

PLATINUM CAPITAL LIMITED

ABN 51 063 975 431

HALF YEARLY REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

PLATINUM CAPITAL LIMITED

REPORT TO SHAREHOLDERS

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2003 and any public announcements made by Platinum Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

PLATINUM CAPITAL LIMITED

REPORT TO SHAREHOLDERS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

DIRECTORS' REPORT

In respect of the half-year ended 31 December 2003, the Directors of Platinum Capital Limited (the Company) submit the following report made out in accordance with a resolution of the Directors.

Directors

The following persons were Directors of the Company during the half-year and 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)

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 profit before tax was \$14,213,000 and the net profit after tax was \$15,761,000 (2002: net loss of \$2,524,000 before tax and a net loss of \$8,426,000 after tax).

Taxation

Income tax benefit for the period was \$1,548,000 (2002: tax expense \$5,902,000).

Dividends

The Directors have determined to pay to Shareholders, registered on 20 February 2003 (record date), a fully franked interim dividend of 5 cents per share (2002: 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 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
9 February 2004

Statement of Financial Performance
For the half-year ended 31 December 2003

Half-year
31 Dec 2003 31 Dec 2002
\$'000 \$'000

Notes

Revenue from Ordinary Activities

Dividends	818	694
Interest	123	318
Net realised gains/(losses) on sale of securities/derivatives	(8,024)	21,667
Net realised gains/(losses) on currency hedging transactions	9,281	(1,379)
Net unrealised gains/(losses) on revaluation of monetary items	(2,662)	329
Net realised gains/(losses) on overseas bank accounts	(2,013)	383
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	(5,269)	(35,028)

Total Revenue from Ordinary Activities 16,715 (663)

Expenses

Management fee	1,431	1,349
Performance fee	487	-
Custody	124	85
Share registry	109	119
Directors' fees	57	49
Auditors' remuneration		
- Auditing and review (\$13,500, 2002:\$10,500)	14	11
- Taxation services (\$16,140, 2002:\$9,552)	16	10
- Advisory services (\$3,450, 2002:\$nil)	3	-
Withholding tax on foreign dividends	39	12
Other expenses	222	226

Total Expenses 2,502 1,861

Profit/(loss) from ordinary activities before income tax 14,213 (2,524)

Income tax (benefit)/expense 2 (1,548) 5,902

Profit/(loss) from ordinary activities after income tax 15,761 (8,426)

Basic Earnings Per Share (cents per share) 4 13.79 (7.61)

Diluted Earnings Per Share (cents per share) 4 13.79 (7.61)

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

Statement of Financial Position

As at 31 December 2003

		31 Dec 2003 \$'000	30 Jun 2003 \$'000
	Note		
Investments	8	182,150	170,902
Current Assets			
Cash at bank		290	196
Receivables		233	1,209
Income tax receivable		1,357	6,385
Future income tax benefit		238	57
Total Current Assets		2,118	7,847
Total Assets		184,268	178,749
Current Liabilities			
Payables		2,185	2,981
Deferred tax		1,178	2,864
Total Current Liabilities		3,363	5,845
Net Assets		180,905	172,904
Equity			
Contributed equity		124,934	121,314
Retained profits		55,971	51,590
Total Equity		180,905	172,904

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 2003

Half-year	
31 Dec 2003	31 Dec 2002
\$'000	\$'000
Inflows	Inflows
(Outflows)	(Outflows)

Note

CASH FLOWS FROM OPERATING ACTIVITIES

Dividends received	945	737
Interest received	124	318
Cost of purchases of investments and currencies	(73,980)	(60,267)
Proceeds from sale of investments and currencies	69,277	75,503
Management fee paid	(1,544)	(1,387)
Performance fee paid	(1,634)	(6,414)
Other expenses	(420)	(528)
Income tax received/(paid)	4,708	(7,687)

Net cash from operating activities

(2,524)	275
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CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid	(11,303)	(11,013)
Proceeds from issue of shares	3,620	3,900

Net cash from financing activities

(7,683)	(7,113)
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Net Increase/(decrease) in cash held

(10,207)	(6,838)
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Opening balance

29,231	26,743
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Effects of exchange rate changes on cash

13	233
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Cash held at 31 December

19,037	20,138
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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 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2003 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 2003 and any public announcements made in respect of Platinum Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

	Half-year	
	31 Dec 2003	31 Dec 2002
	\$'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%	4,264	(757)
Tax effect of permanent differences which:		
Reduce tax payable		
- Allowable credits	(234)	(143)
- Unrecognised future income tax benefit now deductible	(7,339)	(3,706)
Increase tax payable		
- Future income tax benefit not recognised	1,580	10,508
Under/(Over) provision of previous period tax	181	-
	(1,548)	5,902

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

Current income tax provision	138	5,413
Deferred income tax provision	(1,686)	367
Future income tax benefit	(181)	122
Under/(Over) provision of previous period tax	181	-
	(1,548)	5,902

Future income tax benefit

Potential future income tax benefits of \$1,580,000 (2002:\$10,508,000) arising from the permanent diminution provision in the value of investments of \$5,269,000 (2002:\$35,028,000) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2003

Half-year	
31 Dec 2003	31 Dec 2002
\$'000	\$'000

3. Equity Issued

Ordinary shares under the Dividend Reinvestment Plan

3,620	3,900
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Share are issued under the Dividend Reinvestment Plan at a 5% discount to the market price.

