

## Appendix 4D

### Half year report

#### Listing Rule 4.2A.3

Company	Platinum Capital Limited
ASX Code	PMC
ABN	51 063 975 431
Half Year Ended	31 December 2010

The information provided here in should be read in conjunction with the attached 31 December 2010 Interim Financial Report and the 30 June 2010 Annual Report.

Results for Announcement to the market		\$A'000
<b>Total Investment Loss</b>	<b>-125.8%</b>	<b>(6,359)</b>
<b>Loss after income tax attributable to members</b>	<b>-137.1%</b>	<b>(5,967)</b>
<b>Net loss for the period attributable to members</b>	<b>-137.1%</b>	<b>(5,967)</b>

Under Australian Accounting Standards, realised profits and losses are added to or reduced by changes in the market value of the Company's total assets. This can lead to large variations in reported profits from any one year to the next. The strength of the Australian Dollar and hedging costs account for the majority of the losses recorded above.

In the opinion of your Directors, the longer term movement of asset values, combined with the flow of dividends, is a better measure of the performance of a listed investment company, such as Platinum Capital.

# Appendix 4D

## Half year report

### **Dividends**

Dividend declared (fully franked)	4 cents per share
Record date	22 February 2011
Payable date	8 March 2011
Last date for receipt of election notices for the dividend re-investment plan	22 February 2011

The interim dividend of 4 cents per share is a reduction from last year's interim dividend of 5 cents per share. This is in light of the half year loss and reduced level of retained earnings.

Retained earnings after accounting for the dividend are 3.7 cents per share. The Company is in a position of having distributed a high proportion of retained earnings. Further dividends payments, will, be governed by future earnings.

Shares on issue total 163,732,893.

A final dividend of 5 cents per share fully franked for the year ended 30 June 2010 was paid on 2 September 2010.

- Refer to the attached Auditor reviewed financial statements for financial data on the Company. These are available at [http://www.platinum.com.au/images/pcl\\_dec10.pdf](http://www.platinum.com.au/images/pcl_dec10.pdf).

### **Dividend Reinvestment Plan**

The Dividend Reinvestment Plan is in operation and the interim dividend of 4 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a five percent discount on the prevailing stock market price (calculated as the average closing price over the five business days subsequent to the date on which the shares cease to trade cum dividend).

M Halstead  
11 February 2011

# **PLATINUM CAPITAL<sup>®</sup> LIMITED**

**ABN 51 063 975 431**

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

# PLATINUM CAPITAL LIMITED

## REPORT TO SHAREHOLDERS

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Platinum Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# PLATINUM CAPITAL LIMITED

## REPORT TO SHAREHOLDERS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

### DIRECTORS' REPORT

In respect of the half-year ended 31 December 2010, the Directors of Platinum Capital Limited (the Company) submit the following report made out in accordance with a resolution of the Directors.

#### Directors

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

Bruce Phillips	Chairman and Non-Executive Director
Bruce Coleman	Non-Executive Director
Richard Morath	Non-Executive Director
Kerr Neilson	Managing Director
Andrew Clifford	Director
Malcolm Halstead	Director and Secretary

#### Review of Operations

##### Operating Result

The net loss before tax was \$8,744,000 and the net loss after tax was \$5,967,000 (2009: net profit of \$22,129,000 before tax and a net profit of \$16,089,000 after tax).

##### Taxation

Income tax benefit for the period was \$2,777,000 (2009: income tax expense \$6,040,000).

##### Dividends

The Directors have declared to pay to Shareholders, registered on 22 February 2011 (record date), a fully franked interim dividend of 4 cents per share (31 December 2009: interim 5 cents per share). The Company's ability to pay dividends is a function of the return earned on the portfolio over time.

The Company is in a position of having distributed a high proportion of retained earnings. Further dividend payments will, therefore, be governed by future earnings.

##### 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 4.

##### Rounding of Amounts

The Company is of a kind referred to in the Australian Securities & Investments Commission's Class Order 98/0100 (as amended) and consequently amounts in the Directors' Report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

This report is made in accordance with a resolution of the Directors.

#### Bruce Phillips

Chairman

#### Kerr Neilson

Director

Sydney, 11 February 2011



## Auditor's Independence Declaration

As lead auditor for the review of Platinum Capital Limited for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Platinum Capital Limited during the period.

