Platinum Capital Limited (PMC)

Appendix 4E

Company	Platinum Capital Limited
ABN	51 063 975 431
Year Ended	30 June 2004
ASX Code	PMC

Results for Announcement to the market

			$A'000
Revenue from ordinary activities	up	225%	21,854
Profit/(loss) from ordinary activities After tax attributable to members	up	742%	19,147
Net profit/(loss) for the period attributable to members	up	742%	19,147

Dividends

Final Dividend	10 cents per share fully franked
Record date	29 October 2004
Payable date	12 November 2004
The last date for receipt of election notices for the dividend plan	29 October 2004

An interim dividend of 5 cents per share fully franked was paid on 27 February 2004.

Preliminary final report

- Refer to the attached audited financial statements for financial data on the Company.
- Refer to the attached for Chairman's Report and Investment Manager's Report.

Dividend Reinvestment Plan
The Dividend Reinvestment Plan is in operation and the recommended Final Dividend of 10 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded to the nearest whole number) which the cash dividend would purchase at the relevant issue price. The relevant issue price will be at a five 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).

R M Halstead
Secretary
6 August 2004

PLATINUM CAPITAL LIMITED
ABN 51 063 975 431

ANNUAL REPORT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

Contents

Platinum Capital Limited

Chairman's Report

Investment Performance

It is pleasing to report that in the 12 months to 30 June 2004 Platinum Capital's net asset value increased by 26.9% pre tax and by 20.5% after allowing for all tax liabilities both realised and unrealised. For a comparison the benchmark Morgan Stanley Capital Index world shares rose 19.4% for the 12 months.

Since its inception in 1994 the long term annualised appreciation of the Company on a pre tax basis has been 18.3% compared to the return from the MSCI of 7.6%. The comparable return from the Australian All Ordinaries Accumulation Index has been 10% annually over the 10 years.

Platinum Capital Limited – Pre Tax NAV Return Versus MSCI Index (%)

	1 year	3 years (compound pa)	5 years (compound pa)	Since inception (10 years) (compound pa)	Since inception (cumulative)
PCL	26.9	12.2	22.2	18.3	437.1
MSCI	19.4	-9.2	-2.7	7.6	108.9

Dividends

A fully franked final dividend of 10 cents is recommended, making a total of 15 cents for the full year. As previously stated, but worth repeating, it is the policy of your Directors to smooth dividend payments over time. Shareholders will realise however, that this is a policy not a guarantee and would have to be reviewed in the event of a sustained period of market weakness.

Corporate Governance

In my last report I advised that in accordance with the ASX's Corporate Governance requirements the Directors' had resolved to appoint another independent non executive Director to the Board and the Audit Committee, an event that needed to occur before 1st July 2005. I am pleased to advise that Mr Bruce Coleman has offered to join the Board and become a member of the Audit Committee.

Mr Coleman has worked in the financial services and investment industry in Australia since 1986 during which time he has held a number of senior investment and executive positions. Most recently he was Chief Executive Officer of MLC Investment Management from 1996 to April 2004.
He has also served as a Director of MLC and various other companies within the Wealth Management division of National Australia Bank.

As a consequence of Mr Coleman's availability Mr Halstead resigned from the Audit Committee so as to achieve a majority of non executive and independent Directors' on the Audit Committee in accordance with the ASX's Corporate Governance requirements.

The Board now comprises an equal number of independent non-executive and executive Directors. The ASX's Corporate Governance requirements recommend a majority of independent non-executive Directors. Your Board has determined that the current mix is appropriate given the size and specialised nature of the Company.

The Company's Corporate Governance Statements can be found in the body of the Annual Report.

Outlook for 2004 – 2005

As has been said elsewhere, when things can't get any better they won't. Corporate profits in the US are at record highs and will before too long have to cope with tightening fiscal and monetary policies, strong oil and gas prices, the scrapping of corporate tax breaks and probably slowing demand. The Manager believes that we have seen the peak of corporate earnings growth and that market advances will be limited in the short term, particularly outside of Asia.

Finally

Last year I noted that "Kerr Neilson and his colleagues are very good at what they do". The performance for the year is a reflection of this as are the less obvious qualities inherent in their business, viz. the attention given to corporate governance, systems, people management, key relationships and so on.

So once again I express appreciation and admiration for their efforts along with those of my fellow Directors'.

Graeme Galt
Chairman

Platinum Capital Limited

Investment Manager's Report ~ 30 June 2004

Performance

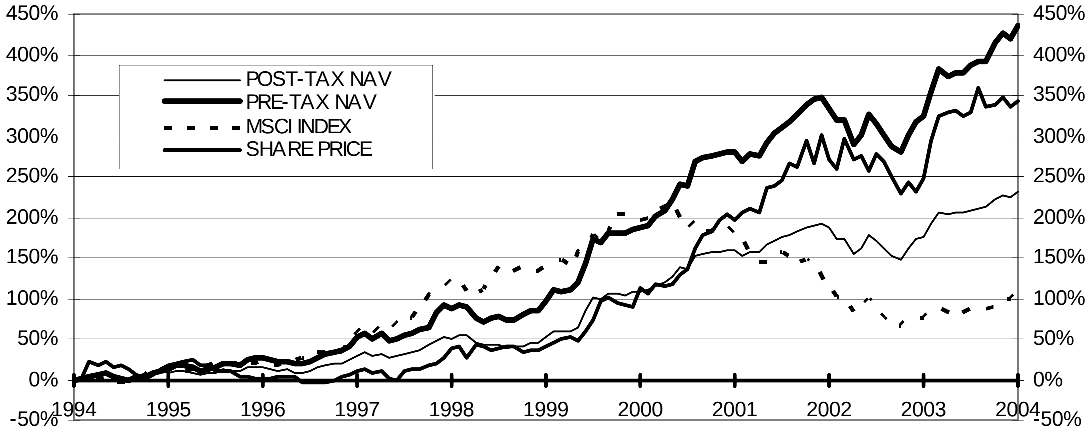
Share prices lost momentum in the June quarter as doubts crept into investors' minds. The emerging markets of Asia and Latin America mostly declined, by between 1% and 14%, while growth in Europe and America ranged between zero and +8%. The Yukos affair hurt sentiment towards Russia badly with that market selling off by 20%. The wash-up from all this was an advance by the Morgan Stanley World Index of 1.6% when measured in local currency. For the year, this index is up 21%. However, the rebound of the US$ in the quarter saw the A$ fall from $0.76 to $0.70 and this translated into a gain by the World index of 10.6% in A$ terms. The annual figure was 19.4%. This currency move was to the detriment of Platinum's short term performance as we had low exposure to the US currency. In addition, our emphasis on Asia, which has tended to be weak recently, was disadvantageous. Hence the Company underperformed during the quarter, achieving only a 4.4% pre-tax gain. We outperformed for the full year, however, with a pleasing 26.9% advance.

The following Net Asset Value figures (cps) are after provision for tax on both realised and unrealised income and gains.

30 April 2004	31 May 2004	30 June 2004
169.88	168.45	172.51

Source: Platinum

PCL NAV (PRE & POST-TAX), SHARE PRICE VS MSCI INDEX (CUMULATIVE RETURN SINCE INCEPTION)



Source: Platinum and FactSet

As one would expect in a year of recovery, the cyclical industries way out-performed the defensives. Health care and telecommunications, the two worst performers had specific problems, the pharmaceutical giants suffering from patent expiries, disappointing drug pipelines and the latent threat to prescription prices, while telecoms were threatened by the internet.

MSCI WORLD INDEX – INDUSTRY BREAKDOWN (A$)		
Sectors	**Quarter**	**1 year**
Materials	9.2%	29.4%
Industrials	13.8%	26.5%
Information Technology	9.5%	21.9%
Energy	15.9%	21.4%
Consumer Discretionary	10.0%	19.7%
Financials	6.6%	18.2%
Consumer Staples	10.9%	15.4%
Utilities	8.7%	12.4%
Health Care	12.6%	5.4%
Telecommunications	5.9%	5.1%

Source: Bloomberg

A conspicuous development has been the massive out-performance of small capitalisation companies versus large caps in the last three and a half years. Valuation differentials have reversed with larger companies now typically being on lower valuations than small companies. More recently there has also been a widening of the valuation gap between "high beta" and "low beta" stocks. Having had some benefit from this trend since 2000, we have been adjusting our position in the expectation of a reversal.

Currency

We sense that the highly lop-sided position that many investors had against the US$ has been squared. This, together with our longer term concerns, has caused us to exit the US currency again in favour of the Yen and Euro. We added to the hedge into A$, which is now around 29%, although we are not unreservedly optimistic as to its prospects versus the Euro and believe it will be slightly weaker than the Yen.

Changes to the Portfolio

GEOGRAPHICAL DISPOSITION OF PLATINUM ASSETS		
Region	**Jun 2004**	**Mar 2004**
Western Europe	31%	29%
Japan	30%	30%
Emerging Markets (incl. Korea)	13%	16%
North America	13%	12%
Australia	2%	2%
Cash	11%	11%
Shorts	34%	29%

Source: Platinum

Platinum has been relatively inactive in share trading terms recently. The main emphasis being on switching out of stocks where the market price ran ahead of real growth prospects and strengthening positions in neglected areas. In Japan this included adding to the Toyota group of companies at the expense of the likes of Nippon Yusen K.K., Mitsubishi Heavy Industries and Citizen Watch. The latter has been very strong on profit performance and the appeal of its electronic components subsidiary. We switched out of Yamanouchi Pharmaceutical to add to the position of its rival, Takeda Chemical. The valuation gap had become too great on account of the market’s excitement with Yamanouchi's near term prospects, and its neglect of Takeda’s possibly stronger longer term potential.

