

PLATINUM CAPITAL[®] LIMITED

ABN 51 063 975 431

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

PLATINUM CAPITAL LIMITED

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FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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The interim financial report was authorised for issue on 14 February 2013 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 2012 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

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

DIRECTORS' REPORT

The Directors present their report on Platinum Capital Limited for the half year ended 31 December 2012.

Directors

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

Bruce Phillips	(Chairman and Non-Executive Director)
Bruce Coleman	(Non-Executive Director)
Richard Morath	(Non-Executive Director)
Kerr Neilson	(Managing Director)
Andrew Clifford	(Director)
Philip Howard	(Director and Company Secretary)

Review of Operations

Operating Result

The net profit before tax was \$22,106,000 and the net profit after tax was \$21,574,000 (2011: net loss of \$21,727,000 before tax and a net loss of \$23,322,000 after tax).

Taxation

Income tax expense for the period was \$532,000 (2011: income tax expense of \$1,595,000).

Dividends

The Directors have determined to pay to Shareholders, registered on 25 February 2013 (record date), a fully franked interim dividend of 2 cents per share. The amount of the proposed dividend expected to be paid on 11 March 2013, but not recognised as a liability as at 31 December 2012, is \$3,305,000 (31 December 2011: \$nil).

The decision to pay a dividend was due to the Company returning to positive retained earnings (2.5 cents per share at 31 December 2012). This was attributable to the Company's strong return for the 6 months to 31 December 2012. The pre-tax Net Asset Value (NAV) was up 12.2% for the 6 months to 31 December 2012 compared to the return from the MSCI of 8.5%.

Capital Management

In March 2012, the Company announced a share buy-back programme approved by shareholders. The buy-back programme started on 2 April 2012, with all shares being acquired through the Australian Securities Exchange. At the date of this report, 506,675 shares had been bought-back. For the period 1 July 2012 to 31 December 2012, 385,748 shares had been bought-back.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 4.

Rounding of Amounts

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

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

Bruce Phillips

Chairman

Kerr Neilson

Director

Sydney

14 February 2013



Auditor's Independence Declaration

As lead auditor for the review of Platinum Capital Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

J Sheeran
Partner
PricewaterhouseCoopers

Sydney
14 February 2013

Statement of Comprehensive Income
For the Half-Year Ended 31 December 2012

		Half-Year	
	Note	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Investment income			
Dividends		1,199	3,624
Interest		1	9
Net gains/(losses) on equities/derivatives		20,168	(20,799)
Net gains/(losses) on forward currency contracts		2,980	(2,524)
Net foreign exchange gains/(losses) on overseas bank accounts		(158)	45
Total investment income/(loss)		24,190	(19,645)
Expenses			
Management fee	8	1,390	1,345
Custody		76	83
Share registry		64	44
Continuous reporting disclosure		66	70
Directors' fees		84	84
Auditor's remuneration			
- auditing and review (\$64,975, 2011: \$62,400)		65	62
- taxation services (\$28,547, 2011: \$27,751)		29	28
Transaction costs		89	98
Withholding tax on foreign dividends		102	123
Other expenses		119	145
Total expenses		2,084	2,082
Profit/(loss) before income tax		22,106	(21,727)
Income tax expense		532	1,595
Profit/(loss) after income tax		21,574	(23,322)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the half-year		21,574	(23,322)
Basic earnings per share (cents per share)	5	13.05	(14.09)
Diluted earnings per share (cents per share)	5	13.05	(14.09)

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

Balance Sheet

As at 31 December 2012

	Note	31 Dec 2012 \$'000	30 June 2012 \$'000
Assets			
Cash and cash equivalents		14,445	19,642
Financial assets at fair value through profit or loss	3	186,051	160,354
Income tax receivable		435	435
Receivables		182	388
Net deferred tax assets	2	999	1,530
Total assets		202,112	182,349
Liabilities			
Payables		886	493
Financial liabilities at fair value through profit or loss	3	904	2,739
Total liabilities		1,790	3,232
Net assets		200,322	179,117
Equity			
Contributed equity		196,167	196,536
Retained profits/(losses)		4,155	(17,419)
Total equity		200,322	179,117