AJ Wilson  
Partner  
PricewaterhouseCoopers

Sydney  
11 February 2011

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**Statement of Comprehensive Income**  
For the Half-Year Ended 31 December 2010

	Notes	Half-year	
		31 Dec 2010 \$'000	31 Dec 2009 \$'000
<b>Investment income</b>			
Dividends		2,380	1,157
Interest		38	20
Net gains/(losses) on equities/derivatives		(11,375)	18,888
Net gains on forward currency contracts		5,928	5,235
Net foreign exchange (losses) on overseas bank accounts		(3,330)	(671)
<b>Total investment income/(loss)</b>		<b>(6,359)</b>	<b>24,629</b>
<b>Expenses</b>			
Management fee	7	1,562	1,551
Custody		88	110
Share registry		100	170
Continuous reporting disclosure		85	113
Directors' fees		84	102
Auditor's remuneration			
- Auditing and review (\$60,226, 2009:\$59,293)		60	59
- Taxation services (\$23,640, 2009:\$25,640)		24	26
Transaction costs		123	164
Withholding tax on foreign dividends		116	75
Other expenses		143	130
<b>Total expenses</b>		<b>2,385</b>	<b>2,500</b>
<b>Profit/(loss) before income tax</b>		<b>(8,744)</b>	<b>22,129</b>
Income tax expense/(benefit)		(2,777)	6,040
<b>Profit/(loss) after income tax</b>		<b>(5,967)</b>	<b>16,089</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the half-year</b>		<b>(5,967)</b>	<b>16,089</b>
<b>Basic earnings per share (cents per share)</b>	3	<b>(3.66)</b>	<b>10.79</b>
<b>Diluted earnings per share (cents per share)</b>	3	<b>(3.66)</b>	<b>10.79</b>

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

**Balance Sheet**

As at 31 December 2010

	Notes	31 Dec 2010 \$'000	30 Jun 2010 \$'000
<b>Assets</b>			
Cash and cash equivalents		12,933	24,630
Financial assets at fair value through profit or loss	6	191,512	195,695
Income tax receivable		809	-
Receivables		470	383
Deferred tax assets		3,871	1,190
<b>Total assets</b>		<b>209,595</b>	<b>221,898</b>
<b>Liabilities</b>			
Payables		1,101	836
Deferred tax liabilities		1,626	1,722
Income tax payable		-	412
<b>Total liabilities</b>		<b>2,727</b>	<b>2,970</b>
<b>Net assets</b>		<b>206,868</b>	<b>218,928</b>
<b>Equity</b>			
Contributed equity		194,252	192,232
Retained profits		12,616	26,696
<b>Total equity</b>		<b>206,868</b>	<b>218,928</b>

The Balance Sheet should be read in conjunction with the accompanying notes.



**Statement of Changes in Equity**  
For the Half-Year Ended 31 December 2010

		<b>Contributed Equity \$'000</b>	<b>Retained Profits \$'000</b>	<b>Total \$'000</b>
	Notes			
<b>Balance at 1 July 2009</b>		<b>171,672</b>	<b>24,942</b>	<b>196,614</b>
<b>Total comprehensive income for the half-year</b>		-	16,089	16,089
Transactions with equity holders in their capacity as equity owners:				
Contributions of equity, net of transactions costs:	2	1,894	-	1,894
Dividends paid	5	-	(7,439)	(7,439)
<b>Balance at 31 December 2009</b>		<b>173,566</b>	<b>33,592</b>	<b>207,158</b>
<b>Balance at 1 July 2010</b>		<b>192,232</b>	<b>26,696</b>	<b>218,928</b>
<b>Total comprehensive income/(loss) for the half-year</b>		-	(5,967)	(5,967)
Transactions with equity holders in their capacity as equity owners:				
Contributions of equity, net of transactions costs:	2	2,020	-	2,020
Dividends paid	5	-	(8,113)	(8,113)
<b>Balance at 31 December 2010</b>		<b>194,252</b>	<b>12,616</b>	<b>206,868</b>