Half-year	
31 Dec 2003	31 Dec 2002

4. Earnings per Share

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

13.79	-7.61
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Diluted earnings per share (cents per share) for the six months to 31 December

13.79	-7.61
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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

114,252,569	110,762,079
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\$'000	\$'000
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Net Profit/(loss) from ordinary activities after income tax

15,761	(8,426)
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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.

31 Dec 2003	30 Jun 2003
\$'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)

180,905	172,904
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Add Deferred income tax on unrealised (gain)/loss on listed securities

(1,827)	2,864
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Revaluation of investments

11,361	36
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Tax benefit not recognised

(71)	-
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Future income tax on revaluation of investments

-	1,106
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Net Asset Value

190,368	176,910
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Net Asset Value - cents per share

164.96	155.46
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* All investments, currencies and derivatives are valued at net fair value.

Half-year		Half-year	
31 Dec 2003	31 Dec 2003	31 Dec 2002	31 Dec 2002
cps	\$'000	cps	\$'000

6. Dividends

Paid - Final Fully Franked @30%

10.00	11,380	10.00	11,081
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Since the period end, the Directors have determined to pay a fully franked interim dividend of 5 cents per fully paid ordinary share. This dividend has not been provided for as at 31 December 2003.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2003

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 2003, the half-year pre-tax performance of the portfolio was 14.31% and the corresponding MSCI is 6.63%. This represents an outperformance of 7.68% against the MSCI. This is above the hurdle of 5%, and accordingly, a Performance fee has 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 2003 \$'000	31 Dec 2002 \$'000
Management fee	1,431	1,349
Performance fee	487	-
Amounts paid and payable to the Investment Manager for the period	1,918	1,349

8. Investments

	31 Dec 2003 \$'000	31 Dec 2003 \$'000	30 Jun 2003 \$'000	30 Jun 2003 \$'000
	Net Fair Value	Cost/Carrying value	Net Fair Value	Cost/Carrying value
Listed securities	169,595	158,234	134,059	134,023
Currency hedges	5,169	5,169	7,844	7,844
Cash on deposit	18,747	18,747	29,035	29,035
	193,511	182,150	170,938	170,902

As at 31 December 2003, the net fair values of some investments were lower than cost. The carrying value of listed securities is net of a write down for a permanent diminution in their value of \$5,269,155 (30 June 2003: \$24,461,452).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the half-year ended 31 December 2003

9. Segment Information

	Half-year		Half-year	
	31 Dec 2003	31 Dec 2003	31 Dec 2002	31 Dec 2002
	\$'000	\$'000	\$'000	\$'000
	Revenue	Result	Revenue	Result
Japan	3,678	3,657	(7,033)	(7,050)
Other Asia	2,509	2,504	1,420	1,403
Australia	44	43	756	756
Europe ~ Euro	6,253	6,253	(1,743)	(1,701)
Europe ~ Other	2,311	2,311	(1,386)	(1,386)
North America	(4,278)	(4,290)	8,256	8,236
South America	(421)	(421)	117	117
Unallocated Revenue - net gains/(losses) on currency hedging transactions (realised and unrealised)	6,619	6,619	(1,050)	(1,050)
Unallocated Expenses		(2,463)		(1,849)
Total	16,715	14,213	(663)	(2,524)

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 2003 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,

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that Platinum Capital Limited will be able to pay its debts as and when they become due and payable.

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

GW Galt

Director

WK Neilson

Director

Sydney

9 February 2004

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 of Platinum Capital Limited:

- does not give a true and fair view, as required by the Corporations Act 2001 in Australia, of the financial position of Platinum Capital Limited as at 31 December 2003 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory financial reporting requirements in Australia, and the Corporations Regulations 2001.

This statement must be read in conjunction with the rest of our review report.

Scope

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, for the half-year ended 31 December 2003.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report 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 the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures 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, in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting 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 statement on the basis of the review procedures performed, which included:

- enquiries of company personnel; and
- analytical procedures applied to financial data.

When this review report is included in a document containing information in addition to the financial report, our procedures include reading the other information to determine whether it contains any material inconsistencies with the financial report.

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.

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

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

Independence

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

PricewaterhouseCoopers Chartered Accountants

A J Loveridge
Partner

Sydney
9 February 2004

DIRECTORY

Directors

Graeme Galt
Peter Clarke
Kerr Neilson
Andrew Clifford
Malcolm Halstead

Secretary

Malcolm Halstead

Investment Manager

Platinum Asset Management

Registered Office

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Sydney NSW 2000
Phone 1300 726 700 and (61 2) 9255 7500
0800 700 726 (NZ only)

Share Registrar

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
Phone 1300 855 080 and (61 2) 8234 5000

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**

Website

www.platinumcapital.com.au

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