



PLATINUM

CAPITAL LIMITED

ABN 51 063 975 431

HALF-YEARLY REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2001

| | |
|------------------------------------|-------------------|
| DIRECTORS' REPORT | 1 |
| STATEMENT OF FINANCIAL PERFORMANCE | 3 |
| STATEMENT OF FINANCIAL POSITION | 4 |
| STATEMENT OF CASH FLOWS | 5 |
| NOTES TO THE FINANCIAL STATEMENTS | 6 |
| DIRECTORS' DECLARATION | 11 |
| INDEPENDENT REVIEW REPORT | 12 |
| DIRECTORY | INSIDE BACK COVER |

DIRECTORS' REPORT

In respect of the half-year ended 31 December 2001, 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 period and at the date of this report.

| | |
|------------------|-------------------------------------|
| Michael Darling | Chairman and Non-Executive Director |
| Peter Clarke | Non-Executive Director |
| Kerr Neilson | Managing Director |
| Andrew Clifford | Director |
| Malcolm Halstead | Director and Secretary |

PRINCIPAL ACTIVITY

The principal activity of the Company during the period was the investment of funds internationally into securities of companies which are perceived by the Investment Manager to be undervalued. Concurrently the Company seeks to take advantage of overvalued shares by taking short positions.

REVIEW OF OPERATIONS

Operating Result

The net profit before tax was \$23,264,000 and the net profit after tax was \$15,506,000 (2000: \$45,996,000 before tax, \$29,788,000 after tax).

Taxation

Income tax expense for the period was \$7,758,000 (2000: \$16,208,000).

DIVIDENDS

The Directors have determined to pay to Shareholders registered on 22 February 2002 (record date), a fully franked interim dividend of 5 cents per share (2000: Interim 5 cents per share).

CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company that occurred during the financial period other than those disclosed in this report or the financial statements.


ROUNDING OFF OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



MG Darling
Director



WK Neilson
Director

Sydney
7 February 2002

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE HALF-YEAR ENDED 31 DECEMBER 2001

| | Notes | HALF-YEAR | |
|---|-------|--------------------------|--------------------------|
| | | 31 DEC 2001 \$'000 | 31 DEC 2000 \$'000 |
| REVENUE FROM ORDINARY ACTIVITIES | | | |
| Dividends | | 843 | 593 |
| Interest | | 532 | 1,471 |
| Net realised gains/(losses) on sale of equities/derivatives | | 24,332 | 48,794 |
| Net realised gains/(losses) on currency hedging transactions | | 1,106 | (7,940) |
| Net unrealised gains/(losses) on revaluation of monetary items | | 2,904 | 8,371 |
| Net realised gains/(losses) on overseas bank accounts | | (155) | 1,178 |
| Reversal of prior periods' provision for permanent diminution in the value of investments | | 2,446 | 613 |
| Provision for permanent diminution in the value of investments | | (5,328) | (2,478) |
| TOTAL REVENUE FROM ORDINARY ACTIVITIES | | 26,680 | 50,602 |
| EXPENSES | | | |
| Management fee | | 1,465 | 1,488 |
| Performance fee | | 1,709 | 2,660 |
| Custodian fee | | 118 | 97 |
| Share registry | | 53 | 22 |
| Directors' fees | | 36 | 22 |
| Auditors' remuneration | | | |
| – Auditing and review | | 11 | 11 |
| – Other | | 16 | 7 |
| Goods and services tax | | (212) | 49 |
| Withholding tax on foreign dividends | | 84 | 95 |
| Other expenses | | 136 | 155 |
| TOTAL EXPENSES | | 3,416 | 4,606 |
| PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX | | | |
| | | 23,264 | 45,996 |
| Income tax expense | 2 | 7,758 | 16,208 |
| PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX | | | |
| | | 15,506 | 29,788 |
| BASIC EARNINGS PER SHARE (CENTS PER SHARE) | 4 | 14.28 | 28.21 |
| DILUTED EARNINGS PER SHARE (CENTS PER SHARE) | 4 | 14.28 | 28.21 |

