent co-operation of Platinum Investment Management Limited and its management team. Accordingly, I am confident in the integrity and reporting of the Company's financial results to shareholders.

Chairman's Report
Continued

Outlook for 2017-2018

As highlighted recently by the Investment Manager *"Non – Japan Asia affords well-valued stocks, in a region that is growing robustly, in markets positioned for safety and yield after nearly a decade of monetary experimentation in the West. In our view, Asia's attractions for investors remain as strong as ever."*

Finally

The 12 month performance of the Company endorses the investment philosophy, process and expertise of the Investment Manager. Accordingly, I wish to express my appreciation of the work done by Joseph Lai and his team over the last year.

Bruce Coleman

Chairman

16 August 2017

Financial Statements 2017

Platinum Asia Investments Limited

General information
The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 August 2017. The Directors have the power to amend and reissue the financial statements.

Shareholder Information

30 June 2017

The shareholder information set out below was applicable as at 11 August 2017.

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	92
1,001 to 5,000	1,231
5,001 to 10,000	1,356
10,001 to 100,000	4,414
100,001 and over	352
Total	7,445
Holding less than a marketable parcel (of $500)	25

Equity security holders

Twenty largest quoted equity security holders

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

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Platinum Investment Management Limited	50,000,000	13.93
Sysha Pty Limited	17,000,000	4.73
Citicorp Nominees Pty Limited	9,528,601	2.65
Moya Pty Limited	5,000,000	1.39
HSBC Custody Nominees (Australia) Limited	3,953,181	1.10
Australian Shareholder Nominees Pty Limited	3,175,000	0.88
Avanteos Investments Limited	2,645,888	0.74
Lekk Pty Limited	2,000,000	0.56
Invia Custodian Pty Limited	1,924,677	0.54
Ilewise Pty Limited	1,800,000	0.50
Provedore Holdings Pty Limited	1,500,000	0.42
BNP Paribas Nominees Pty Limited	1,334,567	0.37
Halcycon Pty Limited	1,050,000	0.29
Mr Gary Vugler & Mrs Lorraine Vugler	1,050,000	0.29
Jorlyn Pty Limited	1,000,000	0.28
Invia Custodian Pty Limited	963,636	0.27
BNP Paribas Nominees Pty Limited	811,677	0.23
Netwealth Investments Pty Limited	805,192	0.22
Fay Fuller Foundation Pty Limited	708,927	0.20
Invia Custodian Pty Limited	684,909	0.19
Invia Custodian Pty Limited	669,023	0.19
	107,605,278	**29.97**

Shareholder Information

Continued

Substantial shareholders

The following entity has notified the Company that it has a substantial relevant interest in the ordinary shares of Platinum Asia Investments Limited in accordance with 671B *Corporations Act 2001*:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARES ISSUED
Platinum Investment Management Limited	50,000,000	14.25%^

^ As at the date of the last substantial shareholder notice lodged with the ASX on 16 May 2017.

Voting Rights

Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

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	22 August 2017
Record (books close) date for dividend	23 August 2017
Dividend paid	13 September 2017

These dates are indicative and may be changed.

Notice of Annual General Meeting (AGM)

The details of the Annual General Meeting of Platinum Asia Investments Limited are:

10am Wednesday 1 November 2017
Museum of Sydney
Corner of Phillip and Bridge Streets
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.

Investment Structure, Objectives and Methodology

30 June 2017

Investment Structure

Platinum Asia Investments Limited (the "Company") is a listed investment company or "LIC", quoted on the Australian Securities Exchange ("ASX") and traded in the same way as other listed shares. Being a LIC, in contrast to unlisted managed investment schemes, the Company:

– is closed-ended and therefore not open for subscriptions or redemptions by investors, which means that the underlying portfolio can be managed without concern for the possibility of unplanned, fluctuating cashflows;

– is taxed at source and can therefore distribute any available profits to shareholders in the form of dividends, usually fully-franked; and

– has established a dividend profit reserve, which enables some smoothing of dividends, from year to year, at the discretion of the Board.

Shares in the Company can trade at a premium or discount to their Net Tangible Asset Backing per share ("NTA"), which is calculated and announced to the ASX weekly and monthly. Investors should take this into account when making decisions to purchase or sell shares in the Company.

The Company delegates its investment and administration functions to Platinum Investment Management Limited (trading as Platinum Asset Management) (the "Manager"), which employs a team of experienced investment professionals and administration personnel to perform those services. The Company and the Manager are separate legal entities.

Investment Objectives

The Company invests primarily in the securities of listed companies in the Asian Region ex Japan. Its key investment objective is to deliver attractive returns to shareholders over time, made up of capital growth and fully-franked dividends.

In addition, the Company seeks to enhance the consistency of fully-franked dividends by partially reserving profits in years of strong performance to be utilised for distribution to shareholders in periods of lower returns.

While generating attractive returns is the Company's primary objective, the Manager also believes it has a responsibility to mitigate the risk of capital losses and employs a variety of strategies to achieve this. As a result, the Company may not be 100% invested in equity markets.

At times these objectives will be in conflict as strategies to manage downside risk can have the accompanying effect of reducing potential upside. Also, protective strategies may be implemented in advance of a downturn and sometimes well in advance. Hence, by comparison with a fully-invested long-only approach, the Company is less likely to outperform the benchmark during bull markets and more likely to outperform during bear markets.

Investment Structure, Objectives and Methodology

Continued

Over the longer-term, in pursuing these objectives, the Manager aims to achieve net returns (i.e. after all fees and expenses) that are close to or exceed the benchmark Morgan Stanley All Country Asia ex Japan Net Index (MSCI) in $A terms, but with reduced impairment of capital following serious downturns.

Investment Methodology

The Manager's index-agnostic investment approach has been well tested over many years through its management of the unlisted Platinum Trust Funds, which includes the Platinum Asia Fund. The principles on which its investment approach is based have not varied, although the process has evolved and been refined over time.

The Manager seeks a broad range of investments in the Asian Region ex Japan whose businesses and growth prospects are, in its view, being inappropriately valued by the market. Just as optimism and pessimism ebb and flow in stock markets, similar sentiments also affect individual companies. This means that transitory events often have a disproportionate effect on the share prices of companies, be they positive or negative, and there is thus a tendency for share prices to deviate significantly from their inherent trend line. The Manager's investment methodology seeks to identify and take advantage of the opportunities created by the divergence between a company's share price and its intrinsic value.

The Manager uses various devices to make sense of the universe of stocks around the Asian Region ex Japan, including using both quantitative and qualitative screening to short-list companies for in-depth study. After identifying key themes and preferred industries, with due consideration of the macro environment, the portfolio is then built up through a series of individual stock selections based on detailed fundamental research. Care is taken to understand and monitor the inter-relationship of stocks within the portfolio.

The Manager's investment team is based in Sydney, Australia. Having a single location facilitates the cross pollination of ideas and free flow of information between analysts with different industry responsibilities. It has the further benefit that distance acts as a filter, enabling a more objective assessment of "noisy" markets. The research process, however, is well supported by extensive visits to companies.

The wealth of research and detailed analysis that leads to the addition/retention/reduction of a stock in the portfolio takes form in a disciplined reporting process that is subject to the scrutiny of divergent thinking peers. This process serves to challenge and encourage analysts and to "test" investment theses, as well as add accountability to the process.

For a more detailed description of Platinum Investment Management Limited's investment process, we encourage you to visit Platinum's website.

Managing Currency Exposures

Equity investments in the Asian Region ex Japan create an exposure to foreign currency fluctuations, which can change the value of the equity investments measured in the reporting currency of the Company's portfolio, which is the Australian dollar. It is part of the Company's investment strategy to assess the potential returns and risks created by currency exposures and to seek to position the portfolio with the aim of capturing those returns while minimising those risks. The aim is for the Company's portfolio to be exposed to the greatest extent possible to appreciating currencies and to a minimum to depreciating currencies. Accordingly, the level of the Company's hedging back into the Australian dollar will depend on the Manager's expectation of future movements in currency exchange rates. This is consistent with the Company's strategy of investing in securities of companies within the Asian Region ex Japan rather than a currency perspective.

The Manager may manage the currency exposures of the Company's portfolio using foreign currency forward contracts, currency swaps, non-deliverable forwards and currency options, as well as spot foreign exchange trades.

As part of its investment process, the Manager may also assess the indirect impact of currency on the companies that it intends to invest in (e.g. the impact of currency fluctuations on a manufacturing business with significant export sales) and the potential for exchange rate movements to amplify or diminish Australian dollar returns for a holding. The investment of cash holdings may also be undertaken with consideration of the potential impact of currency movements (as well as interest rate and credit risk considerations).

Strategies Aimed at Mitigating Losses and Delivering Solid Absolute Returns

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

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

Directors' Report

30 June 2017

In respect of the year ended 30 June 2017, the Directors of Platinum Asia Investments Limited ("the Company") submit the following report prepared in accordance with a resolution of the Directors.

Directors

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

Bruce Coleman	Chairman and Non-Executive Director
Ian Hunter	Independent Non-Executive Director
Malcolm Halstead	Independent Non-Executive Director

Company Secretary

Joanne Jefferies was appointed Company Secretary on 17 October 2016, replacing Mr Andrew Stannard who was the interim Company Secretary prior to Ms Jefferies appointment.

Principal Activities

The Company is a listed investment company established to provide capital growth over the long-term through investing primarily in listed securities of companies in the Asian Region ex Japan that are perceived, by the Investment Manager, to be undervalued.

Operating and Financial Review

The operating profit for the Company for the year ended 30 June 2017 before providing for income tax was $55,532,000 (2016: loss of $12,792,000). The income tax expense for the year was $16,381,000 (2016: benefit of $3,743,000).

The Directors consider that pre-tax Net Tangible Asset Backing per share (NTA), after fees and expenses, is a better measure of performance of the Company. For the 12 months to 30 June 2017, the Company's pre-tax NTA increased from $0.93 per share to $1.09 per share.

For the 12 months ending 30 June 2017, the Company's net assets on a pre-tax basis, after fees, expenses and capital flows (principally from the exercise of options), increased by 20.21%.

This strong performance over the last 12 months was mostly driven by stock selection, with strong performances across most of its major geographical regions and sectors with the average stock in the portfolio returning around 20%, however this return was mitigated by the portfolio holding some cash, consistent with its conservative investment approach, that protected the portfolio against a devaluation in the Chinese currency.

Since the Initial Public Offering ("IPO") (September 2015), the Company's compound net assets on a pre-tax basis, after fees and expenses, appreciated by 8.01% p.a.

With respect to the investment outlook, the Manager reports that "strong economic activity in China and the de-risking of the financial system are both positives for the Chinese market.

Over the longer-term, one may expect to see the entrepreneurial private companies in a broad range of industries swiftly climb up the technological ladder. The level of concern over China has subsided, but the market is still far from enthusiastic, hence offering up buying opportunities.

Given the enthusiasm that has been surrounding the Indian market, improvement in economic activity is yet to catch up to the optimistic expectations of the market. The possibility of an interest rate cut is interesting, as it can potentially ignite a long-awaited capex cycle. The Company's exposure largely relates to areas that are sensitive to interest rate cuts and are less "hyped" than other parts of the market.

... Markets in the Asian region continue to present us with new opportunities."

Dividends

On 16 August 2017, the Directors declared a 2017 fully-franked dividend of 1 cent per share ($3,590,000), with a record date of 23 August 2017, payable to shareholders on 13 September 2017, out of the dividend profit reserve. After the payment of the 2017 dividend, the balance in the dividend profit reserve is $35,561,000, which translates to 9.90 cents per share, based on the shares on issue at the date of this report.

The dividend reinvestment plan (DRP) has been activated and a discount of 2.5 per cent to the relevant share price applies to the dividend.

Capital Management

The Board regularly and actively reviews the most efficient manner by which the Company manages its capital, in response to changing market conditions and risks, with the sole aim of enhancing shareholder value, through:

- the management of the level of dividends to shareholders;
- the issue of shares by methods such as rights offers, share purchase plans or placements; or
- the use of share buy-backs.

Capital Raised from the Exercise of Options

The Company raised a total of $66.2 million from the exercise of 66,171,974 options that were issued to shareholders pursuant to the Initial Public Offering ("IPO"). This increased the Company's shares on issue by 22.59%.

Matters Subsequent to the End of the Financial Year

Apart from the dividend declared, no matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Directors' Report
Continued

Likely Developments and Expected Results of Operations
The Company will continue to pursue its investment objective, which is to provide capital growth over the long-term through investing primarily in undervalued listed securities in companies in the Asian Region ex Japan across all sectors. The methods of operating the Company are not expected to change in the foreseeable future.

Environmental Regulation
The Company is not adversely impacted by any particular or significant environmental regulation under Commonwealth, State or Territory law.

Information on Directors
Bruce Coleman BSC, BCOM, CA, FFIN
Chairman and Non-Executive Director since 24 June 2015 and member of the Audit, Risk and Compliance Committee since 23 July 2015. (Age 67)

Mr Coleman has worked in the finance and investment industry since 1986. Mr Coleman was the CEO of MLC Investment Management from 1996 to 2004 and was a Director of MLC Limited from 2001 to 2004. Mr Coleman has held various directorships within MLC Limited, Lend Lease and the National Australia Banking group. Mr Coleman was a Non-Executive Director of Platinum Asset Management Limited until 19 June 2017. Mr Coleman is the Chairman of Platinum Capital Limited and Resolution Capital Limited.

