Platinum CAPITAL LIMITED

Appendix 4E

Preliminary final Report

Listing Rule 4.3A

Company	**Platinum Capital Limited**
ASX Code	PMC
Year ended	30 June 2018
Previous corresponding year ended	30 June 2017
ABN	51 063 975 431

Results for Announcement to the Market

Announcement to the market should be read in conjunction with the 30 June 2018 financial report:

	% Movement	**$A'000**
Total investment income	2.23%	78,807
Profit from ordinary activities after tax attributable to members	0.85%	50,353
Net profit for the year attributable to members	0.85%	50,353

The Directors consider that pre-tax Net Tangible Assets (NTA), after fees and expenses, combined with the flow of dividends is a better measure of performance of the Company. For the 12 months to 30 June 2018, the Company's pre-tax NTA increased from $1.63 per share to $1.75 per share. In addition, shareholders received 10 cents per share in dividends during the year ended 30 June 2018.

The compound annual appreciation of the Company's net assets to 30 June 2018 compared to the index over 12 months, 5 years, 10 years and since inception (June 1994), based on the movement in net assets after fees, expenses and taking into account capital flows and assuming the reinvestment of dividends, is shown in the table below:

Investment Performance	12 months	5 years	10 years	Since inception
PMC's performance	15.6%	12.1%	11.2%	12.5%
MSCI AC World Net Index in A$ terms	15.0%	14.2%	8.6%	7.0%

The Investment Manger noted recently "against the backdrop of synchronised global growth, we saw exceptionally strong portfolio performance in the first half of the financial year, in both absolute and relative terms. However, volatility returned to global markets in the second half of the financial year, driven by investor fears around trade wars, tightening credit in China and rising US interest rates".

The investment returns shown are historical. You should be aware that historical performance is not a reliable indicator of future performance.

Source: Platinum Investment Management Limited (PMC returns) and FactSet (MSCI returns). All data where MSCI is referenced is the property of MSCI. No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data. PMC and MSCI returns assume the reinvestment of dividends.

Dividends

A summary of the key features of the dividend declared by the Board are summarised in the table below:

Final dividend declared	6 cents per share fully-franked
Ex-date	24 August 2018
Record date	27 August 2018
The last date for receipt of election notices for the dividend reinvestment plan	28 August 2018
Payment date	12 September 2018

A 4 cents per share fully-franked interim dividend was paid on 13 March 2018. The total interim and final dividend for the year is 10 cents per share.

The Company's ability to pay fully-franked dividends is dependent on the Company paying income tax. At 16 August 2018, after allowing for the 2018 final 6 cents per share fully-franked dividend, the Company has an ability to pay fully-franked dividends of up to 4.49 cents per share (including the 30 June 2018 tax liability). The Board has a policy of dividend smoothing and endeavours to ensure that there are sufficient franking credits available to pay fully-franked dividends in the future.

Shares on issue totalled 285,921,034 at 30 June 2018.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan is in operation and the final dividend of 6 cents per share qualifies. Participating shareholders will be entitled to be allotted the number of shares (rounded down to the nearest whole number) which the cash dividend would purchase at the relevant issue price.

The relevant issue price for the final dividend will be at a 2.5 percent discount on the volume-weighted average price of the Company's shares traded on the Australian Securities Exchange (ASX), over the five business days subsequent to the date on which the Company shares cease to trade cum-dividend.

Further information

- Refer to the attached audited financial statements and financial information summary for financial data on the Company.
- Refer to the attached Chairman's report

Joanne Jefferies
Company Secretary
16 August 2018

PLATINUM CAPITAL LIMITED

Chairperson's Report 2018

Highlights

For the year ended 30 June 2018, Platinum Capital Limited ("the Company" or "PMC") performed strongly in absolute terms and also outperformed the MSCI All Country World Net Index (A$) (the "Index"). The highlights for the 2018 financial year can be summarised as follows:

- investment performance as measured by the growth of the Company's pre-tax net tangible assets per share ("pre-tax NTA") in A$ terms, delivered a return of 15.6% for the 12 months to 30 June 2018, outperforming the Index by 0.6%;

- net profit after tax was $50.4 million;

- the Company declared a fully-franked final dividend of 6 cents per share, bringing the total dividends declared for the 2018 financial year to 10 cents per share. This represents a dividend yield of 4.8% based on the closing share price as at 30 June 2018;

- in February 2018, the Company announced that portfolio management responsibilities would be reallocated from Kerr Neilson to Andrew Clifford. This change took effect on and from 1 July 2018; and

- the Company was not affected by the small company tax changes and will be able to distribute franking credits for the 2018 financial year at a tax rate of 30%.

Investment Performance[1]

For the year ended 30 June 2018, the Company's pre-tax NTA increased by 15.6% in A$ terms, as compared to the MSCI All Country World Net Index in A$, which delivered a return of 15.0% for the same period. The comparable return from the Australian All Ordinaries Accumulation Index was 13.8%, over the same period.

During the month of June 2018, the Company lost ground and surrendered part of the strong performance it had enjoyed earlier in the year. This was largely due to the market volatility and the heavy sell-off in China and other emerging markets as a result of global trade tensions and rising interest rates in the US.

Nevertheless, the Company outperformed the Index for the 12 month period whilst maintaining an average net equity exposure of approximately 79%, with the cash reserves providing downside protection for the portfolio. The strongest performing sectors for the Company during the year were Information Technology, Energy and Materials.

[1] Source: Platinum Investment Management Limited (PMC's returns) and FactSet (MSCI returns and Australian All Ordinaries Accumulation Index returns).
The investment returns are calculated using PMC's pre-tax net tangible asset backing per share for the specified period (as released to the ASX). Returns are calculated after the deduction of fees and expenses, take into account any capital flows and assume the reinvestment of dividends. Historical performance is not a reliable indicator of future performance.

For the 5 years to 30 June 2018, the Company delivered an annualised compound return of 12.1% per annum (measured by the Company's pre-tax NTA), behind the MSCI All Country World Net Index in A$, which delivered a compound annualised return of 14.2% per annum for the same period. The Company's five year performance was close to the Index for most of the year. However, as mentioned above, the month of June 2018 saw a setback given the Company's significant exposure to the Asian region and our underweighting to the US market.

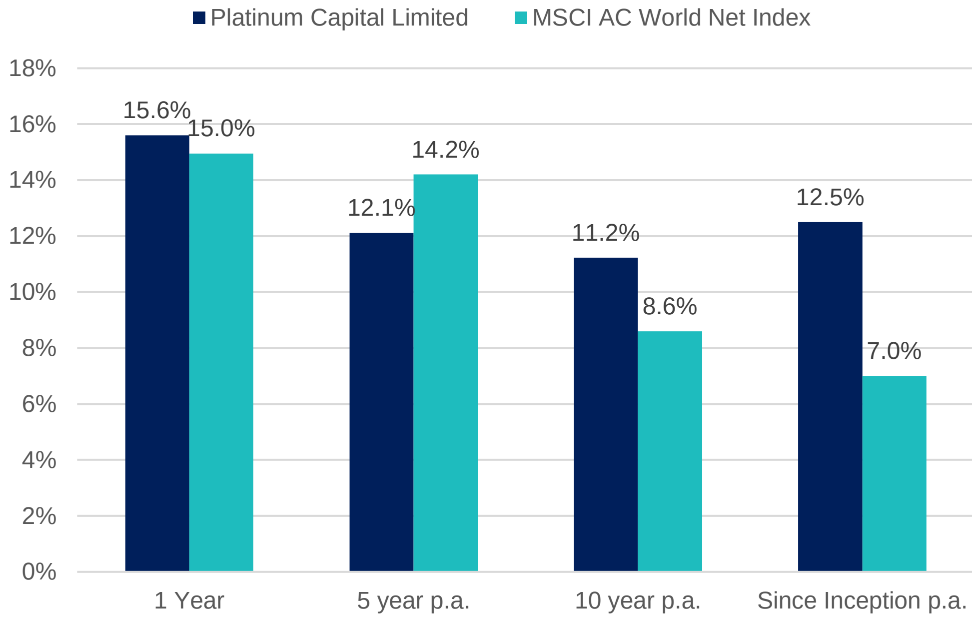
From inception (29 June 1994) to 30 June 2018, the Company's compound annualised return (measured by the Company's pre-tax NTA) was 12.5% per annum, compared to a compound annualised return of 7.0% per annum for the MSCI All Country World Net Index in A$ and 9.3% per annum for the Australian All Ordinaries Accumulation Index. The investment performance of the Company has significantly exceeded the global Index over the long-term, endorsing the investment philosophy, process and expertise of Platinum Investment Management Limited ("Platinum" or the "Investment Manager").

Over all rolling five-year periods, commencing each month since inception in 1994 to 30 June 2018, the Company achieved positive returns 96% of the time. In contrast, the MSCI All Country World Net Index in A$ achieved positive returns 62% of the time. For all rolling monthly five-year periods since inception to 30 June 2018, the Company exceeded a return of 8% compound per annum 75% of the time versus 41% of the time for the Index.

We owe much of the Company's strong long-term returns to the investment acumen of Kerr Neilson, who served as the Company's portfolio manager from the Company's inception until 1 July 2018. Supported by Platinum's deep pool of talented analysts and other experienced portfolio managers, Kerr guided the Company's portfolio through various market cycles over the last 24 years, successfully protecting and growing investors' capital. The same time-tested investment approach will continue to be applied in the future management of the Company's portfolio under Andrew Clifford's leadership.

The Board believes that the Company's long-term track record demonstrates the success of the investment philosophy and process of the Company's investment manager.

PMC's Pre-Tax Net Tangible Asset return (%) versus MSCI Index^ to 30 June 2018 (%)



^ Morgan Stanley Capital International All Country World Net Index in A$

Source: Platinum Investment Management Limited (PMC's returns) and FactSet (MSCI returns). The investment returns are calculated using PMC's pre-tax net tangible asset backing per share for the specified period (as released to the ASX). Returns are calculated after the deduction of fees and expenses, take into account any capital flows and assume the reinvestment of dividends. Please note that the results are not calculated from PMC's share price. The investment returns shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance. MSCI Inc. Disclaimer: Neither MSCI Inc nor any other party involved in or related to compiling, computing or creating the Index data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI Inc, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the Index data is permitted without express written consent of MSCI Inc.

Financial Results

For the year ended 30 June 2018, the Company made a statutory pre-tax operating profit of $71.6 million and a post-tax operating profit of $50.4 million.

Under Australian Accounting Standards, realised profits and losses are added to, or reduced by, unrealised changes in the market value of the Company's total assets. This can lead to large variations in recorded statutory profits or losses from any one year to the next.

The Board maintains that a more appropriate measure of the Company's results is the percentage change in its pre-tax NTA, assuming the reinvestment of dividends and taking into account any capital flows. On this measure, the Company achieved a return of 15.6% for the 12 months to 30 June 2018.

To keep shareholders fully informed, PMC releases weekly and monthly calculations of its NTA backing per share to the ASX. Platinum publishes monthly investment performance updates and also sends out quarterly investment reports to all shareholders.

Dividends

The Board is pleased to declare a fully-franked final dividend of 6 cents per share, bringing the total dividends declared for the 2018 financial year to 10 cents per share. This represents a dividend yield of 4.8% based on the 30 June 2018 closing share price.

The Board aims to deliver a consistent stream of fully-franked dividends to shareholders over time, whilst maintaining its policy of dividend smoothing, subject to future earnings, cash flows, franking credits and accounting profits. The ability to pay future fully-franked dividends will continue to depend on the Company's ability to generate realised profits and pay tax, and will also be influenced by Government policy in this area.

To the extent that any profits are not distributed as dividends, the Board may set aside some or all of the Company's undistributed profits to a separate dividend profit reserve, to facilitate the payment of future fully-franked dividends, subject to the balance of the franking account.

After the payment of the 2018 final dividend, the dividend profit reserve will have a balance of 32.25 cents per share, based on the current number of shares on issue.

The Company's Dividend Reinvestment Plan (DRP) provides shareholders with the option to receive some or all of their future dividends as ordinary shares in the Company instead of cash. The DRP will be operating at a 2.5% discount for this year's final dividend (i.e. the issue price for the new PMC shares allotted under the DRP will be at a 2.5% discount to the relevant market price, being the volume-weighted average price of the Company's shares traded on the ASX over the five business days subsequent to the date on which the Company shares cease to trade cum-dividend).

I can confirm that for the year ended 30 June 2018, PMC was not affected by any changes in the small company tax rate and PMC will be able to distribute franking credits at a tax rate of 30%. This is due to the fact that PMC's turnover for the financial year exceeded the $25 million threshold.

Proposal to remove the refund of tax paid on franking credits

I note the announcement by the Federal Opposition (Australian Labor Party) to remove the cash refund of franking credits. The Board is of the view that this proposal, if implemented, will result in unfair retirement outcomes, particularly for those shareholders who are members of self-managed superannuation funds in retirement phase or self-funded retirees. Accordingly, the Board does not support this proposal.

Platinum, with the Board's support, wrote to the Leader of the Federal Opposition and the Shadow Treasurer on 9 July 2018, to express its concerns, and further requested that listed investment companies be exempt from the proposal.

Changes to portfolio management responsibilities

As part of Platinum's long-term succession planning, from 1 July 2018, the portfolio management responsibilities for PMC were reallocated from Kerr Neilson to Andrew Clifford, Platinum's Chief Investment Officer. Andrew also assumed the role of Chief Executive Officer of Platinum from Kerr with effect from this date. Andrew, a founding member of Platinum, is an experienced global equities portfolio manager and has a long standing relationship with PMC. He was a founding director of PMC in 1994, remaining a director of PMC until 2015. Andrew has been managing funds at Platinum since 1994 and has been managing money on behalf of Platinum's flagship fund, Platinum International Fund for the last seven years.

