

PLATINUM CAPITAL[®] LIMITED

ABN 51 063 975 431

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

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 2007 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 2007

DIRECTORS' REPORT

In respect of the half-year ended 31 December 2007, 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:

Graeme Galt	(Chairman and Non-Executive Director)
Peter Clarke	(Non-Executive Director)
Bruce Coleman	(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 \$1,532,000 and the net loss after tax was \$1,121,000 (2006: net profit of \$5,398,000 before tax and a net profit of \$3,902,000 after tax).

Taxation

Income tax benefit for the period was \$411,000 (2006: tax expense \$1,496,000).

Dividends

The Directors have determined to pay to Shareholders, registered on 21 February 2008 (record date), a fully franked interim dividend of 5 cents per share (2007: 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.

Auditors Independence Declaration

A copy of the Auditors' 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.

Graeme Galt

Director

Kerr Neilson

Director

Sydney
12 February 2008

Auditors' Independence Declaration

As lead auditor for the review of Platinum Capital Limited for the half-year ended 31 December 2007, 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 half-year.

A J Wilson
Partner
PricewaterhouseCoopers

Sydney
12 February 2008

Income Statement

For The Half-Year Ended 31 December 2007

Half-year	
31 Dec 2007	31 Dec 2006
\$'000	\$'000

Notes

Investment income

Dividends	1,146	958
Interest	332	299
Net gains/(losses) on equities/derivatives	(720)	4,536
Net gains/(losses) on forward currency contracts	1,015	3,445
Net gains/(losses) on overseas bank accounts	(921)	(1,344)
Total investment income	<u>852</u>	<u>7,894</u>

Expenses

Management fee	1,567	1,638
Custody	92	86
Share registry	121	115
Continuous reporting disclosure	135	188
Directors' fees	84	82
Auditors' remuneration		
- Auditing and review (\$55,410, 2006:\$50,740)	55	51
- Taxation services (\$31,104, 2006:\$19,910)	31	20
- Advisory services (\$3,903, 2006:\$2,955)	4	3
Transaction costs	76	88
Withholding tax on foreign dividends	96	104
Other expenses	123	121
Total expenses	<u>2,384</u>	<u>2,496</u>

Profit/(loss) before income tax

(1,532)	5,398
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Income tax expense/(benefit)

(411)	1,496
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Profit/(loss) after income tax

(1,121)	3,902
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Basic earnings per share (cents per share)

3

(0.90)	3.20
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Diluted earnings per share (cents per share)

3

(0.90)	3.20
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The Income Statement should be read in conjunction with the accompanying notes

Balance Sheet

As At 31 December 2007

		31 Dec 2007 \$'000	30 Jun 2007 \$'000
	Notes		
Assets			
Financial assets held at fair value through profit or loss	6	173,963	192,405
Cash and cash equivalents		26,123	21,148
Receivables		708	367
Deferred tax assets		120	114
Total assets		200,914	214,034
Liabilities			
Payables		1,707	1,411
Income tax payable		3,653	1,141
Deferred tax liabilities		1,696	7,565
Total liabilities		7,056	10,117
Net assets		193,858	203,917
Equity			
Contributed equity		146,737	143,275
Retained profits		47,121	60,642
Total equity		193,858	203,917

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

Statement of Changes in Equity
For The Half-Year Ended 31 December 2007

		Half-year	
		31 Dec 2007	31 Dec 2006
		\$'000	\$'000
	Notes		
Total equity at the beginning of the half-year		203,917	207,574
Profit/(Loss) for the half-year		(1,121)	3,902
Total recognised income and expense for the half-year		(1,121)	3,902
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transactions costs	2	3,462	3,634
Dividends paid	5	(12,400)	(12,160)
		(8,938)	(8,526)
Total equity at the end of the half-year		193,858	202,950

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 2007

	Half-year	
	31 Dec 2007	31 Dec 2006
	\$'000	\$'000
	Inflows	Inflows
	(Outflows)	(Outflows)
Notes		
Cash flows from operating activities		
Dividends received	1,233	972
Interest received	345	295
Cost of purchases of financial assets	(56,514)	(64,401)
Proceeds from sale of financial assets	74,540	73,201
Management fee paid	(1,583)	(1,636)
Other expenses	(758)	(802)
Income tax paid	(2,951)	(8,845)
Net cash from operating activities	14,312	(1,216)
Cash flows from financing activities		
Dividends paid	(12,288)	(12,100)
Proceeds from issue of shares	3,462	3,634
Net cash from financing activities	(8,826)	(8,466)
Net increase/(decrease) in cash and cash equivalents	5,486	(9,682)
Cash and cash equivalents held at the beginning of the half-year	21,148	28,070
Effects of exchange rate changes on cash and cash equivalents	(511)	(1,304)
Cash and cash equivalents held at the end of the half-year	26,123	17,084

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 2007

1. Summary Of Significant Accounting Policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 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 2007 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 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 2007 Quantity	31 Dec 2007 \$'000	31 Dec 2006 Quantity	31 Dec 2006 \$'000
2. Equity Issued				
Reinvestment of unclaimed dividends	31-Aug-06	-	7,635	18
Dividend reinvestment plan	17-Nov-06	-	1,519,329	3,616
Reinvestment of unclaimed dividends	18-Nov-07	8,210	-	-
Dividend reinvestment plan	14-Nov-07	1,892,923	3,445	-
Issues of Ordinary Shares during the half-year		<u>1,901,133</u>	<u>1,526,964</u>	<u>3,634</u>

