PLATINUM CAPITAL ® LIMITED
ABN 51 063 975 431

INTERIM FINANCIAL REPORT

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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The interim financial report was authorised for issue on 12 February 2015 by the Company's Directors, who have the power to amend and re-issue the interim financial report.

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 2014 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.*

DIRECTORS' REPORT

The Directors present their report on Platinum Capital Limited for the half-year ended 31 December 2014.

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	Executive Director
Philip Howard	Finance Director and Company Secretary

Operating and Financial Review
The net profit before tax was $25,835,000 (2013: net profit before tax of $49,394,000) and the net profit after tax was $18,581,000 (2013: net profit after tax of $34,687,000). Income tax expense for the period was $7,254,000 (2013: income tax expense of $14,707,000).

The Directors consider that pre-tax Net Asset Value (NAV) combined with the flow of dividends is a better measure of performance of the Company. For the 6 months to 31 December 2014, the Company's net assets on a pre-tax basis increased by 7.0%, as compared to the 13.1% gain of the benchmark Morgan Stanley World Index (MSCI). The Investment Manager previously mentioned that "we achieved less than the index principally because of our low weighting in the pre-eminent and strongest performing component of the index, the US market."

The Investment Manager notes that "the portfolio has been progressively tilted towards Asia. We can still find shares to buy in the West, but within the reform-minded countries of Asia, there are bargains".

The Company is in a strong financial position with an extremely strong Balance Sheet with few liabilities.

The Directors believe that there are currently a number of very interesting global investment opportunities available to the Company and the Directors continue to monitor its capital management initiatives, as a means to take advantage of these opportunities.

Dividends
On 12 February 2015, the Directors declared a 5 cents per share ($11,610,000) fully-franked dividend payable to shareholders on 13 March 2015. For the comparative interim reporting period, a fully-franked dividend of 3 cents per share ($6,912,000) was paid.

The dividend reinvestment plan (DRP) issue price has been set at a 2.5 per cent discount to the relevant share price.

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 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.

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 3.

Bruce Phillips
Chairman

Kerr Neilson
Director

Sydney
12 February 2015

Insert Auditor's Independence Declaration

Statement of Comprehensive Income

For the Half-Year Ended 31 December 2014

	Note	Half-Year to 31 Dec 14 $'000	Half-Year to 31 Dec 13 $'000
Investment income			
Dividends		2,109	1,576
Interest		2	82
Net gains on equities/derivatives		16,374	48,691
Net gains on forward currency contracts		8,795	2,433
Net foreign exchange gains/(losses) on overseas bank accounts		2,566	(92)
Total investment income		29,846	52,690
Expenses			
Management fee	9	2,803	2,060
Custody		198	125
Non-capitalised capital raising fees and charges		-	122
Share registry		129	155
Continuous reporting disclosure		127	113
Directors' fees		85	84
Auditor's remuneration			
- Auditing and review ($73,256, 2013: $71,123)		73	71
- Taxation services ($21,528, 2013: $36,932)		22	37
Transaction costs		257	285
Withholding tax on foreign dividends		219	167
Other expenses		98	77
Total expenses		4,011	3,296
Profit before income tax		25,835	49,394
Income tax expense		7,254	14,707
Profit after income tax		18,581	34,687
Other comprehensive income		-	-
Total comprehensive income for the half-year		18,581	34,687
Basic earnings per share (cents per share)	5	8.02	19.79
Diluted earnings per share (cents per share)	5	8.02	19.79

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

Statement of Financial Position

As at 31 December 2014

	Note	31 Dec 14 $'000	30 Jun 14 $'000
Assets			
Cash and cash equivalents		28,528	21,024
Financial assets at fair value through profit or loss	3	357,695	354,827
Receivables		263	600
Total assets		**386,486**	**376,451**
Liabilities			
Payables		2,712	1,502
Financial liabilities at fair value through profit or loss	3	4,939	1,331
Current tax payable		4,548	6,200
Net deferred tax liabilities	2	12,313	14,418
Total liabilities		24,512	23,451
Net assets		**361,974**	**353,000**
Equity			
Contributed equity		299,189	297,242
Retained profits		62,785	55,758
Total equity		**361,974**	**353,000**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Half-Year Ended 31 December 2014

