

PLATINUM CAPITAL LIMITED

ABN 51 063 975 431

REPORT TO SHAREHOLDERS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

PLATINUM CAPITAL LIMITED

REPORT TO SHAREHOLDERS

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PLATINUM CAPITAL LIMITED

REPORT TO SHAREHOLDERS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2002

DIRECTORS' REPORT

In respect of the half-year ended 31 December 2002, 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:

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

Michael Darling was a Non Executive Director and Chairman from the beginning of the financial year until his resignation on 24 October 2002.

Graeme Galt was appointed a Non-Executive Director on 25 July 2002 and Chairman of the Board of Directors on 24 October 2002.

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.

Review of Operations

Operating Result

The net loss before tax was \$2,524,000 and the net loss after tax was \$8,426,000 (2001: profit of \$23,264,000 before tax and \$15,506,000 after tax).

Taxation

Income tax expense for the period was \$5,902,000 (2001: \$7,758,000).

Dividends

The Directors have determined to pay to Shareholders, registered on 21 February 2003 (record date), a fully franked interim dividend of 5 cents per share (2001: Interim 5 cents per share).

The decision to pay an unchanged dividend at the interim level is in accordance with the Directors' policy of smoothing payments over the years. Shareholders should be aware that in the event of a prolonged period of stock market weakness the ability to maintain existing dividend levels may be impaired.

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 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.

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

GW Galt

Director

WK Neilson

Director

Sydney

11 February 2003

Statement of Financial Performance
For the half-year ended 31 December 2002

Half-year
31 Dec 2002 31 Dec 2001
\$'000 \$'000

Notes

Revenue from Ordinary Activities

Dividends	694	843
Interest	318	532
Net realised gains/(losses) on sale of equities/derivatives	21,667	24,332
Net realised gains/(losses) on currency hedging transactions	(1,379)	1,106
Net unrealised gains/(losses) on revaluation of monetary items	329	2,904
Net realised gains/(losses) on overseas bank accounts	383	(155)
Reversal of prior period's provision for permanent diminution in the value of investments	12,353	2,446
Provision for permanent diminution in the value of investments	(35,028)	(5,328)

Total Revenue from Ordinary Activities

(663) 26,680

Expenses

Management fee	1,349	1,465
Performance fee	-	1,709
Custodian fee	85	118
Share registry	119	53
Directors' fees	49	36
Auditors' remuneration		
- Auditing and review	11	11
- Taxation services	10	16
Goods and services tax	-	(212)
Withholding tax on foreign dividends	12	84
Other expenses	226	136

Total Expenses

1,861 3,416

Profit/(Loss) from Ordinary Activities before Income Tax

(2,524) 23,264

Income tax expense

2

5,902 7,758

Profit/(Loss) from Ordinary Activities after Income Tax

(8,426) 15,506

Basic Earnings Per Share (cents per share)

4

(7.61) 14.28

Diluted Earnings Per Share (cents per share)

4

(7.61) 14.28

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

Statement of Financial Position

As at 31 December 2002

		31 Dec 2002 \$'000	30 Jun 2002 \$'000
	Note		
Investments	8	171,660	194,383
Current Assets			
Cash at bank		234	212
Receivables		255	2,279
Future income tax benefit		348	470
Total Current Assets		837	2,961
Total Assets		172,497	197,344
Current Liabilities			
Payables		415	7,972
Dividend		223	11,081
Current tax		288	2,561
Deferred tax		1,156	789
Total Current Liabilities		2,082	22,403
Net Assets		170,415	174,941
Equity			
Contributed equity		119,341	115,441
Retained profits		51,074	59,500
Total Equity		170,415	174,941

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 2002

	Half-year	
	31 Dec 2002	31 Dec 2001
	\$'000	\$'000
	Inflows	Inflows
	(Outflows)	(Outflows)
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	737	857
Interest received	318	529
Cost of purchases of investments and currencies	(60,267)	(77,158)
Proceeds from sale of investments and currencies	75,503	101,156
Management fee paid	(1,387)	(1,470)
Performance fee paid for year to 30 June 2002 (30 June 2001)	(6,414)	(4,038)
Other expenses	(528)	(278)
Income tax paid	(7,687)	(8,245)
Net cash from operating activities	275	11,353
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(11,013)	(10,716)
Proceeds from issue of shares	3,900	3,610
Net cash from financing activities	(7,113)	(7,106)
Net Increase/(decrease) in cash held	(6,838)	4,247
Opening balance	26,743	17,275
Effects of exchange rate changes on cash	233	(12)
Cash held at 31 December	20,138	21,510

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2002 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 2002 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.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Change in accounting policy for providing for dividends

In accordance with the new AASB 1044 (Provisions, Contingent Liabilities and Contingent Assets), a provision can only be made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the half-year, but not distributed at balance date. In previous periods, Platinum Capital Limited recorded a provision for dividends to be paid out of retained profits at the end of the period where the dividend was proposed between the end of the period and the completion of the financial report. The restatement of retained profits, total dividends provided for or paid during the half year and current liability for dividend are set out below to show the information that would have been disclosed had the new accounting policy always been applied.