The Board wishes to acknowledge the long-standing contribution of Kerr Neilson as portfolio manager of the Company since 1994. Kerr Neilson continues as a full time executive director of Platinum Asset Management Limited and a member of Platinum's investment team, continuing to work on the generation of investment ideas and company research.

Director renewal and change of Company Chairperson

On 31 March 2018, Bruce Coleman resigned as a Director and the Chairman of the Company and I replaced Mr Coleman in these roles. Prior to his resignation, Mr Coleman had served as the Chairman of PMC since 2014 and as a Director of PMC since 2004.

The Board would like to extend its thanks to Bruce for his invaluable contribution to the Company.

Capital Management

The Company did not engage in any capital raising activities during the financial year. However, I take this opportunity to re-state the Board's capital management policy below:

> The Board regularly and actively reviews the most efficient manner by which the Company manages its capital, in response to changing market conditions and risks, with the sole aim of enhancing shareholder value, through:

- the management of the level of dividends to shareholders;
- the issue of shares by methods such as rights offers, share purchase plans or placements; and/or
- the use of share buy-backs.

Corporate Governance

PMC's assets are managed by Platinum through two key agreements previously approved by shareholders: the Investment Management Agreement and the Administration Agreement.

In the past year, the Board has continued to monitor the performance of the Investment Manager and its adherence to the agreements with the full and transparent co-operation of Platinum and its management team. Accordingly, I am confident in the integrity and reporting of the Company's financial results to shareholders.

Outlook for 2018-2019

As highlighted recently by the portfolio manager, "*there has been some fierce repricing of companies in Asia and the emerging markets in general. Trade disputes are damaging sentiment, but above all, the tightening of credit causes the most damage to valuations. After such a painful re-calibration of prices, we are inclined to believe that the Asian markets have adjusted to this new scenario. All indicators for the underlying economies of Asia are very solid, with scant evidence of slowing. While there is unlikely to be any near term let-up in the liquidity squeeze, we believe that valuations are extremely attractive, with, for example, the Chinese market on a prospective P/E of around 11 times. The portfolio is very attractively set at these levels. We would expect to see some upward price spikes as the fear around the trade disputes dissipate. We are maintaining shorts on the most aggressively priced segments of markets in the belief that if there is no relief to tighter money, these well-owned and extraordinarily highly priced sectors will also succumb to a reappraisal by investors*".

Finally

On behalf of the Board, I wish to express our appreciation of the work done by Andrew Clifford, Kerr Neilson and the broader team at Platinum.

Finally, on behalf of the Board, I would also like to thank shareholders for their support.

Margaret Towers
Chairperson
16 August 2018

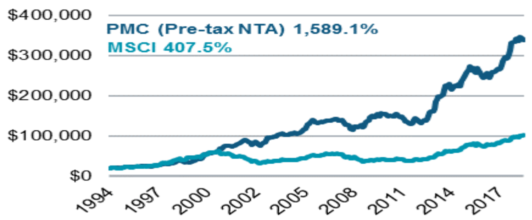
Platinum Capital Limited

Financial Information Summary
30 June 2018

+15.60% 12 month performance[i] (based on Pre-Tax NTA)	6cps Final fully-franked dividend	4.78% Dividend yield[ii]

Inception Date	29/06/1994
Market capitalisation	597.57mn
Share price	$2.09
Shares on issue	285,921,034
Net Tangible Assets (pre-tax) per share	$1.75
Net Tangible Assets (post-tax) per share	$1.65
Net assets	$471.29m
Dividend profit reserve[iii]	32.25cps
Fully franked dividend capacity[iv]	4.49cps

The Company's (PMC) pre-tax Net Tangible Assets (NTA) compound return since inception to 30 June 2018 was 12.5% per annum[i].
Cumulative performance since inception to 30 June 2018 on a pre-tax NTA measure is provided in the graph below.



5 year compound per annum pre-tax NTA returns since inception[i]		
	PMC	**MSCI**
Total number of 5 year periods to 30 June 2018[v]	229	229
Periods where return was positive (% of total)	96%	62%
Periods where return was negative (% of total)	4%	38%
Largest 5 year gain (% compound per annum)	27%	23%
Largest 5 year loss (% compound per annum)	(2)%	(8)%
Periods > +8% compound per annum (% of total)	75%	41%
Periods where PMC return was > MSCI (% of total)	74%	NA

[i] The pre-tax NTA return is calculated after the deduction of fees, expenses, takes into account any capital flows, and assumes the re-investment of dividends.
[ii] Dividend yield is based on the 2018 interim dividend of 4 cents per share plus the 2018 final dividend of 6 cents per share and the share price as at 30 June 2018.
[iii] Dividend profit reserve includes transfer of the 2018 profit after tax, after providing for the 2018 final dividend of 6 cents per share.
[iv] This is the maximum fully-franked dividend that can be paid based on the franking credit balance as at 16 August 2018 after providing for the 2018 tax payable and the 2018 final dividend of 6 cents per share.
[v] Commencing each month since inception to 30 June 2018.

Source: Platinum Investment Management Limited (PMC returns) and FactSet (MSCI returns). All data where MSCI is referenced is the property of MSCI. No use or distribution of this data is permitted without the written consent of MSCI. This data is provided "as is" without any warranties by MSCI. MSCI assumes no liability for or in connection with this data.

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Platinum Capital Limited

ABN 51 063 975 431

Financial Report - 30 June 2018

Platinum Capital Limited
Corporate directory

Directors	Margaret Towers Richard Morath Jim Clegg
Company secretary	Joanne Jefferies
Investment manager	Platinum Investment Management Limited (trading as Platinum Asset Management®) Platinum Investment Management Limited neither guarantees the repayment of capital nor the investment performance of the Company
Shareholder liaison	Liz Norman
Registered office	Level 8, 7 Macquarie Place Sydney NSW 2000 Phone 1300 726 700 (Australia only) Phone 0800 700 726 (New Zealand only) Phone +61 2 9255 7500 Fax +61 2 9254 5555
Share registrar	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Phone +61 1300 554 474 Fax +61 2 9287 0303
Auditor and taxation advisor	PricewaterhouseCoopers
Securities exchange listing	Platinum Capital Limited shares are listed on the Australian Securities Exchange (ASX code: **PMC**)
Website	www.platinum.com.au/Our-Products/All-Products/Platinum-Capital-Limited
Corporate Governance Statement	www.platinum.com.au/PlatinumSite/media/Find-a-form/pmc_corp_gov.pdf

Platinum Capital Limited
Shareholder information
30 June 2018

The shareholder information set out below was applicable as at 13 August 2018.

Distribution of equity securities
Analysis of number of ordinary shareholders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	1,148
1,001 to 5,000	2,602
5,001 to 10,000	2,631
10,001 to 100,000	5,926
100,001 and over	282
	12,589
Holding less than a marketable parcel (of $500)	581

Substantial holders
Twenty largest shareholders
The names of the twenty largest shareholders of the Company are listed below:

	ORDINARY SHARES	
	NUMBER HELD	% OF TOTAL SHARE ISSUED
Sysha Pty Limited	14,000,000	4.90
Australian Executor Trustees Limited	4,558,915	1.60
Lekk Pty Limited	4,000,000	1.40
HSBC Custody Nominees (Australia) Limited	3,062,100	1.07
Nulis Nominees (Australia) Limited	2,921,916	1.02
Mr William Kerr Neilson	1,977,646	0.69
Jorlyn Pty Limited	1,900,000	0.67
Moya Pty Limited	1,694,406	0.59
Navigator Australia Limited	1,633,405	0.57
IOOF Investment Management Limited	1,295,232	0.45
Netwealth Investments Limited	1,258,223	0.44
BNP Paribas Nominees Pty Limited	1,192,328	0.42
Netwealth Investments Limited	844,604	0.30
Mr Raymond Ireson	727,397	0.25
HSBC Custody Nominees (Australia) Limited - a/c 2	724,905	0.25
Forsyth Barr Custodians Limited	713,050	0.25
Eramu Pty Limited	502,700	0.18
Mr Robert John Webb	500,000	0.17
Custodial Services Limited	450,863	0.16
Fay Fuller Foundation Pty Limited	436,800	0.15
	44,394,490	15.53

There are no substantial holders in the Company.

Voting rights

Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

Distribution of Annual Report to Shareholders

The Law allows for an "opt in" regime through which shareholders will receive a printed "hard copy" version of the Annual Report only if they request one. The Directors have decided to only mail out an Annual Report to those shareholders who have "opted in".

Financial Calendar

24 August 2018 - Ordinary shares trade ex-dividend
27 August 2018 - Record (books close) date for dividend
12 September 2018 - Dividend paid
These dates are indicative and may be changed.

Notice of Annual General Meeting (AGM)

The details of the Annual General Meeting of Platinum Capital Limited are:
10am Thursday 8 November 2018
Museum of Sydney
Corner of Phillip & Bridge Streets
Sydney
NSW 2000

Questions for the AGM

If you would like to submit a question prior to the AGM to be addressed at the AGM, you may e-mail your question to invest@platinum.com.au.

Company Structure

Platinum Capital Limited (the "Company" or "PMC") is a listed investment company, or LIC, quoted on the Australian Securities Exchange ("ASX") and traded in the same way as other listed shares. Being a LIC, the Company:

- is closed-ended which means that the underlying portfolio can be managed without concern for the possibility of unplanned, fluctuating cashflows;
- is taxed at source and can therefore distribute available profits to shareholders in the form of dividends, usually fully-franked; and
- has established a dividend profit reserve which enables some smoothing of dividends, from year to year, at the discretion of the Board.

Shares in the Company can trade at a premium or discount to their Net Tangible Asset Backing per share ("NTA"), which is calculated and announced to the ASX weekly and monthly. Investors should take this into account when making decisions to purchase or sell shares in the Company.

The Company delegates its investment and administration functions to Platinum Investment Management Limited (trading as Platinum Asset Management) (the "Manager"), which employs a team of experienced investment professionals and administration personnel to perform those services. The Company and the Manager are separate legal entities.

Investment Objectives

The principal activity of the Company during the year was the investment of funds internationally into securities of companies, which are perceived by the Investment Manager, Platinum Investment Management Limited, to be undervalued. Its key investment objectives are to:

- deliver attractive returns to shareholders over time, made up of capital growth and fully-franked dividends; and
- contain capital losses by mitigating the impact of market downturns.

In addition, the Company seeks to enhance the consistency of fully-franked dividends by partially reserving profits in years of strong performance to be utilised for distribution to shareholders in periods of lower returns.

While generating attractive returns is the Company's primary objective, the Manager also believes it has a responsibility to manage the risk of capital losses and employs a variety of strategies to achieve this. As a result, the Company may not be 100% invested in the equity markets.

At times these objectives will be in conflict as strategies to manage downside risk can have the accompanying effect of reducing potential upside. Also, protective strategies may be implemented in advance of a downturn and sometimes well in advance. Hence, by comparison with a fully-invested long-only approach, the Company is less likely to outperform the index during bull markets and more likely to outperform during bear markets.

Over the longer term, in pursuing these dual objectives, the Manager aims to achieve net returns (i.e. after all fees and expenses) that are close to or exceed the Morgan Stanley Capital International All Country World Net Index (MSCI) in A$ terms, but with reduced impairment of capital following serious downturns.

Investment Methodology

The Manager's index-agnostic investment approach has been well tested over many years. The principles on which it is based have not varied since the Company's inception, although the process has evolved and been refined over time.

The Manager seeks to invest globally in a broad range of companies whose businesses and growth prospects are, in its view, being inappropriately valued by the market. Just as optimism and pessimism ebb and flow in stock markets, similar sentiments also affect individual companies. This means that transitory events often have a disproportionate effect on the share prices of companies, be they positive or negative, and there is thus a tendency for share prices to deviate significantly from their inherent trend line. The Manager's investment methodology seeks to identify and take advantage of the opportunities created by the divergence between a company's share price and its intrinsic value.

The Manager uses various methodologies to make sense of the universe of stocks around the world, including using both quantitative and qualitative screening to short-list companies for in-depth study. After identifying key themes and preferred industries, with due consideration of the macro environment, the portfolio is then built up through a series of individual stock selections based on detailed fundamental research. Care is taken to understand and monitor the inter-relationship of stocks within the portfolio.

The Manager's investment team is based in Sydney, Australia. Having a single location facilitates the cross pollination of ideas and free flow of information between analysts with different geographic and industry responsibilities. It has the further benefit that distance acts as a filter, enabling a more objective assessment of "noisy" markets. The research process, however, is well supported by extensive visits to companies and key regions.

The wealth of research and detailed analysis that leads to the addition/retention/reduction of a stock in the portfolio takes form in a disciplined reporting process that is subject to the scrutiny of divergent thinking peers. This process serves to challenge and encourage analysts and to "test" investment theses, as well as add accountability to the process.

For a more detailed description of Platinum Investment Management Limited's investment process, we encourage you to visit Platinum's website.

Managing Currency Exposures

International equity investments create an exposure to foreign currency fluctuations, which can change the value of the equity investments measured in the reporting currency of the Company's portfolio, which is the Australian dollar. It is part of the Company's investment strategy to assess the potential returns and risks created by currency exposures and to seek to position the portfolio with the aim of capturing those returns while minimising those risks. The aim is for the Company's portfolio to be exposed to the greatest extent possible to appreciating currencies and to minimise exposure to depreciating currencies. Accordingly, the level of the Company's hedging back into the Australian dollar will depend on the Manager's expectation of future movements in currency exchange rates. This is consistent with the Company's strategy of investing in securities of companies from a global rather than a currency perspective.