One new position was Sumitomo Mitsui Financial Group which, along with Mitsubishi Tokyo

Financial, which we also own, we see as being in a position to take advantage of the much weakened banking sector and to expand as a diversified provider of services to the consumer.

In the US, we have added to Agere and Agilent and have shuffled the biotechs after losing Tularik to a bid from Amgen.

In Europe, the most significant new purchase was Alcatel. This traditional provider of telephone switchgear and other electrical engineering services has morphed into a more streamlined company to focus on *next-generation* communication. By this is meant high speed internet access, Voice over Internet Protocol (VoIP), satellite and mobile communication, as well as converting traditional copper wired networks to function as fully digital systems. These complex solutions go by acronyms like DSLAM (digital subscriber line access multiplexing) or FTTH /FTTN (fibre to the home or to the node). Technical developments have been extremely useful in upgrading some existing networks which were previously threatened with obsolescence. So now we find that DSLAMS are allowing the telecoms to continue to use their installed paired copper wires to deliver full video, high speed data and voice to the home. FTTH is an even more elegant solution, giving remarkable bandwidth with the added attraction of low maintenance costs, though installation costs are high.

BREAKDOWN OF PLATINUM'S LONG INVESTMENTS BY INDUSTRY

Categories	Examples of Stocks	Jun 2004	Mar 2004
Cyclicals/Manufacturing	Toyota Motor, Schindler, Siemens, Linde, Océ	22%	23%
Financials	Credit Agricole, Credit Saison, Mitsubishi Tokyo Financial, Mitsui Sumitomo Insurance, Nordea	15%	16%
Technology/Hardware	Agere, Infineon Tech, Samsung, AMD, Sun Microsystems, NEC	9%	9%
Medical	Takeda, Schering, Novartis, Merck KGaA, GlaxoSmithKline	8%	8%
Retail/Services/Logistics	Veolia Environ., Deutsche Post, Hornbach, Mitsubishi Corp	8%	8%
Gold and Other	Shell, Barrick Gold, Newmont Mining, Gold Fields, Noranda	7%	7%
Consumer Brands	Henkel, Adidas Salomon, Lotte	7%	7%
Software/Media	Sky Perfect Communications, Seoul Broadcasting, Newscorp	7%	7%
Telecoms	Alcatel, Ericsson, NTT Docomo	6%	4%

Source: Platinum

Large telecom companies are being forced to spend huge sums on capital investments as the internet has permanently changed the structure of their business. Cable TV operators and satellite transmission are eroding their position while the regulatory environment has deteriorated and often forces them to give new competitors access to their networks.

Alcatel is well placed to supply this demand. Having dominated the global market in traditional closed circuit switching, it has an excellent understanding of the telecoms needs in a digital convergent world. Moreover, it has developed the necessary *kit* (software and hardware) to meet their needs. It is also able to help large corporations move to VoIP by virtue of being a global leader in this arena. The company is behind others in third generation mobile technology, but that may be compensated in due course by its leading position in optical networking. This division has seen sales more than halve since the glory days but metro DWDM (dense wavelength division multiplexing) is improving and prospects are brightening. Alcatel has virtually always had a lower rating than its peers, like Ericsson which we also own, but this valuation gap has now become excessive.

Commentary

The downward revision of the US GDP numbers for the first quarter, together with some disappointing releases and company announcements, should be treated with caution as until now most of the indicators suggested the lure of cheap money was working its magic to induce a solid expansion of that economy. One explanation may be that householders are responding to pressure on real wages from the delayed impact of higher costs, notably fuel, and the expiry of the tax refunds. We subscribe, however, to the view that employment will gradually rise in synchrony with the expansionary trend and that this will allow real wages to grow. The recovery has now been in effect for around 2.5 years and it is too early to conclude that a significant shift in consumer behaviour has taken place, particularly as we have not been able to detect as yet any signs of debt aversion.

The main distortions to the US economy remain the high and still expanding levels of government and consumer debt. The latter is doubtless partly due to the abnormally low level of short term interest rates, pushed down by the Federal Reserve Board to soften the impact of the 2000/2001 recession and held down to encourage the subsequent recovery. Even after the recent 25 basis points rise to 1.25%, the cost of overnight money is still about 1.75% below the base line of the 1994 trough.

It is widely believed that short rates are now on a rising trend and will have to be re-established at more normal levels to head off inflationary expectations and check house price rises and credit card borrowings. But it is very interesting to observe that long term rates have not reflected this. On the contrary the yields on US long bonds have been edging down for some while, without any evidence of foreign government buying or other extraneous influences. If these market messages are to be believed we must conclude that while specific pressures in certain areas of the US economy need to be controlled there are few fears of widespread inflation.

This is by no means unreasonable. Contrary to the popular view that inflation is a more or less normal state, it can be shown that there have been long periods of economic history when prices have been stable to flat. In his excellent book, *The Great Wave**, David Hackett Fischer identifies four episodes of great waves of inflation since the middle ages each followed by a protracted period of price stability. These coincided with the Renaissance, the Enlightenment and much of the 1800s. This latter episode is particularly interesting for it was a period which included civil wars, mass population growth and migration, and, indeed, the discovery and production of significant amounts of gold. Prices were flat for some 80 years. They spiked around times of war but then fell back to earlier levels. What is more, this price stability seems to have been evident across continents. In each of these periods of price stability, Fischer identifies that real wages rose, returns on capital diminished as measured by rents on land and bond yields, and importantly, inequalities narrowed.

Clearly this addresses decades rather than the much shorter time horizons focused on by stock markets. However, we have long believed that the early 1980s witnessed the taming of inflation in developed countries so that we may experience a similar pattern to that seen in the 19th century. Behavioural psychology can explain the unwillingness of investors to believe in this new paradigm. This is particularly so when historically the effects of inflation have so helped borrowers. As many shareholders will know, we strongly believe the property boom in the US, Australia, the UK etc is a direct consequence of tax and interest rate distortions, combined with a latent trust in the "inflation bail-out". Globalisation, with its facilitation of the free movement of goods, capital and technology, is clearly exerting significant downward pressure on the prices of traded goods and services. We are not suggesting all prices will be flat, on the contrary we suspect that many commodities will reach new higher clearing levels as a consequence of expanded markets. These will however, be off-set by continued falls in the prices of some traded goods.

In short, we believe it impossible for the US economy to be continuously fuelled by ever rising levels of borrowing. But in the absence of widespread inflation we do not accept that sharp rises in interest rates will be needed to curb current excesses. It must be feared, though, that currency instability is likely to play a part in the adjustment process.

Turning to Asian markets, the curious phenomenon has been the absence of follow-through buying by domestic investors. Back in the halcyon days of the 1990s "Tiger economies", domestic investors exhibited great enthusiasm for their share markets. Valuations were high, PEs typically in the high 20s to 30s, and there was no interest in discussing inscrutable subjects such as the marginal return on factor inputs etc. Now these economies are growing again, financial rectitude has returned at both the national and company level and compliance is stronger but foreigners are the only interested players. The scars of the 1998 IMF crisis do not seem to have healed.

If valuations are to be maintained domestic investors will need to be tempted back into markets as it is likely that foreigners will follow their traditional pattern and take profits. Substantial switching has already been seen out of China, India, Korea and Thailand into Japan. The repatriation of foreign funds could also put pressure on exchange rates.

Some observers are cautious in the aftermath of the Indian election and the formation of a new coalition government under the Congress party. Our interpretation is that the decline of the stock market reflects more an inevitable cooling off after a very strong run. The compromises that the new coalition may be forced to accept are in our view no more worrying than the dangerous Hindu nationalist policies that the BJP periodically enforced. The economy is continuing to grow healthily and under Prime Minister Manmohan Singh reform is still fully on the agenda.

It is too early to assess the degree to which the current credit freeze will impact China. Inflation, particularly in basic foods, is rampant with some basic grain prices up over 30% on last year, and the official CPI is trending upward with May prices being 4.4% higher than last year. Early reports on the sale of cars and heavy construction machinery suggest a sharp contraction of demand, 20% and 60% respectively. However, the impact of less visible influences, such as the loss of revenue to the Provincial authorities from the cessation of land sales and reductions in the sale of the stock of new housing, has still to be felt. At this stage we are inclined to believe that a manageable slowing will be achieved from what was evidently an unsustainable and *disorientating pace*. We are mainly relying on the sheer excitement of the new order to carry the economy over this adjustment phase.

An issue that we feel receives less emphasis than it should is the country's impending water crisis**. Industrialisation and a higher protein diet is placing an unsustainable burden on available water supplies. Domestic planners are increasingly concerned about the faltering flow of the Yellow River which is showing a worsening trend with the river water failing to even reach the coastal province of Shandong for extended periods of the year. In addition, the depletion of aquifers is evident with the water table of the North China plain falling precipitously. This area accounts for 40% of the nation's grain harvest, which itself is 75% dependant on irrigation. There are schemes to divert some 40 billion cubic metres of water a year from the Yangtze but these flows are relatively insignificant in terms of the increasing needs caused by rapid urbanisation and industrialisation. More efficient usage will be essential particularly as statistics show the country to be way in excess of world standards in terms of tonnes of water used per tonne of steel or paper produced. The longer term *implications for employment and agricultural prices is of world significance*.

As China continues to grow, albeit at a less hectic pace, its neighbouring suppliers like Japan and Korea will enjoy the slip stream. These economies are anyway gaining momentum and we see no reason to revise our optimistic view regarding their prospects. As is the case in Europe, rather than macro economic views it is the quality of individual companies and their prospects that drives our portfolio construction.

Conclusion

World growth seems to be broadening but inflation is rising and consumers' real incomes are under pressure. As is common, analysts' forecasts are getting well ahead of themselves and are likely to lead to disappointments. We believe the peak of corporate earnings growth has been crested which, together with a tightening of liquidity, will limit overall market advances. Asia is behind in this evolution and so has more room for continued broad-based share price appreciation.