	Half-year	
	31 Dec 2002	31 Dec 2001
	\$'000	\$'000
	(restated)	(restated)
Restatement of retained profits		
Retained profits at the end of the previous financial year	59,500	56,158
Change in accounting policy for providing for dividends	11,081	10,802
Restated retained profits at the beginning of the half-year	70,581	66,960
Net profit/(loss) attributable to members	(8,426)	15,506
Total available for appropriation	62,155	82,466
Dividends provided for or paid	(11,081)	(10,802)
Restated retained profits at the end of the half-year	51,074	71,664
Restatement of total dividends provided for or paid		
Previously reported total dividends provided for or paid during the financial year	11,081	5,494
Adjustment for change in accounting policy	-	5,308
Restated total dividends provided for or paid during the financial year	11,081	10,802
Restatement of current liabilities - provisions		
Previously reported carrying amount at the end of the half-year	-	5,494
Adjustment for change in accounting policy	-	(5,494)
Restated carrying amount at the end of the half-year	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2002

Half-year	
31 Dec 2002	31 Dec 2001
\$'000	\$'000

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:

Prima facie income tax on operating profit/(loss) at 30%	(757)	6,979
Tax effect of permanent differences which:		
Reduce tax payable		
- Allowable credits	(143)	(86)
- Unrecognised Future income tax benefit now deductible	(3,706)	(733)
Increase tax payable		
- Future income tax benefit not recognised	10,508	1,598
	5,902	7,758

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

Current income tax provision	5,413	6,852
Deferred income tax provision	367	1,310
Future income tax benefit	122	(404)
	5,902	7,758

Future income tax benefit

Potential future income tax benefits of \$10,508,000 (2001:\$1,598,000) arising from the permanent diminution provision in the value of investments of \$35,028,000 (2001:\$5,328,000) and 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 provision will be obtained if the investments are sold.

Half-year	
31 Dec 2002	31 Dec 2001
\$'000	\$'000

3. Equity Issued

Ordinary shares under the Dividend Reinvestment Plan

3,900	3,610
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Share are issued under the Dividend Reinvestment Plan at a 5% discount to the market price.

4. Earnings per Share

Basic earnings per share (cents per share) for the six months to 31 December

-7.61	14.28
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Diluted earnings per share (cents per share) for the six months to 31 December

-7.61	14.28
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Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share and diluted earnings per share

110,762,079	108,550,120
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\$'000	\$'000
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Net Profit/(Loss) from Ordinary Activities after Income Tax

(8,426)	15,506
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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
For the half-year ended 31 December 2002

31 Dec 2002 30 Jun 2002
\$'000 \$'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 (historic cost basis)	170,415	174,941
Add		
Deferred income tax reversal on unrealised items	1,156	-
Revaluation of investments	683	7,348
Proposed dividends	-	11,081
Future income tax on revaluation of investments	5,066	2,380
Net Asset Value	<u>177,320</u>	<u>195,750</u>
Net Asset Value - cents per share	<u>157.28</u>	<u>176.65</u>

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

Half-year		Half-year	
31 Dec 2002	31 Dec 2002	31 Dec 2001	31 Dec 2001
cps	\$'000	cps	\$'000

6. Dividends

Paid - Final Fully Franked @30%	10.00	11,081	-	-
Proposed - Interim fully franked @ 30% (2001:30%)	-	-	5.00	5,494
	<u>10.00</u>	<u>11,081</u>	<u>5.00</u>	<u>5,494</u>

Since the period end, the Directors have recommended the payment of a fully franked interim dividend of 5 cents per fully paid ordinary share. The proposed dividend of \$5,636,948 (payable on 28 February 2003, from retained profits at 31 December 2002) is not recognised as a liability in the interim accounts. This is a requirement of the new AASB 1044.

7. 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 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 Performance fee for that year. The aggregate of underperformance is carried forward until a Performance fee becomes payable.

At 31 December 2002, the half-year pre-tax performance of the portfolio was negative 7.69% and the corresponding MSCI is negative 12.41%. This represents an outperformance of 4.72% against the MSCI. However, this is below the hurdle of 5%. Accordingly, a Performance fee has not been accrued.