The Manager may manage the currency exposures of the Company's portfolio using foreign currency forward contracts, currency swaps, non-deliverable forwards and currency options, as well as spot foreign exchange trades.

As part of its investment process, the Manager may also assess the indirect impact of currency on the companies that it intends to invest in (e.g. the impact of currency fluctuations on a manufacturing business with significant export sales) and the potential for exchange rate movements to amplify or diminish Australian dollar returns for a holding. The investment of cash holdings may also be undertaken with consideration of the potential impact of currency movements (as well as interest rate and credit risk considerations).

Strategies Aimed at Containing Losses and Delivering Solid Absolute Returns

Strategies aimed at containing capital losses include adjusting cash levels, deploying funds from overvalued to undervalued regional markets, short selling and various derivative strategies.

Timing the implementation of these strategies is always challenging and, though the rewards can be gratifying, patience is often required. The nature of markets means it can take some time for inappropriately valued regional markets, industry sectors or individual stocks to become more widely recognised and to revert to a level close to their inherent value.

The Manager has historically endeavoured to maintain an effective cash level of between 15% and 30% of the portfolio. In the event of a significant downturn, cash positions not only act as a valuable cushion, but also provide much needed "fire power" to take advantage of the outstanding opportunities that inevitably become available. This in turn can greatly facilitate the portfolio to recover lost ground.

Strategies Aimed at Containing Losses and Delivering Solid Absolute Returns – (continued)

As illustrated in the Financial Information Summary, the Company has an outstanding record of delivering absolute returns, largely as a consequence of containing losses during market downturns. Over all the rolling five-year periods, commencing each month since inception, the Company has achieved positive returns far more frequently than the MSCI AC World Net Index and with nearly double the number of periods exceeding a return of 8% per annum compound. Moreover, the Company has recorded considerably fewer negative return periods and much smaller losses when negative returns did occur, compared to the index.

Since inception on 29 June 1994, the Company has achieved a solid return after all fees and charges of 12.5% compound per annum (p.a), thereby outperforming the MSCI AC World Net Index over that time by 5.5% compound p.a[1].

[1.] The investment returns are calculated using PMC's pre-tax Net Tangible Asset Backing per share for the specified period. Returns are calculated after the deduction of fees and expenses, take into account any capital flows and assume the reinvestment of dividends. Please note that the results are not calculated from PMC's share price. The investment returns shown are historical and no warranty can be given for future performance. Historical performance is not a reliable indicator of future performance.

Source: Platinum Investment Management Limited (PMC returns) and FactSet (MSCI returns). The MSCI returns assume the reinvestment of dividends. MSCI Inc Disclaimer: Neither MSCI Inc nor any other party involved in or related to compiling, computing or creating the Index data (contained in this Financial Report) makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI Inc, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the Index data is permitted without express written consent of MSCI Inc.

In respect of the year ended 30 June 2018, the Directors of Platinum Capital Limited (the "Company") submit the following report prepared in accordance with a resolution of the Directors.

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report, unless otherwise stated:

Margaret Towers	Chairperson, Non-Independent and Non-Executive Director (appointed on 31 March 2018)
Richard Morath	Independent Non-Executive Director
Jim Clegg	Independent Non-Executive Director

Bruce Coleman was Chairman and Non-Independent Non-Executive Director until 31 March 2018.

Changes in Portfolio Management Responsibilities

From 1 July 2018, portfolio management responsibilities for the Company changed. Until 30 June 2018, the Company's investment portfolio was managed by Kerr Neilson. From 1 July 2018, portfolio management responsibilities changed to Andrew Clifford. Kerr Neilson will remain as a full-time executive director of Platinum Asset Management Limited and an investment analyst within the investment team.

Principal Activities

The Company is a listed investment company established to provide capital growth over the long-term through investment of funds internationally into securities of companies, which are perceived by the investment manager, Platinum Investment Management Limited, to be undervalued.

Operating and Financial Review

The net profit before tax was $71,637,000 (2017: $71,063,000) and net profit after tax was $50,353,000 (2017: $49,927,000). The income tax expense for the year was $21,284,000 (2017: $21,136,000).

The Directors consider that pre-tax Net Tangible Asset Backing per share ("pre-tax NTA"), after fees and expenses, combined with the flow of dividends is a better measure of performance of the Company. This is because pre-tax NTA is the most accurate way to assess the performance of the investment manager. For the 12 months to 30 June 2018, the Company's pre-tax NTA increased from $1.63 per share to $1.75 per share. In addition, shareholders received 10 cents per share in dividends during the year ended 30 June 2018.

For the 12 months to 30 June 2018, the Company's net assets on a pre-tax basis, after fees, expenses and taking into account dividends and income taxes increased by 15.6% whereas the Morgan Stanley Capital International All Country World Net Index (MSCI) in A$ terms increased by 15.0%. The Company's 5 year pre-tax compound net assets return was 12.1% per annum (versus the index return of 14.2% per annum). The Company's long-term (since inception) return of 12.5% per annum was approximately 80% greater than the performance of the MSCI over the last 24 years.

The Investment Manager has reported that the last two months of the financial year had been particularly difficult, as "there has been some fierce repricing of companies in Asia and the emerging markets in general. Trade disputes are damaging sentiment, but above all, the tightening of credit causes the most damage to valuations".

The last two months should not detract from the solid 12 month return of 15.6% generated for our investors, which was achieved with average cash reserves throughout the year of 21%. This strong result validates the Investment Manager's well-tested, value driven and index-agnostic style. The high exposure to Asia may result in some market volatility, but as a long-term investment, the investment manager reports that the growth prospects make the region very compelling from an investment point of view.

With regards to outlook, the Investment Manager has noted "After such a painful re-calibration of prices, we are inclined to believe that the Asian markets have adjusted to this new scenario. All indicators for the underlying economies of Asia are very solid, with scant evidence of slowing. While there is unlikely to be any near term let-up in the liquidity squeeze, we believe that valuations are extremely attractive, with, for example, the Chinese market on a prospective P/E of around 11 times. The portfolio is very attractively set at these levels."

The Company continues to have an extremely strong balance sheet with few liabilities.

Dividends
On 16 August 2018, the Directors declared a final 2018 fully-franked dividend of 6 cents per share ($17,155,000), with a record date of 27 August 2018, payable to shareholders on 12 September 2018, out of the dividend profit reserve. After the declaration of the 2018 final dividend, the balance in the dividend profit reserve is $92,214,000, which translates to 32.25 cents per share, based on the shares on issue at the date of this report. For the comparative reporting period, a fully-franked dividend of 6 cents per share ($17,025,000) was paid.

The dividend reinvestment plan (DRP) is in operation and a (2.5 per cent) discount to the relevant share price applies.

Capital Management
The Company's capital management policy, as previously advised, is outlined below.

The Board will give active consideration, as appropriate, to enhancing shareholder value through:
- the management of the level of dividends to shareholders,
- the issue of shares by methods such as rights offers, share purchase plans or placements, or
- the use of share buy-backs.

Matters Subsequent to the End of the Financial Year
Apart from the dividend declared, no matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely Developments and Expected Results of Operations
The Company will continue to pursue its key investment objectives, which are to deliver attractive returns to shareholders over time, made up of capital growth and fully-franked dividends and contain capital losses by mitigating the impact of market downturns. The methods of operating the Company are not expected to change in the foreseeable future.

Environmental Regulation
The Company is not adversely impacted by any particular or significant environmental regulation under Commonwealth, State or Territory law.

Information on Directors

Margaret Towers CA, GAICD
Chairperson, Non-Independent and Non-Executive Director and member of the Audit, Risk and Compliance Committee since 31 March 2018.

Ms Towers has over 35 years of experience operating at board and senior management levels, within the wealth management and investment banking sectors of the Australian financial services industry. Ms Towers has also previously been a non-executive director of Platinum Asset Management Limited (ASX code: PTM), chairperson of PTM's Audit, Risk and Compliance Committee and a member of PTM's Nomination and Remuneration Committee. Ms Towers is a non-executive director of IMB Limited and is Chairperson of Platinum Asia Investments Limited.

Richard Morath BA, FIAA, ASIA
Independent, Non-Executive Director since March 2009 and Chairman of the Audit, Risk and Compliance Committee.

Mr Morath has over 44 years of experience in life insurance, funds management, banking and financial planning. Mr Morath is currently non-executive director and chairman of the Advice & Licences Boards of all financial planning companies in National Australia Bank/MLC. Mr Morath is also a director of JANA Investment Advisors Limited, BNZ Life and chairman of BNZ Investment Services Limited, and a non-executive director of the ASX listed, Wealth Defender Equities Limited.

Jim Clegg BRurSc (Hons), DipAgEc
Independent, Non-Executive Director since 5 June 2015 and member of the Audit, Risk and Compliance Committee.

Mr Clegg has over 30 years of experience in the financial services industry. Mr Clegg was the founding managing director of Pembroke Financial Planners and has been a director of Godfrey Pembroke, Berkley Group and Centric Wealth. Mr Clegg is a director of CCube Financial Software Pty Ltd.

Information on Company Secretary

Joanne Jefferies, BCom, LLB
Company Secretary since 17 October 2016.

Ms Jefferies is an English law qualified solicitor with more than 21 years of legal experience in the asset management and securities services sectors, in England and across Asia Pacific.

Ms Jefferies joined Platinum in October 2016 as General Counsel and Group Company Secretary, having spent the previous six years at BNP Paribas Securities Services as Head of Legal Asia Pacific, Company Secretary for all Australian subsidiaries and a member of the Asia Pacific Executive Committee. Ms Jefferies has previously held senior legal positions with Russell Investments, Morley Funds Management (Aviva Investors) and Lord Abbett, and served as the General Counsel for the UK's funds management industry association, the Investment Association. Ms Jefferies is also Company Secretary of Platinum Asia Investments Limited and Platinum Asset Management Limited.

Meetings of Directors

The number of meetings of the Company's Board of Directors ("the Board") held during the year ended 30 June 2018, and the number of meetings attended by each Director were:

	Board		Audit, Risk and Compliance Committee	
	Attended	Held	Attended	Held
Margaret Towers (appointed 31 March 2018)	1	1	-	-
Bruce Coleman (until 31 March 2018)	4	4	4	4
Richard Morath	5	5	4	4
Jim Clegg	5	5	4	4

Indemnity and Insurance of Officers

During the year, the Company incurred a premium in respect of a contract for indemnity insurance for the Directors and officers of the Company named in this report

Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company.

Non-Audit Services

Details of the amounts paid or payable to the auditor for audit and other (non-audit) services provided during the financial year by the auditor are outlined in Note 20 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.*

The Directors are of the opinion that the services as disclosed in Note 20 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board.

Rounding of Amounts
The Company is of a kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with this Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's Independence Declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the Directors

Margaret Towers	Richard Morath
Chairperson	Director

16 August 2018
Sydney

Executive Summary

- At any time during the year, the Company had no more than three key management personnel ("KMP").
- The aggregate annual remuneration paid by the Company to the two persons that occupied the position of Chairperson during the year was $65,700 (including superannuation).
- The remuneration paid by the Company to each of the other Non-Executive Directors was $60,225 (including superannuation).
- There has only been one increase in base pay for the Company Chairperson and other Non-Executive Directors in the last 14 years.
- The Company does not pay bonuses to any of its Directors.
- Mr Coleman did not receive any termination payments.

Introduction

The Directors of Platinum Capital Limited present the Remuneration Report prepared in accordance with section 300A of the *Corporations Act 2001* for the year ended 30 June 2018.

The information provided in this Remuneration Report forms part of the Directors' Report and has been audited by the Company's auditor, PricewaterhouseCoopers, as required by section 308 of the *Corporations Act 2001*.

Key Management Personnel ("KMP")

For the purposes of this report, the KMP of the Company in office during the financial year were:

Name	Position
Margaret Towers	Chairperson, Non-Independent and Non-Executive Director since 31 March 2018
Bruce Coleman	Chairman and Non-Executive Director until 31 March 2018
Richard Morath	Non-Executive Director
Jim Clegg	Non-Executive Director

Shareholders' Approval of the 2017 Remuneration Report

A 25% or higher "no" vote on the remuneration report at an AGM triggers a reporting obligation on a listed company to explain in its next Annual Report how concerns are being addressed.

At the last AGM, the Company Remuneration Report passed on a show of hands, after validly appointed proxies indicated a "for" vote of 86.09%. Despite this outcome, we have set out to fully explain the basis and structure of the remuneration paid to KMP.

Principles, Policy and Components of Non-Executive Directors' Remuneration

The Constitution of the Company requires approval by shareholders at a general meeting of a maximum amount of remuneration to be paid to the Non-Executive Directors.

The aggregate amount of remuneration that can be paid to the Non-Executive Directors, which was approved by shareholders at the 2005 Annual General Meeting, was $350,000 per annum (including superannuation). Despite the ability to pay remuneration up to this level, only $186,150 in aggregate was paid to the Directors in 2018 (2017: $186,150).

Remuneration paid to the Non-Executive Directors is designed to ensure that the Company can attract and retain suitably qualified and experienced directors.

It is the policy of the Board to remunerate at market rates commensurate with the responsibilities borne by the Non-Executive Directors. Non-Executive Directors received a fixed fee and mandatory superannuation. There has only been one increase in base pay for the Company Chairperson and other Non-Executive Directors in the last 14 years. Directors do not receive performance-based or earnings-based remuneration and are not eligible to participate in any equity-based incentive plans.

