



PLATINUM CAPITAL LIMITED

ACN 063 975 431

Half yearly report

For the six months ended 31 December 2000

DIRECTORS' REPORT

In respect of the half-year ended 31 December 2000, 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	<i>Chairman and Non-Executive Director</i>
Peter Clarke	<i>Non-Executive Director</i>
Kerr Neilson	<i>Managing Director</i>
Andrew Clifford	<i>Director</i>
Malcolm Halstead	<i>Director and Secretary</i>

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 operating profit before tax was \$45,996,000 and the operating profit after tax was \$29,788,000 (1999: \$17,431,000 before tax \$17,173,000 after tax).

Taxation

Income tax expense for the period after abnormal tax items was \$16,208,000 (1999: \$258,000).

DIVIDENDS

The Directors have determined to pay to Shareholders registered on 15 February 2001 (record date), a fully franked interim dividend of 5 cents per share (1999: Interim 4 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.

INFORMATION ON DIRECTORS

Michael G Darling BA Law (Oxon), MBA (Harvard)

Chairman (Age 55)

Mr Darling has extensive experience in international investment markets and has lived and worked in Japan, Europe, North America and Papua New Guinea.

He is Chairman of a resource company Gympie Gold Limited and of portfolio investment company Caledonia Investments Limited. Other Directorships include Pilatus Capital Limited, Art Exhibitions Australia Limited and The Centre for Independent Studies Limited.

He is a former Director of the Australian Stock Exchange (1986-1987).

Peter William Clarke BSc(Econ) AIIMR

Non-Executive Director (Age 64)

Mr Clarke brings to the Board over 30 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.

Kerr Neilson BCom, AIIMR

Managing Director (Age 51)

Relevant interest in 1,461,801 shares.

Appointed as Managing Director upon incorporation. Mr. Neilson is an experienced investment analyst and fund manager. He is also a Director of Platinum Asset Management, the Company's Investment Manager. Previous to Platinum Asset Management he was an Executive Vice President at Bankers Trust Australia Limited.

Prior to BT he worked in both the UK and South Africa as an investment analyst and fund manager.

Andrew M Clifford BCom(Hons), ASIA, ASA

Director (Age 34)

Relevant interest in 1,271,529 shares.

Appointed a Director of the Company upon incorporation. He is also a Director of Platinum Asset Management, the Company's Investment Manager. Previous to Platinum Asset Management he was a Vice President at Bankers Trust Australia Limited.

Malcolm Halstead ACA**Director and Secretary (Age 43)**

Relevant interest in 1,258,845 shares.

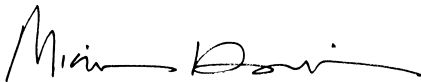
Appointed a Director of the Company upon incorporation. He is also a Director of Platinum Asset Management, the Company's Investment Manager. Previous to Platinum Asset Management he was a Vice President at Bankers Trust Australia Limited. Prior to BT he was with Price Waterhouse, Sydney and Thornton Baker, London.

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's Directors held during the six months ended 31 December 2000, and the number of meetings held and attended by each Director.

	BOARD MEETINGS	
	HELD	ATTENDED
MG Darling	3	3
PW Clarke	3	2
WK Neilson	3	3
AM Clifford	3	3
RM Halstead	3	3

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



MG Darling Director

Sydney 7 February 2001



WK Neilson Director

UNAUDITED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2000

	Notes	31 DEC 2000 \$'000	31 DEC 1999 \$'000
REVENUE FROM ORDINARY ACTIVITIES			
Dividends		498	529
Interest		1,471	575
Net realised gains/(losses) on sale of equities/derivatives		48,794	21,915
Net realised gains/(losses) on hedging transactions		(7,940)	(4,102)
Net unrealised gains/(losses) on revaluation of monetary items		8,371	(1,713)
Investment write down		(1,865)	1,686
Net realised gains on overseas bank accounts		1,178	113
TOTAL REVENUE FROM ORDINARY ACTIVITIES		50,507	19,003
EXPENSES			
Management fee		1,488	1,154
Performance fee		2,660	–
Custodian fees		97	87
Share registry		22	59
Directors' fees		22	24
Auditors' remuneration		18	16
Other expenses from ordinary activities		204	232
TOTAL EXPENSES		4,511	1,572
PROFIT FROM ORDINARY ACTIVITIES			
BEFORE INCOME TAX		45,996	17,431
Income tax attributable to operating profit/(loss)	3	16,208	258
NET PROFIT ATTRIBUTABLE TO MEMBERS OF PLATINUM CAPITAL LIMITED		29,788	17,173
Retained profits at the beginning of the half-year		26,382	5,523
Total available for appropriation		56,170	22,696
Dividends	4	5,346	4,164
RETAINED PROFITS AT THE END OF THE HALF-YEAR		50,824	18,532
EARNINGS PER SHARE CENTS PER SHARE	10	28.21	16.84