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

Statement of Changes in Equity

For the Half-Year Ended 31 December 2012

	Contributed Equity \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 July 2011	195,885	3,261	199,146
Total comprehensive income/(loss) for the half-year	-	(23,322)	(23,322)
Transactions with equity holders in their capacity as equity owners:			
Contributions of equity, net of transactions costs	4 751	-	751
Dividends paid	7 -	(3,134)	(3,134)
Balance at 31 December 2011	<u>196,636</u>	<u>(23,195)</u>	<u>173,441</u>
Balance at 1 July 2012	196,536	(17,419)	179,117
Total comprehensive income/(loss) for the half-year	-	21,574	21,574
Transactions with equity holders in their capacity as equity owners:			
Buy-back of shares under the capital management programme	4 (369)	-	(369)
Balance at 31 December 2012	<u>196,167</u>	<u>4,155</u>	<u>200,322</u>

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 2012

	Half-Year	
Note	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Cash flows from operating activities		
Payments for purchases of financial assets	(37,608)	(63,713)
Proceeds from sale of financial assets	38,031	63,792
Dividends received	1,184	3,951
Interest received	1	11
Management fees paid	(1,363)	(1,376)
Other expenses	(762)	(716)
Income tax paid	-	(244)
Net cash from operating activities	<u>(517)</u>	<u>1,705</u>
Cash flows from financing activities		
Dividends paid	-	(3,172)
Proceeds from issue of shares	4	751
Purchase of shares under the share buy-back programme	4	-
Net cash from financing activities	<u>(369)</u>	<u>(2,421)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(886)</u>	<u>(716)</u>
Cash and cash equivalents held at the beginning of the half-year	19,642	20,204
Effects of exchange rate changes on cash and cash equivalents	(4,311)	213
Cash and cash equivalents held at the end of the half-year	<u>14,445</u>	<u>19,701</u>

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 2012

1. Summary Of Significant Accounting Policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2012 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 2012 and any public announcements made in respect of Platinum Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2012 reporting period. The accounting standards of relevance to the Company are summarised below, together with the Company's assessment of their impact.

Revised AASB 9 *Financial Instruments (addressing accounting for financial liabilities and the derecognition of financial assets and financial liabilities)*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* and AASB 2012-6 *Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective for annual reporting periods beginning on or after 1 January 2015).

The revised standard defers the operative date of *AASB 9 Financial Instruments* from 1 January 2013 to 1 January 2015. AASB 9 provides guidance on the classification and measurement of financial assets and this standard was assessed at 30 June 2012 as not having a significant impact on the Company.

In addition, AASB 2012-6 provides relief from the requirement to restate comparative financial statements for the effect of applying AASB 9, a relief that was originally only available to reporting entities that chose to apply AASB 9 prior to 2012. The Company will apply the revised standard from 1 January 2015.

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. Due to the strong performance over the course of the last 6 months, the unrealised investment losses of \$22,042,000 at 30 June 2012 are now in a position of unrealised investment gains of \$1,834,000 at 31 December 2012.

The Company has offset its deferred tax assets and deferred tax liabilities and it is considered probable that the net deferred tax assets figure of \$999,000, at 31 December 2012, will be available to be used in the future.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2012 (continued)

		31 Dec 2012 \$'000	30 June 2012 \$'000			Half-Year 31 Dec 2012 Quantity	Half-Year 31 Dec 2012 \$'000	Half-Year 31 Dec 2011 Quantity	Half-Year 31 Dec 2011 \$'000
3. Financial Assets and Liabilities at Fair Value through Profit or Loss									
<i>Financial Assets</i>									
Equity securities		182,591	157,817						
Derivatives		1,918	114						
Foreign currency contracts		1,542	2,423						
Financial assets		186,051	160,354						
<i>Financial Liabilities</i>									
Derivatives		904	795						
Foreign currency contracts		-	1,944						
Financial liabilities		904	2,739						
Total of Financial assets less liabilities		185,147	157,615						
4. Contributed Equity									
Dividend reinvestment plan	(a)	1-Sep-11	-	-	769,006	723			
Reinvestment of unclaimed dividends	(b)	14-Sep-11	-	-	28,462	28			
Buy-back of shares	(c)	8-Aug-12 to 6-Sep-12	(385,748)	(369)	-	-			
Issue of Ordinary Shares during the half-year			(385,748)	(369)	797,468	751			

(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) In March 2012, the Company announced an on-market share buy-back programme approved by shareholders at the 2010 Annual General Meeting. The buy-back programme commenced on 2 April 2012, with all shares being acquired through the Australian Securities Exchange.