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2001

| | Note | 31 DEC 2001 \$'000 | 30 JUN 2001 \$'000 |
|----------------------------------|------|--------------------------|--------------------------|
| INVESTMENTS | 8 | 189,665 | 179,252 |
| CURRENT ASSETS | | | |
| Cash at bank | | 206 | 122 |
| Receivables | | 282 | 5,508 |
| Future income tax benefit | | 574 | 170 |
| TOTAL CURRENT ASSETS | | 1,062 | 5,800 |
| TOTAL ASSETS | | 190,727 | 185,052 |
| CURRENT LIABILITIES | | | |
| Payables | | 2,642 | 5,197 |
| Dividend | | 5,494 | 10,802 |
| Current tax | | 1,179 | 2,573 |
| Deferred tax | | 1,742 | 432 |
| TOTAL CURRENT LIABILITIES | | 11,057 | 19,004 |
| NET ASSETS | | 179,670 | 166,048 |
| EQUITY | | | |
| Contributed equity | | 113,500 | 109,890 |
| Retained profits | | 66,170 | 56,158 |
| TOTAL EQUITY | | 179,670 | 166,048 |

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

STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2001

| | HALF-YEAR | |
|--|-------------------|-------------------|
| | 31 DEC | 31 DEC |
| | 2001 | 2000 |
| | \$'000 | \$'000 |
| | Inflows | Inflows |
| Note | (Outflows) | (Outflows) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Dividends received | 857 | 583 |
| Interest received | 529 | 1,483 |
| Cost of purchases of investments and currencies | (77,158) | (83,820) |
| Proceeds from sale of investments and currencies | 101,156 | 103,000 |
| Management fee paid | (5,508) | (1,532) |
| Other expenses | (278) | (377) |
| Income tax paid | (8,245) | (13,231) |
| NET CASH FROM OPERATING ACTIVITIES | 11,353 | 6,106 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (10,716) | (8,354) |
| Proceeds from issue of shares | 3 3,610 | 2,587 |
| NET CASH FROM FINANCING ACTIVITIES | (7,106) | (5,767) |
| Net increase/(decrease) in cash held | 4,247 | 339 |
| Opening balance | 17,275 | 27,365 |
| Effects of exchange rate changes on cash | (12) | 81 |
| CASH HELD AT 31 DECEMBER | 21,510 | 27,785 |

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2001 has been prepared in accordance with AASB 1029: Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2001 and any public announcements made by Platinum Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. INCOME TAX

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

| | HALF-YEAR 31 DEC 2001 \$'000 | 31 DEC 2000 \$'000 |
|---|---|---|
| Prima facie income tax on operating profit/(loss) at 30% (2000: at 34%) | 6,979 | 15,639 |
| Tax effect of permanent differences which: | | |
| Reduce tax payable | | |
| – Allowable credits | (86) | (65) |
| – Unrecognised future income tax benefit now deductible | (733) | (208) |
| Increase tax payable | | |
| Future income tax benefit not recognised | 1,598 | 842 |
| | 7,758 | 16,208 |

The income tax expense attributable to operating profit/(loss) comprises:

| | | |
|-------------------------------|--------------|--------|
| Current income tax provision | 6,852 | 14,318 |
| Deferred income tax provision | 1,310 | 2,791 |
| Future income tax benefit | (404) | (901) |
| | 7,758 | 16,208 |

2. INCOME TAX CONTINUED

FUTURE INCOME TAX BENEFIT

Potential future income tax benefit of \$1,598,000 (2000: \$842,000) arising from permanent diminution in the value of investments of \$5,328,000 (2000: \$2,477,000) 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 benefit as virtually certain.