Kerr Neilson
Managing Director

** The Great Wave, David Hackett Fischer, 1996, Oxford University Press*
*** For further information, please see World Watch Magazine, July/August 1998 issue, Worldwatch Institute*

Substantial Shareholders

The Company's Register of Substantial Shareholders, prepared in accordance with section 671B of the Corporations Act 2001, recorded the following information as at 2 August 2004.

Name	Number of shares	Class of share
Questor Financial Services Limited	2,577,307	ordinary

Distribution of Securities

	Class of equity security Ordinary
(i) Distribution schedule of holdings	
1-1000	935
1,001 - 5,000	5,304
5,001 - 10,000	3,040
10,001-100,000	2,628
100,001 and over	55
Total number of holders	11,962
(ii) Number of holders of less than a marketable parcel	148
(iii) Percentage held by the 20 largest holders	10.26%

Twenty Largest Shareholders

The names of the twenty largest holders of each class of equity securities as at 2 August 2004 are listed below

	Number of Shares	%
RBC Global Services Australia	1,919,996	1.65
Questor Financial Services Limited	1,321,264	1.14
Cox Bros Coffs Harbour Pty Limited	1,195,893	1.03
Frank Hadley Pty Ltd	795,883	0.68
UBS Private Clients Australia Nominees Pty Limited	647,326	0.56
Austair Pilots MBF Nominee Co Pty Limited	500,000	0.43
NIZIN Holdings Pty Limited	499,061	0.43
Tower Trust Limited	496,662	0.43
Feboco Investments Pty Ltd	486,992	0.42
Dr Russell Kay Hancock	480,500	0.41
J P Morgan Nominees Australia Limited	462,170	0.40
National Nominees Limited	398,887	0.34
Cox Bros Coffs Harbour Pty Limited	397,960	0.34
Frank Hadley Pty Ltd	367,707	0.32
Forbar Custodians Limited	335,938	0.29
Questor Financial Services Limited	334,512	0.29
Queens Hill Pty Limited	324,019	0.28
Mr Lloyd James Christie	323,009	0.28
Custodian Services Limited	311,916	0.27
Man Securities Limited	311,829	0.27

Voting Rights

Ordinary Shares:

On a show of hands, every member present in person or represented by a proxy or representative shall have one vote and on a poll every member who is present in person or represented by a proxy or representative shall have one vote for every share held by them.

Financial Calendar

Annual General Meeting	22 October 2004
Ordinary Shares trade Ex-Dividend	25 October 2004
Record (books close) date for Final dividend	29 October 2004
Final dividend paid	12 November 2004

These dates are indicative and may be changed.

DIRECTORS' REPORT

In respect of the year ended 30 June 2004 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 whole year and up to the date of this Report.

Graeme Galt	(Chairman and Non-Executive Director)
Peter Clarke	(Non-Executive Director)
Kerr Neilson	(Managing Director)
Andrew Clifford	(Director)
Malcolm Halstead	(Director and Secretary)

Bruce Coleman was appointed a Non-Executive Director on 10 June 2004.

Principal Activity

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

Trading Results

The net profit of the Company for the year was $19,147,000 (2003: loss $2,274,000) after income tax benefit of $1,655,000 (2003: expense $3,653,000).

Dividends

Since the end of the financial year, the Directors have recommended the payment of a 10 cents per share ($11,626,224) fully franked dividend payable to Shareholders on 12 November 2004.

A fully franked interim dividend of 5 cents per share ($5,770,086) was paid on 27 February 2004.

A fully franked final dividend of 10 cents per share ($11,379,987) for the year ended 30 June 2003 was paid on 10 November 2003.

Review of Operations

The operating profit before tax was $17,492,000 (2003: $1,379,000) and a profit of $19,147,000 (2003:loss $2,274,000) after tax. Income tax benefit for the year was $1,655,000 (2003: tax expense $3,653,000).

Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company that occurred during the year not otherwise disclosed in this report or the financial statements.

Events Subsequent to the end of the Financial Year

Since the end of the financial year, the Directors are not aware of any matter or circumstance not otherwise dealt with in this report or financial statements that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Likely Developments

The Company will continue to pursue its investment objectives so as to increase the net asset value of the Company.

The Company is required to adopt International Financial Reporting Standards (IFRS) as issued by the Australian Accounting Standards Board from 1 July 2005.

The Company has a plan for the transition to IFRS during the year ended 30 June 2005. This plan covers the key areas of the transition including:

- the impact on transactions entered into by the company and their impact on the financial report;
- any financial reporting accounting policy changes;
- any related IT systems changes; and
- communication of implications to shareholders.

Rounding Off of Amounts

The Company is of a kind referred to in the Australian Securities & Investments Commission's Class Order 98/0100, and consequently amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars.

Environmental Regulation

The Company is not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

DIRECTORS' REPORT (Cont.)

Remuneration Report

Principles used to determine the nature and amount of remuneration

The Executive Directors review and determine the remuneration of the Non-Executive Directors and may utilise the services of external advisors. It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Non-Executive Directors. The remuneration of the directors is not linked to the performance of the Company. There are no Executives or employees of the Company.

Directors fees
Non-Executive Directors base remuneration is reviewed annually.

Retirement benefits for directors
No retirement benefits are provided to Directors.

Other benefits and incentives
No other benefits and incentives are paid to Directors.

Details of remuneration

The Executive Directors (WKS Neilson, AM Clifford & RM Halstead) are employees of the Investment Manager, Platinum Asset Management, and are not remunerated by the Company. The Non-Executive Directors received the following amounts amounts from the Company during the financial year:

	Fee	Superannuation	Total
	$	$	$
GW Galt	55,000	4,950	59,950
PW Clarke	50,000	4,500	54,500
BD Coleman	2,821	254	3,075
	107,821	9,704	117,525

The Executive Directors (WKS Neilson, AM Clifford & RM Halstead) are employees of the Investment Manager, Platinum Asset Management, and are not remunerated by the Company. Accounting Standard AASB 1046 requires remuneration made available indirectly to Directors by personally-related entities be disclosed. Platinum Asset Management is a personally-related entity of the three Executive Directors. The Standard *deems* some portion of the remuneration paid by Platinum Asset Management to its employees to be in relation to managing the affairs of this Company. Platinum Asset Management has not made any determination as to what proportion of its employees' remuneration relates to this Company Platinum Asset Management paid: WKS Neilson a salary of $200,000 (2003:$190,000) and superannuation of $11,002 (2003:$10,519); AM Clifford a salary of $170,000 (2003:$170,000), a bonus of $200,000 (2003:$100,000) and superannuation of $11,002 (2003:$10,519); RM Halstead a salary of $170,000 (2003:$170,000), a bonus of $200,000 (2003:$100,000) and superannuation of $11,002 (2003:$10,519).

Service agreements

Remuneration and other terms of employment for the Non Executive Directors are formalised in service agreements. The Executive Directors do not have service agreements, as they are employees of the Investment Manager, Platinum Asset Management.

Graeme W Galt, Chairman and Non Executive Director

- Commenced on 25 July 2002.
- No term of agreement has been set unless the Director is not re-elected by shareholders of the Company.
- Base Salary, inclusive of Superannuation, for the year ended 30 June 2004 of $59,950.

Peter W Clarke, Non Executive Director

- Commenced on 15 April 1999.
- No term of agreement has been set unless the Director is not re-elected by shareholders of the Company.
- Base Salary, inclusive of Superannuation, for the year ended 30 June 2004 of $54,500.

Bruce Coleman, Non Executive Director

- Commenced on 10 June 2004.
- No term of agreement has been set unless the Director is not re-elected by shareholders of the Company.
- Base Salary, inclusive of Superannuation, for the period ended 30 June 2004 of $3,075.

Share base compensation

No shares or options are granted to Directors

Directors' Interests in Contracts

The three Executive Directors are employees of and have a relevant interest in the Investment Manager and accordingly will receive a portion of the Management fee. They do not receive any Directors' remuneration from the Company.

Directors' Insurance

During the year, the Company incurred a premium in respect of a contract for indemnity insurance for the Directors and Officers of the Company named in this report.

Executives

The Company has no employees or executives other than the Directors.

Information on Directors

Graeme W Galt MBA, BCom, FAICD
Independent Non-Executive Director and Chairman for two years. (Age 64). Member of the Audit Committee.
Mr Galt has extensive experience in senior line and staff roles, and in consulting positions across a wide range of industries and markets. He has been a Director of and Adviser to DHL International (Aust) Pty Limited since 1991, is a Director of Asian Express Airlines Pty Limited and Principal of Templeton Galt.
Mr Galt is active in community, cultural and sporting activities and is a Director of Bangarra Dance Theatre and Chairman of Centre Circle.

Peter W Clarke BSc(Econ)
Independent Non-Executive Director for four years. (Age 68). Chairman of the Audit Committee.
Mr Clarke brings to the Board over thirty years experience in the Investment Management business. Until 1987 he held various directorships in the UK and was Managing Director of a stockbroking firm.
Other Directorships include Canning Energy Limited and Climax Mining Limited.

Bruce Coleman BSc, BCom, CA
Independent Non-Executive Director and member of the Audit Committee from 10 June 2004. (Age 54).
Mr Coleman has worked in the Finance and Investment industry since 1986. He was the CEO of MLC Investment Management from 1996 to 2004. He has held various directorships within MLC Limited, Lend Lease and the National Australia Banking group.

Kerr Neilson BCom, ASIP
Managing Director for ten years. (Age 54).
Relevant interest in 324,020 shares in the Company.
Appointed as Managing Director upon incorporation. He is the Managing Director of Platinum Asset Management, the Company's Investment Manager.
Prior to Platinum Asset Management, he was an Executive Vice President at Bankers Trust Australia Limited.
Previously he worked in both the UK and South Africa as an Investment Analyst and Fund Manager.