Ian Hunter BA, LLB, MBA
Independent, Non-Executive Director since 24 June 2015 and Chairman of the Audit, Risk and Compliance Committee since 23 July 2015. (Age 65)

Mr Hunter has been in the finance and investment industry since 1975. Mr Hunter worked at several banks, most recently as a Director and Executive Vice President of Bankers Trust Australia. Mr Hunter has held various directorships of listed companies, including Etrade Australia Limited and Rubik Financial Limited. Mr Hunter is a Director of Ironbark Capital Limited.

Malcolm Halstead FCA
Independent, Non-Executive Director since 24 June 2015 and member of the Audit, Risk and Compliance Committee since 23 July 2015. (Age 59)

Mr Halstead has worked in the finance and investment industry since 1982. Mr Halstead worked at Price Waterhouse and Bankers Trust Australia prior to joining Platinum as a founding member and Director in 1994. Mr Halstead was the Finance Director and Company Secretary of Platinum Capital Limited from 1994 to 2011 and Finance Director and Company Secretary of Platinum Asset Management Limited from 2007 to 2011.

Meetings of Directors

The number of meetings of the Company's Board of Directors ("the Board") held during the year ended 30 June 2017, and the number of meetings attended by each Director were:

	BOARD		AUDIT, RISK AND COMPLIANCE COMMITTEE	
	ATTENDED	HELD	ATTENDED	HELD
Bruce Coleman	4	4	3	3
Ian Hunter	4	4	3	3
Malcolm Halstead	4	4	3	3

Indemnity and Insurance of Officers

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

Indemnity and Insurance of Auditor

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

During the year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company.

Non-Audit Services

Details of the amounts paid or payable to the auditor for audit and other (non-audit) services provided during the year by the auditor are outlined in Note 21 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the 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 21 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.

Directors' Report

Continued

Rounding of Amounts

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

Auditor's Independence Declaration

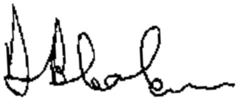
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 23.

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



Bruce Coleman
Chairman

Ian Hunter
Director

16 August 2017
Sydney

Remuneration Report (audited)

Executive Summary

– The Company has only three Directors, and these were the only personnel remunerated by the Company during the year.

– The remuneration paid by the Company to the Chairman was $65,700 (including superannuation).

– The remuneration paid by the Company to each of the other Non-Executive Directors was $60,225 (including superannuation).

– The Company does not pay bonuses to any of its Directors.

Introduction

The Directors of Platinum Asia Investments Limited present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the year ended 30 June 2017.

The information provided in this Remuneration Report forms part of the Directors' Report and has been audited by the Company's auditor, PricewaterhouseCoopers, as required by section 308 of the *Corporations Act 2001*.

Key Management Personnel ("KMP")

For the purposes of this report, the KMP of the Company in office during the financial year were:

NAME	POSITION
Bruce Coleman	Chairman and Non-Executive Director
Ian Hunter	Independent Non-Executive Director
Malcolm Halstead	Independent Non-Executive Director

Shareholders' Approval of the 2016 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 passed on a show of hands after proxies indicated a "for" vote of 93.21%. Despite this outcome, we have set out to fully explain the basis and structure of the remuneration paid to KMP.

Principles, Policy and Components of Director's Remuneration

Remuneration paid to the 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 commensurate with the responsibilities borne by the Directors.

Directors' Report
Continued

Directors received a fixed fee and mandatory superannuation.

Directors do not receive performance-based or earnings-based remuneration and are not eligible to participate in any equity-based incentive plans.

The remuneration of the Directors is reviewed annually by the Board and is set at market rates commensurate with the responsibilities borne by the Directors. Independent professional advice may be sought. No other retirement benefits (other than mandatory superannuation) are provided to the 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.

Remuneration for Directors
The table below presents amounts received by the Directors.

NAME	CASH SALARY $	SUPER-ANNUATION $	SHORT-TERM INCENTIVES $	LONG-TERM INCENTIVES $	TOTAL $
Bruce Coleman					
FY 2017	60,000	5,700	–	–	65,700
Period from 24/6/15 to 30/6/16	61,152	5,809	–	–	66,961
Ian Hunter					
FY 2017	55,000	5,225	–	–	60,225
Period from 24/6/15 to 30/6/16	56,058	5,326	–	–	61,384
Malcolm Halstead					
FY 2017	55,000	5,225	–	–	60,225
Period from 24/6/15 to 30/6/16	56,058	5,326	–	–	61,384
Total Remuneration					
FY 2017	170,000	16,150	–	–	186,150
Period from 24/6/15 to 30/6/16	173,268	16,461	–	–	189,729

Employment Arrangements of KMP

The key aspects of the KMP contracts are as follows:

- Remuneration and other terms of employment for Directors are formalised in letters of appointment that all Directors signed.
- All contracts with Directors 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 the Directors 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 only entitled to receive their statutory entitlements.
- 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 the Remuneration of the Directors and Company Performance

	2017	2016
Total investment gain/(loss) ($'000)	**61,040**	(8,466)
Expenses ($'000)	**(5,508)**	(4,326)
Operating gain/(loss) after tax ($'000)	**39,151**	(9,049)
Earnings per share (cents per share)	**12.95**	(3.97)
Dividends (cents per share)	**1.00**	–
Net asset value (pre-tax) (30 June) ($ per share)	**1.0920**	0.9338
Closing share price (30 June) ($ per share)	**1.015**	0.885
Total fixed remuneration (salary and superannuation) paid ($)	**186,150**	189,729

The remuneration of the Directors is not linked to the performance of the Company.

Directors' Report
Continued

Interests of Directors in Shares and Options

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

	OPENING BALANCE	ACQUISITIONS (PURSUANT TO THE EXERCISE OF OPTIONS)	DISPOSALS	CLOSING BALANCE
Bruce Coleman	250,001	125,000	–	375,001
Ian Hunter	100,001	100,000	–	200,001
Malcolm Halstead	1	–	–	1

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

	OPENING BALANCE	EXERCISE OF OPTIONS	EXPIRY OF OPTIONS	CLOSING BALANCE
Bruce Coleman	250,000	(125,000)	(125,000)	–
Ian Hunter	100,000	(100,000)	–	–
Malcolm Halstead	–	–	–	–

Auditor's Independence Declaration

30 June 2017

As lead auditor for the audit of Platinum Asia Investments Limited for the year ended 30 June 2017, 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.

Joe Sheeran
Partner
PricewaterhouseCoopers

Sydney, 16 August 2017

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	NOTE	2017 $'000	PERIOD FROM 24 JUNE 15 TO 30 JUNE 16 $'000
Investment income			
Dividends		**6,249**	2,744
Interest		**322**	290
Net gains/(losses) on equities/derivatives		**57,863**	(6,374)
Net (losses) on foreign currency forward contracts		**(1,876)**	(1,140)
Net foreign exchange (losses) on overseas bank accounts		**(1,518)**	(3,986)
Total investment income/(loss)		**61,040**	(8,466)
Expenses			
Management fees	19	**(3,404)**	(2,398)
Custody		**(399)**	(250)
Share registry		**(111)**	(47)
Continuous reporting disclosure		**(112)**	(121)
Directors' fees		**(186)**	(190)
Auditor's remuneration and other services	21	**(114)**	(126)
Brokerage and transaction costs		**(844)**	(736)
Other expenses		**(213)**	(175)
IPO non-capitalised fees and charges		**(125)**	(283)
Total expenses		**(5,508)**	(4,326)
Profit/(loss) before income tax (expense)/benefit		**55,532**	(12,792)
Income tax (expense)/benefit	3(a)	**(16,381)**	3,743
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Platinum Asia Investments Limited	8	**39,151**	(9,049)
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive Income/(loss) for the year attributable to the owners of Platinum Asia Investments Limited		**39,151**	(9,049)
Basic earnings per share (cents per share)	11	**12.95**	(3.97)
Diluted earnings per share (cents per share)	11	**12.95**	(3.97)

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

Statement of Financial Position

As at 30 June 2017

	NOTE	**2017 $'000**	2016 $'000
Assets			
Cash and cash equivalents	13(a)	**40,283**	45,744
Receivables	6	**1,974**	633
Financial assets at fair value through profit or loss	4	**352,550**	230,098
Income tax receivable	3(b)	**2,510**	–
Deferred tax asset	3(c)	**–**	5,593
Total assets		**397,317**	282,068
Liabilities			
Payables	7	**1,275**	448
Financial liabilities at fair value through profit or loss	5	**589**	1,657
Deferred tax liability	3(c)	**10,475**	–
Total liabilities		**12,339**	2,105
Net assets		**384,978**	279,963
Equity			
Issued capital	9	**346,942**	278,772
Option reserve	10(a)	**–**	10,240
Dividend profit reserve	10(b)	**39,151**	–
Capital reserve	10(c)	**7,934**	–
Retained earnings	8	**(9,049)**	(9,049)
Total equity		**384,978**	279,963

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

Statement of Changes in Equity

For the year ended 30 June 2017

	NOTE	ISSUED CAPITAL $'000	RETAINED EARNINGS $'000	RESERVES $'000	TOTAL EQUITY $'000
Balance on date of incorporation (24 June 2015)		–	–	–	–
Loss after income tax benefit for the period		–	(9,049)	–	(9,049)
Other comprehensive income for the period, net of tax		–	–	–	–
Total comprehensive (loss) for the period		–	(9,049)	–	(9,049)
Transactions with owners in their capacity as owners:					
Issue of shares associated with the exercise of options	9, 10(a)	282,937	–	10,250	293,187
Transaction costs on the issue of shares and options in relation to the IPO, net of tax		(4,165)	–	–	(4,165)
Movement in option reserve	10(a)	–	–	(10)	(10)
Balance at 30 June 2016		278,772	(9,049)	10,240	279,963

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

	NOTE	ISSUED CAPITAL $'000	RETAINED EARNINGS $'000	RESERVES $'000	TOTAL EQUITY $'000
Balance at 1 July 2016		278,772	(9,049)	10,240	279,963
Profit after income tax expense for the year		–	39,151	–	39,151
Other comprehensive income for the year, net of tax		–	–	–	–
Total comprehensive income for the year		–	39,151	–	39,151
Transfer of profit after income tax for the year to the dividend profit reserve	8, 10(b)	–	(39,151)	39,151	–
Transactions with owners in their capacity as owners:					
Issue of shares associated with the exercise of options	9	68,170	–	–	68,170
Movements in option reserve as a result of options exercised during the year	10(a)	–	–	(2,306)	(2,306)
Transfer from option reserve	10(a)	–	–	(7,934)	(7,934)
Transfer to capital reserve	10(c)	–	–	7,934	7,934
Balance at 30 June 2017		**346,942**	**(9,049)**	**47,085**	**384,978**

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

Statement of Cash Flows

For the year ended 30 June 2017

	NOTE	2017 $'000	PERIOD FROM 24 JUNE 15 TO TO 30 JUNE 16 $'000
Cash flows from operating activities			
Payments for purchase of financial assets		**(294,788)**	(375,501)
Proceeds from sale of financial assets		**226,293**	135,562
Dividends received		**4,817**	2,298
Interest received		**338**	263
Management fees paid		**(3,294)**	(2,147)
Other expenses paid		**(1,965)**	(1,901)
Income tax paid		**(2,510)**	–
Net cash (used in) operating activities	13(b)	**(71,109)**	(241,426)
Cash flows from financing activities			
Net proceeds from the issue of shares and options in relation to the IPO		**–**	286,794
Proceeds from the issue of shares associated with the exercise of options	10(a)	**65,864**	308
Net cash from financing activities		**65,864**	287,102
Net (decrease)/increase in cash and cash equivalents		**(5,245)**	45,676
Cash and cash equivalents at the beginning of the year		**45,744**	–
Effects of exchange rate changes on cash and cash equivalents		**(216)**	68
Cash and cash equivalents at the end of the year	13(a)	**40,283**	45,744

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

Notes to the Financial Statements

30 June 2017

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies will be adopted and applied in the preparation of future financial statements of the Company.

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.

The statement of financial position is presented on a liquidity basis. Specifically, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current assets and liabilities. The majority of receivables and payables are expected to be recovered or settled within 12 months, whereas tax and investment balances may be recovered after 12 months.

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 that management believes to be reasonable under the circumstances.

Fair value measurement hierarchy (refer to Note 17)

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as Level 3 (if any) is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Notes to the Financial Statements

30 June 2017

Note 1. Summary of significant accounting policies Continued

Recovery of deferred tax assets (refer to Note 3)

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

Financial assets/liabilities at fair value through profit or loss

Under AASB 139: *Financial Instruments: Recognition and Measurement*, investments are classified in the Company's statement of financial position as "financial assets/liabilities at fair value through profit or loss". Derivatives and foreign currency forward 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 Company has applied AASB 13: *Fair Value Measurement*. AASB 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

The standard prescribes that the most representative price within the bid-ask spread should be used for valuation purposes. With respect to the Company, 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 Company has applied last-sale pricing as the fair value measurement basis for equities and derivatives it holds.

Financial assets/liabilities at fair value through profit or loss

Generally, derivatives take the form of long and short equity swap contracts. Equity swaps are valued based on the price of the underlying investment, which may be a specific share or a share market index. Daily fluctuations in the value of derivatives were recognised as part of "net gains/(losses) on equities/derivatives" in the statement of profit or loss and other comprehensive income.

Long equity swap contracts allow the Company to gain exposure to price movements of underlying investments without buying the underlying investment. Under the term of each long equity swap contract, the Company makes a profit if the underlying share price was higher on the date that the contract was closed relative to the price when the contract commenced.