Remuneration for the Non-Executive Directors is reviewed annually by the Board and set at market rates commensurate with the responsibilities borne by the Non-Executive Directors. Independent professional advice may be sought. No other retirement benefits (other than mandatory superannuation) are provided to the Directors. Mr Coleman did not receive any termination payments.

Remuneration for Directors

The table below presents amounts received by the Directors in the current and prior year.

Name	Cash Salary	Superannuation	Short-term incentives	Long-term incentives	Total
	$	$	$	$	$
Margaret Towers					
Period from 1/4/2018 to 30/06/2018	15,000	1,425	-	-	16,425
Bruce Coleman					
Period from 1/7/2017 to 31/03/2018	45,000	4,275	-	-	49,275
FY 2017	60,000	5,700	-	-	65,700
Richard Morath					
FY 2018	55,000	5,225	-	-	60,225
FY 2017	55,000	5,225	-	-	60,225
Jim Clegg					
FY 2018	55,000	5,225	-	-	60,225
FY 2017	55,000	5,225	-	-	60,225
Total remuneration					
FY 2018	170,000	16,150	-	-	186,150
FY 2017	170,000	16,150	-	-	186,150

Employment Arrangements of KMP

The key aspects of the KMP contracts are as follows:

Remuneration and other terms of employment for Directors are formalised in letters of appointment that all Directors signed.

- All contracts with Directors include the components of remuneration that are to be paid to KMP and provide for annual review, but do not prescribe how remuneration levels are to be modified from year to year.
- The tenure of the Directors is subject to approval by shareholders at every third AGM or other general meeting convened for the purposes of election of Directors.
- In the event of termination, all KMP are only entitled to receive their statutory entitlements.
- Directors may resign by written notice to the Chairperson and where circumstances permit, it is desirable that reasonable notice of an intention to resign is given to assist the Board in succession planning.

Link between the Remuneration of the Directors and Company Performance

	2018	2017	2016	2015	2014
Total net investment income/(loss) ($'000)	78,807	77,086	(20,310)	71,098	53,662
Expenses ($'000)	(7,170) [1]	(6,023)	(6,481)	(7,579)	(6,857)
Profit/(loss) after tax ($'000)	50,353	49,927	(18,764)	44,826	32,885
Earnings per share (cents per share)	17.66	20.03	(8.00)	19.29	16.22
Dividends (cents per share)	10.0	10.0	7.0	11.0	8.0
Net Tangible Asset Backing (pre-tax) (30 June) ($ per share)	1.75	1.63	1.44	1.70	1.64
Closing share price (30 June) ($)	2.09	1.685	1.62	1.77	1.765
Total fixed remuneration (salary and superannuation) paid ($)	186,150	186,150	186,150	169,725	169,338

The remuneration of the Directors is not linked to the performance of the Company.

[1] Expenses were higher in 2018 because of the impact of management fees. This is due to the increased portfolio size, driven by strong performance during the year and the impact of the capital raising in March/April 2017. The average monthly portfolio size for the FY18 year was $504.8 million (2017: $467.3 million).

Interests of Directors in shares

The relevant interest in ordinary shares of the Company that each Director held at balance date was:

	Opening balance	Acquisitions	Disposals	Closing balance
Margaret Towers	-	50,000	-	50,000
Richard Morath	42,372	-	-	42,372
Jim Clegg	59,972	-	-	59,972

Bruce Coleman held 249,972 shares at the start of the year and up until the date of his departure on 31 March 2018.

Auditor's Independence Declaration

As lead auditor for the audit of Platinum Capital Limited for the year ended 30 June 2018, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Simon Cuthbert
Partner
PricewaterhouseCoopers

Sydney
16 August 2018

General Information

The financial statements cover Platinum Capital Limited as an individual entity. The financial statements are presented in Australian dollars, which is Platinum Capital Limited's functional and presentation currency.

Platinum Capital Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8, 7 Macquarie Place
Sydney NSW 2000

A description of the nature of the Company's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 August 2018. The Directors have the power to amend and reissue the financial statements.

Platinum Capital Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Investment income			
Dividends		8,844	9,282
Interest		101	255
Net gains on equities/derivatives		68,492	69,054
Net gains on foreign currency forward contracts		902	53
Net foreign exchange gains/(losses) on overseas bank accounts		468	(1,558)
Total investment income	2	78,807	77,086
Expenses			
Management fees	19	(5,584)	(4,253)
Custody		(297)	(270)
Share registry		(177)	(278)
Continuous reporting disclosure		(226)	(199)
Directors' fees	21	(186)	(186)
Auditor's remuneration and other services	20	(104)	(87)
Brokerage and transaction costs		(355)	(449)
Other expenses		(241)	(196)
Non-capitalised expenses in relation to the Placement and Share Purchase Plan		-	(105)
Total expenses		(7,170)	(6,023)
Profit before income tax expense		71,637	71,063
Income tax expense	3(a)	(21,284)	(21,136)
Profit after income tax expense for the year attributable to the owners of Platinum Capital Limited	8	50,353	49,927
Other comprehensive income for the year, net of tax		-	-
Total comprehensive Income for the year attributable to the owners of Platinum Capital Limited		50,353	49,927
Basic earnings per share (cents per share)	12	17.66	20.03
Diluted earnings per share (cents per share)	12	17.66	20.03

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Platinum Capital Limited
Statement of financial position
As at 30 June 2018

	Note	2018 $'000	2017 $'000
Assets			
Cash and cash equivalents	13(a)	51,254	51,110
Receivables	6	5,192	3,250
Financial assets at fair value through profit or loss	4	448,907	415,952
Income tax receivable	3(b)	-	1,210
Total assets		505,353	471,522
Liabilities			
Payables	7	1,540	4,504
Financial liabilities at fair value through profit or loss	5	2,493	1,164
Income tax payable	3(b)	6,091	-
Deferred tax liability	3(c)	23,942	20,278
Total liabilities		34,066	25,946
Net assets		**471,287**	**445,576**
Equity			
Issued capital	11	380,682	376,895
Retained earnings	8	(18,764)	(18,764)
Dividend profit reserve	9	109,369	87,445
Total equity		**471,287**	**445,576**

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

Platinum Capital Limited
Statement of changes in equity
For the year ended 30 June 2018

	Issued capital $'000	Retained earnings $'000	Dividend profit reserve $'000	Total equity $'000
Balance at 1 July 2016	304,595	(18,764)	56,384	342,215
Profit after income tax expense for the year	-	49,927	-	49,927
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	49,927	-	49,927
Transfer of profit after income tax for the year, to the dividend profit reserve (Note 8 and Note 9)	-	(49,927)	49,927	-
Transactions with owners in their capacity as owners:				
Issue of shares in relation to the dividend reinvestment plan and reinvestment of unclaimed dividends (Note 11)	2,942	-	-	2,942
Issue of shares in relation to the Placement (Note 11)	53,514	-	-	53,514
Issue of shares in relation to the Share Purchase Plan (Note 11)	16,603	-	-	16,603
Transaction costs, on the Placement and Share Purchase Plan, net of tax (Note 11)	(759)	-	-	(759)
Dividends paid (Note 10)	-	-	(18,866)	(18,866)
Balance at 30 June 2017	376,895	(18,764)	87,445	445,576

	Issued capital $'000	Retained earnings $'000	Dividend profit reserve $'000	Total equity $'000
Balance at 1 July 2017	376,895	(18,764)	87,445	445,576
Profit after income tax expense for the year	-	50,353	-	50,353
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	50,353	-	50,353
Transfer of profit after income tax for the year, to the dividend profit reserve (Note 8 and Note 9)	-	(50,353)	50,353	-
Transactions with owners in their capacity as owners:				
Issue of shares in relation to the dividend reinvestment plan and reinvestment of unclaimed dividends (Note 11)	3,787	-	-	3,787
Dividends paid (Note 10)	-	-	(28,429)	(28,429)
Balance at 30 June 2018	380,682	(18,764)	109,369	471,287

The above statement of changes in equity should be read in conjunction with the accompanying notes

Platinum Capital Limited
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Payments for purchase of financial assets		(260,083)	(242,911)
Proceeds from sale of financial assets		291,742	194,005
Dividends received		9,330	8,344
Interest received		120	243
Management fees paid		(5,550)	(4,139)
Other expenses paid		(1,655)	(1,835)
Income tax received/(paid)		(9,420)	435
Net cash from/(used in) operating activities	13(b)	24,484	(45,858)
Cash flows from financing activities			
Dividends paid - net of dividend re-investment plan	10	(24,695)	(15,972)
Proceeds from issue of shares in relation to unclaimed dividends	11	90	48
Net proceeds from issue of shares in relation to Placement and Share Purchase Plan		-	69,358
Net cash (used in)/from financing activities		(24,605)	53,434
Net increase/(decrease) in cash and cash equivalents		(121)	7,576
Cash and cash equivalents at the beginning of the year		51,110	45,070
Effects of exchange rate changes on cash and cash equivalents		265	(1,536)
Cash and cash equivalents at the end of the year	13(a)	51,254	51,110

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities measured at fair value.

The statement of financial position is presented on a liquidity basis. Specifically, assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current assets and liabilities. The majority of receivables and payables are expected to be recovered or settled within 12 months, whereas tax and investment balances may be recovered after 12 months.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, which management believes to be reasonable under the circumstances.

Fair value measurement hierarchy (refer to Note 17)

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 (if any) is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Recovery of deferred tax assets (refer to Note 3)

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Functional currency (refer to the "foreign currency transactions" policy)

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"), which is the Australian Dollar. Refer to the "foreign currency transactions" policy on page 22 for further information on this.

Financial assets/liabilities at fair value through profit or loss

Under AASB 139: *Financial Instruments: Recognition and Measurement*, investments are classified in the Company's statement of financial position as "financial assets/liabilities at fair value through profit or loss". Derivatives and foreign currency forward contracts are classified as financial instruments "held for trading" and equity securities are designated at fair value through profit or loss upon initial recognition.

The Company has applied AASB 13: *Fair Value Measurement*. AASB 13 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. AASB 13 increases transparency about fair value measurements, including the valuations techniques and inputs used to measure fair value.

The standard prescribes that the most representative price within the bid-ask spread should be used for valuation purposes. With respect to the Company, the last-sale or “last” price is the most representative price within the bid-ask spread, because it represents the price that the security last changed hands from seller to buyer.

The Company has applied last-sale pricing as the fair value measurement basis for equities and derivatives it holds.

Generally, derivatives take the form of long or short equity swap contracts. Equity swaps are valued based on the price of the underlying investment, which may be a specific share or a share market index. Daily fluctuations in the value of derivatives were recognised as part of “net gains/(losses) on equities/derivatives” in the statement of profit or loss and other comprehensive income.

Long equity swap contracts allow the Company to gain exposure to price movements of underlying investments without buying the underlying investment. Under the term of each long equity swap contract, the Company makes a profit if the underlying share price was higher on the date that the contract was closed relative to the price when the contract commenced.

With respect to short equity swap contracts, the Company makes a profit if the underlying share price was lower on the date that the contract was closed relative to the price when the contract commenced.

Participatory Notes are sometimes used as a convenient means of investing in local securities by a foreign investor. Participatory Notes are generally traded over-the-counter, as they are issued by a counterparty to provide the investor with exposure to an individual equity or a basket or index of equities, in markets where liquidity, custody or other issues make ownership of the local shares sub-optimal. The valuation of Participatory Notes depends on the level of trading. If the Participatory Notes are actively traded, then the market price is used. If the Participatory Notes are not actively traded, counterparties provide a daily valuation that is based on the intrinsic value of the individual security.

AASB 13 also requires reporting entities to disclose its valuation techniques and inputs. This is described below.

Fair value in an active market
The fair value of financial assets and liabilities traded in active markets uses quoted market prices at reporting date without any deduction for estimated future selling costs. Financial assets are valued using “last-sale” pricing. Gains and losses arising from changes in the fair value of the financial assets/liabilities are included in the statement of profit or loss and other comprehensive income in the year or period they arise.

Foreign currency forward contracts are initially recognised at fair value on the date contracts are entered into and are subsequently remeasured at each reporting date. The fair value is the unrealised profit or loss on the foreign currency position (in Australian dollars).

Fair value in an inactive market or unquoted market
The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm’s length market transactions, discounted cash flow techniques or any other valuation techniques that provides a reliable estimate of prices obtained in actual market transactions. Options are valued with reference to the quoted price of the underlying index or share. If there is no liquid market available, the options are valued based on the option prices provided by an arm's length broker. These valuations are based on option pricing models.

Recognition/derecognition
The Company recognises financial assets and liabilities on the date they become party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial assets and liabilities from this date. Financial assets and liabilities are no longer recognised on the date they become party to the sale contractual agreement (trade date).

Offsetting a financial asset and a financial liability
Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Please refer note 18 for further information.

Brokerage and transaction costs on financial assets
Initial measurement (cost) on purchase of trading securities shall not include directly attributable brokerage and transaction costs, such as fees and commissions paid to agents. Incremental brokerage and transaction costs on purchases of financial assets at fair value through profit or loss are expensed immediately.

Operating segments
Operating segments are presented using a single operating segment. However AASB 8: *Operating Segments* requires certain entity-wide disclosures. Refer to Note 2 for further information.

Foreign currency transactions
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). This is the Australian dollar, which reflects the currency of the country that the Company is regulated, capital is raised and dividends are paid. The Australian dollar is also the Company's presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Investment income
Interest income
Interest income is recognised in the statement of profit or loss and other comprehensive income based on actual interest rates available on the bank accounts held at various locations.

Dividend income
Dividend income is brought to account on the applicable ex-dividend date for equities and the payment date for Participatory Notes.