	Note	Contributed Equity $'000	Retained Profits $'000	Total $'000
Balance at 1 July 2013		**196,864**	**38,078**	**234,942**
Total comprehensive income for the half-year		-	34,687	34,687
Transactions with equity holders in their capacity as equity owners:				
Issue of shares in relation to the dividend re-investment plan and unclaimed dividends	4	1,652	-	1,652
Issue of shares in relation to the Placement and Rights Offer	4	98,340	-	98,340
Transaction costs on the Placement and Rights Offer, net of tax	4	(777)	-	(777)
Dividends paid	7	-	(8,293)	(8,293)
Balance at 31 December 2013		**296,079**	**64,472**	**360,551**
Balance at 1 July 2014		**297,242**	**55,758**	**353,000**
Total comprehensive income for the half-year		-	18,581	18,581
Transactions with equity holders in their capacity as equity owners:				
Issue of shares in relation to the dividend re-investment plan and unclaimed dividends	4	1,947	-	1,947
Dividends paid	7	-	(11,554)	(11,554)
Balance at 31 December 2014		**299,189**	**62,785**	**361,974**

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 2014

	Half-Year to 31 Dec 14 $'000	Half-Year to 31 Dec 13 $'000
Cash flows from operating activities		
Payments for purchases of financial assets	(112,482)	(150,841)
Proceeds from sale of financial assets	138,761	87,664
Dividends received	2,393	1,610
Interest received	2	24
Management fees paid	(2,795)	(1,961)
Other expenses	(1,199)	(1,084)
Income tax paid	(11,012)	(660)
Net cash from operating activities	13,668	(65,248)
Cash flows from financing activities		
Dividends paid - net of dividend reinvesment plan	(9,614)	(6,645)
Proceeds from unclaimed dividends	59	29
Net proceeds from the issue of shares in relation to the Placement and Rights Offer	-	97,212
Net cash from financing activities	(9,555)	90,596
Net increase/(decrease) in cash and cash equivalents	4,113	25,348
Cash and cash equivalents held at the beginning of the half-year	21,024	19,189
Effects of exchange rate changes on cash and cash equivalents	3,391	1,090
Cash and cash equivalents held at the end of the half-year	28,528	45,627

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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Australian Accounting Standard 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 2014 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, unless otherwise stated. Comparative information has been reclassified, where appropriate, to enhance comparability.

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2014 reporting period. The accounting standards of relevance to the Company are summarised below, together with the Company's assessment of their impact.

(i) Revised AASB 9: *Financial Instruments (addressing accounting for financial liabilities and the de-recognition of financial assets and financial liabilities)* and AASB 2014-1: *Amendments to Australian Accounting Standards*

The revised standard defers the operative date of *AASB 9: Financial Instruments* from 1 January 2013 to 1 January 2018. AASB 9 provide guidance on the classification and measurement of financial assets and financial liabilities and introduces expanded disclosure requirements and changes in presentation. This standard was assessed as not having a significant impact on the Company.

(ii) *IASB Annual Improvements to IFRS: 2012-2014*
The Annual Improvements to IFRS: 2012-2014 was issued by the International Accounting Standards Board in September 2014 and is the seventh collection of amendments issued under the annual improvement process, which is designed to make necessary, but non-urgent, amendments to IFRSs. The amendments apply for annual periods beginning on or after 1 January 2016 with early adoption permitted. The one amendment of relevance to the Company relates to the information required by IAS 34: *Interim Financial Reporting* that is presented within the interim financial report but not within the actual interim financial statements. The amendment requires that such information be incorporated by way of cross-reference from the interim financial statements to the interim financial report. This amendment was assessed as not having a significant impact on the Company.

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

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 on $42,919,000 as at 31 December 2014 (30 June 2014: $48,359,000). The tax impact on these investment gains formed a major part of the overall net deferred tax liability of $12,313,000 (30 June 2014: $14,418,000).