With respect to short equity swap contracts, the Company makes a profit if the underlying share price was lower on the date that the contract was closed relative to the price when the contract commenced.

Note 1. Summary of significant accounting policies Continued

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

Participatory Notes are sometimes used as a convenient means of investing in local securities by a foreign investor. Participatory Notes are generally traded over-the-counter, as they are issued by a counterparty to provide the investor with exposure to an individual equity or a basket or index of equities, in markets where liquidity, custody or other issues make ownership of the local shares sub-optimal. The valuation of Participatory Notes depends on the level of trading. If the Participatory Notes are actively traded, then the market price is used. If the Participatory Notes are not actively traded, counterparties provide a daily valuation that is based on the intrinsic value of the individual security.

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 statement of profit or loss and other comprehensive income in the year or period they arise.

Foreign currency forward contracts are initially recognised at fair value on the date contracts are entered into and are subsequently remeasured at each reporting date. The fair value is the unrealised profit or loss on the foreign currency position (in Australian dollars).

Fair value in an inactive market or unquoted 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. Options are valued with reference to the quoted price of the underlying index or share. If there is no liquid market available, the options are valued based on the option prices provided by an arm's length broker. These valuations are based on option pricing models.

Recognition/derecognition

The Company recognises financial assets and liabilities on the date they become party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial assets and liabilities from this date. Financial assets and liabilities are no longer recognised on the date they become party to the sale contractual agreement (trade date).

Offsetting a financial asset and a financial liability

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Refer to Note 18 for further information.

Notes to the Financial Statements

30 June 2017

Note 1. Summary of significant accounting policies Continued

Transaction costs on financial assets

Initial measurement (cost) on purchase of trading securities shall not include directly attributable transaction costs, such as fees and commissions paid to agents. Incremental transaction costs on purchases of financial assets at fair value through profit or loss are expensed immediately.

Operating segments

Operating segments are presented using a single operating segment. However AASB 8: *Operating Segments* requires certain entity-wide disclosures. Refer to Note 2 for further information.

Foreign currency transactions

Items included in the Company'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 Company is regulated, capital is raised and dividends are paid in. The Australian dollar is also the Company's presentation currency.

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 statement of profit or loss and other comprehensive income.

Investment income

Interest income

Interest income is recognised in the statement of profit or loss and other comprehensive income based on nominated interest rates available on the bank accounts held at various locations.

Dividend income

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

Directors' entitlements

Liabilities for Directors' entitlements to fees are accrued at nominal amounts calculated on the basis of current fee rates. Contributions to Directors' superannuation plans are charged as an expense as the contributions are paid or become payable.

Income tax

The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. Any foreign withholding tax on income, deducted at source or paid, will be included as part of the income tax expense.

Note 1. Summary of significant accounting policies Continued

Income tax Continued

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 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.

Receivables

All receivables are recognised when a right to receive payment is established. Debts that are known to be uncollectible are written off.

Due from/due to brokers for unsettled trades

Amounts due from/due to brokers represent receivables for proceeds on sale of financial assets (as disclosed in Note 6) and payables on purchase of financial assets/liabilities (as disclosed in Note 7) that have been traded, but not yet settled at reporting date. Proceeds on sale of financial assets are usually received between two and five days after trade date. Payables on purchase of financial assets/liabilities are usually paid between two and five days after trade date.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions, cash held in margin accounts and other short-term, highly liquid investments and term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Margin accounts comprise cash held as collateral for derivative transactions.

Payments and receipts relating to the purchase and sale of financial assets are classified as "cash flows from operating activities" as realised and unrealised gains (and losses) on financial assets represent the Company's main source of operating income.

Trade and other payables

All payables and trade creditors are recognised as and when the Company becomes liable.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements

30 June 2017

Note 1. Summary of significant accounting policies Continued

Dividends

A provision is booked in the accounts if the Directors declare or determine to pay a dividend on or before balance date that has not been paid at balance date.

Expenses

All expenses, including management fee and performance fee (if any), are recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

Dividend profit reserve

To the extent that any current year profits are not distributed, the Company's policy will be to set aside those undistributed profits to a separate dividend profit reserve, rather than offsetting those profits against retained earnings. This policy will ensure that any undistributed profits will not be netted against potential future losses and will remain available for payment of future franked dividends. For example, the Directors may decide not to distribute all of the available profits in a given year due to a lack of available franking credits and may reserve the undistributed profits for future dividends when more franking credits become available. The reserve is included when determining the overall equity of the Company for accounting purposes.

Option reserve

The option reserve was measured at the fair value of the options at the date of issue within equity. The reserve is adjusted with a corresponding entry to share capital on exercise of the options and the issue of shares.

At the expiration of the option vesting period, the portion of the reserve relating to unexercised options was transferred to a separate capital reserve. The amount transferred to the capital reserve represented the fair value balance of these unexercised options.

Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to the owners of Platinum Asia Investments Limited, by the weighted average number of ordinary shares outstanding during the year or period.

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 expenses.

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 cash flows from operating activities.

Note 1. Summary of significant accounting policies Continued

Rounding of amounts

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

Accounting Standards and Interpretations not yet mandatory or early adopted

The following Australian Accounting Standards and Interpretations have been issued or amended but are not yet mandatory, and have not been early adopted by the Company for the year ended 30 June 2017. The Company's assessment of the impact of these Accounting Standards and Interpretations, most relevant to the Company, are set out below.

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

The main objective of this 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. The Company's main source of income is gains on equities and derivatives, foreign currency forward contracts and overseas bank accounts, as well as interest and dividend income. All of these income types are outside the scope of the standard. The standard is applicable for reporting periods beginning on or after 1 January 2018.

The standard was assessed as not having a material impact on the Company in current or future reporting periods.

AASB 2016-1: *Amendments: Recognition of deferred tax assets for unrealised losses*

This amends AASB 112: *Income taxes* and clarifies the requirements on recognition of deferred tax assets for unrealised losses on debt instruments. This amendment is applicable for reporting periods beginning on or after 1 January 2017.

The standard was assessed as having no impact on the Company in the current or future reporting periods, as the Company has no debt instruments.

AASB 9: *Financial Instruments (and applicable amendments)*

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It now includes revised rules around hedge accounting and impairment. The standard is applicable for reporting periods beginning on or after 1 January 2018.

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

There are no other standards that are not yet effective that are expected to be relevant to the Company in the current or future reporting periods and on foreseeable future transactions.

Notes to the Financial Statements

30 June 2017

Note 2. Operating segments

Identification of reportable operating segments

The Company is organised into one main operating segment with the key function of the investment of funds in the Asian Region ex Japan. AASB 8: *Operating Segments* requires disclosure of revenue by investment type and geographic location, which is outlined below:

(a) Investment income by investment type

	2017 $'000	2016 $'000
Equity securities	**61,498**	6,039
Derivatives	**2,614**	(9,669)
Foreign currency forward contracts	**(1,876)**	(1,140)
Bank accounts	**(1,196)**	(3,696)
Total	**61,040**	(8,466)

(b) Investment income by geographic location

	2017 $'000	2016 $'000
China	**15,570**	(1,405)
China ex PRC^	**17,876**	(4,032)
Hong Kong	**2,207**	(890)
Taiwan	**2,275**	330
Greater China Total	**37,928**	(5,997)
India	**10,511**	685
Indonesia	**(693)**	–
South Korea	**11,386**	(375)
Malaysia	**359**	–
Philippines	**(1,264)**	325
Singapore	**694**	1,293
Thailand	**3,418**	353
Australia	**194**	432
Vietnam	**1,958**	130
North America	**(1,575)**	(4,172)
Unallocated investment income – Net (losses) on foreign currency forward contracts	**(1,876)**	(1,140)
Total	**61,040**	(8,466)

^ China ex PRC refers to Chinese equity securities listed outside mainland China.

Note 3. Income tax

(a) Income tax (expense)/benefit

The income tax (expense)/benefit attributable to the operating profit/(loss) comprises:

	2017 $'000	2016 $'000
Increase in deferred tax liability	**(9,224)**	(2,422)
(Decrease)/increase in deferred tax asset	**(6,844)**	1,550
Withholding tax on foreign dividends	**(313)**	(65)
Costs associated with the Initial Public Offer, transferred to equity	**–**	(1,785)
Current period income tax (provision)/benefit	**–**	6,465
Income tax (expense)/benefit	**(16,381)**	3,743
The income tax (expense)/benefit received attributable to the financial year differs from the prima facie (amount payable)/benefit received on the operating profit/(loss). The difference is reconciled as follows:		
Profit/(loss) before income tax (expense)/benefit	**55,532**	(12,792)
Prima facie income tax at tax rate of 30%	**(16,660)**	3,838
Increase/(reduce) tax payable:		
Tax impact of foreign tax credits	**592**	–
Tax impact of withholding tax paid and not claimed as a credit	**(313)**	(95)
Income tax (expense)/benefit	**(16,381)**	3,743

(b) Income tax receivable

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

	2017 $'000	2016 $'000
Current income tax provision (before prior year losses and tax credits)	**(7,584)**	–
Prior year losses utilised	**6,477**	–
Foreign tax credits utilised	**1,107**	–
Current income tax provision	**–**	–
Income tax instalments paid	**2,510**	–
Income tax receivable	**2,510**	–

Notes to the Financial Statements

30 June 2017

Note 3. Income tax Continued

(c) Deferred tax (liability)/asset

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

The deferred tax (liability)/asset figure in the statement of financial position is comprised of:

	2017 $'000	2016 $'000
Deferred tax asset impact on the prior year realised/(taxable) loss	**–**	6,090
Deferred tax asset impact on costs associated with the Initial Public Offer	**1,114**	1,870
Deferred tax asset impact on expense accruals	**42**	40
Deferred tax liability on dividends accrued	**(576)**	(134)
Deferred tax liability on investments	**(11,055)**	(2,273)
Deferred tax (liability)/asset	**(10,475)**	5,593

The Company generated $25,279,194 of realised taxable profits in the current year, which meant that the brought forward realised tax losses from the prior year of $21,588,468 have been fully utilised.

At 30 June 2017, the Company is in a net deferred tax liability position and this is predominantly because the Company has net unrealised gains on investment of $36,850,000 (2016: $7,578,000). The tax impact of these unrealised gains is $11,055,000 (2016: $2,273,000) and this forms a major part of the overall deferred tax liability.

The settlement of the deferred tax liability will depend on the timing of realisation of investments.

Note 4. Financial assets at fair value through profit or loss

	2017 $'000	2016 $'000
Equity securities	**351,917**	228,098
Derivatives	**155**	158
Foreign currency forward contracts	**478**	1,842
	352,550	230,098

Refer to Note 17 for further information on the fair value measurement of these financial assets.

	2017 $'000	2016 $'000

Note 5. Financial liabilities at fair value through profit or loss

	2017 $'000	2016 $'000
Derivatives	**4**	23
Foreign currency forward contracts	**585**	1,634
	589	1,657

Refer to Note 16 for further information on financial risk management and Note 17 for further information on fair value measurement of these financial liabilities.

Note 6. Receivables

	2017 $'000	2016 $'000
Proceeds on sale of financial assets	**40**	–
Dividends receivable	**1,879**	446
Interest receivable	**11**	27
Goods and Services Tax receivable	**44**	35
Prepayments	**–**	125
	1,974	633

Dividends are usually received within approximately 30 days of the ex-dividend date. Information relating to the ageing of receivables is shown in Note 16.

Note 7. Payables

	2017 $'000	2016 $'000
Payables on purchase of financial assets	**704**	11
Trade creditors (unsecured)	**569**	435
PAYG tax payable	**2**	2
	1,275	448

Payables on purchase of financial assets are usually paid between two and five days after trade date. Trade creditors are payable between 14 and 30 days after receipt of the invoice. These payables are non-interest bearing. Information relating to the Company's exposure of payables to liquidity risk is shown in Note 16.

Notes to the Financial Statements

30 June 2017

	2017 $'000	2016 $'000
Note 8. Retained earnings		
Retained losses at the beginning of the year	**(9,049)**	–
Operating profit/(loss) after income tax (expense)/benefit for the year	**39,151**	(9,049)
Transfer of operating profit after income tax for the year to the dividend profit reserve (see Note 10(b))*	**(39,151)**	–
Retained earnings/(losses) at the end of the financial year	**(9,049)**	(9,049)

* The Directors passed a resolution that transferred to the dividend profit reserve, the 31 December 2016 interim profit after tax, and the additional profit after tax made for the period 1 January 2017 to 30 June 2017.

Note 9. Issued capital

In September 2015, the Company completed its Initial Public Offering ("IPO") and raised $292,869,646 by the issue of 292,869,646 ordinary shares and 292,869,646 attached options for nil consideration exercisable at $1.00 each on or before 15 May 2017.

The capital raised of $292,869,646 was allocated between the ordinary shares issued and the fair value of options at the date of issue, because shareholders received both shares and options as a result of participating in the IPO.

The fair value of the options, were valued using the Black-Scholes model, and this produced a valuation of 3.5 cents per option. Accordingly, the value attributable to each share was 96.5 cents per share. All unexercised options expired in May 2017.