For the period 1 July 2012 to 31 December 2012, 385,748 shares were bought-back, representing 0.23% of issued share capital. The average share price for the shares bought-back over the period was \$0.956 per share.

Ordinary Shares

As at 31 December 2012, Ordinary Shares on issue totalled 165,269,569. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2012 (continued)

	Half-Year	
	31 Dec 2012	31 Dec 2011
5. Earnings Per Share		
Basic earnings per share - cents per share	13.05	(14.09)
Diluted earnings per share - cents per share	13.05	(14.09)
Weighted average number of Ordinary Shares on issue used in the calculation of basic and diluted earnings per share	165,374,434	165,486,160
	\$'000	\$'000
Earnings used in the calculation of basic/diluted earnings per share	21,574	(23,322)

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 those shares bought-back under the share buy-back programme. As there are no potential Ordinary Shares, diluted earnings per share equal basic earnings per share.

	31 Dec 2012	30 June 2012
	\$'000	\$'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*		
Net Asset Value per Balance Sheet	200,322	179,117
Add:		
Difference between bid price under Australian Accounting Standards and last sale price	(56)	362
Less:		
Deferred income tax liability on movements between bid price under Australian Accounting Standards and last sale price	17	(109)
Net deferred income tax assets	(1,016)	(1,422)
Net Asset Value	199,267	177,948
Net Asset Value - cents per share	120.57	107.42

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

	Half-year		Half-year	
	31 Dec 2012	31 Dec 2012	31 Dec 2011	31 Dec 2011
	cps	\$'000	cps	\$'000
7. Dividends (fully franked)				
Paid - 1 September 2011	-	-	1.90	3,134
	-	-	1.90	3,134

Since the period end, the Directors have determined to pay a fully franked interim dividend of 2 cents per fully paid Ordinary Share, payable out of profits for the six months ended 31 December 2012. This dividend has not been provided for as at 31 December 2012, as it was declared after period end.

NOTES TO THE FINANCIAL STATEMENTS

For the Half-Year Ended 31 December 2012 (continued)

8. 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 (this includes cash and deposits).

A Performance fee is payable at 10%, if at 30 June 2013, 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 2012, the half-year pre-tax performance of the portfolio was 12.15% and the corresponding MSCI was 8.52%. Even though there is an outperformance of 3.63% against the MSCI, there is a brought forward net underperformance amount of 11.63%. Accordingly, a Performance fee has not been accrued.

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

Fees paid and payable for the half-year are shown below:

	Half-Year	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Management fee	1,390	1,345
	<hr/>	<hr/>
	1,390	1,345

9. Contingent Liabilities and Commitments for Expenditure

No contingent liabilities exist as at 31 December 2012.

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

10. Segment Information

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

11. Events occurring after reporting date

Since the end of the half-year, the Directors have declared a fully franked interim dividend of 2 cents per share payable on 11 March 2013.

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 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 2012 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that Platinum Capital Limited will be able to pay its debts as and when they become due and payable.

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

Bruce Phillips
Chairman

Kerr Neilson
Director

Sydney
14 February 2013



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, which comprises the Balance Sheet as at 31 December 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, selected explanatory notes and the Directors' Declaration for Platinum Capital Limited (the Company).

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 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 consolidated entity's financial position as at 31 December 2012 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 Company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

J Sheeran
Partner

Sydney
14 February 2013

DIRECTORY

Directors

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

Company Secretary

Philip Howard

Investment Manager

Platinum Investment Management Limited

Shareholder Liaison

Liz Norman

Registered Office

Level 8, 7 Macquarie Place
Sydney NSW 2000
phone +1300 726 700 (Australia only)
fax +0800 700 726 (New Zealand only)
phone +61 2 9255 7500
fax +61 2 9254 5555

Share Registrar

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 and Taxation Advisor

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
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.