*The Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**

For the Half-Year Ended 31 December 2010

	Notes	Half-year	
		31 Dec 2010	31 Dec 2009
		\$'000	\$'000
		Inflows	Inflows
		(Outflows)	(Outflows)
<b>Cash flows from operating activities</b>			
Dividends received		2,401	1,243
Interest received		38	19
Cost of purchases of financial assets		(78,036)	(76,660)
Proceeds from sale of financial assets		76,825	85,733
Management fees paid		(1,582)	(1,537)
Performance fees paid		-	(5,147)
Other expenses		(850)	(833)
Income tax paid		(1,221)	(579)
<b>Net cash from operating activities</b>		<b>(2,425)</b>	<b>2,239</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(8,092)	(7,434)
Proceeds from issue of shares	2	2,020	1,894
Funds received for future issue of shares		-	1,660
<b>Net cash from financing activities</b>		<b>(6,072)</b>	<b>(3,880)</b>
Net increase/(decrease) in cash and cash equivalents		<b>(8,497)</b>	<b>(1,641)</b>
Cash and cash equivalents held at the beginning of the half-year		24,630	18,275
Effects of exchange rate changes on cash and cash equivalents		(3,200)	(506)
<b>Cash and cash equivalents held at the end of the half-year</b>		<b>12,933</b>	<b>16,128</b>

*The Statement of Cash Flows should be read in conjunction with the accompanying notes.*

## NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2010

### 1. Summary Of Significant Accounting Policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2010 has been prepared in accordance with AASB 134: *Interim Financial Reporting*, other mandatory professional reporting requirements and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

The interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made in respect of Platinum Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Comparative information has been reclassified where appropriate to enhance comparability.

		Half-year		Half-year	
		31 Dec 2010	31 Dec 2010	31 Dec 2009	31 Dec 2009
		Quantity	\$'000	Quantity	\$'000
<b>2. Equity Issued</b>					
Reinvestment of unclaimed dividends	(b)	10-Sep-09	-	12,103	20
Dividend reinvestment plan	(a)	17-Nov-09	-	1,224,860	1,874
Dividend reinvestment plan	(a)	2-Sep-10	1,460,985	-	-
Reinvestment of unclaimed dividends	(b)	17-Sep-10	13,089	18	-
<b>Issue of Ordinary Shares during the half-year</b>			<u>1,474,074</u>	<u>1,236,963</u>	<u>1,894</u>

(a) Shares are issued under the Dividend Reinvestment Plan at a 5% discount to the market price.

(b) For reinvestment of unclaimed dividends, additional shares are issued at the last sale price of the Company's shares on the first business day following the expiration six months from the date of payment of the relevant dividend.

#### Ordinary Shares

As at 31 December 2010, Ordinary Shares on issue totalled 163,732,893. Ordinary Shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the 2010 Annual General Meeting, a non-binding resolution was passed permitting the Directors to consider implementing a capital management programme. As at the date of this report, there has been no issue or buy-back of ordinary shares under this programme.

### 3. Earnings Per Share

	Half-year	
	31 Dec 2010	31 Dec 2009
Basic earnings per share - cents per share	<u>(3.66)</u>	<u>10.79</u>
Diluted earnings per share - cents per share	<u>(3.66)</u>	<u>10.79</u>
Weighted average number of Ordinary Shares on issue used in the calculation of basic and diluted earnings per share	<u>163,227,116</u>	<u>149,073,060</u>
	\$'000	\$'000
<b>Earnings used in the calculation of basic and diluted earnings per share</b>	<u>(5,967)</u>	<u>16,089</u>

There have been no conversions to, calls of, or subscriptions for Ordinary Shares during the current or previous period other than those issued under the Dividend Reinvestment Plan or reinvestment of unclaimed dividends. As there are no potential Ordinary Shares, diluted earnings per share equals basic earnings per share.

**NOTES TO THE FINANCIAL STATEMENTS**

For the Half-Year Ended 31 December 2010 (continued)

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
<b>4. Statement of Net Asset Value</b>		
<b>Reconciling Net Asset Value (Post-Tax) in accordance with Australian Accounting Standards to that reported to the ASX*</b>		
Net Asset Value per Balance Sheet	206,868	218,928
Add:		
Difference between bid price under Australian Accounting Standards and last sale price	329	50
Less:		
Deferred income tax asset on movements on Australian Accounting Standards and last sale price	(99)	(15)
Net Deferred income tax asset in respect of unused current and future year losses	(2,146)	-
Net Asset Value	<u>204,952</u>	<u>218,963</u>
<b>Net Asset Value - cents per share</b>	<u>125.17</u>	<u>134.95</u>

\* Financial assets are valued at "last sale" price with an allowance for transaction costs.