Note 9. Issued capital Continued

Shares on issue as at 30 June 2017 was as follows:

	2017 SHARES	**2017 $'000**	2016 SHARES	2016 $'000
Ordinary shares – fully paid, net of costs of the IPO, net of tax	**359,041,623**	**346,942**	293,177,249	278,772

Movements in ordinary share capital

DETAILS	DATE/MONTH	SHARES	$'000
Balance on incorporation date	24 June 2015	3	–
Shares issued under the IPO	September 2015	292,869,646	282,619
Options exercised – issue of shares	October 2015	109,300	113
Options exercised – issue of shares	November 2015	70,800	73
Options exercised – issue of shares	December 2015	61,500	64
Options exercised – issue of shares	January 2016	20,500	21
Options exercised – issue of shares	February 2016	10,000	10
Options exercised – issue of shares	April 2016	2,500	3
Options exercised – issue of shares	May 2016	25,000	26
Options exercised – issue of shares	June 2016	8,000	8
Sub-total		293,177,249	282,937
Less transactions costs in relation to the IPO, net of tax			(4,165)
Balance	30 June 2016	293,177,249	278,772
Options exercised – issue of shares	July 2016	2,500	3
Options exercised – issue of shares	August 2016	25,000	26
Options exercised – issue of shares	January 2017	10,000	10
Options exercised – issue of shares	February 2017	7,500	8
Options exercised – issue of shares	April 2017	14,997,500	15,522
Options exercised – issue of shares	May 2017	50,821,874	52,601
Sub-total		65,864,374	68,170^
Balance	30 June 2017	359,041,623	346,942

^ includes option valuation of 3.5 cents per share.

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Note 9. Issued capital Continued
Ordinary shares
In total, the Company raised a total of $66,171,974 from the exercise of, 66,171,974 options granted to shareholders pursuant to the IPO and this comprised $65,864,374 raised in the current year and $307,600 in the prior period.

As options were exercised, the value of each option was included in the value of each additional share issued. Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 10. Reserves
Summary of Reserve Balances

	2017 $'000	2016 $'000
Option reserve	**–**	10,240
Dividend profit reserve	**39,151**	–
Capital reserve	**7,934**	–
Closing Balance	**47,085**	10,240

(a) Option reserve
A total of 226,697,672 options that were issued under the IPO expired on 15 May 2017. During the year, 65,864,374 options (2016: 307,600 options) were exercised and 65,864,374 new shares were issued (2016: 307,600 new shares issued) which raised capital of $65,864,374 (2016: $307,600). Shares issued on exercise of options rank equally with ordinary shares issued.

Fair Value of Options Issued
The assessed fair value at issue date was 3.5 cents per option. The model inputs used to determine this fair value is set out below:

INPUT	VALUE
a. Exercise price	$1
b. Life of option	20 months
c. Dividend Yield	5%
d. Volatility	20%
e. Risk-free rate	1.99%
f. Dilution factor	50%
g. Options uplift	2%

Note 10. Reserves Continued

Summary of Reserve Balances Continued

(a) Option reserve Continued

Fair Value of Options Issued Continued

As the Company was listed in September 2015, there was no historical basis on which to base the assumed price volatility of the Company's options or shares. The assumed volatility is based on an analysis of comparable listed investment companies that invest in the Asian Region ex Japan.

During the year, the total fair value of unexercised options, which was $7,934,419, was transferred to a separate capital reserve. The option fair value reserve entry was the number of unexercised options, which was 226,697,672 multiplied by 3.5 cents per option, which equals the amount that was transferred to the capital reserve.

Movements in the option reserve was as follows:

DETAILS	DATE	OPTIONS	$'000
Options issued under the IPO	September 2015	292,869,646	10,250
Options exercised	October 2015	(109,300)	(4)
Options exercised	November 2015	(70,800)	(2)
Options exercised	December 2015	(61,500)	(2)
Options exercised	January 2016	(20,500)	(1)
Options exercised	February 2016	(10,000)	–
Options exercised	April 2016	(2,500)	–
Options exercised	May 2016	(25,000)	(1)
Options exercised	June 2016	(8,000)	–
Balance	30 June 2016	292,562,046	10,240
Options exercised	July 2016	(2,500)	–
Options exercised	August 2016	(25,000)	(1)
Options exercised	January 2017	(10,000)	–
Options exercised	February 2017	(7,500)	–
Options exercised	April 2017	(14,997,500)	(526)
Options exercised	May 2017	(50,821,874)	(1,779)
Fair value of option reserve balance transferred to capital reserve (see Note 10 (c))		(226,697,672)	(7,934)
Balance	30 June 2017	–	–

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30 June 2017

Note 10. Reserves Continued

Summary of Reserve Balances Continued

(b) Dividend profit reserve

The Company may set aside some or all of its undistributed profits to a separate dividend profit reserve, to facilitate the payment of future franked dividends, rather than maintaining these profits within retained earnings. Operating losses are not transferred to the dividend profit reserve. The balance of this reserve is as follows.

	2017 $'000	2016 $'000
Opening balance 1 July 2016 (24 June 2015)	**–**	–
Profit after income tax for the year ended 30 June 2017*	**39,151**	–
Closing Balance	**39,151**	–

* The Directors passed a resolution that transferred to the dividend profit reserve, the 31 December 2016 interim profit after tax, and the additional profit after tax made for the period 1 January 2017 to 30 June 2017. Subsequent to 30 June 2017, the 2017 final fully-franked dividend was declared out of this reserve. The balance in the dividend profit reserve after the declaration of the 2017 dividend is $35,561,000 (or 9.90 cents per share, based on the current shares on issue).

(c) Capital reserve

The total fair value of the expired options were transferred to a separate capital reserve.

	2017 $'000	2016 $'000
Opening balance 1 July 2016 (24 June 2015)	**–**	–
Amount transferred from the option reserve (see Note 10 (a))	**7,934**	–
Closing Balance	**7,934**	–

Note 11. Earnings per share

Profit/(loss) after income tax attributable to the owners of Platinum Asia Investments Limited	**39,151**	(9,049)
	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	**302,339,406**	227,870,394
Basic earnings per share (cents)	**12.95**	(3.97)
Diluted earnings per share (cents)	**12.95**	(3.97)

Note 12. Dividends

No dividends were paid between 1 July 2016 and 30 June 2017 and no dividends were declared in the prior period. However, on 16 August 2017, the Directors declared the payment of the 2017 fully-franked dividend of 1 cent per fully paid ordinary share. The aggregate amount of the dividend expected to be paid on 13 September 2017, but not recognised as a liability at year-end is $3,590,000. The dividend will be paid out of the dividend profit reserve.

Note 13. Notes to the statement of cash flows

(a) Components of cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank	**9**	3
Term deposits with maturities of three months or less	**19,610**	5,368
Cash on deposit held within the portfolio*	**20,664**	40,373
	40,283	45,744

* includes $2,791,000 on deposit to 'cash cover' derivative contracts' deposits and margin calls. These amounts are held by the relevant derivative exchanges and counterparties as security. If losses are realised, the cash balances are set off against those losses. If profits are realised on the close out of derivative contracts, the money is returned to the Company.

The Company maintains bank accounts to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. The interest rate for the term deposit which is a short-dated, US Dollar term deposit was determined on execution and was 1.109%. All other cash accounts are at call and bear floating interest rates in the range of 0% to 1.40% (2016: 0% to 1.90%).

Notes to the Financial Statements

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Note 13. Notes to the statement of cash flows Continued

(b) Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	2017 $'000	2016 $'000
Profit/(loss) after income tax (expense)/benefit for the year	**39,151**	(9,049)
Adjustments for non-operating and non-cash items:		
Foreign exchange differences	**216**	(68)
(Increase) in investment securities and foreign currency forward contracts	**(123,520)**	(228,441)
Change in operating assets and liabilities:		
(Increase) in settlement receivable	**(40)**	–
Decrease/(increase) in interest receivable	**16**	(27)
(Increase) in dividends receivable	**(1,433)**	(446)
(Increase) in Goods and Services Tax receivable	**(9)**	(35)
Decrease in prepayments	**125**	–
(Increase) in income tax receivable	**(2,510)**	–
Increase in settlement payable	**693**	11
Increase in trade and other payables	**134**	437
Decrease/(increase) in current period income tax benefit	**–**	(4,680)
Decrease/(increase) in deferred tax asset	**6,844**	(1,550)
Increase in deferred tax liability	**9,224**	2,422
Net cash (used in) operating activities	**(71,109)**	(241,426)

Note 14. Statement of Net Tangible Asset Backing (NTA)

	2017 $'000	2016 $'000
Reconciling Net Tangible Asset Backing (post-tax) in accordance with Australian Accounting Standards to that reported to the ASX		
Post-tax Net Tangible Asset Backing per statement of financial position	**384,978**	279,963
Realisation costs and accruals*	**(881)**	(597)
Deferred tax liability/(asset) recognised in the accounts, but not recognised in Net Tangible Asset Backing**	**264**	(5,593)
Post-tax Net Tangible Asset Backing as reported to the ASX	**384,361**	273,773

Post-tax Net Tangible Asset Backing at 30 June 2017 was $1.0705 per share (2016: $0.9338).

* At 30 June 2017, financial assets and liabilities were valued at "last-sale" price for both ASX and financial accounts reporting. The immaterial difference at 30 June 2017 is mainly caused by the ASX requirement that realisation costs need to be deducted for ASX reporting of NTA.

** The post-tax NTA reported to the ASX was calculated on a full liquidation basis. For the prior year any deferred tax asset in excess of the liquidation tax provision was not recognised.

Notes to the Financial Statements

30 June 2017

Note 15. Investment Portfolio

All investments below are ordinary shares, unless stated otherwise.

	QUANTITY	2017 $'000
China		
Midea – Participatory Notes	1,356,733	11,205
Jiangsu Yanghe Brewery – Participatory Notes	700,370	11,669
Jiangsu Yanghe Brewery – long equity swap	37,600	(4)
Weifu High-Technology – B Shares	486,692	1,498
Kweichow Moutai – Participatory Notes	46,447	4,183
Qingdao Haier – A shares – Participatory Notes	1,352,388	3,896
		32,447
China ex PRC		
China Resources Gas	738,619	3,280
Hilong	8,318,105	1,871
Geeley Automobile	915,200	2,568
China National Materials	8,349,189	3,631
BAIC Motor	2,764,094	3,487
BBMG	6,165,279	4,048
Anta Sports Products	2,141,157	9,206
Uni-President China	1,205,057	1,267
Ping An Insurance – H Shares	1,054,333	9,040
PICC Property & Casualty – H Shares	2,115,984	4,598
Tingyi (Cayman Islands)	3,156,799	4,871
Legend	1,311,892	4,679
Beijing Enterprise	1,235,132	7,750
United Laboratories	2,542,079	2,182
Tencent	202,553	9,424
ZTE – H Shares	2,401,554	7,460
MicroPort Scientific	1,946,063	1,994
CNOOC	5,246,098	7,475
China Mobile	245,215	3,386
China Taiping Insurance	941,230	3,103
Alibaba – American Depository Receipt	86,934	15,931

Note 15. Investment Portfolio Continued

	QUANTITY	2017 $'000
China ex PRC Continued		
Baidu – American Depository Receipt	23,090	5,371
Bitauto – American Depository Receipt	180,747	6,758
JD.com – American Depository Receipt	107,217	5,469
Sina	90,458	9,996
Weibo – American Depository Receipt	14,898	1,288
58.com – American Depository Receipt	95,870	5,500
		145,633
Hong Kong		
Prada S.p.A	294,019	1,423
ENN Energy	513,196	4,028
Shangri-La Asia	828,845	1,829
		7,280
India		
Axis Bank	1,216,485	12,674
Coffee Day Enterprises	129,408	643
CRISIL	26,554	1,040
Gujarat Pipavav Port	472,615	1,423
Gujarat State Petroleum	1,344,315	4,780
ICICI Bank	893,149	5,219
ICRA	15,100	1,226
IDFC	1,536,000	1,709
IDFC Bank	1,344,820	1,481
Info Edge India	30,836	642
IRB Infrastructure Developers	1,229,444	5,177
IRB InvIT Fund	1,550,000	3,017
NTPC	775,071	2,481
Prestige Estates Projects	588,654	3,000
Reliance Industries	82,490	2,292
Shriram Transport Finance	242,300	4,879
		51,683

Notes to the Financial Statements

30 June 2017

	QUANTITY	2017 $'000
Note 15. Investment Portfolio Continued		
Indonesia		
PT Vale	10,844,723	1,955
		1,955
South Korea		
Hyundai Motor Company	28,937	5,246
Naver	2,680	2,553
LG	93,000	8,172
EO Technics	17,840	1,831
LG Chem	15,474	5,118
Shinhan Financial	45,570	2,554
Kangwon Land	136,289	5,399
Samsung SDI	1,320	257
Samsung Electronics	4,246	11,473
		42,603
Malaysia		
Genting Berhad	1,184,742	3,378
		3,378
Philippines		
Ayala	195,530	4,283
Ayala Land	10,025,844	10,270
Megaworld	48,922,042	5,421
Vista Land & Lifescapes	15,321,154	2,294
		22,268
Singapore		
Jardine Matheson	68,847	5,748
		5,748
Taiwan		
Uni-President Enterprises	1,936,702	5,049
Hon Hai Precision Industry	907,490	4,538
Taiwan Semiconductor Manufacturing	756,149	6,738
		16,325

Note 15. Investment Portfolio Continued

	QUANTITY	2017 $'000
Thailand		
Amata – Foreign	2,502,768	1,650
Kasikornbank – Foreign	1,658,524	12,682
Land and Houses – Non-voting Depository Receipt	14,135,100	5,418
Major Cineplex – Foreign	2,043,679	2,644
Major Cineplex – Non-voting Depository Receipt	154,092	199
		22,593
Vietnam		
Vietnam Dairy Products – long equity swap	776,570	155
		155
Total equities and derivatives (Note 4 and Note 5)*		**352,068**

* From Note 4 (financial assets), the total of equity securities was $351,917,000, and the total of derivatives was $155,000 less from Note 5 (financial liabilities), the total of derivatives of $4,000. This results in a total of $352,068,000.

