



Platinum
CAPITAL LIMITED

ABN 51 063 975 431

Half-yearly Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

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	DIRECTORY

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 2004 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.

DIRECTORS' REPORT

In respect of the half-year ended 31 December 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 half-year and at the date of this report:

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)

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 \$2,727,000 and the net profit after tax was \$1,375,000 (2003: net profit of \$14,213,000 before tax and a net profit of \$15,761,000 after tax).

Taxation

Income tax expense for the period was \$1,352,000 (2003: tax benefit \$1,548,000).

Dividends

The Directors have determined to pay to Shareholders, registered on 18 February 2005 (record date), a fully franked interim dividend of 5 cents per share (2003: 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.

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 Australian equivalents to 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.

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



GW Galt

Director



AM Clifford

Director

Sydney
9 February 2005

AUDITORS' INDEPENDENCE DECLARATION

As lead auditor for the review of Platinum Capital Limited for the half-year ended 31 December 2004, I declare that to the best of my knowledge and belief, there have been:

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

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



AJ Loveridge

Partner

PricewaterhouseCoopers

Sydney

9 February 2005

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR
ENDED 31 DECEMBER 2004**

	Notes	Half-year	
		31 Dec 2004 \$'000	31 Dec 2003 \$'000
Revenue from Ordinary Activities			
Dividends		762	818
Interest		91	123
Net realised gains/(losses) on sale of securities/derivatives		3,042	(8,024)
Net realised gains/(losses) on currency hedging transactions		1,370	9,281
Net unrealised gains/(losses) on revaluation of monetary items		3,054	(2,662)
Net realised gains/(losses) on overseas bank accounts		(1,298)	(2,013)
Reversal of prior period's provision for permanent diminution in the value of investments		3,336	24,461
Provision for permanent diminution in the value of investments		(5,393)	(5,269)
Total Revenue from Ordinary Activities		4,964	16,715
Expenses			
Management fee		1,467	1,431
Performance fee		–	487
Custody		102	124
Share registry		133	109
Reports to shareholders		195	118
Directors' fees		84	57
Auditors' remuneration			
– Auditing and review (\$30,450, 2003: \$40,450)		30	40
– Taxation services (\$32,937, 2003: \$16,140)		33	16
– Advisory services (\$9,802, 2003: \$3,450)		10	3
Withholding tax on foreign dividends		44	39
Other expenses		139	78
Total Expenses		2,237	2,502
Profit/(loss) from ordinary activities before income tax		2,727	14,213
Income tax expense/(benefit)	2	1,352	(1,548)
Profit/(loss) from ordinary activities after income tax		1,375	15,761
Basic Earnings Per Share (cents per share)	4	1.18	13.79
Diluted Earnings Per Share (cents per share)	4	1.18	13.79

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2004

	Notes	31 Dec 2004 \$'000	30 Jun 2004 \$'000
Investments	7	174,667	180,543
Current Assets			
Cash at bank		325	228
Receivables		406	583
Income tax receivable		177	914
Deferred tax assets		59	629
Total Current Assets		967	2,354
Total Assets		175,634	182,897
Current Liabilities			
Payables		1,030	1,881
Deferred tax liabilities		847	601
Total Current Liabilities		1,877	2,482
Net Assets		173,757	180,415
Equity			
Contributed equity		130,418	126,827
Retained profits		43,339	53,588
Total Equity		173,757	180,415

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 2004

	Notes	Half-year	
		31 Dec 2004	31 Dec 2003
		\$'000	\$'000
		Inflows	Inflows
		(Outflows)	(Outflows)
Cash Flows from Operating Activities			
Dividends received		814	945
Interest received		93	124
Cost of purchases of investments and currencies		(49,613)	(73,980)
Proceeds from sale of investments and currencies		46,261	69,277
Management fee paid		(1,797)	(1,544)
Performance fee paid		–	(1,634)
Other expenses		(653)	(420)
Income tax received		201	4,708
Net Cash from Operating Activities		(4,694)	(2,524)
Cash Flows from Financing Activities			
Dividends paid		(11,541)	(11,303)
Proceeds from issue of shares	3	3,591	3,620
Net Cash from Financing Activities		(7,950)	(7,683)
Net decrease in cash held		(12,644)	(10,207)
Cash held at the beginning of the half-year		28,537	29,231
Effects of exchange rate changes on cash		2	13
Cash held at the end of the half-year		15,895	19,037

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

1. Summary of Significant Accounting Policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 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 2004 and any public announcements made in respect of Platinum Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

	Half-year	
	31 Dec 2004	31 Dec 2003
	\$'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%	818	4,264
Tax effect of permanent differences which:		
Reduce tax payable		
– Allowable credits	(69)	(234)
– Unrecognised future income tax benefit now deductible	(1,000)	(7,339)
Increase tax payable		
– Future income tax benefit not recognised	1,618	1,580
Under/(over) provision of previous period tax	(15)	181
	1,352	(1,548)
The income tax (benefit)/expense attributable to operating profit/(loss) comprises:		
Current income tax provision	551	138
Deferred income tax provision	246	(1,686)
Future income tax benefit	570	(181)
Under/(over) provision of previous period tax	(15)	181
	1,352	(1,548)

Future income tax benefit

Potential future income tax benefits of \$1,617,928 (2003: \$1,580,747) arising from the permanent diminution provision in the value of investments of \$5,393,092 (2003: \$5,269,155) 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.