	Half-year		Half-year	
	31 Dec 2010 cps	31 Dec 2010 \$'000	31 Dec 2009 cps	31 Dec 2009 \$'000
<b>5. Dividends (fully franked)</b>				
Paid - 17 November 2009	-	-	5.00	7,439
Paid - 2 September 2010	5.00	8,113	-	-
		<u>8,113</u>		<u>7,439</u>

Since the period end, the Directors have declared to pay a fully franked interim dividend of 4 cents per fully paid Ordinary Share, fully franked based on tax paid 30%. This dividend has not been provided for as at 31 December 2010.

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
<b>6. Financial Assets at Fair Value through Profit or Loss</b>		
Equity securities	190,544	198,409
Derivatives	(25)	2,194
Foreign currency contracts	993	(4,908)
	<u>191,512</u>	<u>195,695</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2010 (continued)

### 7. Investment Manager

The Investment Manager, Platinum Investment Management Limited, receives a monthly Management fee for investment services provided in accordance with the Investment Management Agreement.

This Agreement provides for a Management fee payable monthly and calculated at 1.5% per annum of the Portfolio Value (which includes cash and deposits).

A Performance fee is payable at 10%, if at 30 June 2011, the amount by which the Portfolio's annual performance exceeds the return achieved by the MSCI plus 5% (MSCI is the Morgan Stanley Capital International All Country World Net Index in A\$). Where the Portfolio's annual performance is less than the MSCI, the amount of the underperformance is aggregated, carried forward and deducted from the annual performance in the subsequent year before calculating any Performance fee for that year. The aggregate of underperformance is carried forward until a Performance fee becomes payable.

At 31 December 2010, the half-year pre-tax performance of the portfolio was negative 3.87% and the corresponding MSCI was positive 2.44%. This represents an underperformance of 6.31% against the MSCI. Accordingly, a Performance fee has not been accrued.

The Investment Manager is to be paid a lump sum termination fee of 1.5%, calculated on the value of the Portfolio on the first day of the month in which termination is effective. The fee is not payable if the termination results from the default or insolvency of the Investment Manager. Additionally, a Performance fee is payable for the period from the last calculation of the Performance fee (as described above) to the date of termination.

Fees paid and payable for the half-year is shown in the table below:

	Half-year	
	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Management fee	1,562	1,551
<b>Amounts paid and accrued for the half-year</b>	<b>1,562</b>	<b>1,551</b>

### 8. Contingent Liabilities and Commitments for Expenditure

No contingent liabilities exist as at 31 December 2010.

The Company has no commitments for uncalled share capital on investments.

### 9. Segment Information

The Company is organised into one main operating segment with only one key function, being the investment of funds internationally.

### 10. Events occurring after reporting date

No other significant events have occurred since reporting date which would impact the Balance Sheet of the Company as at 31 December 2010 and the results for the half-year ended on that date.

## DIRECTORS' DECLARATION

In the Directors' opinion,

- (a) the financial statements and notes set out on pages 5 to 11 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date;
- (b) there are reasonable grounds to believe that Platinum Capital Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

**Bruce Phillips**  
Chairman

**Kerr Neilson**  
Director

Sydney, 11 February 2011



## **Independent auditor's review report to the members of Platinum Capital Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Platinum Capital Limited (the Company), which comprises the Balance Sheet as at 31 December 2010, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, selected explanatory notes and the Directors' Declaration for Platinum Capital Limited.

#### *Directors' responsibility for the half-year financial report*

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Platinum Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by Directors or management.

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*Independence*

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

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Platinum Capital Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

AJ Wilson  
Partner  
PricewaterhouseCoopers

Sydney  
11 February 2011



## **DIRECTORY**

### **Directors**

Bruce Phillips  
Bruce Coleman  
Richard Morath  
Kerr Neilson  
Andrew Clifford  
Malcolm Halstead

### **Secretary**

Malcolm Halstead

### **Investment Manager**

Platinum Investment Management Limited

### **Shareholder Liaison**

Liz Norman

### **Registered Office**

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fax + 61 3 9473 2500

### **Auditors and Taxation Advisors**

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Sydney NSW 2000

### **Securities Exchange Listing**

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

### **Website**

<http://www.platinumcapital.com.au>

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