Platinum®
CAPITAL LIMITED

Appendix 4D

Half Year Report

Company	**Platinum Capital Limited**
ASX Code	PMC
Half-Year Ended	31 December 2015
Previous corresponding period: Half-Year Ended	31 December 2014
ABN	51 063 975 431

Results for Announcement to the Market

	% Movement	$A'000
Total investment income	-105.06%	(1,513)
Loss from ordinary activities after tax attributable to members	-120.39%	(3,789)
Net loss for the period attributable to members	-120.39%	(3,789)

The net loss for the half-year reflects a decline in the fair value of investments when investments are valued on a mark to market basis.

The Directors consider that the pre-tax Net Asset Value (NAV), after fees and expenses, combined with the flow of dividend is a better measure of performance of the Company.

For the 6 months ending 31 December 2015, Company's pre-tax NAV, after fees and expenses, and assuming the reinvestment of dividends, decreased by 1.47% versus a gain of 0.47% for the benchmark Morgan Stanley Capital International All Country World Net Index (MSCI) in A$ terms.

Below are the Company's pre-tax NAV returns in comparison to the benchmark for 1 year, 3 years and 5 years.

Period	Pre-tax NAV Return (p.a.)	MSCI Return (p.a.)
1 year	8.31%	9.82%
3 years (compound)	19.91%	21.24%
5 years (compound)	11.74%	13.62%

All of the above returns have been close to the benchmark, despite PMC having lower net exposure (and therefore less risk) to the market, in keeping with the Company's stated absolute return focus.

The 6 month reporting period was marked by tremors in the Chinese share market and the collapse of many commodity prices. These factors created a challenging investment environment, making it difficult to identify attractive businesses available at reasonable prices.

Dividends

Interim dividend declared	3 cents per share fully-franked
Ex-date	12 February 2016
Record date	16 February 2016
The last date for receipt of election notices for the dividend reinvestment plan	17 February 2016
Payable date	4 March 2016

The interim dividend for the previous corresponding period was 5 cents fully-franked.

The Directors are able to declare a dividend despite the Company making a current period operating loss, because prior period profits have built up over time and have been transferred to the dividend profit reserve. The Company has sufficient cash reserves to cover the interim dividend.

The Company's ability to pay franked dividends is dependent on the Company paying income tax.
At 31 January 2016, the Company had a realised franking account balance of 8.46 cents per share, which has resulted in a capacity to pay a possible maximum fully-franked dividend of 19.74 cents per share. We are not paying out the full 19.74 cents per share as the Board has a policy of dividend smoothing and does its best to ensure that there are sufficient franking credits available to pay fully-franked dividends in the future

Shares on issue totalled 234,571,217 at 31 December 2015.

A 6 cent final fully-franked dividend was declared on 13 August 2015 for the year ended 30 June 2015.

Capital Management

At 31 December 2015, the Company's share price was at a significant premium to pre-tax NAV. The Board continues to evaluate the merits of capital management initiatives but, given the current market volatility, has decided to defer any such initiatives for the present.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the interim dividend of 3 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 for the interim dividend will be at a 2.5 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).

Further information

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

Janna Vynokur
Company Secretary
9 February 2016

Platinum Capital Limited

ABN 51 063 975 431

Interim Financial Report - 31 December 2015

Platinum Capital Limited
Corporate directory
31 December 2015

Directors	Bruce Coleman Richard Morath Jim Clegg
Shareholder Liaison	Liz Norman
Company secretary	Janna Vynokur
Investment Manager	Platinum Investment Management Limited (trading as Platinum Asset Management®) Platinum Asset Management neither guarantees the repayment of capital nor the investment performance of the Company.
Registered office	Level 8, 7 Macquarie Place Sydney NSW 2000 Phone 1300 726 700 (Australia only) Phone 0800 700 726 (New Zealand only) Phone +61 2 9255 7500 Fax +61 2 9254 5555
Share register	Computershare Investor Services Pty Ltd Level 3, 60 Carrington Street Sydney NSW 2000 Phone 1300 855 080 (Australia only) Phone +61 3 9415 4000 Fax +61 3 9473 2500
Auditor	PricewaterhouseCoopers Pty Limited 201 Sussex Street Sydney NSW 2000
Stock exchange listing	Platinum Capital Limited shares are listed on the Australian Securities Exchange (ASX code: PMC)
Website	https://www.platinum.com.au/Our-Funds/Platinum-Capital-limited/

The Directors present their report, together with the interim financial statements of Platinum Capital Limited (the “Company”) for the half-year ended 31 December 2015.

