

PLATINUM CAPITAL[®] LIMITED

ABN 51 063 975 431

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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 2009 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 2009

DIRECTORS' REPORT

In respect of the half-year ended 31 December 2009, 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 since 23 October 2009 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)

Peter Clarke was Chairman of the Company and a Non-Executive Director until his retirement on 23 October 2009.

Review of Operations

Operating Result

The net profit before tax was \$22,129,000 and the net profit after tax was \$16,089,000 (2008: net profit of \$12,075,000 before tax and a net profit of \$7,844,000 after tax).

Taxation

Income tax expense for the period was \$6,040,000 (2008: \$4,231,000).

Dividends

The Directors have determined to pay to Shareholders, registered on 22 February 2010 (record date), a fully franked interim dividend of 5 cents per share (2009: interim 5 cents per share).

The decision to pay an unchanged interim dividend is in accordance with the Directors' policy of smoothing payments over the years. The Company's ability to pay dividends is a function of the return earned on the portfolio over time.

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

Malcolm Halstead
Director

Sydney
11 February 2010

Auditor's Independence Declaration

As lead auditor for the review of Platinum Capital Limited for the half year ended 31 December 2009, 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.

A J Wilson
Partner
PricewaterhouseCoopers

Sydney
11 February 2010

Statement of Comprehensive Income
For the Half-Year Ended 31 December 2009

	Notes	Half-year	
		31 Dec 2009 \$'000	31 Dec 2008 \$'000
Investment income			
Dividends		1,157	1,640
Interest		20	214
Net gains on equities/derivatives		18,888	7,581
Net gains on forward currency contracts		5,235	698
Net gains/(losses) on overseas bank accounts		(671)	6,523
Total investment income		24,629	16,656
Expenses			
Management fee	7	1,551	1,263
Performance fee		-	2,333
Custody		110	70
Share registry		170	225
Continuous reporting disclosure		113	135
Directors' fees		102	84
Auditor's remuneration			
- Auditing and review (\$59,293, 2008:\$57,012)		59	57
- Taxation services (\$25,640, 2008:\$29,350)		26	29
Transaction costs		164	125
Withholding tax on foreign dividends		75	136
Other expenses		130	124
Total expenses		2,500	4,581
Profit before income tax		22,129	12,075
Income tax expense		6,040	4,231
Other comprehensive income		-	-
Total comprehensive income for the half-year		16,089	7,844
Basic earnings per share (cents per share)	3	10.79	5.98
Diluted earnings per share (cents per share)	3	10.79	5.98

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

Balance Sheet

As at 31 December 2009

		31 Dec 2009 \$'000	30 Jun 2009 \$'000
	Notes		
Assets			
Cash and cash equivalents		16,128	18,275
Financial assets at fair value through profit or loss	6	194,171	177,583
Income tax receivable		679	1,114
Receivables		371	1,723
Deferred tax assets		210	4,951
Total assets		211,559	203,646
Liabilities			
Payables		1,461	6,037
Provision for shares to be issued		1,660	-
Deferred tax liabilities		1,280	995
Total liabilities		4,401	7,032
Net assets		207,158	196,614
Equity			
Contributed equity		173,566	171,672
Retained profits		33,592	24,942
Total equity		207,158	196,614

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

Statement of Changes in Equity
For the Half-Year Ended 31 December 2009

	Notes	Half-year	
		31 Dec 2009 \$'000	31 Dec 2008 \$'000
Total equity at the beginning of the half-year		196,614	166,619
Total comprehensive income for the half-year		16,089	7,844
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transactions costs	2	1,894	21,189
Dividends paid	5	(7,439)	(6,358)
		(5,545)	14,831
Total equity at the end of the half-year		207,158	189,294

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

Cash Flow Statement

For the Half-Year Ended 31 December 2009

	Half-year	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
	Inflows	Inflows
	(Outflows)	(Outflows)
Notes		
Cash flows from operating activities		
Dividends received	1,243	1,597
Interest received	19	206
Cost of purchases of financial assets	(76,660)	(88,197)
Proceeds from sale of financial assets	85,733	70,489
Management fee paid	(1,537)	(1,231)
Performance fee paid	(5,147)	-
Other expenses	(833)	(938)
Income tax paid	(579)	(2,425)
Net cash from operating activities	<u>2,239</u>	<u>(20,499)</u>
Cash flows from financing activities		
Dividends paid	(7,434)	(6,303)
Proceeds from issue of shares	1,894	21,189
Funds received for future Issue of shares	1,660	-
Net cash from financing activities	<u>(3,880)</u>	<u>14,886</u>
Net increase/(decrease) in cash and cash equivalents	<u>(1,641)</u>	<u>(5,613)</u>
Cash and cash equivalents held at the beginning of the half-year	18,275	19,028
Effects of exchange rate changes on cash and cash equivalents	(506)	6,806
Cash and cash equivalents held at the end of the half-year	<u>16,128</u>	<u>20,221</u>

The Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2009

1. Summary Of Significant Accounting Policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with AASB 134: *Interim Financial Reporting*, other mandatory professional reporting requirements and the *Corporations Act 2001*.

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 2009 and any public announcements made in respect of Platinum Capital Limited during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

The Company has adopted AASB 8: *Operating Segments* for annual (and interim) reporting periods commencing on or after 1 January 2009. AASB 8 replaces AASB 114: *Segment Reporting*. The new standard requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes.

Other than AASB 8, the accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period. Comparative information has been reclassified where appropriate to enhance comparability.