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

Half Year	
31 Dec 2002	31 Dec 2001
\$'000	\$'000

Management fee	1,349	1,465
Performance fee	-	1,709
Amounts paid and payable to the Investment Manager for the period	<u>1,349</u>	<u>3,174</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2002

	31 Dec 2002 \$'000	31 Dec 2002 \$'000	30 Jun 2002 \$'000	30 Jun 2002 \$'000
8. Investments	Net Fair Value	Cost/Carrying value	Net Fair Value	Cost/Carrying value
Listed and non-listed securities	152,493	151,810	175,595	168,247
Currency hedges	(54)	(54)	(395)	(395)
Cash on deposit	19,904	19,904	26,531	26,531
	172,343	171,660	201,731	194,383

As at 31 December 2002, the net fair values of some investments were lower than cost. To comply with AASB 1010 (Recoverable Amount of Non Current Assets), these investments have been written down to their net fair values. The write down, reflected in the Provision for Permanent Diminution, was \$35,028,652 (30 June 2002: \$12,353,393).

9. Segment Information

	Half-year 31 Dec 2002 \$'000		Half-year 31 Dec 2001 \$'000	
	Segment Revenue	Segment Result	Segment Revenue	Segment Result
Japan	(7,033)	(7,050)	(5,697)	(5,715)
Other Asia	1,420	1,403	419	416
Australia	756	756	6	6
Europe ~ Euro	(1,743)	(1,701)	3,112	3,074
Europe ~ Other	(1,386)	(1,386)	1,685	1,685
North America	8,256	8,236	23,168	23,142
South America	117	117	(22)	(22)
Unallocated Revenue - net gains/(losses) on currency hedging transactions (realised and unrealised)	(1,050)	(1,050)	4,009	4,009
Unallocated Expenses		(1,849)		(3,331)
Total	(663)	(2,524)	26,680	23,264

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 4 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 2002 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.

GW Galt
Director

WK Neilson
Director

Sydney
11 February 2003

Independent Review Report to the Members of

Platinum Capital Limited

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, set out on pages 4 to 11 is not presented in accordance with:

- (a) the Corporations Act 2001 in Australia, including giving a true and fair view of the financial position of the Platinum Capital Limited as at 31 December 2002 and of its performance for the half-year ended on that date; and
- (b) Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia and the Corporations Regulations 2001.

This statement must be read in conjunction with the following explanation of the scope and summary of our role as auditor.

Scope and summary of our role

The financial report – responsibility and content

The preparation of the financial report for the half-year ended 31 December 2002 is the responsibility of the directors of Platinum Capital Limited. It includes the financial statements for Platinum Capital Limited.

The auditor's role and work

We conducted an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities & Investments Commission. Our role was to conduct the review in accordance with Australian Auditing Standards applicable to review engagements. Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

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 does not present fairly a view in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements in Australia, and the Corporations Regulations 2001, 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.

The review procedures performed were limited primarily to:

- (a) enquiries of company personnel of certain internal controls, transactions and individual items; and
- (b) analytical procedures applied to 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.

Independence

As auditor, we are required to be independent of the Company and free of interests which could be incompatible with integrity and objectivity. In respect of this engagement, we followed the independence requirements set out by The Institute of Chartered Accountants in Australia, the Corporations Act 2001 and the Auditing and Assurance Standards Board.

In addition to our statutory audit and review work, we were engaged to undertake other services for the Company. In our opinion the provision of these services has not impaired our independence

PricewaterhouseCoopers Chartered Accountants

A J Loveridge
Partner

Sydney
11 February 2003

DIRECTORY

Directors

Graeme Galt
Peter Clarke
Kerr Neilson
Andrew Clifford
Malcolm Halstead

Secretary

Malcolm Halstead

Registered Office

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

Share Registrar

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
(61 2) 8234 5222
Phone 1300 855 080 or (61 2) 8234 5400

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 & their responsibilities

Kerr Neilson	<i>Global</i>
Andrew Clifford	<i>North America, Enterprise Software and Hardware</i>
Jim Simpson	<i>Japan, Korea, Semi Conductors</i>
Curtis Cifuentes	<i>Japan, Korea</i>
Doug Huey	<i>China, S.E. Asia, Semi Conductors, Capital Equipment</i>
Toby Harrop	<i>Europe, Currencies, Healthcare</i>
Alex Barbi	<i>Europe, Telecom Equipment & Operators</i>
Jordan Cvetanovski	<i>Europe</i>
John Hempton	<i>Global, Banking, Financials, Insurance</i>
Jacob Mitchell	<i>Global, Manufacturing & Business Services</i>
Scott Gilchrist	<i>Global, Resources, New Technology</i>
Simon Felton	<i>Global, Engineering, Retail</i>
Simon Trevett	<i>Global, Brands</i>
Graham Talbot	<i>Dealer, Macro Research</i>
Liz Norman	<i>Shareholder Liaison</i>

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