Directors
The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Bruce Coleman - Chairman and Non-Executive Director
Richard Morath - Non-Executive, Independent Director
Jim Clegg - Non-Executive, Independent Director

Kerr Neilson was Managing Director until his resignation on 21 August 2015. Andrew Clifford was Executive Director until his resignation on 21 August 2015.

The changes to the board were made for two reasons:

(a) to bring the Company in line with contemporary corporate governance practices by having independent directors comprising a majority of the Board; and
(b) to make the composition of the Company’s Board consistent with the Board structure of the new Platinum LIC, Platinum Asia Investments Limited (ASX code: PAI).

Both Kerr Neilson and Andrew Clifford have continued in their positions as current Chief Executive Officer and Chief Investment Officer, respectively of Platinum Investment Management Limited (PIML) (the “Investment Manager”) and Executive Directors of Platinum Asset Management Limited.

Principal activities
The principal activity of the Company during the half-year was the investment of funds internationally into securities of companies, which are perceived by the Investment Manager to be undervalued.

Operating and Financial Review
For the half-year ended 31 December 2015, the operating loss for the Company after income tax benefit was $3,789,000 (31 December 2014: profit of $18,581,000).

The operating loss for the Company before income tax benefit was $5,402,000 (31 December 2014: profit of $26,054,000). Income tax benefit for the period was $1,613,000 (31 December 2014: expense of $7,473,000). The net operating loss for the half-year reflects a decline in the fair value of investments when investments are valued on a mark to market basis.

The Directors consider that pre-tax Net Asset Value (NAV), after fees and expenses, combined with the flow of dividends is a better measure of performance of the Company. For the 6 months to 31 December 2015, the Company's pre-tax NAV decreased from $1.70 per share to $1.58 per share. Part of this decline is attributed to the final fully-franked dividend for 2015 of 6 cents per share which was paid to shareholders in September 2015.

For the 6 months ending 31 December 2015, Company’s pre-tax NAV, after fees and expenses, and assuming reinvestment of dividends, decreased by 1.47% versus a gain of 0.47% for the benchmark Morgan Stanley Capital International All Country World Net Index (MSCI) in $A terms. Our 12 month pre-tax NAV return has been 8.31% and the 3 year pre-tax NAV return has been 19.91% per annum. These returns have been close to the MSCI despite the Company having lower net exposure (and therefore less risk) to the market, in keeping with the Company’s stated absolute return focus.

The 6 month reporting period was marked by tremors in the Chinese share market and the collapse of many commodity prices. These factors created a challenging investment environment, making it difficult to identify attractive businesses available at reasonable prices.

Despite this, the Investment Manager reports that “the world is growing, albeit slowly and company profit prospects are not universally bleak. Valuations, too, are not universally high, and we have a broad conviction in a group of strong Asian-based companies that are priced at absolute and relatively low valuations”.

The Company continues to have an extremely strong balance sheet with few liabilities.

Adoption of New Fee Structure
At the 2015 Annual General Meeting (AGM) for the Company, shareholders passed a resolution that changed the management and performance fees payable by the Company to the Investment Manager, with effect on and from 1 January 2016.

The fee structure effective up until 31 December 2015 comprised of a base management fee of 1.5% per annum of the Company's portfolio value and a performance fee of 10% per annum of the amount by which the portfolio's annual performance (at 30 June) exceeded the return achieved by the benchmark Morgan Stanley Capital International All Country World Net Index (MSCI) in $A terms plus a 5% hurdle.