Add:	
Proceeds on sale of financial assets (Note 6)	40
Payables on purchase of financial assets (Note 7)	(704)
Dividends receivable (Note 6)	1,879
Term deposits and cash on deposit held within the portfolio (Note 13)	40,274
Foreign currency forward contracts (Note 4 and Note 5)	(107)
Total investment Portfolio (reconciles to Note 16 foreign exchange risk on page 55)	393,450

During the year, the number of transactions was 1,425 and the total brokerage paid was $1,589,882 ($844,144 on purchases and $745,738 on sales).

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Note 16. Financial risk management

Financial risk management objectives

The Company's primary risks are related to the investment activities undertaken on its behalf by Platinum Investment Management Limited. The risks that the Company is exposed to include: market risk (including currency and price risk), credit risk and liquidity risk.

The Investment Manager, Platinum Investment Management Limited's investment style:

(i) adopts a bottom-up stock selection methodology, through which long-term capital growth is sought by investing in undervalued securities across the Asian Region ex Japan;

(ii) seeks absolute returns and not returns relative to any index;

(iii) invests excess funds in cash when undervalued stocks cannot be found; and

(iv) actively manages currency.

The Company may use financial derivative instruments (both Over-the-Counter (OTC) derivatives and exchange traded derivatives) for risk management purposes and to take opportunities to increase returns, including, for example:

- to gain access to markets not readily available to foreign investors;
- to create a short position in a company;
- to build a position in a company as a short-term strategy to be reversed when physical positions are purchased; and
- to aid in the management of the Company's cash flows (e.g. some stock markets require pre-funding of stock purchases that may be avoided through the use of derivatives).

The underlying value of derivatives held by the Company may not exceed 100% of the Net Asset Value (NAV). If the Company has a 100% NAV exposure to derivative positions, it is theoretically possible that the Company would lose its entire NAV from losses on its derivative positions. The underlying value of long stocks and derivative contracts may not exceed 150% of the NAV. Where options are employed, the underlying value will be the delta-adjusted exposure. It should be noted that while the Company may be leveraged up to 150% of its NAV, shareholders would not have an exposure in excess of 100% of their investments in the securities. Furthermore, in practice, the Company's net effective exposure excluding cash will rarely exceed 100% of its NAV. Compliance with these limits are reviewed by the Board and the Audit, Risk and Compliance Committee on a regular basis.

Note 16. Financial risk management Continued

Financial risk management objectives Continued

The table below summarises the Company's physical exposure at fair value and derivative exposure:

2017	**PHYSICAL $'000**	**LONG DERIVATIVES CONTRACTS $'000**	**SHORT DERIVATIVES CONTRACTS $'000**	**NET EXPOSURE $'000**
China	**32,451**	**626**	**–**	**33,077**
China ex PRC^	**145,633**	**–**	**–**	**145,633**
Hong Kong	**7,280**	**–**	**–**	**7,280**
Taiwan	**16,325**	**–**	**–**	**16,325**
Greater China sub-total	**201,689**	**626**	**–**	**202,315**
India	**51,683**	**–**	**–**	**51,683**
Indonesia	**1,955**	**–**	**–**	**1,955**
Thailand	**22,593**	**–**	**–**	**22,593**
South Korea	**42,603**	**–**	**–**	**42,603**
Malaysia	**3,378**	**–**	**–**	**3,378**
Philippines	**22,268**	**–**	**–**	**22,268**
Singapore	**5,748**	**–**	**–**	**5,748**
Vietnam	**–**	**7,003**	**–**	**7,003**
	351,917	**7,629**	**–**	**359,546**

2016	PHYSICAL $'000	LONG DERIVATIVES CONTRACTS $'000	SHORT DERIVATIVES CONTRACTS $'000	NET EXPOSURE $'000
China	19,636	–	–	19,636
China ex PRC^	57,927	–	–	57,927
Hong Kong	10,987	–	–	10,987
Taiwan	10,765	–	–	10,765
Greater China sub-total	99,315	–	–	99,315
India	55,607	2,158	–	57,765
Thailand	19,190	–	–	19,190
South Korea	26,419	–	–	26,419
Philippines	13,331	–	–	13,331
Singapore	7,927	–	–	7,927
Vietnam	–	5,491	–	5,491
North America	6,309	–	–	6,309
	228,098	7,649	–	235,747

^ China ex PRC refers to Chinese investments listed outside mainland China.

Notes to the Financial Statements

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Note 16. Financial risk management Continued

Financial risk management objectives Continued

The “Physical” column represents the location of the Company’s investments. The Investments shown on the previous page in the “Physical” column (totalling $351,917,000) reconciles to the fair value of equity securities disclosed in Note 4.

The “Long/Short Derivative Contracts” columns include the notional value of long/short equity swaps and futures. The “Net Exposure” column represents an approximation of the investment portfolio’s exposure to movements in markets. This is calculated by making an adjustment to the “Physical” position, by adding any long (bought) derivative positions in shares or share index futures and subtracting the principal notional amount of any short (sold) positions.

For example, if 5% of the Portfolio was invested in India, but there was a 2% short position in Indian futures, then the net exposure column would show 3%. Conceivably, the figure could show a negative exposure, which would indicate that the Portfolio was net short the Indian market.

As at 30 June 2017 (and 30 June 2016), the Company had no short positions.

Market risk

Foreign exchange risk

Foreign exchange risk is the risk the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company operates in the Asian Region ex Japan and is exposed to foreign exchange risk arising from buying, selling and holding investments denominated in foreign currency. Platinum Investment Management Limited selects stocks based on value regardless of geographic location. The Company undertakes a significant number of its transactions denominated in foreign currencies and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Currency management is an integral part of the management of currency risk. Platinum Investment Management Limited may position the Company’s Portfolio in what it believes will be a stronger currency(ies).

The Company remains heavily hedged back into US Dollars at 30%, with an additional 27% in Hong Kong Dollars, 13% was held in Indian Rupees, with a negative hedge of 7% against the Chinese Yuan, because it is the view of Platinum Investment Management Limited that depreciation of the Yuan (against the US Dollar) is likely to occur.

Platinum Investment Management Limited may use foreign currency forward contracts, and futures and option contracts on foreign currency contracts to position the Portfolio in the desired currencies. A currency exposure may be hedged into a different currency from that which the exposure is maintained (for example, US Dollar hedges may be used to hedge the currency risk of holding investments in the Chinese Yuan).

Where there have been major currency movements or where currencies are perceived to be over or undervalued, Platinum Investment Management Limited may look for investments whose operating environment has been distorted by the lower currency as part of the search for undervalued stocks. There may be even opportunities to invest in stocks impacted by a lower currency (for example, export-oriented stocks).

Note 16. Financial risk management Continued

Market risk Continued

Foreign exchange risk Continued

The table below summarises the Company's investment exposure at fair value to foreign exchange risk. The total "Physical" and "Net Exposure" reconciles to the total investment portfolio in Note 15.

2017	**PHYSICAL $'000**	**BOUGHT $'000**	**SOLD $'000**	**NET EXPOSURE $'000**
Chinese Yuan	**30,949**	**–**	**(28,724)**	**2,225**
Hong Kong Dollar	**104,943**	**–**	**–**	**104,943**
Taiwan Dollar	**16,552**	**–**	**–**	**16,552**
United States Dollar	**96,108**	**28,618**	**–**	**124,726**
Indian Rupee	**51,879**	**–**	**–**	**51,879**
Indonesian Rupiah	**1,955**	**–**	**–**	**1,955**
Thai Baht	**22,595**	**–**	**–**	**22,595**
Korean Won	**42,603**	**–**	**–**	**42,603**
Malaysian Ringgit	**3,378**	**–**	**–**	**3,378**
Philippines Peso	**22,335**	**–**	**–**	**22,335**
Vietnam Dong	**155**	**–**	**–**	**155**
Australian Dollar	**(2)**	**106**	**–**	**104**
	393,450	**28,724**	**(28,724)**	**393,450**

2016	PHYSICAL $'000	BOUGHT $'000	SOLD $'000	NET EXPOSURE $'000
Chinese Yuan	19,636	10,731	(62,591)	(32,224)
Hong Kong Dollar	57,112	–	–	57,112
Taiwan Dollar	10,765	–	(8,056)	2,709
United States Dollar	52,681	117,381	(62,178)	107,884
Indian Rupee	55,764	–	–	55,764
Thai Baht	19,557	–	–	19,557
Korean Won	26,420	13,922	(24,526)	15,816
Philippines Peso	14,146	–	–	14,146
Vietnam Dong	158	–	–	158
Australian Dollar	18,378	37,389	(22,072)	33,695
	274,617	179,423	(179,423)	274,617

Notes to the Financial Statements

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Note 16. Financial risk management Continued

Market risk Continued

Foreign exchange risk sensitivity analysis

The table below summarises the sensitivities of the Company's profit to foreign exchange risk. The analysis is based on the assumption that the Australian Dollar strengthened by 10% against the United States Dollar and Hong Kong Dollar (shown in the +10% column) and weakened by 10% against the United States Dollar and Hong Kong Dollar (shown in the –10% column). These two currencies are the two most material foreign currencies to which the Company was exposed at 30 June 2017.

A sensitivity of 10% has been selected as this is considered reasonably possible given current exchange rates and the volatility observed both on a historic basis and after factoring in possible future movements. The sensitivity has been undertaken on a combined basis for both monetary assets and liabilities and financial assets and liabilities measured at fair value through profit or loss, as the Company believes this accurately portrays the Company's exposure to foreign exchange risk.

	AUD STRENGTHENED		**AUD WEAKENED**	
2017	**% CHANGE**	**EFFECT ON PROFIT BEFORE TAX $'000**	**% CHANGE**	**EFFECT ON PROFIT BEFORE TAX $'000**
United States Dollar	10%	**(11,339)**	(10%)	**13,859**
Hong Kong Dollar	10%	**(9,540)**	(10%)	**11,660**
Other	10%	**(12,467)**	(10%)	**15,237**
		(33,346)		**40,756**

	AUD STRENGTHENED		AUD WEAKENED	
2016	% CHANGE	EFFECT ON PROFIT BEFORE TAX $'000	% CHANGE	EFFECT ON PROFIT BEFORE TAX $'000
United States Dollar	10%	(9,823)	(10%)	12,006
Indian Rupee	10%	(5,057)	(10%)	6,181
Other	10%	(6,005)	(10%)	7,339
		(20,885)		25,526

The weakening of the AUD will increase the operating profit/(loss). A strengthening of the AUD will decrease the operating profit/(loss).

The sensitivity analysis shows that the Company is materially affected by exchange rate movements (other things being equal).

Note 16. Financial risk management Continued

Market risk Continued

Interest Rate Risk

Interest rate risk is the possibility the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest bearing as the Company has a policy of not borrowing, other than for settlement of trades. With respect to the term deposit held, a movement of +/–1% in interest rates occurring on 30 June 2017 will have no impact on profit as the interest rate on term deposits are determined on execution.

However, other cash holdings are directly affected by interest rate movements, but at balance date, interest rates on these cash accounts are very low (and range from 0% to 1.40%) (2016: 0% to 1.90%). Therefore, there is minimal direct exposure to interest rate risk on these cash holdings.

Interest rate risk indirectly affects the Company as interest rate movements will affect forward points used in determining gains or losses on foreign currency forward contracts.

The impact of interest rate movements on these foreign currency forward contracts is not capable of precise estimation. At 30 June 2017, if interest rates had changed by +/–100 basis points with all other variables held constant, the direct impact on interest income would not be significant for the Company.

Price risk

Market prices fluctuate due to a range of factors specific to the individual investments, or factors affecting the market in general. Platinum Investment Management Limited's stock selection process is core to the management of price risk. Platinum adopts a thematic stock selection approach and is referred to as being an "active manager". Platinum Investment Management Limited seeks a broad range of Asian ex Japan investments whose businesses and growth prospects, it believes, are being undervalued by the market. Accordingly, holdings in the Company may vary considerably from the make-up of the MSCI Asia ex Japan index. This is the case at the present time.

As an additional risk management tool, the Company may enter into short equity swaps and futures to protect against market movements. There were no open short equity swap positions and futures at 30 June 2017.

Notes to the Financial Statements

30 June 2017

Note 16. Financial risk management Continued

Market risk Continued

Price risk sensitivity analysis

Price risk exposure arises from the Company's investment portfolio, which comprises investments in securities and derivatives. At 30 June 2017, the markets that the Company had the biggest investment exposure to are the Chinese and Indian markets. The effect on profit due to a possible change in market prices, as represented by a -/+10% movement in these markets with all other variables held constant, is illustrated in the table below:

2017	**INCREASE % CHANGE**	**EFFECT ON PROFIT BEFORE TAX $'000**	**DECREASE % CHANGE**	**EFFECT ON PROFIT BEFORE TAX $'000**
China	10%	**17,871**	(10%)	**(17,871)**
India	10%	**5,168**	(10%)	**(5,168)**
Other	10%	**12,916**	(10%)	**(12,916)**
		35,955		**(35,955)**

2016	INCREASE % CHANGE	EFFECT ON PROFIT BEFORE TAX $'000	DECREASE % CHANGE	EFFECT ON PROFIT BEFORE TAX $'000
China	10%	7,310	(10%)	(7,310)
India	10%	5,563	(10%)	(5,563)
Other	10%	9,411	(10%)	(9,411)
		22,284		(22,284)

An increase in the above markets may increase the operating profit. A decrease in the above markets may reduce the operating profit.