Directors' entitlements
Liabilities for Directors' entitlements to fees are accrued at nominal amounts calculated on the basis of current fee rates. Contributions to Directors' superannuation plans are charged as an expense as the contributions are paid or become payable.

Income tax
The income tax expense or benefit for the period is the tax payable or receivable on that period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. Withholding tax expense on foreign dividends has been included as part of income tax expense.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Receivables
All receivables are recognised when a right to receive payment is established. Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for bad debts. Debts that are known to be uncollectible are written off.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held in margin accounts and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Margin accounts comprise cash held as collateral for derivative transactions.

Payments and receipts relating to the purchase and sale of investment securities are classified as "cash flows from operating activities" as realised and unrealised gains (and losses) on financial assets and liabilities represent the Company's main operating activity.

Due from/due to brokers for unsettled trades

Amounts due from/due to brokers represent receivables for proceeds from sale of financial assets (as disclosed in Note 6) and payables on purchase of financial assets/liabilities (as disclosed in Note 7) that have been traded, but not yet settled at reporting date. Proceeds from sale of financial assets are usually received between two and five days after trade date. Payables on purchase of financial assets/liabilities are usually paid between two and five days after trade date.

Trade and other payables

These amounts represent liabilities for services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

A provision is booked in the accounts if the Directors declare or determine to pay a dividend on or before balance date that has not been paid at balance date.

Dividend profit reserve

To the extent that any current year or prior period profits are not distributed as dividends, the Company may set aside some or all of the undistributed profits to a separate dividend profit reserve, to facilitate the payment of future franked dividends, rather than maintaining these profits within retained earnings.

Expenses

All expenses, including management fees and performance fees (if any), are recognised in the statement of profit or loss and other comprehensive income on an accruals basis.

Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to the owners of Platinum Capital Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Goods and Services Tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (*Rounding in Financial/Directors’ Reports*) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in these financial statements have been rounded off in accordance with this Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Accounting Standards and Interpretations not yet mandatory or early adopted

The following Australian Accounting Standards and Interpretations have been issued or amended but are not yet mandatory, and have not been early adopted by the Company for the year ended 30 June 2018. The Company's assessment of the impact of these Accounting Standards and Interpretations, most relevant to the Company, are set out below and on the following page.

AASB 15: *Revenue from contracts with customers and amendments to AASB 15*

The main objective of this standard is to provide a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. The standard is applicable for reporting periods beginning on or after 1 January 2018.

The Company's main source of income is gains on equities and derivatives, foreign currency forward contracts and overseas bank accounts, as well as interest and dividend income. All of these income types are outside the scope of the standard. The standard was assessed as not having a material impact on the Company's results in the current or future reporting periods. The Company expects to adopt this standard for annual reporting periods commencing on 1 July 2018.

AASB 9: *Financial Instruments (and applicable amendments)*

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It includes revised rules around classification, hedge accounting and impairment. The standard is applicable for annual reporting periods beginning on or after 1 January 2018.

More specifically AASB 9 replaces the classification and measurement model in AASB 139: *Financial Instruments: recognition and measurement* with a new model that classifies financial assets based on a) the business model within which the assets are managed, and b) whether contractual cash flows under the instrument solely represent the payment of principal and interest. Management has assessed the classification and measurement aspects of AASB 9 on the financial statements. Given the Company manages and reports its investments on a fair value basis, management expects, on adoption, that all financial assets will remain classified at fair value through profit or loss resulting in no impact to the financial performance or position of the Company.

The hedging and impairment aspects of the new standard have also been assessed as having no impact as the Company does not enter into hedging arrangements and is not impacted by write-downs because the financial assets and liabilities are carried at fair value through profit or loss.

The Company expects to adopt this standard for annual reporting periods commencing on 1 July 2018.

There are no other standards that are not yet effective that are expected to be relevant to the Company in the current or future reporting periods and on foreseeable future transactions.

Note 2. Operating segments

Identification of reportable operating segments

The Company is organised into one main operating segment with the key function of the investment of funds internationally. AASB 8: *Operating Segments* requires disclosure of revenue by investment type and geographical location, which is outlined below:

	2018 $'000	**2017 $'000**
a) Investment income by investment type		
Equity securities	84,996	84,838
Derivatives	(7,660)	(6,502)
Foreign currency forward contracts	902	53
Bank accounts	569	(1,303)
Total	78,807	77,086

Note 2. Operating segments (continued)

b) Investment income by geographical area

	2018 $'000	2017 $'000
Japan	8,500	10,618
Asia ex Japan	27,715	39,921
Australia	2,659	(364)
Europe - Euro	9,595	18,336
Europe - Other	7,569	36
North America	21,989	5,962
South America	(268)	4
Africa	146	2,520
Unallocated investment income - Net gains on foreign currency forward contracts	902	53
Total	78,807	77,086

Note 3. Income tax

(a) Income tax expense

The income tax expense attributable to the operating profit comprises:

Current income tax provision	(16,721)	(2,249)
Movement in deferred tax liability	(3,664)	(17,928)
Withholding tax on foreign dividends	(899)	(657)
Placement and Share Purchase Plan offer costs transferred to equity	-	(325)
Over provision of prior period tax	-	23
Income tax expense	(21,284)	(21,136)

The income tax expense attributable to the financial year differs from the prima facie amount payable on the operating profit. The difference is reconciled as follows:

Profit before income tax expense	71,637	71,063
Prima facie income tax at tax rate of 30%	(21,491)	(21,319)
Reduce tax payable:		
Foreign tax credits	207	129
Placement and Share Purchase Plan offer fees expensed	-	31
Over provision of prior period tax	-	23
Income tax expense	(21,284)	(21,136)

(b) Income tax (payable)/receivable

The income tax (payable)/receivable as disclosed in the statement of financial position is comprised of:

Current income tax provision	(16,721)	(2,249)
Income tax instalments paid	10,630	3,459
Income tax (payable)/receivable	(6,091)	1,210

Note 3. Income tax (continued)

(c) Deferred tax liability

In line with our existing accounting policy, the Company has exercised judgement in determining the extent of recognition of deferred tax balances.
The deferred tax liability figure in the statement of financial position is comprised of:

	2018 $'000	2017 $'000
Deferred tax liability on dividends accrued	(311)	(470)
Deferred tax liability on investments	(23,914)	(20,233)
Deferred tax asset on expense accruals	69	66
Deferred tax asset of capital raising and legal costs (deductible over 5 years)	214	359
Deferred tax liability	(23,942)	(20,278)

At 30 June 2018, the Company is in a deferred tax liability position and this is predominantly because the Company has net unrealised gains on investments of $79,713,000 (2017: $67,443,000). The tax impact on these unrealised gains of $23,914,000 (2017: $20,233,000) formed a major part of the overall net deferred tax liability.

The realised tax balance will depend on the actual gains or losses generated as and when the investments are sold.

Note 4. Financial assets at fair value through profit or loss

Equity securities	444,444	412,839
Derivatives	2,553	370
Foreign currency forward contracts	1,910	2,451
Corporate bonds	-	292
	448,907	415,952

Note 5. Financial liabilities at fair value through profit or loss

Derivatives	239	6
Foreign currency forward contracts	2,254	1,158
	2,493	1,164

Note 6. Receivables

Proceeds from sale of financial assets	3,955	1,574
Capital Gains Tax receivable	48	49
Dividends receivable	1,046	1,532
Interest receivable	33	53
Goods and Services Tax receivable	51	42
Prepayments	59	-
	5,192	3,250

Note 7. Payables

Payables on purchase of financial assets	737	3,770
Trade creditors (unsecured)	721	689
Unclaimed dividends payable to shareholders	79	42
PAYG Tax payable	3	3
	1,540	4,504

Information relating to the Company's exposure of payables to liquidity risk is shown in Note 16.

Note 8. Retained earnings

	2018 $'000	2017 $'000
Opening balance	(18,764)	(18,764)
Profit after income tax expense for the year	50,353	49,927
Transfer to dividend profit reserve (see Note 9)*	(50,353)	(49,927)
Closing balance	(18,764)	(18,764)

*The Directors passed a resolution that transferred the profit after income tax to the dividend profit reserve. Prior year losses were not transferred to the dividend profit reserve.

Note 9. Dividend profit reserve

The Company may set aside some or all of the undistributed profits to a separate dividend profit reserve, to facilitate the payment of future franked dividends, rather than maintaining these profits within retained earnings. Operating losses are not transferred to the dividend profit reserve. A summary of the movement in this account is shown below.

Opening balance 1 July 2017 (2016)	87,445	56,384
Transfer of operating profit after tax from retained earnings for the year ended 2018 (2017)*	50,353	49,927
Dividends paid (see Note 10)	(28,429)	(18,866)
Closing balance	109,369	87,445

*Dividends are no longer paid out of retained earnings and are now paid out of the dividend profit reserve. Subsequent to 30 June 2018, the 2018 final fully-franked dividend was declared out of this reserve. The balance in the dividend profit reserve after the declaration of the 2018 final dividend is $92,214,000 (32.25 cents per share, based on the current shares on issue).

Note 10. Dividends

Dividends paid

Dividends paid during the financial year were as follows:

Final dividend paid for the 2017 financial year (6 cents per share)	17,025	-
Interim dividend paid for 2018 financial year (4 cents per share)	11,404	-
Final dividend paid for the 2016 financial year (4 cents per share)	-	9,413
Interim dividend paid for 2017 financial year (4 cents per share)	-	9,453
	28,429	18,866

The “dividends paid - net of dividend re-investment plan” figure shown in the statement of cash flows is determined as follows:

Gross dividends (paid) (from above)	(28,429)	(18,866)
Less increase in unclaimed dividends payable (Note 7)	37	-
Less dividend reinvestment plan allotment (Note 11)	3,697	2,894
Dividends (paid) - net of dividend re-investment plan	(24,695)	(15,972)

Franking credits

Franking credits available at the balance date based on a tax rate of 30%	6,767	9,531
Franking credit/(debits) that will arise from the tax payable/(receivable) at balance date based on a tax rate of 30%	6,091	(1,210)
Franking credits available for future franked dividends based on a tax rate of 30%	12,858	8,321
Franking debits that will arise from the payment of dividends declared subsequent to the balance date based on a tax rate of 30%	(7,352)	(7,297)
Net franking credits available based on a tax rate of 30%	5,506	1,024

Dividends not recognised at year-end

On 16 August 2018, the Directors declared the payment of the 2018 final fully-franked dividend of 6 cents per share. The aggregate amount of the dividend expected to be paid on 12 September 2018, but not recognised as a liability at year-end is $17,155,000. The dividend will be paid out of the divided profit reserve. The maximum fully-franked dividend that can be paid after allowing for the 2018 final fully-franked dividend is 4.49 cents per share.

Note 11. Issued capital

	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Ordinary shares - fully paid	285,921,034	283,753,289	380,682	376,895

Details	Date	Shares	$'000
Balance	30-Jun-16	235,332,383	304,595
Reinvestment of unclaimed dividends (b)	7-Sep-16	11,842	18
Dividend reinvestment plan (a)	13-Sep-16	986,943	1,471
Shares issued under the Placement	13-Mar-17	35,440,000	53,514
Shares issued under the Share Purchase Plan (SPP)	21-Apr-17	11,038,308	16,603
less transaction costs, net of tax in relation to the Placement and SPP)		-	(759)
Dividend reinvestment plan (a)	13-Mar-17	924,100	1,423
Reinvestment of unclaimed dividends (b)	20-Mar-17	19,713	30
Balance	30-Jun-17	283,753,289	376,895
Dividend reinvestment plan (a)	11-Sep-17	1,348,172	2,211
Reinvestment of unclaimed dividends (b)	19-Sep-17	17,550	30
Dividend reinvestment plan (a)	13-Mar-18	771,452	1,486
Reinvestment of unclaimed dividends (b)	19-Mar-18	30,571	60
Closing balance	30-Jun-18	285,921,034	380,682

(a) Shares were issued under the dividend reinvestment plan at a 2.5% discount to the volume-weighted price of the Company's shares traded on the Australian Securities Exchange (ASX), over the five business days subsequent to the date on which the Company shares ceased to trade cum-dividend.

(b) Dividends that remain unclaimed after 6 months from payment date are automatically reinvested into additional shares in the Company.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Rights issue or share buy-back
There is no current rights issue or share buy-back in place.

Note 12. Earnings per share

	2018 $'000	2017 $'000
Profit after income tax attributable to the owners of Platinum Capital Limited	50,353	49,927
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	285,090,427	249,240,654
	Cents	**Cents**
Basic earnings per share	17.66	20.03
Diluted earnings per share	17.66	20.03

Earnings per share decreased even though profit after tax increased. This is due to the impact on the weighted average number of ordinary shares figure, of the Placement and Share Purchase Plan shares issued in the prior year.

There have been no conversions to, calls of, or subscriptions for ordinary shares during the current or previous period other than those issued under the dividend reinvestment plan and reinvestment of unclaimed dividends. Therefore, diluted earnings per share equals basic earnings per share.

Note 13. Notes to the statement of cash flows

	2018 $'000	2017 $'000
(a) Components of cash and cash equivalents		
Cash at bank*	62	51
Cash on deposit held within the portfolio**	51,192	51,059
	51,254	51,110

***** Cash at bank includes $76,000 (2017: $41,000) held in respect of unclaimed dividends on behalf of shareholders.
** Cash on deposit includes $12,404,000 (2017: $8,800,000) on deposit to 'cash cover' derivative contracts' deposits and margin calls.

These amounts are held by the relevant derivative exchanges and counterparties as security. If losses are realised, 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.