The fee structure effective on and from 1 January 2016 comprises a lower base management fee of 1.1% per annum of the Company's portfolio value and a higher performance fee of 15% per annum of the amount by which the portfolio's annual return (at 30 June) exceeds the MSCI return. The 5% hurdle has been removed. Any accumulated underperformance by the Company against the MSCI will have to be made up first before a performance fee will be paid to the Investment Manager under the new fee structure. The accumulated underperformance to 31 December 2015 that must be made up before a performance fee is payable is 10.4255% (excluding the 5% hurdle).

Dividends
On 9 February 2016, the Directors declared a 3 cents per share ($7,037,000) fully-franked dividend that is payable on 4 March 2016. For the comparative interim reporting period, a fully-franked dividend of 5 cents per share ($11,609,000) was paid. The Directors are able to declare a dividend despite the Company making a current period operating loss, because prior period profits have built up over time and have been transferred to the dividend profit reserve. The Company has sufficient cash reserves to cover the interim dividend.

Capital Management
At 31 December 2015, the Company's share price was at a significant premium to pre-tax NAV. The Board continues to evaluate the merits of capital management initiatives but, given the current market volatility, has decided to defer any such initiatives for the present.

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

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

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Bruce Coleman	Richard Morath
Chairman	Director

9 February 2016
Sydney

Auditor's Independence Declaration

As lead auditor for the review of Platinum Capital Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

Joe Sheeran
Partner
PricewaterhouseCoopers

Sydney
9 February 2016

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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General information

The interim financial statements are presented in Australian dollars, which is Platinum Capital Limited's functional and presentation currency.

Platinum Capital Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8, 7 Macquarie Place
Sydney NSW 2000

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The interim report was authorised for issue, in accordance with a resolution of Directors, on 9 February 2016.

Platinum Capital Limited
Statement of comprehensive income
31 December 2015

	Note	31 Dec 15 $'000	31 Dec14 $'000
Investment income			
Dividends		3,393	2,109
Interest		3	2
Net gains/(losses) on equities/derivatives		(6,057)	16,374
Net gains/(losses) on forward currency contracts		(729)	8,795
Net foreign exchange gains on overseas bank accounts		1,877	2,566
Total investment income/(loss)		(1,513)	29,846
Expenses			
Management fees	11	2,921	2,803
Custody		127	198
Share registry		144	129
Continuous reporting disclosure		120	127
Directors' fees		93	85
Auditor's remuneration and other services	12	103	95
Transaction costs		265	257
Other expenses		116	98
Total expenses		3,889	3,792
Profit/(loss) before income tax expense		(5,402)	26,054
Income tax (expense)/benefit		1,613	(7,473)
Profit/(loss) after income tax expense/(benefit) for the half-year attributable to the owners of Platinum Capital Limited		(3,789)	18,581
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income/(loss) for the half-year attributable to the owners of Platinum Capital Limited		(3,789)	18,581
Basic earnings per share (cents per share)	8	(1.62)	8.02
Diluted earnings per share (cents per share)	8	(1.62)	8.02

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Platinum Capital Limited
Statement of financial position
31 December 2015

	Note	31 Dec 15 $'000	30 Jun 15 $'000
Assets			
Cash and cash equivalents		50,487	37,076
Financial assets at fair value through profit or loss	3	324,398	361,856
Trade and other receivables		428	622
Income tax receivable		-	265
Total assets		375,313	399,819
Liabilities			
Payables		1,193	881
Financial liabilities at fair value through profit or loss	4	1,607	1,408
Current tax payable		2,046	-
Deferred tax liability	2	7,414	18,955
Total liabilities		12,260	21,244
Net assets		363,053	378,575
Equity			
Issued capital	5	303,421	301,154
Retained earnings		(3,789)	77,421
Dividend profit reserve	7	63,421	-
Total equity		363,053	378,575

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

Platinum Capital Limited
Statement of changes in equity
For the half-year ended 31 December 2015

	Issued capital $'000	Retained earnings $'000	Dividend profit reserve $'000	Total equity $'000
Balance at 1 July 2014	297,242	55,758	-	353,000
Profit after income tax expense for the half-year	-	18,581	-	18,581
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	297,242	74,339	-	371,581
Transactions with owners in their capacity as owners:				
Issue of shares in relation to the dividend re-investment plan and unclaimed dividends	1,947	-	-	1,947
Dividends paid (note 6)	-	(11,554)	-	(11,554)
Balance at 31 December 2014	299,189	62,785	-	361,974