A sensitivity of 10% has been selected, as this is considered reasonably possible. The markets specified are a reference point only. Actual movements in stocks held in the portfolio may vary significantly to movements in the respective markets.

Note 16. Financial risk management Continued

Credit risk

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to the Company (typically "non-equity" financial instruments or cash/term deposit holdings).

The exposure to credit risk for cash and cash equivalents, futures, equity swaps, and foreign currency forward contracts is any unrealised profit, margins and collateral paid on the positions (the money the Company would lose if the counterparty defaulted) at reporting date. The table below shows the Company's counterparty credit risk exposure by credit rating:

RATINGS	**2017 $'000**	2016 $'000
A	**17,873**	36,443
A–	**33,414**	20,386
AA–	**19,610**	5,368
BBB+	**485**	3,337
Total	**71,382**	65,534

Platinum Investment Management Limited regularly monitors the Company's credit risk exposure to counterparties and seeks to manage the risk by spreading exposure over a number of counterparties by signing standard ISDA (International Swaps and Derivatives Association) master agreements and net settlement contracts, employing two-way symmetrical margining of unrealised profits and losses and by controlling the duration of contracts to be short-term. Transactions in listed securities and investments are entered into with approved brokers. Payment is only made once a broker has received securities and delivery of securities sold only occurs once the broker receives payment.

The Company's ageing analysis of receivables (disclosed in Note 6 and the statement of financial position) is as follows:

	2017 $'000	2016 $'000
0 – 30 days	**679**	250
31 – 60 days	**1,142**	258
61 – 90 days	**153**	–
90+ days	**2,510**	125
Total*	**4,484**	633

* The total amount of $4,484,000 (2016: $633,000) reconciles to the balances shown in Note 6 of $1,974,000 (2016: $633,000) and Note 3(b) of $2,510,000. The $2,510,000 represents the income tax receivable for tax instalments paid and this amount will not be refunded until the tax return is lodged and processed later this year.

Notes to the Financial Statements

30 June 2017

Note 16. Financial risk management Continued

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities. This includes the risk that the Company:

(i) will not have sufficient funds to settle a transaction on the due date; and

(ii) will be forced to sell financial assets at a value which is less than they are worth.

Remaining contractual maturities

The table below details the Company'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 were required to be paid.

2017	WITHIN 3 MONTHS $'000	BETWEEN 3 AND 12 MONTHS $'000	TOTAL $'000
Non-financial			
Payables (Note 7)	1,218	57	1,275
Total non-financial	1,218	57	1,275
Financial			
Derivative contractual outflows (Note 5)	4	–	4
Foreign currency forward contractual outflows (Note 5)	585	–	585
Total financial	589	–	589

2016	WITHIN 3 MONTHS $'000	BETWEEN 3 AND 12 MONTHS $'000	TOTAL $'000
Non-financial			
Payables (Note 7)	448	–	448
Total non-financial	448	–	448
Financial			
Derivative contractual outflows (Note 5)	23	–	23
Foreign currency forward contractual outflows (Note 5)	511	1,123	1,634
Total financial	534	1,123	1,657

Note 16. Financial risk management Continued

Liquidity risk Continued

The Company has sufficient funds to meet these liabilities as the value of net assets realisable in one year or less was $396,728,000 (2016: $274,818,000). Assets that are realisable in one year or less include equities, derivatives, cash and cash equivalents.

Except for equity swaps and futures, the maximum capital risk resulting from financial instruments is determined by the fair value of financial instruments. Potential losses from equity swaps and futures are limited to available capital. The risk management guidelines adopted are designed to minimise liquidity risk through:

(i) ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and

(ii) applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

Platinum Investment Management Limited prepares daily cash forecasts for the Company and maintains sufficient cash to meet normal operating requirements. The Company has a policy of not borrowing money, other than on a short-term basis for settlement, trading and like purposes.

Fair value of financial instruments

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

Capital risk management

The Company considers its capital to comprise ordinary share capital, reserves and over-time, accumulated retained profits.

The Company's objective is to seek long-term capital growth by investing in undervalued securities across the Asian Region ex Japan, so to continue to provide returns to shareholders.

The Board regularly and actively reviews the most efficient manner by which the Company manages its capital, in response to changing market conditions and risks, with the sole aim of enhancing shareholder value, through:

- the management of the level of dividends to shareholders;
- the issue of shares by methods such as rights offers, share purchase plans or placements; or
- the use of share buy-backs.

The Company is an ASX-listed investment company and is subject to various ASX Listing Rules requirements. For example, the Company must report its NTA to the ASX on a monthly basis. The Company complies with all externally-imposed capital requirements.

Notes to the Financial Statements

30 June 2017

Note 17. Fair value measurement

Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the Company to classify those assets and liabilities measured at fair value using the following fair value hierarchy model:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Company recognises the following financial assets and liabilities at fair value on a recurring basis:

(i) Equity securities, long equity swaps and long futures;

(ii) Short equity swaps and short futures. At 30 June 2017 (30 June 2016), the Company had no open short positions; and

(iii) Foreign currency forward contracts.

The following table details the Company's assets and liabilities, measured or disclosed at fair value, using the three level hierarchy model. The Company had no assets or liabilities that were classified as Level 3.

2017	LEVEL 1 $'000	LEVEL 2 $'000	TOTAL $'000
Assets			
Equity securities	**320,964**	**30,953**	**351,917**
Derivatives	**–**	**155**	**155**
Foreign currency forward contracts	**–**	**478**	**478**
Total assets	**320,964**	**31,586**	**352,550**
Liabilities			
Derivatives	**–**	**4**	**4**
Foreign currency forward contracts	**–**	**585**	**585**
Total liabilities	**–**	**589**	**589**

Note 17. Fair value measurement Continued

Fair value hierarchy Continued

2016	LEVEL 1 $'000	LEVEL 2 $'000	TOTAL $'000
Assets			
Equity securities	208,462	19,636	228,098
Derivatives	–	158	158
Foreign currency forward contracts	–	1,842	1,842
Total assets	208,462	21,636	230,098
Liabilities			
Derivatives	–	23	23
Foreign currency forward contracts	–	1,634	1,634
Total liabilities	–	1,657	1,657

All figures presented above can be reconciled to Note 4 or Note 5 and appear in the statement of financial position.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between Levels 1 and 2 for any assets or liabilities measured at fair value for the period.

Rationale for classification of assets and liabilities as Level 1

At 30 June 2017, 91% of the equity securities held by the Company were valued using unadjusted quoted prices in active markets and were classified as Level 1 in the fair-value hierarchy model.

Rationale for classification of assets and liabilities as Level 2

There were certain financial instruments that were classified as Level 2, because a degree of adjustment has been made to the quoted price i.e, whilst all significant inputs required for fair value measurement are observable and quoted in an active market, there was a degree of estimation involved in deriving the fair value. Examples include:

(i) Foreign currency forward 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) Participatory Notes 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;

Notes to the Financial Statements

30 June 2017

Note 17. Fair value measurement Continued

Fair value hierarchy Continued

Rationale for classification of assets and liabilities as Level 2 Continued

(iii) OTC equity swap contracts were classified as Level 2 because the swap contract itself was not listed and therefore there was no directly observable market price; or the price is sourced from the relevant counterparty, even though the price (and in the case of options, the relevant delta) could be verified directly from Bloomberg or verified using option pricing models; and

(iv) certain index derivatives were classified as Level 2 because the Company 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 Company held.

Note 18. Offsetting of financial assets and financial liabilities

Offsetting and master netting agreements

The Company enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other, if:

(i) there is a legally enforceable right to set-off the financial asset and financial liability; and

(ii) the Company intends to settle the financial asset and financial liability on a net basis, or realise the financial asset and settle the financial liability simultaneously.

The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the following table:

	AMOUNTS OFFSET IN THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION		
2017	GROSS AMOUNTS $'000	GROSS AMOUNTS SET-OFF IN THE STATEMENT OF FINANCIAL POSITION $'000	NET AMOUNTS IN THE STATEMENT OF FINANCIAL POSITION $'000	FINANCIAL INSTRU-MENTS[1] $'000	CASH COLLATERAL $'000	NET AMOUNT $'000
Financial assets						
Derivatives	**155**	**–**	**155**	**(4)**	**–**	**151**
Foreign currency forward contracts	**478**	**–**	**478**	**(360)**	**–**	**118**
Financial liabilities						
Derivatives	**4**	**–**	**4**	**(4)**	**–**	**–**
Foreign currency forward contracts	**585**	**–**	**585**	**(360)**	**(225)**	**–**

1. shows the impact of arrangements between the Company 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 are not currently enforceable.

Notes to the Financial Statements

30 June 2017

Note 18. Offsetting of financial assets and financial liabilities Continued

Offsetting and master netting agreements Continued

2016	AMOUNTS OFFSET IN THE STATEMENT OF FINANCIAL POSITION			RELATED AMOUNTS NOT SET-OFF IN THE STATEMENT OF FINANCIAL POSITION		
	GROSS AMOUNTS $'000	GROSS AMOUNTS SET-OFF IN THE STATEMENT OF FINANCIAL POSITION $'000	NET AMOUNTS IN THE STATEMENT OF FINANCIAL POSITION $'000	FINANCIAL INSTRUMENTS[1] $'000	CASH COLLATERAL $'000	NET AMOUNT $'000
Financial assets						
Derivatives	158	–	158	(23)	–	135
Foreign currency forward contracts	2,241	(399)	1,842	(1,634)	(208)	–
Financial liabilities						
Derivatives	23	–	23	(23)	–	–
Foreign currency forward contracts	2,033	(399)	1,634	(1,634)	–	–

1. shows the impact of arrangements between the Company 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 are not currently enforceable.

Note 19. Investment Manager

The Investment Manager, Platinum Investment Management Limited receives a monthly management fee for investment management services provided in accordance with the Investment Management Agreement. This Agreement provides for a management fee payable monthly and calculated at 1.1% per annum of the adjusted portfolio value (which includes cash and deposits).

In the event of termination, Platinum Investment Management Limited will be paid a 1.1% lump sum termination fee. In addition, the Agreement specifies a final management fee is payable at a rate of 1.1% per annum, calculated pro rata in respect of periods of less than one calendar month. Hence, at the time of termination, Platinum Investment Management Limited will be paid both a final management fee for the period between the last period of calculation and the termination date and a lump sum termination fee.

Note 19. Investment Manager Continued

A performance fee is payable at 15%, at 30 June, of the amount by which the portfolio's annual performance exceeds the return achieved by the benchmark (benchmark is the Morgan Stanley All Country Asia ex Japan Net Index in A$). Where the portfolio's annual performance is less than the benchmark, the amount of the underperformance is aggregated, carried forward and deducted from the annual performance in the subsequent year before calculating any performance fee for that year. The aggregate of underperformance is carried forward until a performance fee becomes payable.

At 30 June 2017, pre-tax performance of the portfolio was 20.20% and the corresponding benchmark was 23.02%. This represents an underperformance of 2.82% against the benchmark and once the prior period underperformance of 4.14% is also included, a performance fee has not been accrued. The total aggregate underperformance of 6.96% will need to be made up before a performance fee will be paid.

Management fees paid and payable for the year ending 30 June 2017 and 30 June 2016 are shown below:

	2017 $'000	2016 $'000
Management fee	**3,404**	2,398

Management fees were lower in the comparative period, partly because the Company only commenced trading part way through the period on 16 September 2015.

A summary of the salient provisions of the Investment Management Agreement ("Agreement") are contained below:

(a) The terms of the Agreement require Platinum Investment Management Limited to:

- (i) invest and manage the Portfolio in accordance with the Agreement;
- (ii) keep the portfolio under review and confer with the Board of the Company at regular intervals in respect of the investment and management of the Portfolio;
- (iii) exercise all due diligence and vigilance in carrying out its functions, powers and duties under the Agreement; and
- (iv) promptly notify the Board of any instructions given to it by the Company which have not been complied with.

(b) The initial term of the Agreement is 10 years. However, the Company may immediately terminate the Agreement where Platinum Investment Management Limited:

- (i) becomes subject to a receiver, receiver and manager, administrative receiver or similar person;

Notes to the Financial Statements

30 June 2017

Note 19. Investment Manager Continued

(ii) goes into liquidation;

(iii) ceases to carry on business in relation to its activities as an Investment Manager;

(iv) breaches any material provision of the Agreement, or fails to observe or perform any representation, warranty or undertaking given by Platinum Investment Management Limited under the Agreement;

(v) sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking given by Platinum Investment Management Limited or its beneficial interest therein, other than to a related body corporate for purposes of corporate reconstruction on terms previously approved in writing by the Company; or

(vi) ceases to be licensed under the relevant law or its licence is suspended by ASIC or it is unable to carry out its duties under this Agreement because it has ceased to hold necessary legal authorisations to operate as an Investment Manager.

Note 20. Key management personnel disclosures

Details of remuneration paid to the Directors is disclosed in the statement of profit or loss and other comprehensive income (and the Remuneration Report) and in aggregate terms was $186,150 (2016: $189,729).