Andrew M Clifford BCom(Hons), ASIA
Director for ten years. (Age 38).
Relevant interest in 81,004 shares in the Company.
Appointed a Director of the Company upon incorporation. He is a Director of Platinum Asset Management, the Company's Investment Manager. Prior to Platinum Asset Management, Mr Clifford was a Vice President at Bankers Trust Australia Limited.

Malcolm Halstead ACA
Finance Director and Company Secretary for ten years. (Age 46). Member of the Audit Committee, until June 2004.
Relevant interest in 64,804 shares in the Company.
Appointed a Director of the Company upon incorporation. He is a Director of Platinum Asset Management, the Company's Investment Manager. Prior to Platinum Asset Management, Mr Halstead was a Vice President at Bankers Trust Australia Limited. Previously he was with Price Waterhouse, Sydney and Jolliffe Cork, London.

Directors' Meetings

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2004 and attended by each Director.

	Board Meetings		Audit Committee Meetings	
	Held while a Director	Attended	Held while a member	Attended
PW Clarke	6	5	5	4
GW Galt	6	5	5	5
DB Coleman (appointed 10 June 2004)	1	1	-	-
WK Neilson	6	5	-	-
AM Clifford	6	6	-	-
RM Halstead	6	6	5	4

Malcolm Halstead was a member of the Audit Committee until he was replaced by Bruce Coleman on 10 June 2004.

Auditor

PricewaterhouseCoopers continues in office in accordance with Section 327 of the Corporations Act 2001.

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

GW Galt
Director

WK Neilson
Director

Sydney
6 August 2004

Corporate Governance Statement

The Company is a listed investment company. Its shares are traded on the Australian Stock Exchange (ASX).
The objective of the Company is to seek long term capital growth through utilising the skills of the investment manager, Platinum Asset Management.
Other than its Directors, the Company has no employees. It has no premises, plant or equipment or other physical assets. The Company's day-to-day affairs and the investment of its funds are managed by Platinum Asset Management in accordance with a Management Agreement.
It is the responsibility of the Directors to ensure that Platinum Asset Management is performing its duties in a skilful and diligent manner, that it employs qualified and experienced staff and that it operates appropriate risk monitoring and compliance procedures.
The Company's main corporate governance practices are set out below and, unless otherwise stated, were in place for the entire year.

The Board of Directors

The Board operates in accordance with its Charter, which is available on the Company's web site: www.platinumcapital.com.au.
The Charter covers the following.

Board Composition

. The Board comprises an equal number of executive and independent Non-Executive Directors. Whilst a majority of non-executive directors is recommended by the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations, the Board has determined that equal representation is appropriate given the size of the Company and its specialised nature.
. The Chairman is an independent non-executive Director.
. The Board undertakes an annual performance review and considers the appropriate mix of skills required to ensure its effectiveness.

Responsibilities

. Overseeing and monitoring Platinum Asset Management's compliance with the investment management agreement.
. Monitoring financial performance including approval of statutory financial reports and liaison with the Company's auditors.
. Identifying, controlling and monitoring significant risks faced by the Company including those associated with its compliance obligations and ensuring appropriate reporting mechanisms are in place.

Board Members

The Board aims to ensure that:
. its members have an appropriate balance between those with investment management experience and those with an alternative perspective; and
. the size of the Board is conducive to effective discussion and efficient decision making.
Directors' details are set out in the Directors' Report.

Directors' Independence

A Director is independent if he or she:
. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
. has not been employed in an executive capacity by the Company, or been a Director after ceasing to hold any such employment within the last three years;
. is not a principal of a material professional adviser to the Company, or an employee materially associated with the service provider within the last three years;
. is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
. has no material contractual relationship with the Company other than as a Director of the Company;
. has not been on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.
Materiality is judged on both a quantitative and qualitative basis. An amount of over 0.5% of the Company's turnover is considered material for these purposes.
In addition, a transaction of any amount or relationship is deemed material if knowledge of it impacts the shareholders' understanding of the Director's performance.

Term of Office

The Company's Constitution specifies that all Directors, other than the MD, must retire from office no later than the third Annual General Meeting (AGM) following their last election and that one-third of the Directors are to retire from office at each AGM. Where eligible, a Director may stand for re-election.

Chairman and MD - Division of Function

The Chairman is responsible for leading the Board, ensuring that the Board activities are organised and efficiently conducted and for ensuring Directors are properly briefed for meetings. The MD is responsible for ensuring that Platinum Asset Management complies with the investment management contract.
The policy of the Board is not to have the same person as Chairman and MD.

Commitment

The number of meetings held and attended by each Director is disclosed in the Directors' Report.
Non-Company related commitments of the Non-Executive Directors are considered by the Board prior to each Director's appointment and are reviewed as part of the annual performance review.

Independent Professional Advice

Directors may seek independent professional advice at the Company's expense, after first notifying the Board.
The Board will review the estimated costs for reasonableness, but will not impede the seeking of advice.

Annual Performance Review

The Board undertakes a performance review annually and considers the appropriate mix of skills required to maximise its effectiveness.
Independent professional advice may be sought. Executive Directors are not remunerated by the Company.
Executive Directors review and determine the remuneration of the Non-Executive Directors. Independent professional advice may be sought.
The Board remunerates at market rates commensurate with the responsibilities borne by the Non-Executive Directors.
Directors' fees are disclosed in the financial statements.

Corporate Governance Statement (Continued)

Corporate Reporting

The MD and Finance Director have made the following certifications to the Board:

. the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards;

. the above statement is founded on a sound system of risk management and internal compliance and control; and

. the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Board Committees

The Board has determined that given the size and specialised nature of the Company nomination and remuneration committees are unnecessary. The Board deals with all matters that would otherwise be dealt with by such committees. Independent professional advice may be sought.

Audit Committee

The audit committee consisted of three Independent Non-Executive Directors namely

Peter W Clarke	(Chairman)
Graeme W Galt	(Independent Non-Executive Director)
Bruce Coleman	(Independent Non-Executive Director)

Malcolm Halstead was a member of the Audit Committee until he was replaced by Bruce Coleman on 10 June 2004.

Details of Directors' qualifications and experience are set out in the Directors' Report. The audit committee has appropriate financial expertise.
The audit committee operates in accordance with a Charter which is available on the Company's web site. Its main responsibilities to the Board include:

. recommending the appointment of the external auditor and the audit fee;

. ensuring that the external auditor is competent and independent;

. ensuring that the external auditor has full access to information and that no unacceptable management or other restrictions are placed on it;

. reviewing the draft half-yearly and year-end financial statements prior to recommending their adoption by the Board;

. monitoring the Company's compliance with its statutory obligations;

. reviewing and monitoring the adequacy of management information and internal control systems; and

. ensuring that any query from shareholders relating to such matters are dealt with expeditiously.

External Auditors

The Board appoints external auditors who demonstrate quality and independence. PricewaterhouseCoopers were appointed as the external auditors in 1994. PricewaterhouseCoopers rotate audit partners engaged on listed companies' audits at least every five years. From 1 July 2003, PricewaterhouseCoopers will provide an annual declaration of their independence to the Audit Committee.
The performance of the external auditor is reviewed annually by the Audit Committee.

Risk Assessment and Management

The Board ensures there are adequate policies in relation to risk oversight and management and internal control systems.
The Company's policies are designed to ensure operational, legal and financial risks are identified, assessed, addressed and monitored.
A summary of these policies is available on the Company's web site.

Code of Conduct

The Board has adopted a Code of Conduct (the Code) which is based upon the Australian Institute of Company Directors' Code of Conduct.
In summary, the Code requires that at all times the Directors act with the utmost integrity, objectivity and in compliance with the law and the Company's policies.
The purchase and sale of shares in the Company by Directors is only permitted during a period of 5 business days following the release of the monthly net asset value appearing in the Australian Financial Review. Additional blackout periods are enforced as necessary (eg. during an on-market buy-back of shares on issue). Any and all changes to Directors' shareholdings are reported to the ASX.
Platinum Asset Management imposes the same rules on itself and its employees.
Copies of the Code and the Company's trading policy are available on the Company's web site.

Continuous Disclosure and Shareholder Communication

The Company Secretary is responsible for communications with the ASX. The role includes ensuring compliance with the continuous disclosure requirements in the ASX listing rules and over-seeing and coordinating information disclosure to the ASX, shareholders, the media and the public.
Shareholders receive a copy of the Company's annual report together with a quarterly investment report from Platinum Asset Management.
The external auditor attends the AGM to answer any shareholder questions in relation to the annual audit and preparation and content of the auditor's report.
A summary of the Company's continuous disclosure policy and communications plan is available on the Company's web site.