	Issued capital $'000	Retained earnings $'000	Dividend profit reserve $'000	Total equity $'000
Balance at 1 July 2015	301,154	77,421	-	378,575
Transfer to dividend profit reserve (note 7)		(77,421)	77,421	-
Loss after income tax benefit for the half-year	-	(3,789)	-	(3,789)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	301,154	(3,789)	77,421	374,786
Transactions with owners in their capacity as owners:				
Issue of shares in relation to the dividend re-investment plan and unclaimed dividends	2,267	-	-	2,267
Dividends paid (note 6)	-		(14,000)	(14,000)
Balance at 31 December 2015	303,421	(3,789)	63,421	363,053

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

Platinum Capital Limited
Statement of cash flows
For the half-year ended 31 December 2015

	31 Dec 15 $'000	31 Dec 14 $'000
Cash flows from operating activities		
Payments for purchases of financial assets	(120,325)	(112,482)
Proceeds from sale of financial assets	150,983	138,761
Dividends received	3,822	2,393
Interest received	10	2
Management fees paid	(2,952)	(2,795)
Other expenses	(1,051)	(1,199)
Income tax paid	(7,406)	(11,012)
Net cash from operating activities	23,081	13,668
Cash flows from financing activities		
Dividends paid - net of dividend re-investment plan	(11,771)	(9,614)
Proceeds from issue of shares in relation to unclaimed dividends	42	59
Net cash used in financing activities	(11,729)	(9,555)
Net increase in cash and cash equivalents	11,352	4,113
Cash and cash equivalents at the beginning of the half-year	37,076	21,024
Effects of exchange rate changes on cash and cash equivalents	2,059	3,391
Cash and cash equivalents at the end of the half-year	50,487	28,528

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

Note 1. Significant accounting policies

These financial statements for the interim reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

These financial statements for the half-year ended 31 December 2015 do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New Accounting Standards and Interpretations not mandatory for the 31 December 2015 reporting period

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2015 reporting period. The accounting standard of relevance to the Company is discussed below as is the assessment of its impact.

Amendment to AASB 15: Revenue from contracts with customers
On 11 September 2015, the International Accounting Standards Board (IASB) issued an amendment to IFRS 15 *Revenue from contracts with customers* to defer the effective date by one year to 2018. The standard was assessed as not having a material impact on the Company in the current or future reporting period.

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

Note 2. Recognition of deferred tax balances

In line with our existing accounting policy, the Company has exercised judgement in determining the extent of recognition of deferred tax balances. The Company has accumulated net unrealised gains of $29,918,000 as at 31 December 2015 (30 June 2015: $66,037,000). The tax impact on these investment gains has been recognised as a deferred tax liability and was $8,975,000 (30 June 2015: $19,811,000). The overall deferred tax liability was $7,414,000 (30 June 2015: $18,955,000).

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

Note 3. Financial assets at fair value through profit or loss

	31 Dec 15 $'000	30 Jun 15 $'000
Equity securities	322,147	359,519
Corporate bonds	302	274
Derivatives	394	1,748
Foreign currency contracts	1,555	315
	324,398	361,856

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

	31 Dec 15 $'000	30 Jun 15 $'000
Derivatives	912	689
Foreign currency contracts	695	719
	1,607	1,408

Note 5. Equity - issued capital

	31 Dec 15 Shares	30 Jun 15 Shares	31 Dec 15 $'000	30 Jun 15 $'000
Ordinary shares - fully paid	234,571,217	233,325,992	303,421	301,154

Movements in ordinary share capital

31 Dec 15	Date	Shares	$'000
Opening balance	1 July 15	233,325,992	301,154
Dividend reinvestment plan	11 September 15	1,222,509	2,225
Reinvestment of unclaimed dividends	17 September 15	22,716	42
Closing balance	**31 December 15**	**234,571,217**	**303,421**