The Company maintains bank accounts at various locations throughout the world to enable the settlement of purchases and sales of investments and to conduct other normal banking transactions. All accounts are at call and the majority bear floating interest rates in the range of -0.60% to 0.35% (2017: -1.50% to 1.40%).

(b) Reconciliation of profit after income tax to net cash from/(used in) operating activities

	2018 $'000	2017 $'000
Profit after income tax expense for the year	50,353	49,927
Adjustments for non-operating and non-cash items:		
Foreign exchange differences	(265)	1,536
(Increase) in investment securities and foreign currency forward contracts	(31,626)	(116,937)
Change in operating assets and liabilities:		
Decrease/(increase) in deferred tax asset	142	(273)
(Increase) in settlements receivable	(2,381)	(1,161)
(Decrease)/increase in settlement payable	(3,033)	1,128
Decrease/(increase) in interest receivable	20	(33)
Decrease/(increase) in dividends receivable	486	(938)
(Increase) in prepayments	(59)	-
Decrease/(increase) in Capital Gains Tax receivable	1	(19)
Increase in trade and other payables	32	51
Increase in deferred tax liability	3,522	18,201
(Increase) in Goods and Services Tax receivable	(9)	(3)
(Increase) in income tax payable	6,091	-
Decrease in income tax receivable	1,210	2,663
Net cash from/(used in) operating activities	24,484	(45,858)

Note 14. Statement of Net Tangible Asset Backing (NTA)

Reconciling Net Tangible Asset Backing (post-tax) in accordance with Australian Accounting Standards to that reported to the ASX

Post-tax Net Tangible Asset Backing per statement of financial position	471,287	445,576
Realisation costs and accruals*	(1,102)	(1,063)
Deferred income tax asset on realisation costs	368	392
Post-tax Net Tangible Asset Backing as reported to the ASX	470,553	444,905

The post-tax Net Tangible Asset Backing per share at 30 June 2018 was $1.6457 per share (30 June 2017: $1.5679).

*The difference between the ASX and financial accounts reporting is mainly caused by the ASX requirement that realisation costs need to be deducted for ASX reporting of NTA**.**

Note 15. Investment Portfolio

All Investments below are ordinary shares, unless stated otherwise.

	Quantity	2018 $'000
Japan		
Asahi	94,755	6,558
Nexon	538,154	10,566
Sumitomo Metal Mining	133,183	6,888
Lixil	368,463	9,964
Toyota Industries	84,833	6,428
Ebara	131,799	5,541
Murata Manufacturing	48,511	11,022
NOK	47,419	1,241
Nintendo	11,410	5,040
Itochu	290,011	7,104
Suruga Bank	305,300	3,692
SBI Holdings	81,332	2,833
Total Japan		**76,877**
Asia ex Japan		
China		
Jiangsu Yanghe Brewery - ordinary share	7,876	212
Jiangsu Yanghe Brewery - Participatory Notes	355,971	9,559
Weichai Power - Participatory Notes	1,342,000	2,395
Ping An A Share - Participatory Notes	450,062	5,380
MMG	2,653,587	2,509
Anta Sports Products	1,107,384	7,925
Ping An Insurance - H shares	302,952	3,767
Weichai Power	1,058,210	1,972
Eco Green	14,609,839	4,252
China Everbright International	2,566,363	4,482
China Pacific Insurance	1,619,549	8,466
China International Capital	1,504,270	3,622
Beijing Enterprise	681,156	4,481
China Overseas Land & Investment	1,914,750	8,525
Tencent	107,222	7,272
Alibaba - American Depository Receipt	37,100	9,301
Bitauto - American Depository Receipt	34,100	1,096
Sina	86,379	9,885
Sohu.com - American Depository Receipt	43,946	2,108
ZTO Express - American Depository Receipt	167,598	4,529
Weichai Power - long equity swap	640,840	(43)
Jiangsu Yanghe Brewery - long equity swap	50,400	(164)
		101,531
Hong Kong		
Summit Ascent	3,597,233	465
ENN Energy	387,240	5,145
		5,610

Note 15: Investment Portfolio (continued)

	Quantity	2018 $'000
Asia ex Japan (continued)		
India		
Axis Bank	374,695	3,777
Bharti Airtel	1,118,057	8,428
ICICI Bank	764,846	4,157
IDFC	155,573	142
IDFC Bank	2,209,431	1,694
PTC India	896,528	1,340
		19,538
Thailand		
Kasikornbank - Non Voting Depository Receipt	636,300	5,049
		5,049
South Korea		
Samsung Electronics	287,600	15,217
LG Chem	18,734	7,574
KB Financial	117,340	7,511
		30,302
Malaysia		
Genting Bhd	1,961,767	5,520
		5,520
Total Asia ex Japan		**167,550**
Australia		
Western Areas	1,321,829	4,706
Total Australia		**4,706**
Europe - Euro		
France		
Sanofi	76,479	8,285
		8,285
Germany		
Daimler	23,800	2,071
Hornbach	4,988	486
Hornbach Baumarkt	61,668	2,574
Qiagen - American Depository Receipt	53,283	2,603
Qiagen	74,157	3,651
Siemens	85,299	15,240
		26,625
Total Europe - Euro		**34,910**
Europe - Other		
Denmark		
Pandora	32,459	3,065
		3,065
Norway		
Schibsted - A share	110,958	4,557
Schibsted - B share	104,768	3,997
Yara International	57,521	3,225
		11,779

Note 15: Investment Portfolio (continued)

	Quantity	2018 $'000
Europe – Other - (continued)		
Switzerland		
Glencore	1,899,589	12,262
Roche	19,300	5,806
		18,068
United Kingdom		
AstraZeneca	95,541	8,949
Technip FMC	53,386	2,304
Gemfields	214,323	9,192
Royal Dutch Shell	267,278	12,543
		32,988
Total Europe - Other		**65,900**
North America		
Canada		
Constellation Software	1,357	1,422
First Quantum Minerals	95,832	1,908
Great Basin Gold	192,636	-
Seven Generations Energy	350,533	5,221
		8,551
United States		
Ally Financial	70,177	2,491
Peabody Energy	64,298	3,951
CF Industries	68,077	4,084
Equifax	17,772	3,004
Facebook	42,959	11,280
Gilead Sciences	82,400	7,888
Alphabet (Google)	10,266	15,528
Intel	198,964	13,365
Microchip Technology	29,500	3,625
Paypal	45,768	5,150
Transocean	288,493	5,239
Schlumberger	30,550	2,767
Smurfit Stone	225,000	-
Skyworks Solutions	17,820	2,327
Conagra Brands - short equity swap	(93,300)	349
Estee Lauder - short equity swap	(7,300)	128
S&P 500E - Sept 18 - index futures	(253)	983
Kimberley Clark - short equity swap	(9,701)	(32)
Nvidia - short equity swap	(13,500)	517
Russell Sep 2018 - index future	(179)	260
Tesla Motors - short equity swap	(7,504)	195
SPDR S&P Biotech ETF - index	(50,100)	121
		83,220
Total North America		**91,771**

Note 15. Investment Portfolio (continued)

	Quantity	2018 $'000
South America		
Peru		
Peru Holding De Turismo	1,667,523	-
		-
Total South America		**-**
Africa		
South Africa		
Pallinghurst Resources	4,537,739	1,117
		1,117
Zimbabwe		
Axia Corp	1,391,123	202
Econet Wireless	3,033,910	1,840
Innscor Africa	1,545,692	1,119
Masimba	6,879,563	350
Simbisa Brands	1,391,123	416
		3,927
Total Africa		**5,044**
Total equities, and derivatives (Note 4 and Note 5)*		**446,758**

*From Note 4 (financial assets), the total of equity securities was $444,444,000 and the total of derivatives was $2,553,000 *less* from Note 5 (financial liabilities), the total of derivatives of $239,000. This results in a total of $446,758,000.

Add	
Receivable from the proceeds from sale of financial assets (Note 6)	3,955
Payables on purchase of financial assets (Note 7)	(737)
Dividends receivable (Note 6)	1,046
Cash on deposit held within the portfolio (Note 13)	51,192
Foreign currency forward contracts (Note 4 and Note 5)	(344)
Total Investment Portfolio (reconciles to Note 16: Foreign exchange risk on page 35)	**501,870**

The total number of securities transactions entered into during the reporting period, together with total brokerage paid during the reporting period was:
Number of transactions - 1,585
Total brokerage paid - $1,333,000 ($355,000 on purchases and $978,000 on sales)

Note 16. Financial risk management

Financial risk management objectives

The Company's primary risks are related to the investment activities undertaken on its behalf by Platinum Investment Management Limited. The risks that the Company is exposed to include: market risk (including currency and price risk), credit risk and liquidity risk.

The Investment Manager, Platinum Investment Management Limited's investment style:
(i) adopts a bottom-up stock selection methodology, through which long-term capital growth is sought by investing in undervalued securities across the world;
(ii) seeks absolute returns and not returns relative to any index;
(iii) invests excess funds in cash when undervalued stocks cannot be found; and
(iv) actively manages currency.

Note 16. Financial risk management (*continued)*

Financial risk management objectives (continued)

Derivatives (which include equity swaps, futures and options) are utilised for risk management purposes and to take opportunities to increase returns.

The underlying value of derivatives held by the Company may not exceed 100% of the portfolio value. The underlying value of long stocks and derivative contracts may not exceed 150% of the portfolio value. Where options are employed, the underlying value will be the delta-adjusted exposure. Compliance with these limits is reviewed by the Board and the Audit, Risk and Compliance Committee on a regular basis.
The table below summarises the Company's investments at fair value and derivative effective exposure.

2018

	Physical $'000	Long Derivatives Contracts $'000	Short Derivatives Contracts $'000	Net Exposure $'000
Japan	76,877	-	-	76,877
Asia ex Japan*	167,755	2,498	-	170,253
Australia	4,706	-	-	4,706
Europe - Euro	34,911	-	-	34,911
Europe - Other	65,900	-	-	65,900
North America	89,251	-	(87,980)	1,271
Africa	5,044	-	-	5,044
	444,444	2,498	(87,980)	358,962

2017

	Physical $'000	Long Derivatives Contracts $'000	Short Derivatives Contracts $'000	Net Exposure $'000
Japan	72,653	-	-	72,653
Asia ex Japan	170,251	1,650	-	171,901
Europe - Euro	58,091	-	-	58,091
Europe - Other	35,156	-	-	35,156
North America	70,812	-	(52,232)	18,580
South America	1,823	-	-	1,823
Africa	4,345	-	-	4,345
	413,131	1,650	(52,232)	362,549

The "Physical" column represents the location of the Company's investments. The Investments shown on the "Physical" column (totalling $444,444,000 for 2018) and reconciles to the fair value of equity securities disclosed in Note 4, being $444,444,000 for equity securities.

*The three largest contributors to the "Asia ex Japan" category at 30 June 2018 were as follows:

	Physical Exposure $'000	Net Exposure $'000 $'000
Chinese investments (including Chinese investments listed on the Hong Kong stock exchange)	101,737	104,235
Korea	30,302	30,302
India	19,538	19,538

The "Long/Short Derivatives Contracts" columns include the effective exposure of long/short equity swaps and futures. The "Net Exposure" column represents an approximation of the Investment Portfolio's exposure to movements in markets. This is calculated by making an adjustment to the "Physical" position, by adding any long (bought) derivative positions in shares or share index futures and subtracting the principal notional amount of any short (sold) positions. For example, if 5% of the Portfolio was invested in Japan, but there was a 2% short position in Nikkei futures, then the net exposure column would show 3%. Conceivably, the figure could show a negative exposure, which would indicate that the Portfolio was net short the Japanese market. Except for equity swaps and futures, the maximum capital risk resulting from financial instruments is determined by the fair value of financial instruments. Potential losses from short equity swaps and futures are limited to available capital.

Note 16. Financial risk management (continued)

Market risk

Foreign Exchange risk
Foreign exchange risk is the risk the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company operates internationally and is exposed to foreign exchange risk arising from buying, selling and holding investments denominated in foreign currencies. Platinum Investment Management Limited selects stocks based on value regardless of geographic location. The Company undertakes certain transactions denominated in foreign currencies and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Currency hedging is an integral part of the management of currency risk. Platinum Investment Management Limited may position the Company's Portfolio in what it believes will be a stronger currency(ies). The big change has been the shift in perception about the US dollar. At 30 June 2018, the Company’s exposure to the US dollar decreased to 30% (30 June 2017: 36%). At 30 June 2018, the Company also decreased its Euro exposure to 12% (30 June 2017: 16%).

The Company increased its Hong Kong dollar and Japanese yen exposure(s) compared to a year ago. Hong Kong dollar exposure increased to 13% (30 June 2017: 10%) and Japanese yen exposure increased to 12% (30 June 2017: 8%).

Platinum Investment Management Limited may use foreign currency forward contracts, and futures and option contracts on foreign currency forward contracts to position the Portfolio in the desired currencies. A currency exposure may be hedged into a different currency from that which the physical exposure is maintained (for example, US Dollar hedges may be used to hedge the currency risk of holding investments in the Japanese yen).

Where there have been major currency movements or where currencies are perceived to be over or undervalued, Platinum Investment Management Limited may look for investments whose operating environment has been distorted by the lower currency as part of the search for undervalued stocks. There may be even opportunities to invest in stocks impacted by a lower currency (for example, export-oriented stocks).

The table below summarises the Company's investment exposure at fair value to foreign exchange risk. The total “Physical” column and “Net Exposure” column reconciles to the total investment portfolio in Note 15.