The benefit of the permanent diminution will be obtained if the investments are sold.

| | HALF-YEAR | |
|--|--------------------------|--------------------------|
| | 31 DEC 2001 \$'000 | 31 DEC 2000 \$'000 |
| 3. EQUITY ISSUED | | |
| Ordinary shares under the Dividend Reinvestment Plan | 3,610 | 2,587 |

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

| | 31 DEC 2001 | 31 DEC 2000 |
|--|--------------------|----------------|
| 4. EARNINGS PER SHARE | | |
| Basic earnings per share (cents per share) for the six months to 31 December | 14.28 | 28.21 |
| Diluted earnings per share (cents per share) for the six months to 31 December | 14.28 | 28.21 |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share and diluted earnings per share | 108,550,120 | 105,589,337 |
| | \$'000 | \$'000 |
| Net Profit | 15,506 | 29,788 |

There have been no conversions to, calls of, or subscriptions for ordinary shares other than those issued under the Dividend Reinvestment Plan, or issues of potential ordinary shares during the period.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
continued

| | | 31 DEC 2001 \$'000 | 30 JUN 2001 \$'000 |
|--|---|-----------------------------------|--------------------------|
| 5. 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) | | 179,670 | 166,048 |
| Add | Deferred income tax reversal on unrealised items | 1,742 | - |
| | Proposed dividends | 5,494 | 10,802 |
| | Revaluation of investments | 5,598 | 14,279 |
| Less | Deferred income tax on revaluation of investments | (1,140) | (3,424) |
| Net Asset Value | | 191,364 | 187,705 |
| Net Asset Value – cents per share | | 174.17 | 173.78 |

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

| | HALF-YEAR | | HALF-YEAR | |
|--|-----------------------|--------------------------|-----------------------|-------------------------|
| | 31 DEC 2001 cps | 31 DEC 2001 \$'000 | 31 DEC 2000 cps | 31 DEC 2000 \$000 |
| 6. DIVIDENDS (FULLY FRANKED) | | | | |
| Proposed – Interim fully franked @ 30% (2000: 34%) | 5.00 | 5,494 | 5.00 | 5,346 |
| | 5.00 | 5,494 | 5.00 | 5,346 |

7. INVESTMENT MANAGER

(a) 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.

(b) Additionally, a bonus (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 Index). Where the Portfolio's annual performance is less than the MSCI the amount of the underperformance is aggregated, carried forward and deducted from the annual performance in the subsequent year before calculating any bonus fee for that subsequent year. The aggregate of underperformance is carried forward until a bonus fee becomes payable.

(c) At 31 December 2001, the half-year pre-tax performance of the Portfolio was 6.10% and the corresponding MSCI's negative 7.59%. This represents an outperformance of 13.69% against MSCI and 8.69% after the 5% MSCI hurdle. Accordingly, a performance fee has been accrued.

7. INVESTMENT MANAGER CONTINUED

(d) 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 bonus fee is payable for the period from the last calculation of the bonus fee (as described in (b) above) to the date of termination.

| | HALF-YEAR | |
|--|--------------------------|--------------------------|
| | 31 DEC 2001 \$'000 | 31 DEC 2000 \$'000 |
| Management fee | 1,465 | 1,488 |
| Performance fee | 1,709 | 2,660 |
| Amounts paid and payable to the Investment Manager for the period | 3,174 | 4,148 |

| 8. INVESTMENTS | 31 DEC 2001 \$'000 | 31 DEC 2001 \$'000 | 30 JUN 2001 \$'000 | 30 JUN 2001 \$'000 |
|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Net Fair Value | Cost/Carrying Value | Net Fair Value | Cost/Carrying Value |
| Listed securities | 170,455 | 164,858 | 175,768 | 161,489 |
| Currency hedges | 3,503 | 3,503 | 610 | 610 |
| Cash on deposit | 21,304 | 21,304 | 17,153 | 17,153 |
| Total Investment Portfolio | 195,262 | 189,665 | 193,531 | 179,252 |