Statement of Financial Performance

Year ended 30 June 2004

	Notes	2004 $'000	2003 $'000
Revenue from ordinary activities			
Dividends		2,591	2,858
Interest		170	399
Net realised gains/(losses) on sale of equities/derivatives		(7,835)	425
Net realised gains/(losses) on currency hedging transactions		15,575	9,711
Net unrealised gains/(losses) on revaluation of monetary items		(9,738)	8,222
Reversal of prior period's provision for permanent diminution in the value of investments		24,461	12,353
Provision for permanent diminution in the value of investments		(3,336)	(24,461)
Net realised gains/(losses) on overseas bank accounts		(34)	(2,783)
Total revenue from ordinary activities		21,854	6,724
Expenses			
Management fee		3,078	2,573
Performance fee		-	1,486
Custody		235	153
Share registry		231	239
Directors' fees		118	87
Auditor's remuneration			
- Auditing and review ($47,200, 2003: $37,500)		47	38
- Taxation services ($36,871, 2003: $17,735)		37	18
- Advisory services ($4,360, 2003: $nil)		4	-
Withholding tax on foreign dividends		215	333
Other expenses		397	418
Total expenses		4,362	5,345
Profit/(loss) from ordinary activities before related income tax expense		17,492	1,379
Income tax (benefit)/expense	2	(1,655)	3,653
Profit/(loss) from ordinary activities after related income tax expense	8	19,147	(2,274)
Basic earnings per share (cents per share)	7	16.63	(2.02)
Diluted earnings per share (cents per share)	7	16.63	(2.02)

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

Statement of Financial Position
As at 30 June 2004

	Notes	2004 $'000	2003 $'000
Investments	1(c), 3	180,543	170,902
Current Assets			
Cash at bank	9(a)	228	196
Receivables	4	583	1,209
Income tax receivable		914	6,385
Deferred tax assets		629	57
Total Current Assets		2,354	7,847
Total Assets		182,897	178,749
Current Liabilities			
Payables	5	1,881	2,981
Deferred tax		601	2,864
Total Current Liabilities		2,482	5,845
Net Assets		**180,415**	**172,904**
Equity			
Contributed equity	6	126,827	121,314
Retained profits	8	53,588	51,590
Total Equity		**180,415**	**172,904**

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

Statement of Cash Flows
Year ended 30 June 2004

	Notes	2004 $'000 Inflows (Outflows)	2003 $'000 Inflows (Outflows)
Cash flows from operating activities			
Dividends received		2,675	2,779
Interest received		166	410
Cost of purchases of investments and currencies		(114,047)	(92,364)
Proceeds from sale of investments and currencies		124,280	123,330
Management and performance fees paid		(4,370)	(9,027)
Other expenses		(2,032)	(1,263)
Income tax received/(paid)		4,291	(10,112)
Net cash inflow/(outflow) from operating activities	9(b)	10,963	13,753
Cash flows from financing activities			
Proceeds from issue of shares		5,513	5,873
Dividends paid		(17,146)	(16,686)
Net cash outflow from financing activities		(11,633)	(10,813)
Net Increase / (decrease) in cash held		(670)	2,940
Cash held at the beginning of the financial year		29,231	26,743
Effects of exchange rate changes on cash		(24)	(452)
Cash held at the end of the financial year	9(a)	28,537	29,231

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

NOTES TO THE FINANCIAL STATEMENTS
30 June 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The accounting policies adopted have been consistently applied by the Company, except as otherwise indicated.

(a) Basis of Accounting
The financial statements have been prepared on the basis of historical cost, except where otherwise stated.

(b) Foreign Currency Translation
Transactions denominated in foreign currencies are translated into Australian Currency at the rates of exchange ruling on the date of the transaction. All realised exchange gains and losses are taken to account in the period in which they arise. Foreign currency monetary assets and liabilities existing at balance date are revalued at the rates of exchange ruling at balance date. The resulting unrealised exchange differences are brought to account in determining the Profit or Loss for the year.

(c) Investments
(i) Classification
Investments have not been classified in the Statement of Financial Position as current or non-current assets. In the opinion of the Directors, having regard to the nature of the business conducted by the Company, the period of investment is not known at the time of purchase.
(ii) Valuation
Investments are carried at cost, with the exception of monetary items, which are stated at net fair value. Where, in the opinion of Directors, there has been a permanent diminution in the value of an investment, the carrying amount of such an investment is written down to its net fair value.

(d) Derivatives
(i) Currency hedges
Realised and unrealised gains or losses are brought to account in determining the profit or loss for the year. Currency positions are disclosed in note 12(b).
(ii) Other Derivatives
All other derivatives are valued at cost. Where, in the opinion of Directors, there has been a permanent diminution in the value of a derivative, the carrying amount of such a derivative is written down to its recoverable amount. Derivative positions are disclosed in note 12(a).

(e) Income Recognition
Interest income is recognised on an accruals basis.
Dividend income is brought to account on the applicable ex-dividend date.
Foreign exchange income is recognised as disclosed in notes 1(b) and (d).
Investment gains and losses are recognised on disposal of an investment, subject to note 1(c).

(f) Directors' Entitlements
Liabilities for Directors' entitlements to fees are accrued at nominal amounts calculated on the basis of current fees rates.
Contributions to Directors' superannuation plans are charged as an expense as the contributions are paid or become payable.

(g) Income Tax
Income tax has been brought to account using the liability method of tax effect accounting.

(h) Earnings per Share
Basic and diluted earnings per share is determined by dividing the operating profit after income tax by the weighted number of ordinary shares outstanding during the year.

(i) Cash
Refer to note 9(a).

(j) Receivables
All receivables are recognised as and when they are due.
Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(k) Payables
All payables and trade creditors are recognised as and when they are incurred.

(l) Dividends
Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2004

2. Income Tax

The aggregate amount of income tax attributable to the financial year differs from the prima facie amount payable on the operating profit/(loss). The difference is reconciled as follows:

	2004 $'000	2003 $'000
Profit from ordinary activities before income tax expense	17,492	1,379
Prima facie income tax on operating profit/(loss) at 30%	5,248	414
Tax effect on permanent differences which:		
Reduce Tax Payable		
Allowable credits	(746)	(396)
Unrecognised deferred tax assets now deductible	(7,338)	(3,706)
Deferred tax assets not recognised	1,000	7,338
Under/(over) provision of prior period tax	181	3
Income tax (benefit)/expense	(1,655)	3,653

Income tax (benefit)/expense comprises:

	2004 $'000	2003 $'000
Current income tax provision	999	1,162
Deferred tax liabilities	(2,263)	2,075
Deferred tax assets	(572)	413
Under provision of prior period tax	181	3
	(1,655)	3,653

Future income tax benefit

Potential future income tax benefits of $1,000,735 (2003:$7,338,436) arising from permanent diminution in the value of investments of $3,335,784 (2003: $24,461,452) have not been brought to account at balance date as the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as virtually certain. The benefit of the permanent diminution may be obtained if the investments are sold.

3. Investments

	2004 $'000 Net Fair Value	2004 $'000 Cost/Carrying Value	2003 $'000 Net Fair Value	2003 $'000 Cost/Carrying Value
Listed and non-listed securities	181,526	157,467	134,059	158,484
Less: Securities written down to net fair value	-	(3,336)	-	(24,461)
	181,526	154,131	134,059	134,023
Currency hedges	(1,897)	(1,897)	7,844	7,844
Cash on deposit note 9(a)	28,309	28,309	29,035	29,035
Total Investment Portfolio (note 11)	207,938	180,543	170,938	170,902

Investments are carried at cost, with the exception of monetary items, which are stated at net fair value.
Where, in the opinion of Directors, there has been a permanent diminution in the value of an investment, the carrying amount of such an investment is written down to its net fair value.

4. Receivables

	2004 $'000	2003 $'000
Current		
Proceeds on sale of investments	308	923
Accrued dividends	82	166
Accrued interest	12	8
Prepayments	85	78
Goods and Services Tax	96	34
	583	1,209

Proceeds on sale of investments are usually received between two and five days after trade date.
Interest is usually received within three days of becoming due and receivable and dividends are usually received within approximately thirty days of the ex-dividend date.
The net fair value of receivables approximates their carrying value.

Denomination of current receivables by geographic location:

	2004	2003
Hong Kong dollar	-	1
Japanese yen	25	6
Indian rupee	69	35
Korean won	3	-
Euro dollar	2	114
Danish krone	-	150
Swiss francs	25	-
British pounds	3	-
Canadian dollar	-	1
US dollar	11	784
	138	1,091

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2004

5. Payables

	2004 $'000	2003 $'000
Current		
Payables on purchase of investments	999	833
Trade creditors (unsecured)	692	1,961
Unclaimed dividends payable to shareholders	190	187
	1,881	2,981

Payables on purchase of investments are usually paid between two and five days after trade date.
Trade creditors are unsecured and payable between seven and thirty days after being incurred.
The net fair value of payables approximates their carrying value.
These current payables are non interest bearing.
Denomination of current payables by geographic location:

	2004 $'000	2003 $'000
US dollar	-	352
Danish krone	129	-
Indian rupee	-	481
Euro	870	-
	999	833

6. Contributed Equity

		2004 Quantity	2004 $'000	2003 Quantity	2003 $'000
Opening balance		113,799,874	121,314	110,808,132	115,441
Dividend reinvestment plan	8-Nov-02	-	-	1,930,837	3,900
Dividend reinvestment plan	28-Feb-03	-	-	1,060,905	1,973
Dividend reinvestment plan	10-Nov-03	1,601,844	3,620	-	-
Dividend reinvestment plan	27-Feb-04	860,519	1,893	-	-
Closing Balance		116,262,237	126,827	113,799,874	121,314

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

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.

7.Earnings per share

	2004	2003
Basic earnings per share - cents per share	16.63	(2.02)
Diluted earnings per share - cents per share	16.63	(2.02)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share	115,117,897	112,403,494
	$'000	$'000
Earnings used in the calculation of basic and diluted earnings per share	19,147	($2,274)

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 financial year.
As there are no potential ordinary shares, diluted earnings per share equals basic earnings per share.

8.Retained Profits

	Notes	2004 $'000	2003 $'000
Retained earnings at the beginning of the financial year		51,590	59,500
Adjustment resulting from change in accounting policy for providing for dividends		-	11,081
Net profit/(loss)		19,147	(2,274)
Dividends provided for or paid	14	(17,149)	(16,717)
Retained earnings at the end of the financial year		53,588	51,590

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2004

9. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes deposits at call and cash at bank, which are readily convertible to cash on hand.

Cash at the end of the financial year, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

	2004 $'000	2003 $'000
Cash at bank *	228	196
Cash on deposit ** note 3	28,309	29,035
	28,537	**29,231**

* Includes $190,000 (2003: $187,000) held in respect of unclaimed dividends on behalf of Shareholders.