The above statement of financial performance should be read in conjunction with the accompanying notes

	Notes	31 DEC 2000 \$'000	30 JUN 2000 \$'000	31 DEC 1999 \$'000
INVESTMENTS	5	185,554	152,937	134,126
CURRENT ASSETS				
Cash at bank	11	188	134	131
Receivables	6	653	367	868
Future income tax benefit		982	81	84
TOTAL CURRENT ASSETS		1,823	582	1,083
TOTAL ASSETS		187,377	153,519	135,209
CURRENT LIABILITIES				
Payables	7	6,528	514	1,876
Provisions	8	21,919	21,104	10,592
TOTAL CURRENT LIABILITIES		28,447	21,618	12,468
TOTAL LIABILITIES		28,447	21,618	12,468
NET ASSETS		158,930	131,901	122,741
SHAREHOLDERS' EQUITY				
Share capital	9	108,106	105,519	104,209
Retained earnings		50,824	26,382	18,532
TOTAL SHAREHOLDERS' EQUITY		158,930	131,901	122,741

The above statement of financial position should be read in conjunction with the accompanying notes

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2000

	Notes	31 DEC 2000 \$'000 Inflows (Outflows)	31 DEC 1999 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		583	680
Interest received		1,483	556
Cost of purchases of investments and currencies		(83,820)	(77,500)
Proceeds from sale of investments and currencies		103,000	95,250
Management fees paid		(1,532)	(1,209)
Other expenses		(377)	(406)
Income tax paid		(13,231)	(3,533)
NET CASH FROM OPERATING ACTIVITIES	11(b)	6,106	13,838
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(8,354)	(6,079)
Proceeds from issue of shares		2,587	2,342
Refund of stamp duty		-	3
NET CASH FROM FINANCING ACTIVITIES		(5,767)	(3,734)
Net Increase/(decrease) in cash held		339	10,104
Opening balance		27,365	10,285
Effects of exchange rate changes on cash		81	226
CASH HELD AT 31 DECEMBER	11(a)	27,785	20,615

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 has been prepared in accordance with AASB 1029: Half-Year Accounts and Consolidated Accounts, Standards Board, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and the Corporations Law.

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

These half-yearly financial statements should be read in conjunction with the Company's 30 June 2000 annual report and any announcements made by the Company during the half-year in accordance with the continuous disclosure requirements of the Corporations Law.

(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 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 period.

(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 valued 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) Income Recognition

Interest income is recognised on an accruals basis.

Dividend income is brought to account as income on the ex-date applicable to each investment.

Foreign exchange income is recognised as disclosed in note 1(b).

Investment gains and losses are recognised on disposal of an investment, subject to note 1(c).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(e) Income Tax

Income tax has been brought to account using the liability method of tax effect accounting.

(f) Earnings per Share

Basic earnings per share is determined by dividing the operating result after income tax by the weighted number of ordinary shares outstanding during the period.

2. COMPARATIVE FIGURES

Comparative figures are provided on the following basis:

Statement of Financial Performance

Results for the period to 31 December 1999.

Statement of Financial Position

The Balance Sheet of the Company as at 30 June 2000 and 31 December 1999.

Statement of Cash flows

Results for the period to 31 December 1999.