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

| | HALF-YEAR | | HALF-YEAR | |
|---|----------------------------|---------------------------|----------------------------|---------------------------|
| | 31 DEC 2001 \$'000 | 31 DEC 2001 \$'000 | 31 DEC 2000 \$'000 | 31 DEC 2000 \$'000 |
| 9. SEGMENT INFORMATION | Segment Revenue | Segment Result | Segment Revenue | Segment Result |
| Japan | (5,697) | (5,715) | 5,651 | 5,622 |
| Other Asia | 419 | 416 | (1,216) | (1,218) |
| Australia | 6 | (3,325) | (6) | (4,526) |
| Europe – Euro | 3,112 | 3,074 | 5,244 | 5,198 |
| Europe – Other | 1,685 | 1,685 | 229 | 229 |
| North America | 23,168 | 23,142 | 41,219 | 41,210 |
| South America | (22) | (22) | (951) | (951) |
| Africa | - | - | - | - |
| Net gains/(losses) on currency hedging transactions (realised and unrealised) | 4,009 | 4,009 | 432 | 432 |
| Total | 26,680 | 23,264 | 50,602 | 45,996 |

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 3 to 10:

- (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 31 December 2001 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Platinum Capital Limited will be able to pay its debts as and when they become due and payable.

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



MG Darling

Director



WK Neilson

Director

Sydney

7 February 2002

INDEPENDENT REVIEW REPORT TO THE MEMBERS

PLATINUM CAPITAL LIMITED

We have reviewed the financial report of Platinum Capital Limited (the Company) for the half-year ended 31 December 2001 as set out on pages 3 to 11. The Company's Directors are responsible for the financial report. We have performed an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities & Investments Commission. This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements and the Corporations Act 2001 in Australia, so as to present a view which is consistent with our understanding the Company's financial position, and performance, as represented by the results of its operations and its cash flows.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit.

We have not performed an audit and, accordingly, we do not express an audit opinion.

STATEMENT

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the Company is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2001 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

PricewaterhouseCoopers

Chartered Accountants



PK Merrett

Partner

Sydney

7 February 2002

DIRECTORY

DIRECTORS

Michael Darling
Peter Clarke
Kerr Neilson
Andrew Clifford
Malcolm Halstead

SECRETARY

Malcolm Halstead

REGISTERED OFFICE

Level 4, 55 Harrington Street, Sydney NSW 2000
Phone (61 2) 9255 7500 or 1300 726 700

SHARE REGISTRAR

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street, Sydney NSW 2000
Phone (61 2) 8234 5222

AUDITOR AND TAXATION ADVISOR

PricewaterhouseCoopers
201 Sussex Street, Sydney NSW 2000

SOLICITOR

Allens Arthur Robinson
2 Chifley Square, Sydney NSW 2000

STOCK EXCHANGE LISTING

Official list of the Australian Stock Exchange Limited
Ordinary Shares ASX Code: PMC

INVESTMENT MANAGER

Platinum Asset Management – Investment team and their responsibilities

| | |
|-------------------------|--|
| Kerr Neilson | Global |
| Andrew Clifford | North America, Enterprise Software and Hardware |
| Jim Simpson | Japan, Korea, Semi Conductors |
| Charles Evans | Japan, Korea |
| Doug Huey | China, S.E. Asia, Semi Conductors, Capital Equipment |
| Toby Harrop | Europe, Currencies, Healthcare |
| Alex Barbi | Europe, Telecom Equipment and Operators |
| John Hempton | Global, Banking, Financials, Insurance |
| Jacob Mitchell | Global, Manufacturing and Business Services |
| Julian McCormack | Global, Brands |
| Scott Gilchrist | Global, Resources/New Technology |
| Simon Felton | Global, Engineering/Retail |
| Graham Talbot | Global Equities Dealer/Macro Research |
| Victor Gomes | Investment Strategist |
| Liz Norman | Shareholder Liaison |