** Includes $14,527,000 (2003: $12,820,000) on deposit to 'cash cover' derivative contracts' deposits and margin calls. These amounts are held by the relevant derivative exchanges and counterparties as security and are not available for use by the Company until the derivative contracts are closed out. If losses are realised on the close out of derivative contracts, the cash balances are set off against those losses. If profits are realised on the close out of derivative contracts, the money is returned to the Company.

The net fair value of cash and deposits approximates their carrying value.

The Company maintains bank accounts at various locations throughout the world to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. All accounts are at call and the majority bears floating interest rates in the range of 0.2% to 0.7% (2003: 0.25% to 4.00%).

International and Australian deposits at call bear floating interest rates in the range of 1.00% to 5.15% (2003: 1.00% to 4.65%).

International deposits and margin calls at derivative exchanges bear floating interest rates in the range of 0.5% to 1.00% (2003: 1.00% to 2.50%).

	2004 $'000	2003 $'000
(b) Reconciliation of Net Cash from Operating Activities to Operating Profit/(Loss) after Income Tax		
Operating profit/(loss) after income tax	19,147	(2,274)
Decrease/(increase) in investment securities and currency hedges	(10,367)	25,985
(Increase)/decrease in cash due to exchange rate movements	24	452
Decrease/(increase) in settlements receivable	615	1,188
Decrease/(increase) in dividends receivable	84	(79)
Decrease/(increase) in interest receivable	(4)	11
Decrease/(increase) in GST receivable	(62)	(22)
Decrease/(increase) in income tax receivable	5,471	(6,385)
Decrease/(increase) in prepayments	(7)	(28)
(Decrease)/increase in accrued expenses	(1,269)	(4,918)
(Decrease)/increase in settlements payable	166	(104)
(Decrease)/increase in income tax payable	-	(2,561)
(Increase)/decrease in deferred tax assets	(572)	413
Increase/(decrease) in deferred tax liabilities	(2,263)	2,075
Net Cash from Operating Activities	**10,963**	**13,753**

10. Statement of Net Asset Value

Taking Investments at Market Value* and Providing for Realised and Unrealised Taxes		
Net Asset Value per Statement of Financial Position (Historical cost basis)	180,415	172,904
Add:		
Revaluation of investments	27,395	36
Future income tax on revaluation of investments	-	1,106
Deferred income tax on movements in unrealised monetary items	(7,217)	2,864
Adjustment to payables	(30)	-
Net Asset Value	200,563	176,910
Net Asset Value - cents per share	172.51	155.46

* all investments, currencies and derivatives are valued at net fair value.

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2004

11. Investment Portfolio

	Quantity	2004 Net Fair Value $'000
JAPAN		
Aiful	17,000	2,540
Aisin Seiki	40,000	1,194
Ajinomoto	164,000	2,826
Alpine Electronics	95,000	1,834
Canon	19,000	1,433
Citizen Watch	67,800	1,099
Credit Saison	93,500	4,022
Daiwa House	80,000	1,328
Denso	126,000	4,198
Fuji Photo Film	29,000	1,301
Millea Holdings	106	2,252
Mitsubishi	216,000	3,003
Mitsubishi Tokyo Financial	239	3,166
Mitsui Sumitomo Insurance	244,000	3,280
NEC	258,000	2,599
Nikkei 225 - Sold Short	(20)	(128)
Nikko Cordial	98,000	680
Nintendo	10,300	1,709
Nippon Sheet Glass	326,000	1,847
Nippon Television	5,400	1,268
NTT	221	1,690
NTT Mobile Communications Network	720	1,841
Sky Perfect Communications	1,007	1,664
Sumitomo	183,000	1,901
Sumitomo Mitsui FG	110	1,079
Takeda Chemical	45,300	2,846
TDK	13,000	1,412
Tokyo Broadcasting System	49,000	1,234
Toyota Industries	34,000	1,168
Toyota Motor	49,000	2,841
Ushio Denki	74,000	1,910
		61,037
OTHER ASIA		
Hong Kong		
Beijing Capital International Airport - H	1,120,000	492
Next Media	923,000	439
Travelsky Technology - H	271,000	253
		1,184
Indonesia		
Unilever Indonesia	1,500,000	894
		894
India		
Associated Cement	78,477	590
Associated Cement P - Note	21,000	157
Bank of Baroda	124,000	578
Canara Bank P - Note	104,500	389
CESC	173,665	470
Housing Development Finance	47,308	759
ITC	19,573	539
ITC P - Note	6,000	165
Mahanagar Telephone Nigam	44,000	179
Reliance Industrie P - Note	15,000	200
Reliance Industries	103,602	1,382
State Bank Of India	59,000	789
State Bank Of India P - Note	1,000	13
Tata Power Company	75,366	543
Union Bank Of India	402,000	721
Vijaya Bank	237,000	300
		7,774

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2004
11. Investment Portfolio (Continued)

	Quantity	2004 Net Fair Value $'000
Korea		
Kangwon Land	144,300	2,281
KT	14,620	698
Lotte Confectionery	3,370	2,422
Samsung	157,160	2,737
Samsung Electronics	2,405	1,417
Samsung Securities	33,000	772
Seoul Broadcasting	34,330	1,247
SK Telecom	2,040	479
		12,053
China		
ZTE Corp P - Note	232,700	979
		979
Malaysia		
UMW Holdings Berhad	428,333	820
		820
Taiwan		
Polaris Securities	1,104,000	826
Yuanta Core Pacific Securities	292,000	259
Yuanta Securities P - Note	628,000	557
		1,642
TOTAL OTHER ASIA		25,346
AUSTRALIA		
HHG	26,300	31
News Corporation - Ordinary	242,781	3,071
		3,102
EUROPE EURO		
France		
Alcatel	94,000	2,075
CA Normandie Seine	4,581	578
CA Touraine Poitou	1,170	157
Credit Agricole	107,200	3,733
Veolia Environnement	94,000	3,796
		10,339
Germany		
Adidas	9,900	1,692
Deutsche Post AG - Registered	96,000	2,965
Douglas Holdings	21,848	902
Henkel KGAA - Vorzug	33,800	4,132
Hornbach Baumarkt	45,600	2,064
Hornbach Holdings	16,860	1,701
Infineon Technologies	147,000	2,826
Linde	44,800	3,529
Merck KgAa	43,989	3,792
Schering	9,000	761
Siemens	42,250	4,349
		28,713
Netherlands		
Royal Dutch Petroleum	43,400	3,188
		3,188
Finland		
Metso OYJ	65,000	1,177
		1,177
Italy		
Alleanza Assicurazioni	247,700	4,046
		4,046
TOTAL EUROPE - EURO		47,463

11. Investment Portfolio (Continued)

	Quantity	2004 Net Fair Value $'000
EUROPE - OTHER		
Sweden		
Ericsson LM - B	530,000	2,235
Nordea Bank AB	161,000	1,659
		3,894
Switzerland		
Kuehne & Nagel	1,659	342
Lindt & Spruengli - Registered	50	844
Novartis - Registered	12,700	802
Schindler - Participating Certificates	6,700	2,752
Schweizerische Industrie Gesellschaft Holdings - Registered	2,013	521
SGS Societe Generale Surveillance Holding	1,285	1,004
		6,265
United Kingdom		
Astrazeneca - Sold Short	(9,600)	30
GlaxoSmithKline	15,000	435
Royal Bank of Scotland - Sold Short	(10,000)	21
		486
Russia		
Yukos - ADR	12,500	567
		567
Denmark		
Carlsberg - A	4,077	308
H Lundbeck - A	36,000	1,122
Novozymes A/S - B	71,900	4,640
		6,070
TOTAL EUROPE - OTHER		17,282

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2004
11. Investment Portfolio (Continued)

	Quantity	2004 Net Fair Value $'000
NORTH AMERICA		
Canada		
Fairfax Financial Holdings - Sold Short	(4,600)	(136)
Manulife Financial - Sold Short	(49,050)	(56)
Noranda	108,800	2,672
Suncor Energy	27,000	983
		3,463
United States		
Advanced Micro Devices	148,380	3,366
Affymetrix	34,000	1,587
Agere Systems - A	287,364	943
Agere Systems - B	323,536	992
Agilent Technologies	16,100	672
AmeriCredit - Sold Short	(77,100)	(189)
Annheuser Busch - Sold Short	(12,000)	(37)
Ariad Pharmaceuticals	13,000	139
Barrick Gold	71,800	2,023
Capital One Financial - Sold Short	(27,000)	117
Caterpillar - Sold Short	(4,000)	(25)
Cepheid	10,400	171
Commerce Bancorp - Sold Short	(20,900)	63
Danaher - Sold Short	(30,200)	(313)
Fannie Mae - Sold Short	(30,100)	(113)
Financial Select Sector SPDR Fund - Sold Short	(339,600)	(448)
Foundry Networks	21,600	434
General Motors - Sold Short	(15,700)	(60)
Gillette - Sold Short	(11,800)	(23)
Incyte	50,325	548
Investors Financial Services - Sold Short	(22,300)	(29)
iShares Russell 2000 - Sold Short	(20,000)	(223)
Kelloggs - Sold Short	(28,900)	35
Lehman Brothers Holdings - Sold Short	(9,000)	(9)
Lennar - Sold Short	(6,100)	(10)
Liberty Media	113,600	1,457
Liberty Media International - A	5,680	301
Maxtor	154,500	1,461
MGIC Investment - Sold Short	(34,900)	(48)
Myriad Genetics	35,600	758
Nasdaq 100 - Sold Short	(39)	(234)
New York Community Bancorp - Sold Short	(30,917)	235
Newmont Mining	29,950	1,656
NVR - Sold Short	(4,010)	(291)
Parametric	220,100	1,570
Russell 2000 - Sold Short	(20)	(339)
Sears, Roebuck - Sold Short	(10,200)	3
Stryker - Sold Short	(19,400)	(147)
Sun Microsystems	261,200	1,613
Tularik	71,274	2,522
Tyco International - Sold Short	(49,000)	(345)
VEECO Instruments	8,650	318
Vertex Pharmaceuticals	41,100	635
XOMA	64,100	410
Zymogenetics	27,800	753
		21,899
TOTAL NORTH AMERICA		25,362