3. FINANCIAL ASSETS AND LIABILITIES THROUGH PROFIT OR LOSS

	31 Dec 14 $'000	**30 Jun 14 $'000**
Financial Assets		
Equity securities	353,025	354,439
Derivatives	429	197
Foreign currency contracts	4,241	191
Financial assets	357,695	354,827
Financial Liabilities		
Derivatives	767	626
Foreign currency contracts	4,172	705
Financial liabilities	4,939	1,331
Total of Financial assets less liabilities	352,756	353,496

All equity securities and derivatives are valued using the last-sale price.

NOTES TO THE FINANCIAL STATEMENTS
For the Half-Year Ended 31 December 2014 (continued)

4. CONTRIBUTED EQUITY

			Half-Year to 31 Dec 14 Quantity '000	Half-Year to 31 Dec 14 $'000	Half-Year to 31 Dec 13 Quantity '000	Half-Year to 31 Dec 13 $'000
Dividend reinvestment plan	(a)	9 Sep 13	-	-	1,082	1,623
Reinvestment of unclaimed dividends	(b)	16 Sep 13	-	-	19	29
Placement of shares	(c)	18 Nov 13	-	-	25,044	38,818
Shares issued under the Rights Offer	(d)	19 Dec 13	-	-	38,401	59,522
Less transaction costs on the Placement	(e)		-	-		
and Rights Offer, net of tax			-	-	-	(777)
Dividend reinvestment plan	(a)	8 Sep 14	1,085	1,888	-	-
Reinvestment of unclaimed dividends	(b)	17 Sep 14	33	59	-	-
Issue of Ordinary Shares during the half-year			1,118	1,947	64,546	99,215

(a) Shares are issued under the Dividend Reinvestment Plan at a 2.5% 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) In the comparative period, the Company announced a successful Placement of 25,044,183 fully-paid ordinary shares to sophisticated and professional investors at $1.55 per share and raised gross proceeds of $38,818,483.

(d) In the comparative period, the Company announced a 1:5 pro-rata non-renounceable Rights Offer. On 19 December 2013, 38,401,081 shares were issued at $1.55 per share and raised gross proceeds of $59,521,676. In total, 63,445,264 new shares were issued under Placement and Rights Offer and this increased issued share capital by 38%.

(e) Transaction costs on the Placement and Rights Offer
In the comparative period, the Company incurred fees and charges associated with the two-part capital raising announced in November 2013. A breakdown of these fees and charges that have been deducted against equity were as follows:

	Half-Year to 31 Dec 14 $'000	Half-Year to 31 Dec 13 $'000
Management and placement fees associated with the capital raising	-	912
Registry charges	-	166
Legal fees	-	32
	-	1,110
less: current and future period tax deductions	-	(333)
	-	777

Ordinary Shares
As at 31 December 2014, ordinary shares on issue totalled 232,190,254. 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.

5. EARNINGS PER SHARE

Basic earnings per share - cents per share	8.02	19.79
Diluted earnings per share - cents per share	8.02	19.79
	'000	**'000**
Weighted average number of Ordinary Shares on issue used in the calculation of basic and diluted earnings per share	231,769	175,244
Earnings used in the calculation of basic and diluted earnings per share ($)	18,581	34,687

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, reinvestment of unclaimed dividends and shares issued pursuant to the Placement and Rights Offer, therefore diluted earnings per share equals basic earnings per share.

	31 Dec 14 $'000	30 Jun 14 $'000
6. STATEMENT OF NET ASSET VALUE		
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	361,974	353,000
Realisation costs*	(885)	(888)
Deferred income tax liability on realisation costs	266	266
Deferred income tax asset in respect of investments and accruals	(5)	22
Post-tax Net Asset Value	361,350	352,400
Net Asset Value - dollars per share (post-tax)	1.5563	1.5251

* At 31 December 2014, financial assets and liabilities were valued at "last-sale" price for both ASX and financial accounts reporting. The immaterial difference at 31 December 2014 is mainly caused by the ASX requirement that realisation costs need to be deducted for ASX reporting of NAV.