2018	**Physical $’000**	**Bought $’000**	**Sold $’000**	**Net Exposure $’000**
Japan	90,542	-	(30,045)	60,497
Asia ex Japan*	143,423	11,017	-	154,440
Australia	6,683	340	(2,050)	4,973
Europe - Euro	53,644	15,802	(8,889)	60,557
Europe - Other	48,708	17,999	(10,198)	56,509
North America	157,753	51,633	(45,609)	163,777
Africa	1,117	-	-	1,117
	501,870	96,791	(96,791)	501,870

2017	**Physical $’000**	**Bought $’000**	**Sold $’000**	**Net Exposure $’000**
Japan	73,904	4,529	(39,838)	38,595
Asia ex Japan*	141,099	-	(29,994)	111,105
Australia	7,902	14,852	(12,500)	10,254
Europe - Euro	68,196	19,454	(7,667)	79,983
Europe - Other	24,735	26,464	-	51,199
North America	147,040	63,291	(38,591)	171,740
South America	1,833	-	-	1,833
Africa	474	-	-	474
	465,183	128,590	(128,590)	465,183

Note 16. Financial risk management (continued)

Market risk (continued)

*The largest contributors to the "Asia ex Japan" category at 30 June 2018 were as follows:

	Net Exposure $'000	Currency Exposure %
Hong Kong dollar	65,201	13.0
Korean won	30,301	6.0
Indian rupee	19,973	4.0
Chinese yuan	17,339	3.5
Other Asian currencies	21,626	4.3
	154,440	30.8

Foreign currency forward contracts are adjusted against the "Physical" column to arrive at a "Net Exposure" for each currency grouping. The Company generally utilises short dated (90 day maturity) currency agreements with high-credit rated counterparties. The existing foreign currency forward contract positions' maturity date is 81 days from the balance sheet date.

Foreign exchange risk sensitivity analysis

The table below summarises the sensitivities of the Company's profit to foreign exchange risk. The analysis is based on the assumption that the Australian Dollar strengthened by 10% against the United States dollar and Euro (shown in the +10% column) and weakened by 10% against the United States dollar and Euro (shown in the -10% column). These two currencies are the material foreign currencies to which the Company was exposed at 30 June 2018.

A sensitivity of 10% has been selected as this is considered reasonably possible given current exchange rates and the volatility observed both on a historic basis and after factoring in possible future movements. The sensitivity has been undertaken on a combined basis for both monetary assets and liabilities and financial assets and liabilities measured at fair value through profit and loss, as the Company believes this accurately portrays the Company's exposure to foreign exchange risk.

2018	**Increase % change**	**AUD strengthened Effect on profit before tax $'000**	**Decrease % change**	**AUD weakened Effect on profit before tax $'000**
United States dollar	10%	(14,041)	(10%)	17,161
Euro	10%	(5,505)	(10%)	6,729
Other currencies	10%	(25,231)	(10%)	30,838
		(44,777)		54,728

2017	**Increase % change**	**AUD strengthened Effect on profit before tax $'000**	**Decrease % change**	**AUD weakened Effect on profit before tax $'000**
United States dollar	10%	(15,150)	(10%)	18,517
Hong Kong dollar	10%	(6,969)	(10%)	8,518
Other currencies	10%	(21,980)	(10%)	26,865
		(44,099)		53,900

The weakening of the AUD will increase the operating profit. A strengthening of the AUD will decrease the operating profit.

The sensitivity analysis shows that the Company is materially affected by exchange rate movements (other things being equal), given the global nature of the investments held.

Note 16. Financial risk management (continued)

Interest Rate Risk

Interest rate risk is the possibility the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Company's financial assets and liabilities are non-interest bearing as the Company has a policy of not borrowing, other than for settlement of trades. Cash holdings are directly affected by interest rate movements, but at balance date, interest rates on these cash accounts are very low (and range from -0.6% to 0.35%).

Interest rate risk indirectly affects the Company as interest rate movements will affect forward points used in determining gains or losses on forward contracts. The impact of interest rate movements on our investments is not capable of precise estimation. At 30 June 2018 and 2017, if interest rates had changed by +/- 100 basis points with all other variables held constant, the direct impact on interest income would not be significant for the Company.

Price risk

Market prices fluctuate due to a range of factors specific to the individual investments, or factors affecting the market in general. Platinum Investment Management Limited’s stock selection process is core to the management of price risk. Platinum adopts a thematic stock selection approach and is referred to as being an "active manager". Platinum Investment Management Limited seeks a broad range of investments whose businesses and growth prospects, it believes, are being undervalued by the market. Accordingly, holdings in the Company may vary considerably from the make-up of a general index. Investment Managers such as Platinum Investment Management Limited seek to outperform the market as represented by an appropriate index.

As an additional risk management tool, the Company may enter into short equity swaps and futures to protect against market movements. At 30 June 2018, the Company maintained short positions against market indices and company-specific stocks. The use of index derivatives provides protection against general adverse market price movements, whilst allowing upside in individual stock movements. At 30 June 2018, the Company has a blend of both index and stock specific short positions.

Price risk sensitivity analysis

Price risk exposure arises from the Company's investment portfolio, which comprises investments in securities and derivatives. The below analysis is based on net positions and includes the impact of hedging. At 30 June 2018, the two markets that the Company had the biggest investment exposure to are China (including Chinese investments listed on the foreign stock exchanges) and Japan. The effect on profit due to a possible change in market prices, as represented by a -/+10% movement in these markets with all other variables held constant, is illustrated in the table below:

2018	**Increase**	**Effect on profit before tax ($’000)**	**Decrease**	**Effect on profit before tax ($’000)**
	% change		**% change**	
China (including Chinese investments listed on the Hong Kong stock exchange)	10%	10,423	(10%)	(10,423)
Japan	10%	7,688	(10%)	(7,688)
All other markets	10%	23,904	(10%)	(23,904)
		42,015		(42,015)

Note 16. Financial risk management (continued)

Price risk (continued)

2017	Increase % change	Effect on profit before tax ($'000)	Decrease % change	Effect on profit before tax ($'000)
China (including Chinese investments listed on the Hong Kong stock exchange)	10%	8,110	(10%)	(8,110)
Japan	10%	7,265	(10%)	(7,265)
All other markets	10%	25,337	(10%)	(25,337)
		40,712		(40,712)

Credit risk

Credit risk relates to the risk of a counterparty defaulting on a financial obligation resulting in a loss to the Company. (typically "non-equity" financial instruments or cash holdings).

The exposure to credit risk for cash and cash equivalents, futures, equity swaps, and foreign currency forward contracts is any unrealised profit, margins and collateral paid on the positions (the money the Company would lose if the counterparty defaulted) at reporting date. The table below shows the Company's counterparty credit risk exposure by credit rating.

Ratings	2018 $'000	2017 $'000
A	38,757	41,220
A-	16,622	10,973
BBB+	16,122	12,310
BBB	-	436
Total	71,501	64,939

Platinum Investment Management Limited regularly monitors the Company's credit risk exposure to counterparties and seeks to manage the risk by spreading exposure over a number of counterparties by signing standard ISDA (International Swaps and Derivatives Association) master agreements and net settlement contracts, employing two-way symmetrical margining of unrealised profits and losses and by controlling the duration of contracts to be short-term. Transactions in listed securities and investments are entered into with approved brokers. Payment is only made once a broker has received securities and delivery of securities sold only occurs once the broker receives payment.

Analysis of receivables

	2018 $'000	2017 $'000
The Company's ageing analysis of receivables (disclosed in Note 6 and the statement of financial position) as at 30 June 2018 is as follows:		
0-30 days	4,417	2,006
31-60 days	432	1,180
61-90 days	198	-
90+ days	145	1,274
Total*	5,192	4,460

Note 16. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities. This includes the risk that the Company will:

(i) not have sufficient funds to settle a transaction on the due date; and

(ii) be forced to sell financial assets at a value which is less than they are worth.

Remaining contractual maturities

The following table details the Company's remaining contractual maturity for its financial and non-financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial and non-financial liabilities based on the earliest date on which the financial and non-financial liabilities are required to be paid.

2018	**Within 3 months**	**Between 3 and 12 months**	**Total**
	$'000	**$'000**	**$'000**
Non-financial			
Payables (Note 7)	1,509	31	1,540
Income tax payable (Note 3)	-	6,091	6,091
Total non-financial	1,509	6,122	7,631
Financial			
Derivative contractual outflows (Note 5)	239	-	239
Foreign currency forward contractual outflows (Note 5)	2,254	-	2,254
Total financial	2,493	-	2,493

2017	**Within 3 months**	**Between 3 and 12 months**	**Total**
	$'000	**$'000**	**$'000**
Non-financial			
Payables (Note 7)	4,445	59	4,504
Total non-financial	4,445	59	4,504
Financial			
Derivative contractual outflows (Note 5)	6	-	6
Foreign currency forward contractual outflows (Note 5)	1,158	-	1,158
Total financial	1,164	-	1,164

At 30 June 2018, there are no other contractual amounts payable after 12 months.

The Company has sufficient funds to meet these liabilities as the value of total net assets realisable in one year or less, excluding brokerage costs, is $481,411,000 (2017: $451,144,000). Assets that are realisable in one year or less include equities, derivatives, cash and cash equivalents.

Except for equity swaps and futures, the maximum capital risk resulting from financial instruments is determined by the fair value of financial instruments. Potential losses from short equity swaps and futures are limited to available capital.

The risk management guidelines adopted are designed to minimise liquidity risk through:

(i) ensuring that there is no significant exposure to illiquid or thinly traded financial instruments; and

(ii) applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

Platinum Investment Management Limited prepares daily cash forecasts for the Company and maintains sufficient cash to meet normal operating requirements. The Company has a policy of not borrowing money, other than on a short term basis for settlement, trading and like purposes.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 16. Financial risk management (continued)

Capital risk management

The Company considers its capital to comprise ordinary share capital reserves and accumulated profits.

The Company's key objectives are to deliver attractive returns to shareholders over time, made up of capital growth and fully-franked dividends and contain capital losses by mitigating the impact of market downturns.

The Board will give active consideration, as appropriate, to enhancing shareholder value through the:
- management of the level of dividends to shareholders;
- issue of shares by methods such as rights offers, share purchase plans or placements; or
- use of share buy-backs.

The Company is an ASX-listed investment company and is subject to various ASX Listing Rules requirements. For example, the Company must report its Net Tangible Asset Backing per share (NTA) to the ASX on a monthly basis. The Company complies with all externally-imposed capital requirements.

Note 17. Fair value measurement

Fair value hierarchy
AASB 13: *Fair Value Measurement* requires the Company to classify its assets and liabilities held at fair value using the following fair value hierarchy model:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Company measures and recognises the following financial assets and liabilities at fair value, pursuant to AASB 13, on a recurring basis:
(i) Equity securities, long equity swaps and long futures;
(ii) Corporate bonds;
(iii) Short equity swaps and short futures; and
(iv) Foreign currency forward contracts

The following table details the Company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy model.

2018	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Equity securities	423,183	17,334	3,927	444,444
Derivatives	1,364	1,189	-	2,553
Foreign currency forward contracts	-	1,910	-	1,910
Total assets	424,547	20,433	3,927	448,907
Liabilities				
Derivatives	-	239	-	239
Foreign currency forward contracts	-	2,254	-	2,254
Total liabilities	-	2,493	-	2,493

Note 17. Fair value measurement (continued)

2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Equity securities	400,213	12,626	-	412,839
Corporate bonds	-	292	-	292
Derivatives	94	276	-	370
Foreign currency forward contracts	-	2,451	-	2,451
Total assets	400,307	15,645	-	415,952
Liabilities				
Derivatives	-	6	-	6
Foreign currency forward contracts	-	1,158	-	1,158
Total liabilities	-	1,164	-	1,164

The figures presented above can be reconciled to Note 4 or Note 5 and the statement of financial position.

Fair value measurement of assets that are not based on observable market data (level 3)

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. During the year, all of the Zimbabwe securities held by the Company were transferred from Level 1 to Level 3. At 30 June 2018, the quantum of Level 3 investments as a proportion of total fair value of investments was less than 1%.

In light of the failure by the Zimbabwe Government to implement plausible reforms around fund repatriation from that country, the Investment Manager reviewed the Zimbabwean securities held by the Company and have taken the view that the lack of liquidity available to repatriate funds, means that there should be a downward adjustment made to the fair value of the Company's Zimbabwean security holdings.

From 15 September 2017, the Investment Manager has applied a 33% discount for this lack of liquidity and has booked a fair value adjustment against the Company's Zimbabwean security positions. The fair value used to value the Zimbabwean securities in these accounts is the lowest quoted closing market price between 12 September 2017 and 30 June 2018 less a 33% foreign currency repatriation discount.

September 2017 was the month that sufficient information was received by the Investment Manager with respect to the difficulty in repatriating proceeds on the disposal of these securities. We have classified the fair value attributable to the Zimbabwean securities as Level 3 securities, because the fair value applied, particularly when considering the 33% discount that has been applied, is not based on observable market data.

As at 30 June 2018, the Company held approximately A$3,926,980 in Zimbabwean securities (based on the adjusted value applied by the Investment Manager and ratified by the Board), which constituted approximately 0.88% of the Company's total fair value of investments at 30 June 2018. A summary of the level 3 fair value applied relative to the "level 1" equivalent fair value is disclosed in the table below.