NOTES TO THE FINANCIAL STATEMENTS continued

30 June 2004

11. Investment Portfolio (Continued)

	Quantity	2004 Net Fair Value $'000
SOUTH AMERICA		
Peru		
Bayer Peru - Trabajo	77,287	67
Peru Holding De Turismo - Trabajo	1,667,523	75
		142
SOUTH AFRICA		
Gold Fields - ADR	93,800	1,407
Harmony Gold Mining - ADR	25,500	385
		1,792
LIQUIDS		
Outstanding Settlements		(609)
Foreign Exchange Contracts		(1,897)
Cash at bank and on deposit		28,309
		25,803
TOTAL INVESTMENT PORTFOLIO NOTE 12(a) and 12(b)		207,329
Accounted for in Payables (payables on purchase of investments)		999
Accounted for in Receivables (proceeds on sale of investments)		(308)
Accounted for in Receivables (dividends receivable)		(82)
ACCOUNTED FOR IN INVESTMENTS (Note 3)		207,938

Exchange traded investments' net fair value is determined from the quoted market price less an estimate for realisation costs. Unlisted investments', including monetary items, net fair value is determined from alternative pricing sources in 'over the counter' markets or by Directors' valuation, less an estimate for realisation costs.
Certain investments with a carrying value of $51,625,792 (2003:$115,837,438) have a net fair value of $44,384,463 (2003:$85,566,384). Investment markets are in a continuous state of flux, changing the net fair value of the Company's investments, sometimes to below original cost. The Company is a long term value investor and short term fluctuations in the net fair value of investments are not taken to account, other than if they represent a permanent diminution in value. (Refer to note 1(c)(ii)).

The total number of securities transactions entered into during the reporting period, together with total brokerage paid during the reporting period;

Number of transactions - 1,751 Total brokerage paid - $556,514

12. Risk Management

It is the Company's investment objective to seek long term capital growth through value investing internationally in businesses and companies. The Investment Manager may also invest in fixed interest investments, although this is not the primary investment objective. The Company's investments are subject to price (which includes currency, interest rate and market risk), credit and liquidity risks.

The Company's primary risks are related to the investment activities undertaken on its behalf by the Investment Manager. The Company has a policy of not borrowing moneys, other than on a short term basis for settlement, trading and like purposes. The Company's investment restrictions prohibit it from taking positions in futures, options, other derivative products or short sales of securities, if the aggregate exposure to those products exceeds 50% of the net asset value of the Company.

The Board monitors the level of risk in the Investment Portfolio regularly through formal Directors' meetings with the Investment Manager. The Investment Manager monitors the risks daily and implements risk management strategies consistent with the invested position as it believes necessary. The effective exposure to currencies and markets is continuously monitored by the Investment Manager and the Company.

The international investment activities of the Company expose it to currency risk - the possibility of losing money owing to changes in foreign currency exchange rates - and manages this risk through forward currency hedging contracts and options on forward contracts. Contracts open at balance date are accounted for as foreign currency monetary assets and liabilities - refer note 1(b).

The Company is exposed to credit related losses in the event of non-performance by counterparties to financial instruments, but it does not expect any counterparties to fail to meet their obligations given their high credit ratings. Where appropriate, the Company utilises master netting agreements.

The investment activities of the Company expose it to market risk - the possibility of losing money owing to changes in the market prices of its investments - and manages this risk through derivative hedging contracts, futures, options and swaps. Such transactions are to protect the investment portfolio from either being invested or uninvested. Contracts are primarily for the purpose of portfolio protection and are aimed at decreasing the level of market risk in the portfolio.

The Company is exposed to liquidity risks - the possibility of being unable to obtain the fair market value of an asset or derivative owing to prevailing market conditions -and manages this risk by using derivatives in liquid markets and managing exposure to assets in illiquid markets; although it should be noted that even the most liquid markets can become illiquid in times of severe downward price corrections.

The Company is exposed to interest rate risks - the possibility of losing money owing to changes in interest rates and, more particularly for the Company, the effect that changes in interest rates have on currency and stock market prices - and manages these as noted above for currency and market risks.

Refer to Note 1 for the Accounting Policies adopted with respect to Derivatives and Currencies.

(a) Investments at Net Fair Value and Derivatives Exposure

	Physical	Futures & Options	Upside (i)	Futures & Options	Downside (ii)
	$'000	$'000	$'000	$'000	$'000
Japan	61,165	(2,998)	58,167	(2,998)	58,167
Other Asia	25,346	-	25,346	-	25,346
Australia	3,102	-	3,102	-	3,102
Europe ~ Euro	47,463	-	47,463	-	47,463
Europe ~ Other	17,231	(1,082)	16,149	(1,082)	16,149
North America	27,985	(66,756)	(38,771)	(66,756)	(38,771)
South America	142	-	142	-	142
Africa	1,792	-	1,792	-	1,792
	184,226	(70,836)	113,390	(70,836)	113,390
Cash and accruals	23,103	70,836	93,939	70,836	93,939
Total	207,329	-	207,329	-	207,329

The "physical" column simply shows the location of the Company's investments.

(i) The "upside" column is an approximation of the Portfolio's exposure to upward movements in markets. This is calculated by making two adjustments to the "physical" position. The first is to subtract, from the physical position, any short (sold) and add any long (bought) positions in shares or share index futures. For example, if 5% of the Portfolio was invested in Japan but there was a 2% short position in Nikkei futures, then the upside column would show 3%. Conceivably the figure could show a negative exposure which would indicate the Portfolio was net short the Japanese market. The second adjustment is for options held to buy shares (bought calls). A call option with the premium representing 0.5% of the Portfolio to buy shares in Toyota worth, say 3% of the Portfolio would require an additional 2.5% to be added to the Japanese exposure (thus determining underlying exposure).

(ii) The "downside" column is an approximation of the Portfolio's exposure to downward moves in the market. It is calculated by adjusting the "physical" position for any short or long positions in shares or share index futures and bought put options. It is not necessary to adjust for call options as only the option premium (already included in "physical") is at risk, not the underlying holding callable by the option.

The Company uses derivatives contracts in liquid markets and generally utilises short dated contracts; those with ninety day maturities. The existing derivative positions are held with high credit rating counterparties with maturity dates range from seventy seven days to eighty days. Initial margin requirements and daily variation margin requirements on derivatives contracts are met in cash. Derivative contracts have little credit risk as they are traded on recognised exchanges. Over the Counter equity swaps are also entered into by the Company with high credit rating counterparties with maturity dates of no more than ninety days. Initial margin requirements and daily variation margin requirements are met in cash.

The Company uses Exchange Traded and Over The Counter Options, where the maximum potential loss is paid up-front by way of a premium. There is little credit risk attached to these instruments, as they are traded on recognised exchanges or with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2004

(b) Currency Exposure at Net Fair Value

	Physical	Bought	Sold	Net Exposure
	$'000	$'000	$'000	$'000
Japan	64,706	10,479	(15,678)	59,507
Other Asia	28,791	-	-	28,791
Australia	2,795	58,385	(4,374)	56,806
Europe ~ Euro	50,152	-	(12,431)	37,721
Europe ~ Other	16,800	-	(2,062)	14,738
North America	42,151	4,639	(38,958)	7,832
South America	142	-	-	142
Africa	1,792	-	-	1,792
Total	207,329	73,503	(73,503)	207,329

The above table categorises the investments in the Portfolio into the currencies that the securities are issued in. For example a security issued by a Japanese company in US$ will be categorised as a US$ exposure.
Forward foreign currency contracts and options on forward currency contracts are adjusted against the "physical" column to arrive at a net exposure to each currency grouping.
The Company generally utilises short dated (ninety day maturities) currency agreements with high credit rated counterparties.
The existing currency hedging positions' maturity dates range from fifteen days to seventy five days.

(c) Interest Rate Exposure

The Company had no fixed interest investments or derivatives thereon at balance date.
Refer to note 9(a) for information on short term interest rates.

13. Franking Account

	2004	2003
	$'000	$'000
Opening Balance based on tax paid and franking credits attached to dividends paid - converted at 30%	36,249	37,479
On tax paid and payable:		
2002/2003	-	1,163
2003/2004	998	-
Prior year tax provision - franking adjustment	181	3
Credits on franked dividends received	-	20
Dividend paid - franked @ 30%	(7,350)	(2,416)
	30,078	36,249

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2004

14. Dividends (fully franked)	2004 cps	2004 $'000	2003 cps	2003 $'000
Paid - Interim fully franked @ 30%	5.00	5,769	5.00	5,636
Paid - Final fully franked @ 30%	10.00	11,380	10.00	11,081
	15.00	17,149	15.00	16,717

Dividends not recognised at year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 10 cents per fully paid ordinary share, fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 12 November 2004 but not recognised as a liability at year end.

	2004 $'000	2003 $'000
	11,626	11,380

15. Investment Manager

The Investment Manager is Platinum Asset Management. It 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.

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 World Accumulation Net Return Index in A$).
Where the Portfolio's annual performance is less than the MSCI, the amount of the underperformance is aggregated and 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.

The pre-tax performance of the portfolio for the year to June 2004 was positive 21.43% against the MSCI's positive 19.38%. This represents an outperformance of 2.05% against the MSCI. This does not represent an outperformance after the 5% MSCI hurdle. Accordingly, a Performance fee is not payable.

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.