7. DIVIDENDS (fully-franked)

	Half-Year to 31 Dec 14		Half-Year to 31 Dec 13	
	cents per share	$'000	cents per share	$'000
Paid - 9 September 2013	-	-	5.00	8,293
Paid - 8 September 2014	5.00	11,554	-	-

Since the period end, the Directors have declared the payment of an interim dividend of 5 cents per fully paid ordinary share, fully-franked based on tax at 30%. The aggregate amount of the dividend to be paid on 13 March 2015, but not recognised as a liability at 31 December 2014 is $11,610,000 (31 December 2013: $6,912,000).

8. FAIR VALUE MEASUREMENT

AASB 13 *Fair Value Measurement* requires the Company to classify its assets and liabilities held at fair value using the following fair value hierarchy model (consistent with the hierarchy model applied to financial assets and liabilities at 30 June 2014):

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices) (level 2); and
(iii) inputs for the assets or liability that are not based on observable market data (unobservable inputs) (level 3).

The 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) Short equity swaps and short futures; and
(iii) Forward currency contracts.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2014 (continued)

8. FAIR VALUE MEASUREMENT (Continued)

The following tables detail the Company's assets and liabilities measured or disclosed at fair value, using the three level hierarchy model.
The Company has no assets or liabilities that are classified as Level 3.

31 December 2014	Level 1 $'000	Level 2 $'000	Total $'000
Financial Assets			
Equity securities	340,059	12,966	353,025
Derivatives	429	-	429
Foreign currency contracts	-	4,241	4,241
	340,488	17,207	357,695
Financial Liabilities			
Derivatives	622	145	767
Foreign currency contracts	-	4,172	4,172
	622	4,317	4,939
Total financial assets less liabilities measured at fair value	339,866	12,890	352,756

30 June 2014	Level 1 $'000	Level 2 $'000	Total $'000
Financial Assets			
Equity securities	352,883	1,556	354,439
Derivatives	197	-	197
Foreign currency contracts	-	191	191
	353,080	1,747	354,827
Financial Liabilities			
Derivatives	481	145	626
Foreign currency contracts	-	705	705
	481	850	1,331
Total financial assets less liabilities measured at fair value	352,599	897	353,496

All figures presented above can be reconciled to Note 3 and 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 during the half-year.

Rationale for classification of assets and liabilities as level 1

Nearly all (96% at 31 December 2014) 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.

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 points themselves are based on interest rate differentials;
(ii) certain P-Notes/warrants 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) derivatives/options may be classified as level 2because 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.

The increase in investments classified as level 2 at 31 December 2014 was because the Company invested in more Chines P-Notes, which in turn was associated with the portfolio strategy of moving away from the US and towards China/India.

9. 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 2015, 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 2014, the half-year pre-tax performance of the portfolio was 6.89% and the corresponding MSCI was 13.14%. This represents an underperformance of 6.25% 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.

	Half-Year to 31 Dec 14 $'000	Half-Year to 31 Dec 13 $'000
Fees paid and payable for the half-year are shown below:		
Management fee	2,803	2,060

10. SEGMENT INFORMATION

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

11. CONTINGENT LIABILITIES AND COMMITMENTS FOR EXPENDITURE

No contingent liabilities exist as at 31 December 2014. The Company has no commitments for uncalled share capital on investments.

12. EVENTS OCCURRING AFTER REPORTING DATE

Since the end of the half-year, the Directors have declared a fully-franked interim dividend of 5 cents per share payable on 13 March 2015.

No other matters have arisen since the end of the period that have significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion,

(a) the financial statements and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(ii) giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and

(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
12 February 2015

DIRECTORY

Directors
Bruce Phillips
Bruce Coleman
Richard Morath
Kerr Neilson
Andrew Clifford
Philip Howard

Company Secretary
Philip Howard

Investment Manager
Platinum Investment Management Limited

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Securities Exchange Listing
Ordinary Shares listed on the Australian Securities Exchange
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Platinum Asset Management® does not guarantee the repayment of capital or the investment performance of the Company.