Name of Zimbabwean security	**Fair value used to value the security in the accounts (A$) (level 3 value used)**	**Fair value based on the quoted closing market price at 30 June 2018 (A$) (equivalent level 1 value)**	**% discount**
Axia Corp	201,511	413,549	51%
Econet Wireless Holdings	1,840,311	4,222,589	56%
Innscor Africa	1,119,507	2,464,586	55%
Masimba Holdings	350,034	576,357	39%
Simbisa Brands	415,617	883,491	53%
Total	3,926,980	8,560,572	54%

The % discount exceeded 33% because the discount was applied against the lowest quoted market price for the period from 12 September 2017 to 30 June 2018, rather than applying this discount against the 30 June 2018 market price.

The total of the level 3 values disclosed above reconcile to the "30 June 2018" level 3 value disclosed on the previous page.
The above table shows that the value of the investments recorded in the statement of financial position was $4,633,592 lower than the value that would have applied if the 30 June 2018 quoted closing market price for these securities had been used when preparing the Company's statement of financial position.

Note 17. Fair value measurement (continued)

	$
Opening balance as at 30 June 2017	-
Transfers to level 3	3,926,980
Closing balance	3,926,980

Valuation process
The Investment Manager, via its portfolio accounting team, performs daily valuations of each of its investments. The valuation of any level 3 and level 2 securities are assessed and reviewed for appropriateness and a discussion of the valuation basis is held with management and an adjustment to the price is made if it is considered that the market price is not reasonable. This discussion occurs between the Finance Director, portfolio accounting team and the Chief Compliance Officer. A separate register is also maintained documenting the valuation used and the basis for the valuation. A re-assessment of each of these valuations re-occurs each month and at each reporting date when the financial report is prepared.

Valuation inputs and relationship to fair value for level 3 securities
The following table summarises the quantitative information about the unobservable inputs used in the level 3 fair value measurements.

	Best estimate of fair value at 30 June 2018	**Unobservable inputs**	**Downside/Upside**
Zimbabwean securities	$3,926,980	A two-step process was applied to obtain the 30 June 2018 fair value, taking the lowest quoted closing market price between 12 September 2017 and 30 June 2018 and applying a 33% discount to that lowest closing quoted market price during the year.	Downside: forced redemption and loss of $3,926,980 of sale proceeds (before brokerage). Upside: redemption and repatriation of securities at quoted closing market price.

Rationale for classification of assets and liabilities as level 1
As at 30 June 2018, 95% of the equity securities and derivatives held by the Company are valued using unadjusted quoted prices in active markets and are classified as Level 1 in the fair-value hierarchy model.

Rationale for classification of assets and liabilities as level 2
There were certain financial instruments that have been classified as level 2, because a degree of adjustment has been made to the quoted price i.e., whilst all significant inputs required for fair value measurement are observable and quoted in an active market, there is a degree of estimation involved in deriving the fair value. Examples include:

(i) foreign currency forward contracts are classified as level 2 even though forward points are quoted in an active and liquid market. The forward themselves are based on interest rate differentials;

(ii) Participatory Notes are classified as level 2 because they are generally traded Over-The-Counter (OTC) and are often priced in a different currency to the underlying security;

(iii) Over-The-Counter (OTC) equity swap contracts are classified as level 2 because the swap contract itself is not listed and therefore there is no directly observable market price; or the price is sourced from the relevant counterparty, even though the price (and in the case of options, the relevant delta) can be verified directly from Bloomberg or verified using option pricing models. However, the underlying securities referred to in this swap contract do have a directly observable price in an active market; and

(iv) certain index derivatives are classified as level 2 because the Company may agree with the counterparty to include or exclude one or more securities that make up the “basket” of securities that comprise the index derivative. Hence, the quoted price of the index derivative would be very similar, but not identical to the index derivative that the Company held.

Note 18. Offsetting of financial assets and financial liabilities

Offsetting and master netting agreements
The Company enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other, if

I. there is a legally enforceable right to set-off the financial asset and financial liability; and
II. the Company intends to settle the financial asset and financial liability on a net basis, or realise the financial asset and settle the financial liability simultaneously.

The gross and net positions of financial asset and liabilities that have been offset in the Statement of Financial Position are disclosed in the first three columns of the following table:

	Amounts offset in the Statement of Financial Position			**Related amounts not set-off in the Statement of Financial Position**		
	Gross amounts	**Gross amounts set-off in the Statement of Financial Position**	**Net amounts in the Statement of Financial Position**	**Financial Instruments[1]**	**Cash collateral**	**Net Amount**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2018						
Financial assets						
2018						
Derivatives	2,553	-	2,553	(196)	-	2,357
Foreign currency forward contracts	2,378	(468)	1,910	(667)	-	1,243
2017						
Derivatives	370	-	370	(6)	-	364
Foreign currency forward contracts	2,924	(473)	2,451	(849)	-	1,602
Financial liabilities						
2018						
Derivatives	239	-	239	(196)	(43)	-
Foreign currency forward contracts	2,722	(468)	2,254	(667)	(1,587)	-
2017						
Derivatives	6	-	6	(6)	-	-
Foreign currency forward contracts	1,631	(473)	1,158	(849)	(309)	-

1. shows the impact of arrangements between the Company and the relevant counterparty on financial instruments that provide a right to set-off that becomes enforceable and affects settlement of individual financial assets and liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business. These arrangements are not set-off in the Statement of Financial Position, as they are not currently enforceable.

Note 19. Investment Manager

The Investment Manager, Platinum Investment Management Limited receives a monthly management fee for investment management services provided in accordance with the Investment Management Agreement. This Agreement provides for a management fee payable monthly and calculated at 1.1% (2017: 1.1%) per annum of the adjusted portfolio value (which includes cash and deposits).

The Agreement also provides a performance fee at 15%, at 30 June, of the amount which the portfolio's annual performance exceeds the return achieved by the Morgan Stanley Capital International All Country World Net Index (MSCI). Where the portfolio's annual return 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.

The 12 months pre-tax performance of the portfolio up to 30 June 2018, was 15.25%[1] and the corresponding MSCI return was 14.95%. This represents an outperformance of 0.30% against the MSCI. However, once the prior period aggregate underperformance of 10.25% is also included, a performance fee has not been accrued. The total aggregate underperformance of 9.95% will need to be made up before a performance fee will be paid. The management fees paid and payable are shown in the table below.

	2018 $	2017 $
Management fees paid	5,123,547	3,826,434
Management fees payable	460,537	426,700
Total	5,584,084	4,253,134

In the event of termination, Platinum Investment Management Limited will be paid a 1.1% per annum lump sum termination fee payable by the Company equal to the management fee rate of 1.1% per annum in respect of the period from the first business day of the month in which termination is effective to the date which is the first anniversary of that date. Additionally, a performance fee may be payable for the period from the last calculation of the performance fee (as described above) to the date of termination.

A summary of the salient provisions of the Investment Management Agreement ("Agreement") is contained below:

(a)The terms of the Agreement require Platinum Investment Management Limited to:
(i) invest and manage the Portfolio in accordance with the Agreement;
(ii) confer with the Board of the Company at regular intervals in respect of the investment and management of the Portfolio;
(iii) exercise all due diligence and vigilance in carrying out its functions, powers and duties under the Agreement; and
(iv) promptly notify the Board of any instructions given to it by the Company which have not been complied with.

(b) Each party is to provide three months' notice to terminate the Agreement. The Company may immediately terminate the Agreement where Platinum Investment Management Limited:
(i) becomes subject to a receiver, receiver and manager, administrative receiver or similar person;
(ii) goes into liquidation;
(iii) ceases to carry on business in relation to its activities as an Investment Manager;
(iv) breaches a material provision of the Agreement, or fails to observe or perform any representation, warranty or undertaking given by Platinum Investment Management Limited under the Agreement; or
(v) sells or transfers or makes any agreement for the sale or transfer of the main business and undertaking of Platinum Investment Management Limited or beneficial interest therein, other than to a related body corporate for purposes of corporate reconstruction on terms previously approved in writing by the Company.

[1] This figure represents the 12 month return of the "Portfolio Value" (as defined in of the Investment Management Agreement), which is defined as the aggregate value of each asset or investment of the Company's portfolio. This differs from the Company's 12 month pre-tax NTA return of 15.6% referred to in the Directors' Report, which also includes non-portfolio and non-investment related assets and liabilities.

Note 20. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company:

	2018 $	2017 $
Audit services - PricewaterhouseCoopers		
Audit and review of the financial statements	85,490	83,000
Other services - PricewaterhouseCoopers		
Taxation services	18,378	4,402
	103,868	87,402

Note 21. Key management personnel disclosures

Key Management Personnel
Details of remuneration paid to the Non-Executive Directors are outlined in the statement of profit or loss and other comprehensive income and in aggregate terms was $186,150 (2017: $186,150), with $170,000 (2017: $170,000) paid as cash salary and $16,150 (2017: $16,150) paid as superannuation. Refer to the Remuneration Report for further details.

Interests of Directors in shares
The relevant interest in ordinary shares of the Company that each Director held at balance date was:

	Opening balance	Acquisitions	Disposals	Closing balance
Margaret Towers	-	50,000	-	50,000
Richard Morath	42,372	-	-	42,372
Jim Clegg	59,972	-	-	59,972

Bruce Coleman held 249,972 shares at the start of the year and up until the date of his departure on 31 March 2018.

Note 22. Related party transactions

Management fees
Disclosures relating to management fees paid and payable to the related party, Platinum Investment Management Limited are set out in Note 19.

Administration fees
Under the Administrative Services Agreement, Platinum Investment Management Limited provides various administrative services to the Company. These include accountancy, secretarial, performance analytics, taxation, compliance and risk monitoring services. The services provided extend to liaison with the share registry to ensure that accurate share records are maintained and services are provided to shareholders in a timely and efficient manner. In consideration for providing these services, Platinum Investment Management Limited received a payment of $1 from the Company.

Key management personnel
Disclosures relating to key management personnel are set out in Note 21 and the Remuneration Report.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 23. Contingent Assets, Liabilities and Commitments to Capital Expenditure

No contingent assets or liabilities exist at 30 June 2018 and 30 June 2017. The Company has no commitments for uncalled share capital on investments.

Note 24. Events after the reporting period

Apart from the dividend declared as disclosed in Note 10, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 25. The Company

The Company, Platinum Capital Limited, is a company limited by shares, incorporated and domiciled in New South Wales. Its current registered office and principal place of business is:
Level 8, 7 Macquarie Place
Sydney NSW 2000

A description of the nature of the Company's operations and its principal activities is included in the Directors' Report.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Margaret Towers Chairperson	Richard Morath Director

16 August 2018
Sydney

pwc

Independent auditor's report

To the members of Platinum Capital Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Platinum Capital Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2018
- the statement of profit or loss and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.

Platinum Capital Limited is a listed investment company on the ASX. The Company primarily makes investments in international equities.

Materiality	***Audit scope***	***Key audit matters***
• For the purpose of our audit we used overall materiality of $2,356,000, which represents approximately 0.5% of the Company's net assets. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose net assets as this is a generally accepted benchmark for listed investment companies. • We utilised a 0.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • Our audit approach reflects the nature of the investments held by the Company and the consideration of the work undertaken by third party service providers. The key service providers manage the Company's investments, maintain the accounting records of the Company and provide custodian services.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit, Risk & Compliance Committee: – Investment valuation and existence • This is further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Investment valuation and existence *Refer to Note 1 (Summary of significant accounting policies) and Note 4 and 5 (Financial assets at fair value through profit or loss and Financial liabilities at fair value through profit or loss)* At 30 June 2018, investments in financial assets and financial liabilities of $448,907,000 and $2,493,000 were comprised primarily of investments in equity securities, fixed interest securities, options, futures contracts, OTC derivatives and foreign currency contracts. The existence and valuation of financial assets was a key audit matter because financial assets and financial liabilities represent the principal elements of the Statement of financial position, accounting for 94.7% of net assets. A discrepancy in the valuation or existence of investments could cause the net assets attributable to unitholders to be materially misstated which could also impact the Company's performance as the valuation of financial assets and financial liabilities is the main driver of movements in its profit. Some investments are traded in inactive or unquoted markets, meaning the Company needs to make judgements to estimate their fair value as outlined in note 17 to the financial statements. Changes to the estimates, assumptions and or/judgements can result in a material change to the valuation.	Our audit procedures on investment valuation included, amongst others: • For a sample of participatory notes, we obtained price data from a third party price vendor for the underlying equity security of the participatory note in local currency. We translated the price into Australian dollars and compared it to the participatory note price used to value the investments by the Company. • For a sample of OTC derivatives we recalculated the valuation for a sample of OTC derivatives held by the fund with assistance from PwC valuation experts. • For a sample of all other investments, we obtained price data from third party price vendors and compared it to the prices used by the Company. • For those investments held in illiquid markets, where external information supporting valuations was limited, we sought other information which, while not always directly comparable, might be indicative of appropriate valuation. Our audit procedures over investment existence included, amongst others: • We obtained the System and Organization Controls ("SOC 1") Report issued within 3 months of the Company's year end and evaluated the controls mentioned in the report over investment existence at the custodian including consideration of exceptions identified in the SOC 1 Report. This report and assurance opinion is comparable to the Australian equivalent, ASAE 3402 issued by the Auditing and Assurance Standards Board. • We obtained confirmations from the custodian of the investment holdings as at 30 June 2018 and sample tested the largest reconciling items by obtaining

Key audit matter	How our audit addressed the key audit matter
	supporting evidence for the differences. • We assessed the adequacy of the disclosures in Note Note 1, Note 4, Note 5 and Note 17 to the financial report in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Corporate directory, Shareholder information, Investment Structure, Objectives and Methodology and Directors' Report. We expect the remaining other information to be made available to us after the date of this auditor's report, including Chairman's Report, Financial Information Summary and market research article(s).

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 11 to 13 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Platinum Capital Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Simon Cuthbert
Partner

Sydney
16 August 2018