	2004 $'000	2003 $'000
Management Fee	3,078	2,573
Performance Fee	-	1,486
Amounts paid and payable to the Investment Manager for the year	3,078	4,059

A summary of the salient provisions of the Investment Management Contract are as follows:-
(a) the Investment Manager will invest the Portfolio in accordance with the investment objectives and restrictions of the Company and subject to the Constitution, the Management Agreement, the ASX Listing Rules, the Corporations Act 2001 and investment restrictions and directions from the Company;
(b) confer with the Company at regular intervals;
(c) administer the borrowings of the Company;
(d) the Investment Manager may appoint the Managing Director of the Company;
(e) the Investment Manager is required to publish the Net Asset Value of the Company monthly at the ASX and in an Australian national daily newspaper;
(f) the Agreement will continue for a term of 5 years, the Investment Manager may retire after giving six months notice;
(g) the Agreement may be terminated or renewed by the Members of the Company in General Meeting at the end of each 5 year term; and
(h) the Agreement may be immediately terminated by the Company in the event of :-
(i) a breach of a material obligation by the Investment Manager;
(ii) the Investment Manager going into liquidation or having an administrator or receiver appointed.

16. Contingent Liabilities and Commitments for Expenditure

No contingent liabilities exist at balance date.
The Company has no commitments for uncalled share capital on investments.

NOTES TO THE FINANCIAL STATEMENTS continued
30 June 2004

17. Segment Information

	2004 $'000 Segment Revenue	2004 $'000 Segment Result	2003 $'000 Segment Revenue	2003 $'000 Segment Result
Japan	5,789	5,743	(8,802)	(8,839)
Other Asia	3,630	3,580	(2,440)	(2,487)
Australia	(173)	(174)	1,601	1,601
Europe ~ Euro	9,385	9,243	(5,121)	(5,307)
Europe ~ Other	3,147	3,191	(121)	(150)
North America	(5,296)	(5,317)	3,189	3,154
South America	(465)	(465)	485	485
Unallocated Revenue -Net gains/(losses) on currency hedging transactions (realised and unrealised)	5,837	5,837	17,933	17,933
Unallocated Expenses	-	(4,146)	-	(5,011)
Total	21,854	17,492	6,724	1,379

	2004 $'000 Segment Assets	2004 $'000 Segment Liabilities	2003 $'000 Segment Assets	2003 $'000 Segment Liabilities
Japan	49,248	-	5,294	-
Other Asia	24,643	-	18,949	480
Australia	58,668	1,483	109,681	5,013
Europe ~ Euro	25,239	870	30,160	-
Europe ~ Other	16,129	129	14,158	-
North America	7,179	-	(2,024)	352
South America	142	-	222	-
Africa	1,649	-	2,309	-
Total	182,897	2,482	178,749	5,845

18. Events occurring after reporting date

No significant events have occurred since balance date which would impact the financial position of the Company as at 30 June 2004 and the results for the year ended on that date.

19. Director and Executive Disclosures

(a) Directors

The names of persons who were directors of Platinum Capital Limited at any time during the financial year are as follows:

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)

Bruce Coleman was appointed a Non-Executive Director on 10 June 2004. All others were directors for the year ended 30 June 2004.

The Executive Directors (WKS Neilson, AM Clifford & RM Halstead) are employees of the Investment Manager, Platinum Asset Management. There are no Executives or employees, other than the Non-Executive Directors listed in 19(b).

(b) Directors' Remuneration

The Executive Directors (WKS Neilson, AM Clifford & RM Halstead) are employees of the Investment Manager, Platinum Asset Management, and are not remunerated by the Company. The Executive Directors review and determine the remuneration of the Non-Executive Directors and may utilise the services of external advisors. It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Non-Executive Directors.

Remuneration received or receivable by the Directors of the Company, including aggregate amounts paid to superannuation plans, is disclosed in Statement of Financial Performance and the Directors' Report.

2004	Primary	Post-employment	
	Salary	Superannuation	Total
Name	$	$	$
GW Galt	55,000	4,950	59,950
PW Clarke	50,000	4,500	54,500
DB Coleman	2,821	254	3,075
Total	107,821	9,704	117,525

The Executive Directors (WKS Neilson, AM Clifford & RM Halstead) are employees of the Investment Manager, Platinum Asset Management, and are not remunerated by the Company. Accounting Standard AASB 1046 requires remuneration made available indirectly to Directors by personally-related entities be disclosed. Platinum Asset Management is a personally-related entity of the three Executive Directors. The Standard *deems* some portion of the remuneration paid by Platinum Asset Management to its employees to be in relation to managing the affairs of this Company. Platinum Asset Management has not made any determination as to what proportion of its employees' remuneration relates to this Company Platinum Asset Management paid: WKS Neilson a salary of $200,000 (2003:$190,000) and superannuation of $11,002 (2003:$10,519); AM Clifford a salary of $170,000 (2003:$170,000), a bonus of $200,000 (2003:$100,000) and superannuation of $11,002 (2003:$10,519); RM Halstead a salary of $170,000 (2003:$170,000), a bonus of $200,000 (2003:$100,000) and superannuation of $11,002 (2003:$10,519).

(c) Service agreements

Remuneration and other terms of employment for the Non Executive Directors are formalised in service agreements. The Executive Directors do not have service agreements, as they are employees of the Investment Manager, Platinum Asset Management.

Graeme W Galt, Chairman and Non Executive Director

- Commenced on 25 July 2002.
- No term of agreement has been set unless the Director is not re-elected by shareholders of the Company.
- Base Salary, inclusive of Superannuation, for the year ended 30 June 2004 of $59,950.

Peter W Clarke, Non Executive Director

- Commenced on 15 April 1999.
- No term of agreement has been set unless the Director is not re-elected by shareholders of the Company.
- Base Salary, inclusive of Superannuation, for the year ended 30 June 2004 of $54,500.

Bruce Coleman, Non Executive Director

- Commenced on 10 June 2004.
- No term of agreement has been set unless the Director is not re-elected by shareholders of the Company.
- Base Salary, inclusive of Superannuation, for the period ended 30 June 2004 of $3,075.

(d) Equity Instrument disclosures relating to directors

Share Holdings

The three Executive Directors, Messrs Neilson, Clifford and Halstead, are employees of and have a relevant interest in the Investment Manager and accordingly will receive some portion of the management fee and performance fee; they do not receive any Directors' remuneration from the Company (Note 15).

19. Director and Executive Disclosures (Cont.)

The number of ordinary shares in which the Directors have a relevant interest at balance date:

Name	Balance at 01/07/03	Acquisitions	Disposals	Balance at 30/6/04
WK Neilson	893,626	20,625	(590,231)	324,020
AM Clifford	666,079	5,156	(590,231)	81,004
RM Halstead	650,910	4,125	(590,231)	64,804

20. Related Party Information

Directors

Disclosures relating to directors are set out in note 19.

Related parties

Disclosures relating to the management fees paid and payable to Platinum Asset Management Trust, a personally related entity are set out in note 15.

21. The Company

Platinum Capital Limited is a company limited by shares, incorporated and domiciled in New South Wales. Its registered office and principal place of business is:

Level 4, 55 Harrington Street
Sydney NSW 2000

A description of the nature of the Company's operations and its principal activities is included in the review of operations and activities in the Directors' report.

22. International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian Equivalents to IFRS, and the Urgent Issues Group Statements will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the Company's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

To comply with Australian Equivalents to IFRS for the first time the company will be required to restate its comparative financial statements to reflect the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Investment Manager, Platinum Asset Management, has established a project team to manage the transition to Australian equivalents of IFRS, including training staff and implementation of any system and process changes necessary. The project team considers it is on schedule to finalise adoption of IFRS within the required timeframe. To date the project team has analysed most of the Australian equivalents to IFRS and has identified the main accounting policy changes that will be required.

The key potential implications of the conversion to IFRS on the company's accounting policies include the following:

- Financial assets will be classified as "trading securities" and be recognised in the statement of financial position at fair value. During the period changes in fair value for trading securities will be recognised in the statement of financial performance. The fair value of financial assets will be measured at bid price and will exclude disposal costs.

Financial assets and other derivatives are currently valued at historical cost unless it has been determined that there has been a permanent diminution in the value of an investment, the carrying amount is written down to net market value or "last sale" price and there is an allowance for disposal costs. Investments in monetary items and currency hedges, which are stated at net market value or "last sale" price and there is an allowance for disposal costs.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed as yet, and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of the transition to Australian equivalents of IFRS on the company's financial position and reported results.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 9 to 26:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) give a true and fair view of the Company's financial position as at 30 June 2004 and its performance as represented by the results of its operations and its cash flows for the financial year ended on that date.

In the Directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and
(b) there are reasonable grounds to believe that the Company 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.

GW Galt
Director

WK Neilson
Director

Sydney
6 August 2004

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF PLATINUM CAPITAL LIMITED

Audit opinion

In our opinion, the financial report, of Platinum Capital Limited:

- . gives a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Platinum Capital Limited (the Company) as at 30 June 2004 and of its performance for the year ended on that date, and
- . is presented in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This opinion must be read in conjunction with the rest of our audit report.

Scope and summary of our role

The financial report and directors' responsibility
The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Platinum Capital Limited (the Company), for the year ended ended 30 June 2004.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for accounting policies and and accounting estimates inherent in the financial report.

Audit approach
We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- . examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- . assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PricewaterhouseCoopers

AJ Loveridge
Partner

Sydney
6 August 2004

DIRECTORY

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

Secretary
Malcolm Halstead

Investment Manager
Platinum Asset Management

Shareholder Liaison
Liz Norman

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Solicitors
Allens Arthur Robinson
2 Chifley Square
Sydney NSW 2000

Stock Exchange Listing
Ordinary Shares listed on the Australian Stock Exchange Limited
Ordinary Shares ASX Code: **PMC**

Web site
www.platinumcapital.com.au

Platinum Asset Management does not guarantee the repayment of capital or the investment performance of the Company