Interests of Directors in securities

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

	OPENING BALANCE	ACQUISITIONS (PURSUANT TO THE EXERCISE OF OPTIONS)	DISPOSALS	CLOSING BALANCE
Bruce Coleman	250,001	125,000	–	375,001
Ian Hunter	100,001	100,000	–	200,001
Malcolm Halstead	1	–	–	1

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

	OPENING BALANCE	EXERCISE OF OPTIONS	EXPIRY OF OPTIONS	CLOSING BALANCE
Bruce Coleman	250,000	(125,000)	(125,000)	–
Ian Hunter	100,000	(100,000)	–	–
Malcolm Halstead	–	–	–	–

Note 21. Remuneration of auditors

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

	2017 $	2016 $
Audit services – PricewaterhouseCoopers		
Audit and review of the financial statements	**73,000**	105,000
Other services – PricewaterhouseCoopers		
Taxation services	**41,030**	20,770
	114,030	125,770
IPO Due Diligence services – Investigating Accountant and taxation services (disclosed as a transaction cost in relation to the IPO and deducted against equity)	**–**	99,466
	114,030	225,236

Note 22. Contingent assets, liabilities and commitments to capital expenditure

No contingent assets or liabilities exist at 30 June 2017 or 30 June 2016. The Company has no commitments for uncalled share capital on investments.

Notes to the Financial Statements

30 June 2017

Note 23. Related party transactions

Management Fees

Disclosures relating to management fees paid and payable to the related party, Platinum Investment Management Limited are set out in Note 19.

Administration fees

Under the Administrative Agreement, Platinum Investment Management Limited provides various administrative services to the Company. These include accountancy, secretarial, performance analytics, taxation, compliance and risk monitoring services. The services provided extend to liaison with the share registry to ensure that accurate share records are maintained and services are provided to shareholders in a timely and efficient manner. In consideration for providing these services, Platinum Investment Management Limited received a payment of $1 from the Company.

Investment

At 30 June 2017, Platinum Investment Management Limited (PIML) continues to hold 50 million shares (2016: 50 million shares) in the Company.

During the year, PIML transferred 19,200,000 of its 50 million options to sophisticated third party investors for no consideration. In addition, PIML exercised 21,325,000 of its PAI options at the exercise price of $1 per option and on the same day sold 21,325,000 PAI shares for $1 per share pursuant to an on-market block trade. PIML retained the remaining 9,475,000 options and these expired on 15 May 2017. This movement is summarised in the table below.

TRANSACTION	DATE	NUMBER OF OPTIONS	**2017 $'000**
Number of options held at the start of the year	1 July 2017	50,000,000	**50,000**
Transfer to third party investors	18 April 2017	(14,000,000)	**(14,000)**
Transfer to third party investors	26 April 2017	(2,200,000)	**(2,200)**
Transfer to third party investors	9 May 2017	(3,000,000)	**(3,000)**
Sale of options for no consideration	12 May 2017	(21,325,000)	**(21,325)**
Expiry of options	15 May 2017	(9,475,000)	**(9,475)**
Balance at 30 June 2017		–	**–**

At 30 June 2017, the shares were valued at $1.015 per share (2016: $0.885 per share). The total fair value of PIML's investment was $50,750,000 (2016: $44,250,000) for the shares and $nil for the options (2016: $800,000).

Key management personnel

Disclosures relating to key management personnel are set out in Note 20 and the Remuneration Report in the Directors' Report.

Loans to/from related parties

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

Note 24. Events after the reporting period

Apart from the dividend declared in Note 12, no significant matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 25. The Company

Platinum Asia Investments Limited is a company limited by shares, incorporated and domiciled in New South Wales. Its current registered office and principal place of business is:

Level 8, 7 Macquarie Place
Sydney NSW 2000

A description of the nature of the Company's operations and its principal activities is included in the Directors' Report.

Directors' Declaration

30 June 2017

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;

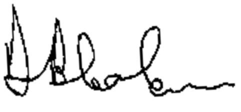
– the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

– 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 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Bruce Coleman
Chairman

Ian Hunter
Director

16 August 2017
Sydney

Independent Auditor's Report

to the members of Platinum Asia Investments Limited

pwc

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Platinum Asia Investments Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2017
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the Directors' Declaration.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO Box 2650, Sydney, NSW 2001
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Independent Auditor's Report

to the members of Platinum Asia Investments Limited

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

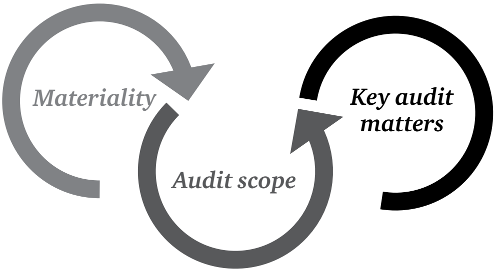
We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our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

Our audit approach

An 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.

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 Company, its accounting processes and controls and the industry in which it operates.

Platinum Asia Investments Limited is a listed investment company on the ASX. The Company primarily makes investments in Asian equities ex Japan.



MATERIALITY	AUDIT SCOPE	KEY AUDIT MATTERS
– For the purpose of our audit we used overall materiality of $1.9m, which represents approximately 0.50% of net assets of the Company. – We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. – We chose net assets as the benchmark because, in our view, it is the most significant area of interest to the investors in the Company and is a generally accepted benchmark for listed investment companies. – We selected 0.50% based on our professional judgement, noting that it is within the range of commonly acceptable net asset related thresholds.	– Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. – Our audit approach reflects the nature of the investments held by the Company and the consideration of the work undertaken by third party service providers. The key service providers relevant to our audit are Platinum Investment Management Limited (Investment Manager and Administrator), who manages the Company's investments and maintains the accounting records of the Company and State Street Australia Limited (the Custodian), who provides custodian services for the investments.	– Amongst other relevant topics, we communicated the following key audit matter to the Audit, Risk and Compliance Committee: • Investments in financial assets and financial liabilities – This is further described in the *Key audit matters* section of our report.

Independent Auditor's Report

to the members of Platinum Asia Investments Limited

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. 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.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Investments in financial assets and financial liabilities *Refer to note 1 (Summary of significant accounting policies) and note 4 and 5 (financial assets and liabilities)* At 30 June 2017, the investments in financial assets and financial liabilities of approximately $352,550k and $589k, respectively, comprised of investments in active markets and investments in inactive or unquoted markets. The valuation and existence of the financial assets and liabilities was a key audit matter because: – investments in financial assets and financial liabilities represent the principal element of the Statement of Financial Position accounting for approximately 91% of net assets – some investments are traded in inactive or unquoted markets, meaning the Company needs to make judgements to estimate their fair value as outlined in note 17 to the financial statements. Changes to the estimates, assumptions and or/judgements can result in a material change to the valuation.	We assessed the independent auditor's reports over the Custodian's controls over the valuation and existence of investments. We assessed the reports by considering the other auditor's independence, competency and results of procedures. The assurance reports were unqualified although some individual controls were found to not be operating effectively. We assessed the nature and number of exceptions and evaluated whether there were compensating controls in the reports. We also performed the following procedures, amongst others: ***Valuation procedures:*** *Investments in active markets* – We obtained price data from third party price vendors and compared it to the prices used by the Company to value the investments. *Participatory notes (approximately 8% of net assets)* – For all participatory notes held, we obtained price data from a third party price vendor for the underlying equity security of the participatory note in local currency. We translated the price into AUD and compared it to the participatory note price used to value the investments by the Company.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
	Equity swap contracts (less than 1% of net assets) – For a sample of one equity swap contract, we obtained price input data from a third party price vendor and calculated the market value with reference to the relevant term sheet. We compared our calculated valuation to the valuation used to value the investment by the Company. The aggregate difference between our valuation testing and the Company's valuation of investments was not material. ***Existence procedures:*** – For investments held in custody at the Custodian, we obtained an independent confirmation from the custodian of the investment holdings. We also tested the period end reconciliation of holdings per the custodian and holdings per the accounting records. We tested a sample of the largest reconciling items by obtaining adequate supporting evidence to explain the differences. – For investments not held in custody at the third party Custodian, we independently confirmed the investment position with the counterparty and compared the confirmed balance to the accounting records. The aggregate balance of all differences identified in our existence procedures was not material.

Independent Auditor’s Report

to the members of Platinum Asia Investments Limited

Other information

The directors are responsible for the other information. The other information included in the Company’s annual report for the year ended 30 June 2017 comprises the Shareholder Information, Investment Structure, Objectives and Methodology and Directors’ Report (but does not include the financial report and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report. The other information also includes the Chairman’s Report, which is expected to be made available to us after that date.

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

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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 on the other information that we obtained prior to the date of this auditor’s report, 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.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

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 Company 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 Company 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 the 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 19 to 22 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Platinum Asia Investments Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

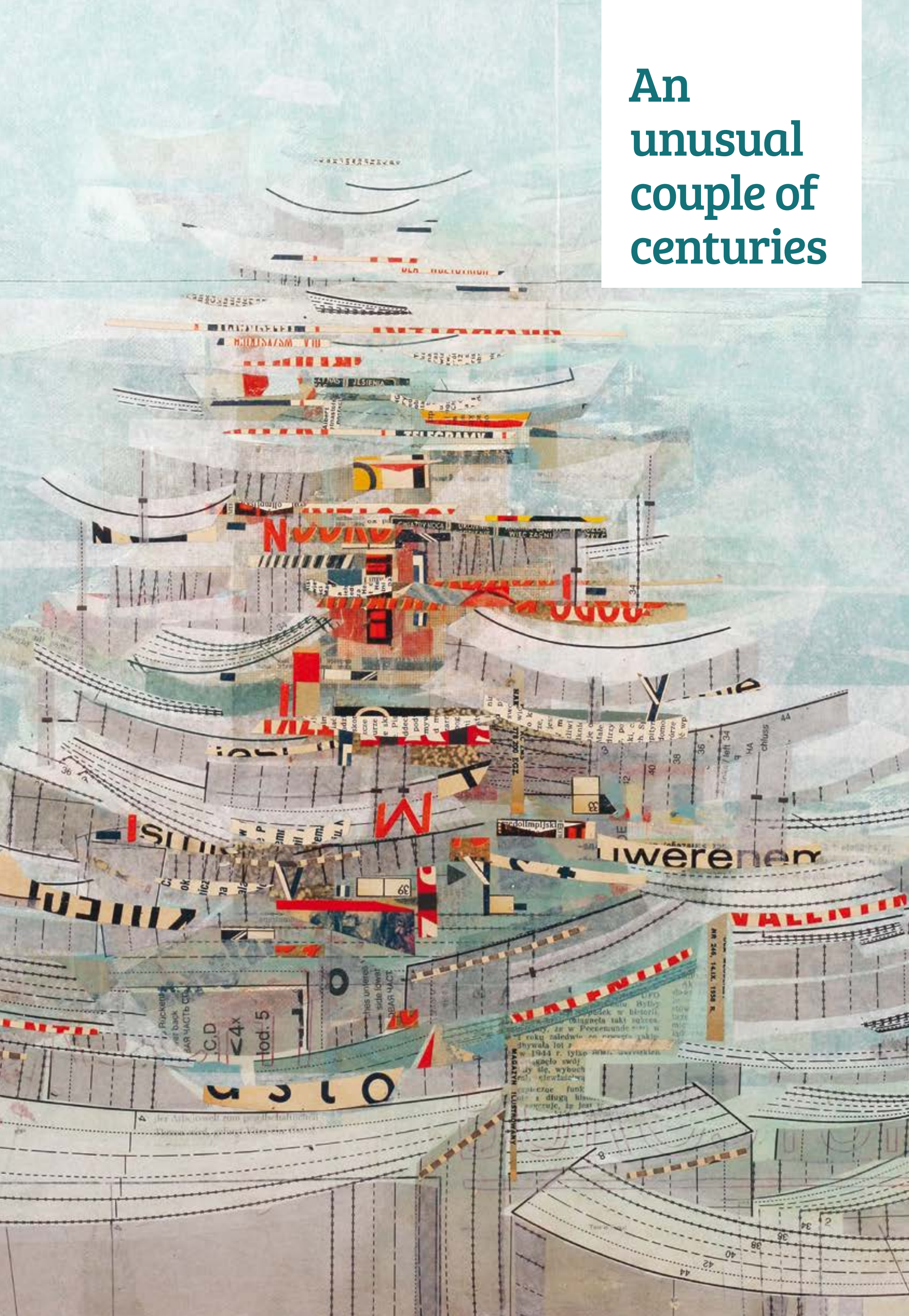
The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Joe Sheeran
Partner

Sydney, 16 August 2017

An unusual couple of centuries



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Over long periods of history, centres of economic and political power shift dramatically.

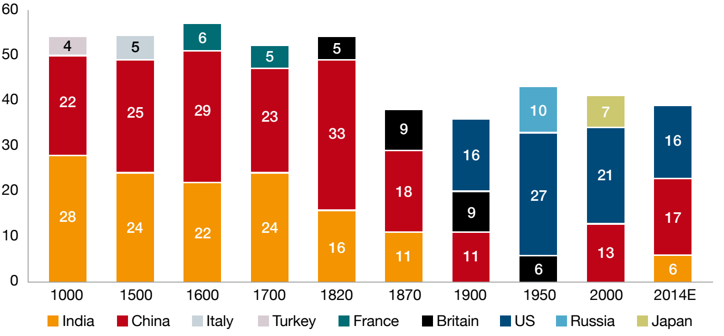
Julian McCormack, Investment Specialist at Platinum Asset Management, explores the global power shifts over the last few centuries.

An unusual couple of centuries.

It should perhaps be no surprise that for much of recorded history the largest populations on Earth made the largest contribution to economic activity.