31 Dec 14	Date	Shares	$'000
Opening balance	1 July 14	231,071,938	297,242
Dividend reinvestment plan	8 September 14	1,085,081	1,888
Reinvestment of unclaimed dividends	17 September 14	33,240	59
Closing balance	**31 December 14**	**232,190,259**	**299,189**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. 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 6. Dividends

Dividends paid during the half-year were as follows:

	31 Dec 15 $'000	31 Dec 14 $'000
Final dividend for the year ended 30 June 2015 of 6 cents (2014: 5 cents) per ordinary share	14,000	11,554

Since the period end, the Directors declared the payment of an interim dividend of 3 cents per fully paid ordinary share, fully-franked based on tax paid at 30%. The Directors are able to declare a dividend despite the Company making a current period operating loss, because prior period profits have built up over time and have been transferred to the dividend profit reserve. The Company has sufficient cash reserves to cover the interim dividend. The aggregate amount of the dividend that will be payable on 4 March 2016, but not recognised as a liability at 31 December 2015 is $7,037,000 (31 December 2014: $11,609,000).

Note 7. Dividend profit reserve

To the extent that any current year or prior period profits are not distributed as dividends, the Company may set aside some or all of the undistributed profits to a separate dividend profit reserve, to facilitate the payment of future franked dividends, rather than maintaining these profits within retained earnings. On 13 August 2015, the Directors decided to transfer the 30 June 2015 retained earnings balance to the newly created dividend profit reserve and then declared the 2015 final dividend of 6 cents per share ($14,000,000) out of the reserve, as follows:

	31 Dec 15 $'000	31 Dec 14 $'000
Opening balance as at 1 July 2015 (2014)	-	-
Transfer from retained earnings	77,421	-
Dividends paid during the half-year	(14,000)	-
Closing balance	63,421	-

Note 8. Earnings per share

	31 Dec 15 $'000	31 Dec 14 $'000
Profit/(loss) after income tax attributable to the owners of Platinum Capital Limited	(3,789)	18,581
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	234,083,214	231,769,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	234,083,214	231,769,000

Basic earnings per share (cents)	(1.62)	8.02
Diluted earnings per share (cents)	(1.62)	8.02

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 and reinvestment of unclaimed dividends, therefore diluted earnings per share equals basic earnings per share.

Note 9. Statement of Net Asset Value

	31 Dec 15 $'000	30 Jun 15 $'000
Reconciling Net Asset Value (Post-Tax) in accordance with Australian Accounting Standards to that reported to the ASX		
Post-tax Net Asset Value per Statement of Financial Position	363,053	378,575
Realisation costs*	(809)	(905)
Deferred income tax asset on accruals and realisation costs	237	270
Post-tax Net Asset Value	362,481	377,940

The post-tax Net Asset Value at 31 December 2015 was $1.5453 per share (30 June 2015: $1.6198).

* At 31 December 2015, financial assets and liabilities were valued at "last-sale" price for both ASX and financial accounts reporting. The immaterial difference at 31 December 2015 is mainly caused by the ASX requirement that realisation costs need to be deducted for ASX reporting of NAV.

Note 10. 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.

Note 10. Fair value measurement (continued)

The Company measures and recognises the following financial assets and liabilities at fair value, pursuant to AASB 13, on a recurring basis:
(i) Equity securities, long equity swaps and long futures;
(ii) Corporate bonds;
(iii) Short equity swaps and short futures; and
(iv) Forward currency contracts.

31 Dec 15	**Level 1 $'000**	**Level 2 $'000**	**Total $'000**
Assets			
Equity securities	306,906	15,241	322,147
Corporate bonds	-	302	302
Derivatives	-	394	394
Foreign currency contracts	-	1,555	1,555
Total assets	306,906	17,492	324,398
Liabilities			
Derivatives	504	408	912
Foreign currency contracts	-	695	695
Total liabilities	504	1,103	1,607

30 Jun 15			
Assets			
Equity securities	336,386	23,133	359,519
Corporate bonds	-	274	274
Derivatives	391	1,357	1,748
Foreign currency contracts	-	315	315
Total assets	336,777	25,079	361,856
Liabilities			
Derivatives	-	689	689
Foreign currency contracts	-	719	719
Total liabilities	-	1,408	1,408

The totals presented above can be reconciled to Note 3 or Note 4 and the Statement of Financial Position.