3. Equity Issued

Ordinary Shares under the Dividend Reinvestment Plan	3,591	3,620
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Shares are issued under the Dividend Reinvestment Plan at a 5% discount to the market price.

Half-year
31 Dec 2004 31 Dec 2003

4. Earnings per Share

Basic earnings per share – cents per share	1.18	13.79
Diluted earnings per share – cents per share	1.18	13.79
Weighted average number of Ordinary shares on issue used in the calculation of basic and diluted earnings per share	116,707,728	114,252,569
	\$'000	\$'000
Earnings used in the calculation of basic and diluted earnings per share	1,375	15,761

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 2004 30 June 2004
\$'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)	173,757	180,415
Add:		
Revaluation of investments	23,534	27,395
Less:		
Deferred income tax on unrealised (gain)/loss on listed securities	(5,442)	(7,217)
Adjustment to payables	–	(30)
Net Asset Value	191,849	200,563
Net Asset Value – cents per share	162.71	172.51

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2004**

	Half-year		Half-year	
	31 Dec 2004	31 Dec 2004	31 Dec 2003	31 Dec 2003
	cps	\$'000	cps	\$'000

6. Dividends

Paid – Final fully franked at 30%	10.00	11,626	10.00	11,380
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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 2004.

	31 Dec 2004	31 Dec 2004	30 Jun 2004	30 Jun 2004
	\$'000	\$'000	\$'000	\$'000
	Net Fair Value	Cost/Carrying Value	Net Fair Value	Cost/Carrying Value

7. Investments

Listed and non-listed securities	181,475	163,334	181,526	157,467
Less: Securities written down to net fair value	–	(5,393)	–	(3,336)
	181,475	157,941	181,526	154,131
Currency hedges	1,156	1,156	(1,897)	(1,897)
Cash on deposit	15,570	15,570	28,309	28,309
Total Investment Portfolio	198,201	174,667	207,938	180,543

As at 31 December 2004, 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 \$5,393,092 (30 June 2004: \$3,335,784).

8. 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 in A\$). Where the Portfolio's annual performance is less than the MSCI, the amount of the underperformance is aggregated, carried forward and deducted from the annual performance in the subsequent year before calculating any Performance fee for that year. The aggregate of underperformance is carried forward until a Performance fee becomes payable.

At 31 December 2004, the half-year pre-tax performance of the portfolio was negative 0.43% and the corresponding MSCI is negative 0.88%. This represents an outperformance of 0.45% against the MSCI. This does not represent an outperformance after the 5% MSCI hurdle. 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 2004	31 Dec 2003
	\$'000	\$'000
Management fee	1,467	1,431
Performance fee	–	487
Amounts paid and payable to the Investment Manager for the period	1,467	1,918

9. Contingent Liabilities and Commitments for Expenditure

No contingent liabilities exist at balance date.

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

	Half-year		Half-year	
	31 Dec 2004	31 Dec 2004	31 Dec 2003	31 Dec 2003
	\$'000	\$'000	\$'000	\$'000
	Revenue	Result	Revenue	Result

10. Segment Information

Japan	1,560	1,544	3,678	3,657
Other Asia	2,503	2,484	2,509	2,504
Australia	21	21	44	43
Europe – Euro	1,752	1,752	6,253	6,253
Europe – Other	1,792	1,792	2,311	2,311
North America	(7,544)	(7,553)	(4,278)	(4,290)
South America	(40)	(40)	(421)	(421)
Africa	496	496	–	–
Unallocated Revenue – net gains/ (losses) on currency hedging transactions (realised and unrealised)	4,424	4,424	6,619	6,619
Unallocated Expenses	–	(2,193)	–	(2,463)
Total	4,964	2,727	16,715	14,213

11. Events Occurring After Reporting Date

No significant events have occurred since balance date which would impact the financial position of the Company as at 31 December 2004 and the results for the half-year ended on that date.

12. 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.

12. International Financial Reporting Standards (IFRS) (continued)

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 a number of accounting policy changes that will be required.

From the analysis to date, the key potential implications of the conversion to IFRS on the Company's accounting policies include the following:

- Income tax: deferred tax balances will be determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the Statement of Financial Position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method. Items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

- 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 with an allowance for disposal costs. Investments in monetary items and currency hedges are currently stated at net market value or "last sale" price with 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

In the Directors' opinion,

- (a) (i) the financial statements and notes set out on pages 4 to 13 are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements; and
- (ii) giving a true and fair view of the Company's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; 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



AM Clifford

Director

Sydney

9 February 2005

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Platinum Capital Limited (the Company) for the half-year ended 31 December 2004 included on Platinum's web site. The Directors of Platinum Asset Management, the manager, are responsible for the integrity of the web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the web site.

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 2004 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 2004.

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 accounting policies and estimates inherent in the financial report.

Review approach

We conducted an independent review in order for Platinum Capital Limited 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. For further explanation of a review, visit our web site <http://www.pwc.com/au/financialstatementaudit>.

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.

Our procedures include reading the other information included with the financial report 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



AJ Loveridge
Partner

Sydney
9 February 2005

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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Share Registrar

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Sydney NSW 2000
Phone 1300 855 080 and (61 3) 9415 4000

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

<http://www.platinumcapital.com.au>

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



Platinum
CAPITAL LIMITED