3. INCOME TAX	31 DEC 2000 \$'000	31 DEC 1999 \$'000
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 34% (1999: at 36%)	15,639	6,275
Tax effect of permanent differences which:		
Reduce tax payable		
– Allowable credits	(65)	(59)
Tax effect of timing differences which:		
Reduce tax payable		
– Unrecognised future income tax benefit now deductible	(208)	(1,020)
Increase tax payable		
– Future income tax benefit not recognised	842	148
Under/(over) provision in prior period	–	–
Abnormal tax items:		
– Income tax refund relating to prior periods	–	(1,917)
– Under/(over) provision in prior period	–	(3,169)
	16,208	258
The income tax expense attributable to operating profit/(loss) comprises:		
Current income tax provision	14,318	6,369
Deferred income tax provision	2,791	(986)
Future income tax benefit	(901)	(39)
Under/(over) provision in prior period	–	–
Abnormal tax items:		
– Income tax refund relating to prior periods	–	(1,917)
– Under/(over) provision in prior period	–	(3,169)
	16,208	258

Future income tax benefit

Potential future income tax benefits of \$842,000 (1999: \$148,000) arising from a permanent diminution in the value of investments of \$2,477,000 (1999: \$411,000) 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.

Abnormal tax items

The abnormal tax items arise from the change in the income tax basis from capital to revenue account, for the recognition of gains/(losses) on sale of investments.

4. DIVIDENDS	31 DEC 2000 \$'000	31 DEC 1999 \$'000
Fully franked interim dividend – 5 cents per share (1999: 4 cents per share)	5,346	4,164
	5,346	4,164

5. INVESTMENTS	31 DEC 2000 \$'000 NET FAIR VALUE	31 DEC 2000 \$'000 COST/ CARRYING VALUE	30 JUN 2000 \$'000 NET FAIR VALUE	30 JUN 2000 \$'000 COST/ CARRYING VALUE	31 DEC 1999 \$'000 NET FAIR VALUE	31 DEC 1999 \$'000 COST/ CARRYING VALUE
Listed securities	163,769	148,691	154,200	124,811	158,076	112,805
Currency hedges	9,266	9,266	895	895	837	837
Cash on deposit	27,597	27,597	27,231	27,231	20,484	20,484
	200,632	185,554	182,326	152,937	179,397	134,126

6. RECEIVABLES	31 DEC 2000 \$'000	30 JUN 2000 \$'000	31 DEC 1999 \$'000
Current			
Proceeds on sale of investments	543	194	771
Accrued dividends and interest	59	156	75
Prepayments	8	17	22
GST recoverable	43	–	–
	653	367	868

7. PAYABLES

Current			
Payables on purchase of investments	3,278	5	1,369
Trade creditors (unsecured)	3,088	402	393
Unclaimed dividends payable to shareholders	162	107	114
	6,528	514	1,876

8. PROVISIONS

Current			
Dividends (note 4)	5,346	8,409	4,164
Taxation	13,738	12,651	6,369
Deferred income tax	2,835	44	59
	21,919	21,104	10,592

9. SHARE CAPITAL	31 DEC 2000 \$'000	30 JUN 2000 \$'000	31 DEC 1999 \$'000
Balance as at 1 July	105,519	101,864	101,864
Recovery of stamp duty on prior period buybacks	-	3	3
Shares issued under the Dividend Reinvestment Plan	2,587	3,652	2,342
	108,106	105,519	104,209

On 14 November 2000, 1,809,018 shares were issued at \$1.43 per share in accordance with the Dividend Reinvestment Plan.

		QUANTITY	QUANTITY	QUANTITY
Opening balance		105,117,419	101,797,679	101,797,679
Dividend reinvestment plan	2-Nov-99	-	2,295,877	2,295,877
Dividend reinvestment Plan	21-Feb-00	-	1,023,863	-
Dividend reinvestment plan	14-Nov-00	1,809,018	-	-
		106,926,437	105,117,419	104,093,556

10. EARNINGS PER SHARE	31 DEC 2000	31 DEC 1999
Basic earnings per share (cents per share) for the six months to 31 December 2000	28.21	16.84
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	105,589,337	101,980,609

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.

11. NOTES TO THE STATEMENT OF CASH FLOWS

31 DEC	31 DEC
2000	1999
\$'000	\$'000

For the purposes of the Statement of Cash Flows, cash includes deposits at call and cash at bank.

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

(a) RECONCILIATION OF CASH

Cash at bank*	188	131
Cash on deposit** (note 5)	27,597	20,484
	27,785	20,615

* Includes \$160,464 (1999: \$114,127) held in respect of unclaimed dividends on behalf of Shareholders or the Office of State Revenue.