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

Rationale for classification of assets and liabilities as level 1
At 31 December 2015, 95% of the equity securities and derivatives held by the Company are valued using unadjusted quoted prices in active markets and are classified as Level 1 in the fair-value hierarchy model.

Note 10. Fair value measurement (continued)

Rationale for classification of assets and liabilities as level 2

There are certain financial instruments that have been 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 is a degree of estimation involved in deriving the fair value. Examples include:

(i) foreign exchange contracts are classified as level 2 even though forward points are quoted in an active and liquid market. The forward themselves are based on interest rate differentials;
(ii) certain P-Notes are classified as level 2 because they are generally traded over-the counter and are often priced in a different currency to the underlying security;
(iii) certain Over-The-Counter (OTC) equity swap contracts are classified as level 2 because the swap contract itself is not listed and therefore there is 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) can be verified directly from Bloomberg or verified using option pricing models; and
(iv) certain index derivatives are 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.

OTC equity swap contracts are classified as level 2 because (as stated above) the swap contract itself is not listed and does not have an observable market price. However, the underlying securities referred to in this swap contract do have a directly observable quoted price in an active market.

Note 11. Investment Manager

At the 2015 Annual General Meeting (AGM) for the Company, shareholders passed a resolution that changed the management and performance fees payable by the Company to the Investment Manager, with effect on and from 1 January 2016.

The fee structure effective up until 31 December 2015 comprised of a base management fee of 1.5% per annum of the Company’s portfolio value and a performance fee of 10% per annum of the amount by which the portfolio’s annual performance (at 30 June) exceeded the return achieved by the benchmark Morgan Stanley Capital International All Country World Net Index (MSCI) in $A terms plus a 5% hurdle.

The fee structure effective on and from 1 January 2016 comprises a lower base management fee of 1.1% per annum of the Company’s portfolio value and a higher performance fee of 15% per annum of the amount by which the portfolio’s annual return (at 30 June) exceeds the MSCI return. The 5% hurdle has been removed. Any accumulated underperformance to 31 December 2015 by the Company against the MSCI will have to be made up first before a performance fee will be paid to the Investment Manager under the new fee structure.

	31 Dec 15 $'000	31 Dec14 $'000
Fees paid and payable for the half-year ended 31 December 2015 are shown below:		
Management fees (based on 1.5% per annum of the Company’s portfolio value)	2,921	2,803

At 31 December 2015, the half-year pre-tax performance of the portfolio was negative 1.44% and the corresponding MSCI was positive 0.47%. This represents a current year underperformance of 1.91% against the MSCI and once the prior year aggregate underperformance is also included, a performance fee has not been accrued. The aggregate prior and current year underperformance to 31 December 2015 of 10.4255% (excluding the 5% hurdle) will be carried forward to the new fee structure.

In the event of termination, the Investment Manager will be paid a 1.1% lump sum termination fee.

Note 12. Remuneration of auditors

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

	31 Dec 15 $	31 Dec 14 $
Audit services - PricewaterhouseCoopers		
Audit and review of the financial statements	69,556	73,256
Other services - PricewaterhouseCoopers		
Taxation services	18,582	21,528
Analytical services – fee modelling*	15,300	-
	103,438	**94,784**

*PwC was engaged to provide fee modelling analysis in relation to the management and performance fees payable, when comparing with the old fee structure (effective up to 31 December 2015) to the proposed new fee structure (effective on and from 1 January 2016).

Note 13. Contingent liabilities

No contingent liabilities exist as at 31 December 2015. The Company has no commitments for uncalled share capital on investments.

Note 14. Operating segments

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

Note 15. Events after the reporting period

Apart from the dividend declared as disclosed in note 6 and changes to the fee structure discussed in note 11, there are no other matters or circumstances that have arisen since 31 December 2015 that have 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the financial half-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.

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	Richard Morath Director

9 February 2016
Sydney

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 statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 December 2015 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. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

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

a) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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

PricewaterhouseCoopers

Joe Sheeran
Partner

Sydney
9 February 2016