This has been the case for most of the last 1,000 years, as shown in a chart originally produced by quantitative economic historian Angus Maddison[1], which we saw in The Economist.

World's biggest three economies' GDP at PPP* as % of world total
(historical output within the boundaries of modern countries)



Source: Angus Maddison; IMF; The Economist, accessed 28 May 2015.
* Purchasing power parity

Clearly, the summation of 1,000 years of economic history in one chart is fraught with difficulty – we cannot speak to the veracity of the data nor the integrity of the methodology underlying these numbers. However, we find it an interesting thought experiment to consider what transpired over the last 1,000 years to cause the world's largest population centres to be relegated to minor players economically, which we think is broadly true.

The Dark Ages were not dark everywhere

Were a Martian to have visited our lovely blue planet in the year 1000CE (Common Era), it is unlikely she would have picked Europe as the region which would revolutionise economics, technology and human potential[2]. The glories of classical civilisation had well and truly faded. For instance Rome had slumped to the status of a minor town, with a population of perhaps 5,000[3]. 1,000 years ago, the Dark Ages were dark indeed in Europe, but elsewhere this was not the case.

By 1000CE the Abbasid Caliphate, centred in Al Mansur's beautiful and cosmopolitan city of Baghdad, had overseen an enormous translation effort of the great works of Greek and Roman scholarship.

The Muslim world led humanity in mathematics, medicine and the sciences.

From this period we derive the word 'algebra' from the title of a work '*Hidab al-jabr wal-muqubala*', written by Mohammed ibn-Musa al-Khowarizmi (from whose name we derive the word "algorithm")[4].

As early as 700CE the Chinese city of Chang'an (now Xi'an) was probably the world's largest and richest city. Merchants and visitors from West, South, Southeast, and East Asia arrived frequently, and Tang China functioned as the epicentre of an international culture reflected in the visual arts of Korea and Japan. By the 9th Century 'exchange notes,' negotiable certificates dubbed 'flying money,' were in circulation. They were the precursors of banknotes, widespread in China by the early eleventh century. The Chinese invented printing in the 9th Century, in the form of woodblock prints. Later innovations in China in the 11th and 12th centuries under the Sung Dynasty included gunpowder and the compass[5].

China was centuries ahead of the rest of the world in areas as diverse as steelmaking, armaments, transportation networks and finance.

The results included significant exports of manufactures thanks to the Sung Dynasty's expanded merchant marine and a prosperous consumer society. This in turn benefited India[6].

Around 1000CE the area of modern day India was a land of diverse empires and religions, from the Sunni Ghaznavid Dynasty in the north to the Hindu Chola Empire in the South[7]. The Chola in particular prospered by exporting products including manufactured textiles, spices, drugs, rhinoceros horn, amber, coral, aromatics and perfumes to China[8].

Europe, by contrast, was an almost entirely rural, unsophisticated backwater in the early medieval period. There were only a few towns across the entire continent of greater than 10,000 people, versus Sung China's largest city Hangzhou, whose inhabitants numbered approximately 1,000,000. Life was much less sophisticated in the West than in the East, in areas such as finance, literacy, diet, culture, art, commercial endeavour, trade and industrial specialisation[9].

But something changed.

The explosion of modernity

It seems that economic output per head of population changed very little, if at all, for much of human history[10]. However, from some point in approximately the 18th century, the world changed quite dramatically. For perhaps the first time in human history, significant growth in per capita economic activity was achieved. And it appears that this per capita revolution occurred in Europe and its offshoot America well before it took hold in either Africa or Asia (see table from Piketty overleaf).

The result is that you, your parents and your grandparents all grew up in a period in which one part of the world – Europe and America taken as a whole – had been growing much faster on a per capita basis than the rest of the world for perhaps two centuries.

Per capita output growth since the industrial revolution
(average annual growth rate)

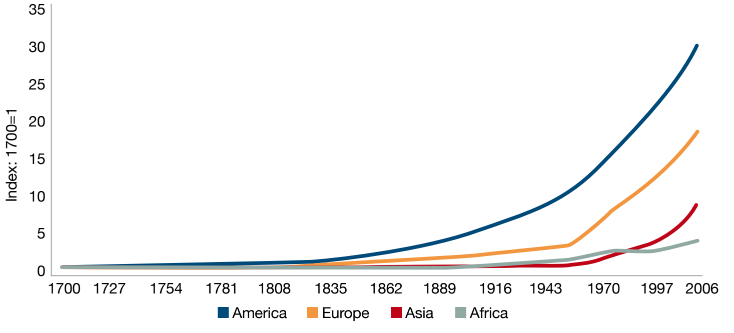
	Per capita world output (%)	Europe (%)	America (%)	Africa (%)	Asia (%)
0-1700	0.0	0.0	0.0	0.0	0.0
1700-2012	0.8	1.0	1.1	0.5	0.7
1700-1820	0.1	0.1	0.4	0.0	0.0
1820-1913	0.9	1.0	1.5	0.4	0.2
1913-2012	1.6	1.9	1.5	1.1	2.0
1913-1950	0.9	0.9	1.4	0.9	0.2
1950-1970	2.8	3.8	1.9	2.1	3.5
1970-1990	1.3	1.9	1.6	0.3	2.1
1990-2012	2.1	1.9	1.5	1.4	3.8
1950-1980	2.5	3.4	2.0	1.8	3.2
1980-2012	1.7	1.8	1.3	0.8	3.1

Source: "Capital in the Twenty-First Century", Thomas Picketty, Editions du Seuil, 2013, p94.

Note: Angus Maddison puts total per capita economic growth over the period 1000CE to 1820CE at 50% total, while Noell, Smith and Webb put it at 0.05% per annum for the same period – these are mathematically almost identical (see footnote 9 for references).

It is very difficult to get a sense of the power of compounding small numbers. To aid in conceptualising the importance of these different growth rates we have included a chart depicting an index, with all regions starting at 1 and compounding at the growth rates estimated by Piketty.

Index, applying per capita output growth since the industrial revolution according to Piketty



Source: "Capital in the Twenty-First Century", Thomas Picketty, Editions du Seuil, 2013, p94, Platinum analysis.

Note: This is indicative only and is designed merely to show the significant impact of small differences in growth rates over long periods of time.

Why did Europe lead the explosion?

This is a big question[11].

A partial answer may lie in culture: Western culture is both the product of and the producer of highly sophisticated and rigid cultural institutions which may have been crucial in allowing for the kind of self-controlled, repetitive and long-term goal oriented behaviour necessary for endeavours such as formal education or scientific research[12].

Further, Western acculturation gave rise to changes in individual behaviour and changes in social power appropriate for the centralisation of state power and the power of capital[13].

Europe has an alphabetical form of writing, plus a cultural separation of Church and state, both of which may have helped the explosion of printing from 1500CE or so[14]. There was a strong tradition in Christianity of the subjugation of nature to man – very different to the animistic beliefs of some Asian religions[15]. For some the seeds of modernity are to be found in Christianity's emphasis on reason and free will[16] (at least relative to other religions).

Magna Carta's signing in 1215 established limited protections for a group of nobles versus the sovereign (or at least it attempted to – the parties fell to fighting shortly after its signing and ceased only upon King John's death in 1216). This was an early step along the path to the formation of the rule of law and respect for property rights[17]. This institutional curtailment of absolute power and respect for individual rights and property appear crucial, allowing for disruption to be tolerated (to a degree) and innovation to be rewarded (much of the time). This seems very different from China for example, which invented the blast furnace but killed off the private iron production in the 11th century as it was seen as a threat to Sung power[18].

Some see the increase in per capita economic activity late last millennium not as a social or economic phenomenon, but as a thermodynamic one.

Humanity, with the discovery of technologies to exploit fossil fuels, hit upon the means of physical liberation, by employing forms of energy with hitherto unimaginable energy return on investment[19].

Some lessons from history

The causes of the explosion in per capita productive capacity were in part institutional, in part technological and clearly complex and multivariate.

One must not assume, however, that any of the causes of the per capita explosion are inherent, immutable or non-replicable. After centuries of lagging behind, Asia has grown faster than any other region since at least 1970 (again, see Piketty's table on page VI) and this continues to this day[20]. It appears that at least some of the lessons of history have been learnt.

Examination of why Europe led the world into the per capita explosion reminds us somewhat of an attempt to explain the exquisite set of variables required for life to exist in our universe. Everything seems so perfectly designed for life to exist, precisely because we exist in the universe in which life exists[21]! By extension, consider if you will that in 1000CE one may have been pondering exactly why Islam had swept all before it across much of the known world and within three centuries established a colossal empire and was extending the frontiers of human thought.

Over long periods of history, centres of economic and political power shift dramatically.

Recall our little green visitor in 1000CE. Such a visitor might be astounded upon returning to find that the agrarian, uneducated, backward region to the west of Asia had settled new continents, transformed science, driven technological innovation and created wealth unimaginable forty generations ago[22].

In viewing Asia's rapid growth, but unfamiliar social and political institutions, we believe many in the West feel not merely scepticism, which is appropriate, but outright disdain, which is ill-considered. Such disdain breeds neglect of investment opportunities on the part of global investors, a neglect we hope to exploit.

1 For more on Angus Maddison see: http://www.theworldeconomy.org/Angus_Maddison.html.
2 "*The Wealth and Poverty of Nations*", David Landes, WW Norton, New York, 1998, p29.
3 Note: this is an extreme estimate, but it seems certain that Rome's population was less than 100,000 in the early Medieval era. "*Housing in Early Medieval Rome, 500-1,000AD*", Robert Coates-Stephens, Papers of the British School at Rome, Vol. 64 (1996), pp. 239-259.
4 "*Pathfinders, The Golden Age of Arabic Science*", Jim Al Khalili, Penguin, London, 2012; see also http://www.und.edu/instruct/lgeller/algebra.html , accessed 28 August 2015.
5 Heilbrunn Timeline of Art History. New York: The Metropolitan Museum of Art, http://www.metmuseum.org/toah/ht/?period=07&region=eac#/Key-Events, accessed 28 August 2015.
6 "*India: The Ancient Past*", Burjor Avari, Routledge, London, 2007.
7 For instance see "*The History of the Chola Empire*", http://www.historydiscussion.net/empires/the-history-of-chola-empire-indian-history/718, accessed 31 August 2015; "*Medieval India; 1,000AD to 1756AD*", http://www.diehardindian.com/indian-and-world-history, accessed 31 August 2015.
8 "*India: The Ancient Past*", Burjor Avari, Routledge, London, 2007, p232.
9 "*The Uniqueness of Western Civilization*", Ricardo Duchesne, Brill, Leiden, 2011, pp151-2; "*India: The Ancient Past*", Burjor Avari, Routledge, London, p231; "Europe's decline from the first to tenth centuries", http://www.theworldeconomy.org/impact/Europe_s_decline_from_the_first_to_tenth_centuries_100_1000.html, accessed 31 August 2015.
10 "*Capital in the Twenty-First Century*", Thomas Picketty, Editions du Seuil, 2013, p94; "*Economic Growth: Unleashing the Potential of Human Flourishing*", Edd S. Noell, Stephen L. S. Smith, Bruce G. Webb, American Enterprise Institute for Public Policy, Washington, 2013, p5; "*The Contours of World Development*", http://www.theworldeconomy.org/index.htm, accessed 31 August 2015.
11 We do not intend to discuss the pre-conditions of European dominance, but rather to focus on the factors that differentiated Europe from the other large population centres globally, particularly in Asia, and only briefly at that. For discussion of the pre-conditions to industrialisation, see Jared Diamond's mind-blowingly good book, "*Guns, Germs and Steel*", WW Norton, New York, 1999. David Landes' "*Wealth and Poverty of Nations*" also has a good discussion of these pre-conditions. These include the relative warmth of the Gulf Stream at high latitudes, climate, level of forest cover, flora, fauna, relatively low labour intensity in agriculture, the longitudinal orientation of Eurasia and more. Note we include Europe and its offshoots, notably North America, when discussing Europe.
12 See for instance "*The Civilizing Process, Vol.I. The History of Manners*", Norbert Elias, Oxford, Blackwell, 1969 & "*The Civilizing Process, Vol.II. State Formation and Civilization*", Norbert Elias, Oxford, Blackwell, 1982. See also "*The Protestant Work Ethic and the Spirit of Capitalism*", Max Weber, Routledge, London 1992.
13 "*The Theory of the Civilising Process and its Discontents*", J Gouldsblom, http://www.norberteliasfoundation.nl/docs/pdf/GoudsblomDiscontents.pdf, accessed 2 September 2015.
14 Landes, pp50-52.
15 Landes, p58.
16 "*Book Review: 'How the West Won,' by Rodney Stark*", Henrik Bering, http://www.wsj.com/articles/SB10001424052702303802104579450133427942574, accessed 3 September 2015.
17 Landes, p220; see also "*Magna Carta: What is it – and why is it still important today?*", http://www.independent.co.uk/news/uk/magna-carta-what-is-it-and-why-is-it-still-important-today-10017258.html, accessed 3 September 2015.
18 Bering.
19 See for example: http://www.abc.net.au/radionational/programs/ockhamsrazor/energy-in-australia3a-peak-oil2c-solar-power-and-asia27s-eco/5598796#transcript, accessed 1 September 2015.
20 http://www.adb.org/news/developing-asia-fastest-growing-region-key-economies-advance-reforms, accessed 1 July 2015.
21 See Paul Davies "*The Goldilocks Enigma*", Mariner, London, 2006.
22 http://scienceblogs.com/gregladen/2011/03/01/how-long-is-a-generation/, accessed 1 September 2015.