** Includes \$14,463,518 (1999: \$7,513,436) on deposit to "cash cover" derivative contracts' deposits and margin calls. These amounts are held by the relevant derivative exchanges 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.

(b) RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES TO OPERATING PROFIT/(LOSS)**AFTER INCOME TAX**

Operating profit/(loss) after income tax	29,788	17,173
Decrease/(Increase) in investment securities	(32,251)	572
(Increase)/Decrease in cash due exchange rate movements	(81)	(226)
Decrease/(Increase) in settlements receivable	(349)	623
Decrease/(Increase) in dividends receivable	84	150
Decrease/(Increase) in interest receivable	13	(19)
Decrease/(Increase) in GST recoverable	(43)	-
Decrease/(Increase) in prepayments	9	(8)
(Decrease)/Increase in accrued expenses	2,686	36
(Decrease)/Increase in settlements payable	3,273	(1,188)
(Decrease)/Increase in income tax payable	1,087	(2,250)
(Increase)/Decrease in future income tax benefit	(901)	(39)
Increase/(Decrease) in deferred income tax	2,791	(986)
NET CASH FROM OPERATING ACTIVITIES	6,106	13,838

12. STATEMENT OF NET ASSET VALUE	31 DEC 2000 \$'000	30 JUN 2000 \$'000	31 DEC 1999 \$'000
Taking Investments at Market Value* and Providing Realised and Unrealised Taxes			
Net Asset Value per Statement of Financial Position (historical cost basis)	158,930	131,901	122,741
Add:			
Deferred income tax reversal on unrealised items	2,835	–	59
Proposed dividends	5,346	8,409	4,164
Revaluation of investments	15,078	29,389	45,271
Less:			
Future income tax benefit on monetary items	–	–	(62)
Deferred income tax on revaluation of investments	(7,446)	(10,122)	(16,474)
Net Asset Value	174,743	159,577	155,699
Net Asset Value – cents per share	163.42	151.81	149.58

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

13. INVESTMENT MANAGER

(a) The Investment Manager is Platinum Asset Management. It receives a monthly management fee for investment services 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 2000 the half-year pre-tax performance of the portfolio was 18.81% while the MSCI declined by 3.73%. This presents an outperformance of 22.54% and 19% after deducting the prior periods' net aggregate underperformance of 3.54%. A performance fee has been provided for on the net 14% outperformance (ie. after deducting the MSCI + 5% hurdle).

(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 1st 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.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 4 to 13:

- (a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 31 December 2000 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 Law; 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.



MG Darling Director

Sydney 7 February 2001



WK Neilson Director

We have reviewed the financial report of Platinum Capital Limited (the Company) for the half-year ended 31 December 2000 as set out on pages 4 to 14. 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: Half-Year Accounts and other mandatory professional reporting requirements and the Corporations Law in Australia, so as to present a view which is consistent with our understanding of 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 enquiries 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 Law, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2000 and of its performance for the half-year on that date; and
 - (ii) complying with Accounting Standard AASB 1029: Half-Year Accounts and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

PricewaterhouseCoopers

Chartered Accountants



PK Merrett Partner

Sydney 7 February 2001

DIRECTORY

DIRECTORS

Michael Darling
Peter Clarke
Kerr Neilson
Andrew Clifford
Malcolm Halstead

SECRETARY

Malcolm Halstead

REGISTERED OFFICE

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SHARE REGISTRARS

Computershare Registry Services Pty Ltd
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AUDITORS AND TAXATION ADVISORS

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

SOLICITORS

Allen Allen & Hemsley
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

Kerr Neilson ~ Global
Andrew Clifford ~ North America, IT Services, Software
Jim Simpson ~ Japan, Korea, Semi Conductors
Charles Evans ~ Japan, Korea
Doug Huey ~ S.E. Asia, Semi Conductors & Capital Equipment
Toby Harrop ~ Europe, Currencies, Healthcare
Alex Barbi ~ Europe, Telecom Equipment & Operators
John Hempton ~ Global Banking, Financials, Insurance
Ross Curran ~ Global Consumer Goods
Steven Glass ~ Quant Methods, Risk
Jacob Mitchell ~ Global Engineering & Technical Services
Liz Norman ~ Shareholder Liaison