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

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

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

	Half-year	
	31 Dec 2007	31 Dec 2006
3. Earnings Per Share		
Basic earnings per share - cents per share	<u>(0.90)</u>	<u>3.20</u>
Diluted earnings per share - cents per share	<u>(0.90)</u>	<u>3.20</u>
Weighted average number of Ordinary Shares on issue used in the calculation of basic and diluted earnings per share	<u>124,503,609</u>	<u>121,976,335</u>
	\$'000	\$'000
Earnings used in the calculation of basic and diluted earnings per share	<u>(1,121)</u>	<u>3,902</u>

There have been no conversions to, calls of, or subscriptions for Ordinary Shares other than those issued under the dividend reinvestment plan, or issues of potential Ordinary Shares during the period.

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 2007 (continued)

31 Dec 2007	30 June 2007
\$'000	\$'000

4. Statement of Net Asset Value**Reconciling Net Asset Value in accordance with AIFRS to that reported to the ASX***

Net Asset Value per Balance Sheet	193,858	203,917
Add:		
Adjustment to payables	15	-
Deferred income tax on movements on AIFRS and last sale price	52	80
Less:		
Difference between bid price under AIFRS and last sale price	(173)	(267)
Deferred tax asset on adjustment to payables	(4)	-
Net Asset Value	<u>193,748</u>	<u>203,730</u>
Net Asset Value - cents per share	<u>153.88</u>	<u>164.29</u>

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

	Half-year		Half-year	
	31 Dec 2007	31 Dec 2007	31 Dec 2006	31 Dec 2006
	cps	\$'000	cps	\$'000

5. Dividends

Paid - Final Fully Franked @30%	<u>10.00</u>	<u>12,400</u>	<u>10.00</u>	<u>12,160</u>
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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 2007.

31 Dec 2007	30 Jun 2007
\$'000	\$'000

6. Financial Assets Held at Fair Value Through Profit or Loss

	Fair Value	Fair Value
Listed and non-listed securities	174,989	190,937
Derivatives	(223)	502
Foreign currency contracts	(803)	966
Total investment portfolio	<u>173,963</u>	<u>192,405</u>

The Company has applied AIFRS to the comparative information on financial assets within the scope of AASB 132 and AASB 139. The fair value of financial assets are measured at "bid" price for listed securities and "ask" price for short sold listed securities excluding transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2007 (continued)

7. Investment Manager

The Investment Manager is 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% of 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 2007, the half-year pre-tax performance of the portfolio was negative .69% and the corresponding MSCI was negative 1.81%. Eventhough there is an outperformance of 1.12%, there is a brought forward underperformance amount of 4.51%. 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.

	Half-year	
	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Management fee	1,567	1,638
Performance fee	-	-
Amounts paid and payable to the Investment Manager for the half-year	1,567	1,638

8. Contingent Liabilities and Commitments for Expenditure

No contingent liabilities exist as at 31 December 2007.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2007 (continued)

9. Segment Information

The Company operates solely in Australia.

While the Company only operates in Australia (the geographical segment), it has investment exposures in different countries.

The geographical locations of those exposures are outlined below.

	Half-year		Half-year	
	31 Dec 2007	31 Dec 2007	31 Dec 2006	31 Dec 2006
	\$'000	\$'000	\$'000	\$'000
	Revenue	Result	Revenue	Result
Japan	(4,826)	(4,849)	(2,612)	(2,647)
Other Asia	4,416	4,371	3,313	3,268
Australia	(14)	(14)	(737)	(737)
Europe - Euro	(2,365)	(2,407)	3,059	3,009
Europe - Other	(2,151)	(2,159)	1,526	1,525
North America	4,591	4,537	53	(8)
South America	54	54	13	13
Africa	132	132	(166)	(166)
Unallocated Revenue - Net gains/(losses) on forward currency contracts	1,015	1,015	3,445	3,445
Unallocated Expenses	-	(2,212)	-	(2,304)
Total	852	(1,532)	7,894	5,398

10. Events occurring after reporting date

No significant events have occurred since reporting date which would impact the Balance Sheet of the Company as at 31 December 2007 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 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; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2007 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.

Graeme Galt
Director

Kerr Neilson
Director

Sydney
12 February 2008

**INDEPENDENT AUDITOR'S REVIEW REPORT
to the members of Platinum Capital Limited**

**PricewaterhouseCoopers
ABN 52 780 433 757**

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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 2007, and the income statement, 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 .

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 control 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 2007 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.



For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

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.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Platinum Capital Limited (the company) for the half-year ended 31 December 2007 included on Platinum Asset Management Limited's web site. The company's directors are responsible for the integrity of Platinum Asset Management Limited's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

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 2007 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
12 February 2008

DIRECTORY

Directors

Graeme Galt
Peter Clarke
Bruce Coleman
Kerr Neilson
Andrew Clifford
Malcolm Halstead

Secretary

Malcolm Halstead

Investment Manager

Platinum Investment Management Limited

Shareholder Liaison

Liz Norman

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Sydney NSW 2000
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Auditors and Taxation Advisors

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Sydney NSW 2000

Solicitor

Allens Arthur Robinson
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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.