		Half-year		Half-year		
		31 Dec 2009	31 Dec 2009	31 Dec 2008	31 Dec 2008	
		Quantity	\$'000	Quantity	\$'000	
2. Equity Issued						
Reinvestment of unclaimed dividends	(b)	8-Sep-08	-	-	13,914	19
Dividend reinvestment plan	(a)	14-Nov-08	-	-	1,669,647	1,703
Rights Issue	(c)	26-Nov-08	-	-	16,315,484	17,457
Share Purchase Plan	(d)	05-Dec-08	-	-	1,914,355	2,010
Reinvestment of unclaimed dividends	(b)	10-Sep-09	12,103	20	-	-
Dividend reinvestment plan	(a)	17-Nov-09	1,224,860	1,874	-	-
Issue of Ordinary Shares during the half-year			<u>1,236,963</u>	<u>1,894</u>	<u>19,913,400</u>	<u>21,189</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.

(c) On 16 October 2008, the Company announced a Rights Issue in which eligible Australian and New Zealand shareholders were offered 1 share for every 1 fully paid ordinary share held as at 31 October 2008 at an issue price of \$1.07 per share. On 26 November 2008 16,315,484 shares were allotted.

(d) On 22 October 2008, the Company announced a Share Purchase Plan (SPP) in which eligible Australian and New Zealand shareholders, were able to purchase shares up to a maximum value of A\$5,000. The issue price was equal to a 5% discount of the weighted average price for the 5 trading days before the allotment date of 5 December 2008. On 5 December 2008, 1,914,355 shares were allotted.

Ordinary Shares

As at 31 December 2009, Ordinary Shares on issue totalled 150,003,032. 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.

In addition to the above, the Company announced a further SPP on 23 October 2009 in which eligible Australian and New Zealand shareholders are able to purchase shares up to a maximum value of A\$15,000. The SPP did not close until 22 January 2010, with the issue price being equal to a 5% discount of the weighted average price for the 5 trading days before the allotment date of 3 February 2010. As at 31 December 2009, A\$1,660,030 of cleared funds have been received from eligible shareholders and because the precise number of shares to be issued was not yet known, the cleared funds have been reflected in the Balance Sheet as "cash" with the corresponding credit reflected through the liability account as "provision for shares to be issued".

3. Earnings Per Share

	Half-year	
	31 Dec 2009	31 Dec 2008
Basic earnings per share - cents per share	<u>10.79</u>	<u>5.98</u>
Diluted earnings per share - cents per share	<u>10.79</u>	<u>5.98</u>
Weighted average number of Ordinary Shares on issue used in the calculation of basic and diluted earnings per share	<u>149,073,060</u>	<u>131,067,385</u>
	\$'000	\$'000
Earnings used in the calculation of basic and diluted earnings per share	<u>16,089</u>	<u>7,844</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, and issues of Ordinary Shares pursuant to the Rights Issue and Share Purchase Plan. 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 2009 (continued)

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
4. Statement of Net Asset Value		
Reconciling Net Asset Value (Post-Tax) in accordance with AIFRS to that reported to the ASX*		
Net Asset Value per Balance Sheet	207,158	196,614
Add:		
Difference between bid price under AIFRS and last sale price	101	144
Deferred Income tax asset on revaluation of investments not recognised in Balance Sheet	-	526
Less:		
Deferred income tax asset on movements on AIFRS and last sale price	(30)	(43)
Net Asset Value	<u>207,229</u>	<u>197,241</u>
Net Asset Value - cents per share	<u>138.15</u>	<u>132.58</u>

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

	Half-year		Half-year	
	31 Dec 2009 cps	31 Dec 2009 \$'000	31 Dec 2008 cps	31 Dec 2008 \$'000
5. Dividends (fully franked)				
Paid - Final 2008	-	-	5.00	6,358
Paid - Final 2009	5.00	7,439	-	-
		<u>7,439</u>		<u>6,358</u>

Since the period end, the Directors have determined to pay a fully franked interim dividend of 5 cents per fully paid Ordinary Share. This dividend has not been provided for as at 31 December 2009. Shareholders participating in the SPP announced on 23 October 2009 will be entitled to the interim dividend.

	31 Dec 2009 \$'000	30 Jun 2009 \$'000
6. Financial Assets at Fair Value Through Profit or Loss		
Equity securities	193,636	174,108
Derivatives	(519)	(364)
Foreign currency contracts	1,054	3,839
	<u>194,171</u>	<u>177,583</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2009 (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 2010, 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 2009, the half-year pre-tax performance of the portfolio was positive 8.68% and the corresponding MSCI was positive 10.85%. This represents an underperformance of 2.17% against the MSCI.

This does not represent an outperformance after the 5% MSCI hurdle. 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 accrued for the half year is shown in the table below:

	Half-year	
	31 Dec 2009	31 Dec 2008
	\$'000	\$'000
Management fee	1,551	1,263
Performance fee	-	2,333
Amounts paid and accrued for the half-year	1,551	3,596

8. Contingent Liabilities and Commitments for Expenditure

No contingent liabilities exist as at 31 December 2009.

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

A\$16.5m was received in relation to the Share Purchase Plan (SPP) which closed on 22 January 2010 (this includes the A\$1,660,030 received as at 31 December 2009). On 3 February 2010, 10,831,029 shares were allotted.

No other significant events have occurred since reporting date which would impact the Balance Sheet of the Company as at 31 December 2009 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 2009 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

Malcolm Halstead
Director

Sydney
11 February 2010

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 statements of Platinum Capital Limited, which comprise the Balance Sheet as at 31 December 2009, the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the half-year ended on that date, other 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 2009 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.

**Independent auditor's review report to the members of
Platinum Capital Limited (continued)**

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 2009 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*.

PricewaterhouseCoopers

A J Wilson
Partner

Sydney
11 February 2010

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

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Auditors and Taxation Advisors

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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.